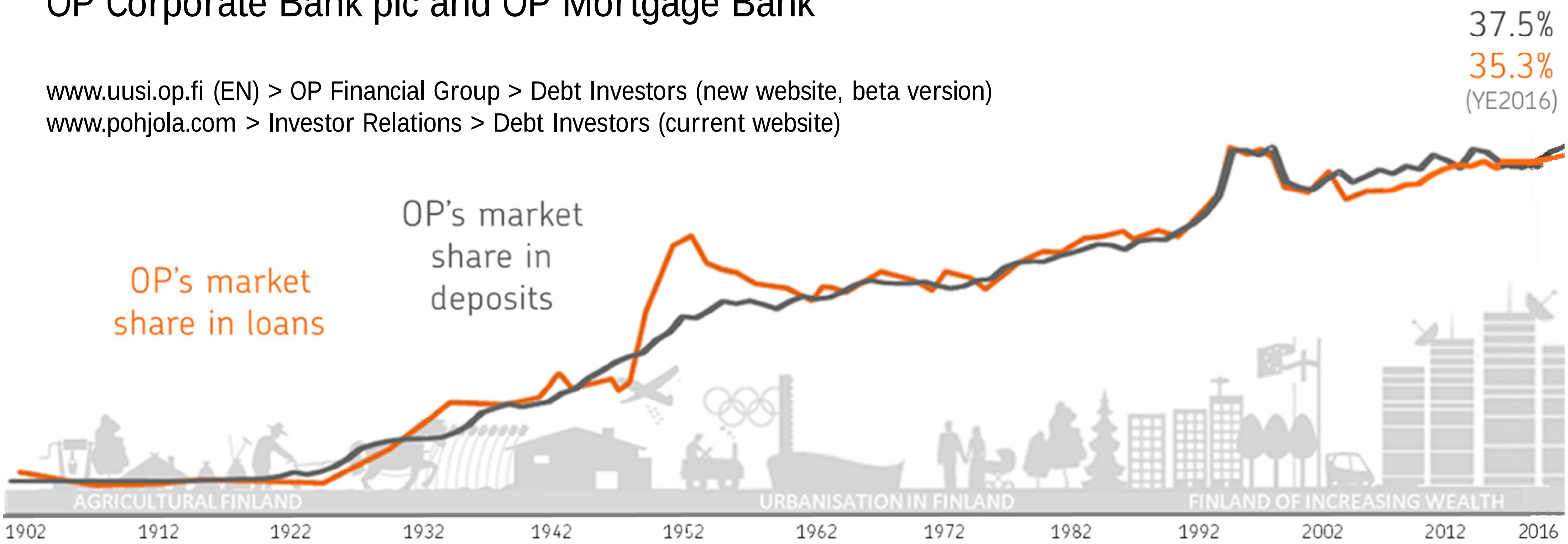
Debt Investor Presentation H1/2017

OP Financial Group and issuing entities
OP Corporate Bank plc and OP Mortgage Bank

www.uusi.op.fi (EN) > OP Financial Group > Debt Investors (new website, beta version)
www.pohjola.com > Investor Relations > Debt Investors (current website)



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Past performance is no guide to future performance. Persons needing advice should consult an independent financial, legal or tax adviser.

Contents

Leading financial group in Finland

Issuing entities: OP Corporate Bank plc and OP Mortgage Bank

€134 bn Balance sheet total at end-June 2017

SOLID CAPITAL POSITION

19.1%

CET1 ratio at end-June 2017

FINNISH RISK EXPOSURE

94%

of retail and corporate exposures in Finland at YE2016

MARKET LEADER IN FINLAND

>38% Market share in deposits 2016

>35% Market share in loans 2016

>32% Market share in non-life insurance 2016

HIGH CREDIT RATINGS

Moody's Aa3
S&P AA-
OP Corporate Bank plc

Moody's Aaa
S&P AAA
OP Mortgage Bank

OP's highlights in H1/2017

STABLE PERFORMANCE IN FINANCIAL ROLE

EBT €583 mn
down by 5%

Total income +3%
NII +0%
Net insurance income -3%
Net commissions and fees +5%
Total expenses +10%
due to higher development costs

Volume growth y/y:
Housing loans +3%
Corporate loans +5%
Insurance premium revenue +1%
AUM +11%

CET1 ratio 19.1%
down by 1 ppt in H1/2017 due to the RW floors set by the ECB

39,000 new owner-customers
totaling to 1.8 mn

OUTLOOK FOR OP AND FINNISH ECONOMY

In 2017,
OP's EBT is expected to be about the same as or lower than those for 2016

During the next few years,
Finland is expected to benefit from economic upswing
Source: OP's economists' forecast, 24 January 2017

In 2017,
Finland's GDP is expected to grow by 2.3% supported by strong exports growth of 5.0%
Source: OP's economists' forecast, 19 May 2017

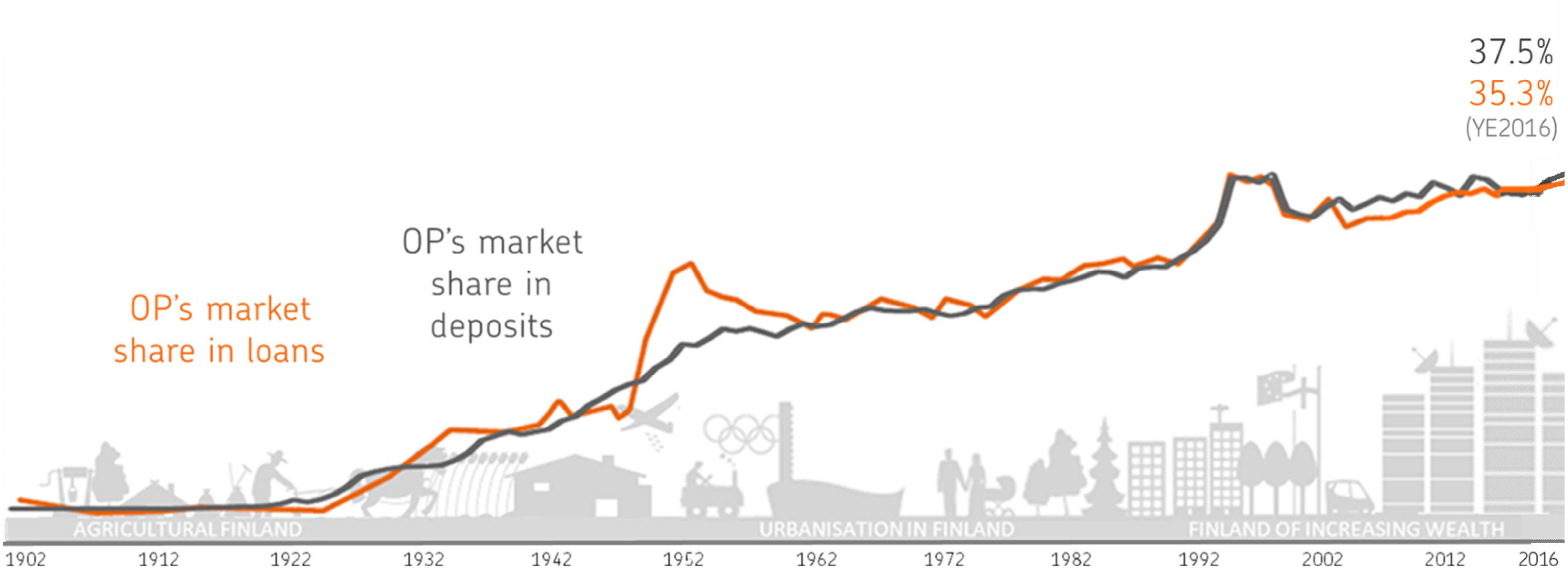
SOCIAL ROLE SHOWN THROUGH VARIOUS INITIATIVES

€300 mn financing for SMEs with European Investment Fund giving a 50% risk-sharing guarantee

20 years of volunteering done by OP employees and other Finns in honour of the centenary of Finland's independence (target 100 years)

Support for families with children eg. health and living allowance insurance for an unborn baby for 1 year free of charge (value €7 mn so far)

€1.2 mn subsidies for scientific research



Finnish economy

OP

Broad-based growth ahead

Forecasts for the Finnish economy

Published on 19 May 2017

Volume, % change on previous year	EUR bn 2016	2015	2016	2017f	2018f
GDP	214,1	0,3	1,4	2,3	2,0
Imports	78,3	3,1	2,5	4,0	3,8
Exports	75,7	2,0	0,5	5,0	5,0
Consumption	170,7	1,1	1,5	0,9	1,1
- Private	118,8	1,5	2,0	1,7	1,5
- Public	51,9	0,1	0,5	-0,5	0,2
Fixed investment	45,8	1,1	5,2	5,0	3,0

Other key indicators	2015	2016	2017f	2018f
Consumer price index, % change y/y	-0,2	0,4	1,2	1,5
Change in wage and salary earnings, %	1,2	1,2	0,8	1,5
Unemployment rate, %	9,4	8,9	8,2	7,7
Current account balance, % of GDP	-0,4	-1,1	-1,0	-0,9
General government net lending, % of GDP	-2,7	-1,9	-1,8	-1,5
General government debt, % of GDP	63,6	63,6	64,0	64,5

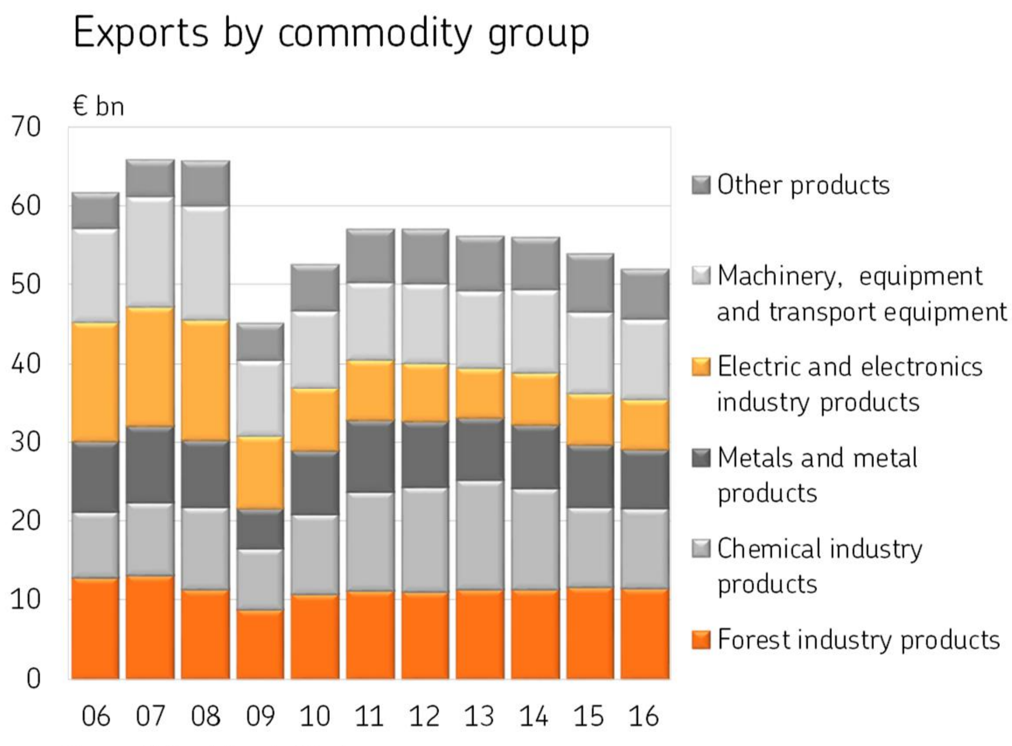
Sources: Statistics Finland and OP Financial Group

Finland is an exports-driven economy – around 40% of GDP derives from exports

OP

Balanced goods exports structure by commodity group

Goods exports by commodity group commodity group 2006-16



Goods exports around 2/3 of Finnish exports

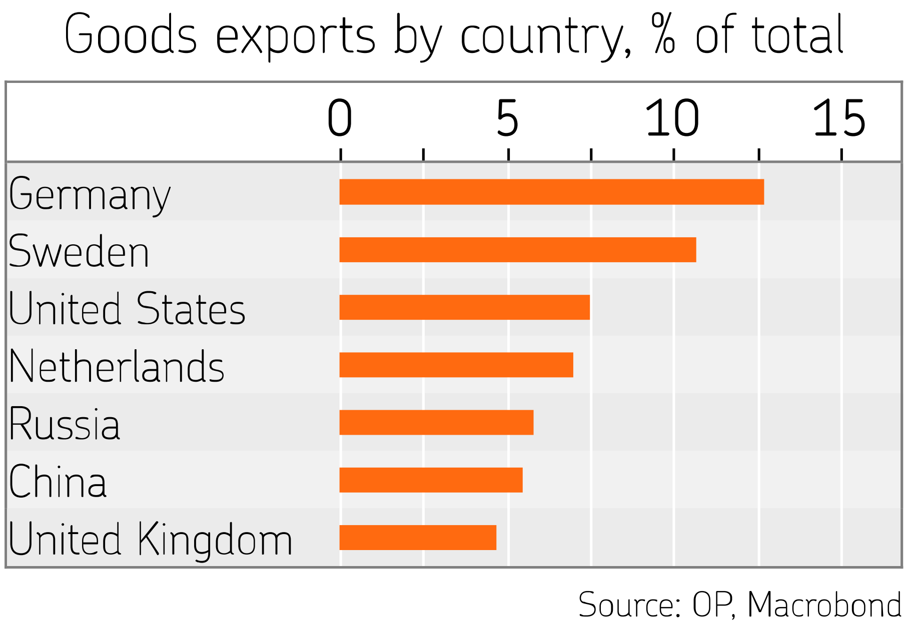
Source: Macrobond, OP

Latest values: Q1/2017

Diversified goods exports structure by country

Finland's largest goods exports countries 2006-16

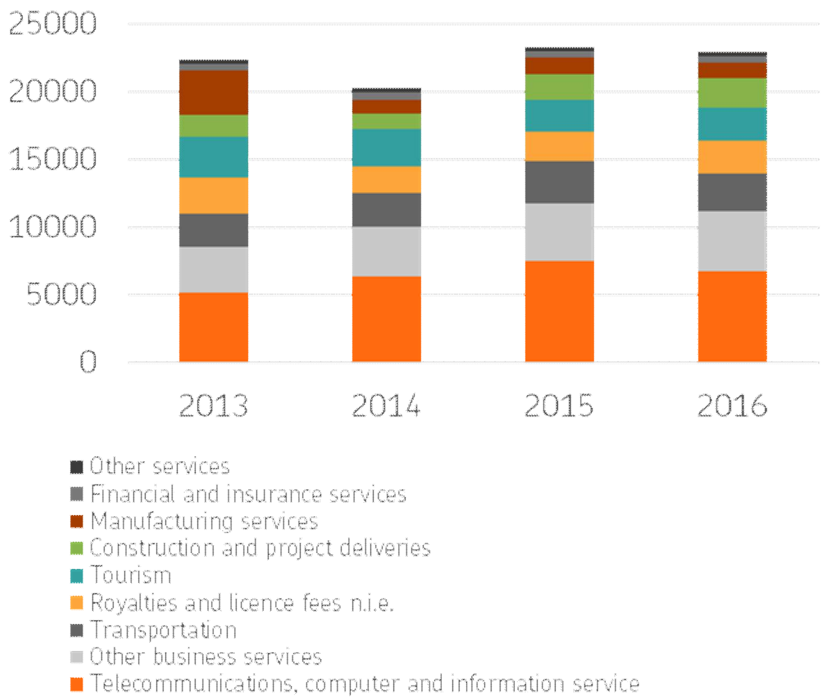
Finland's biggest trading partners (April 2016-April 2017, 12 mth moving avg)



Goods exports to EU member countries' 59.2% and to Euro Area 37.5% in 2016

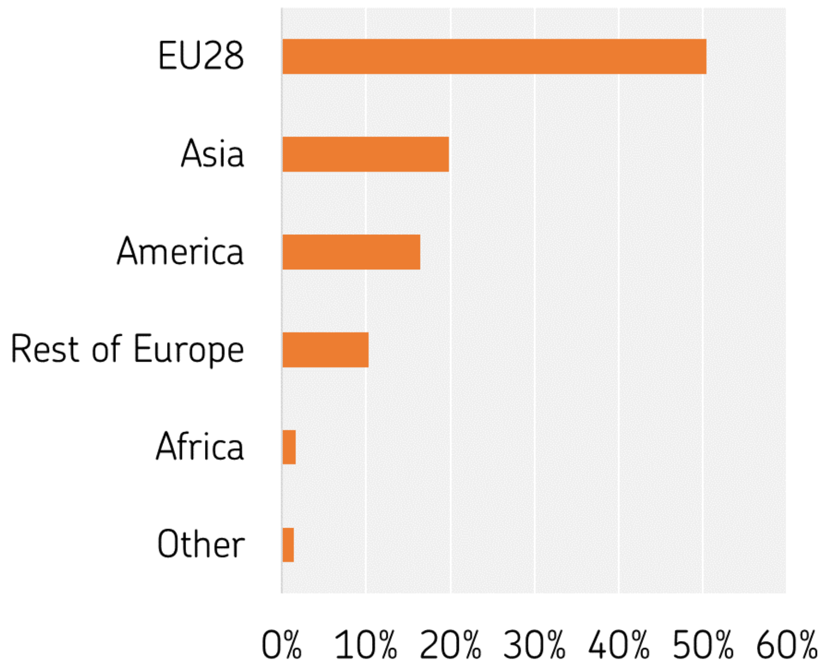
Service exports stable since 2008

Finland's service exports by item 2013-16



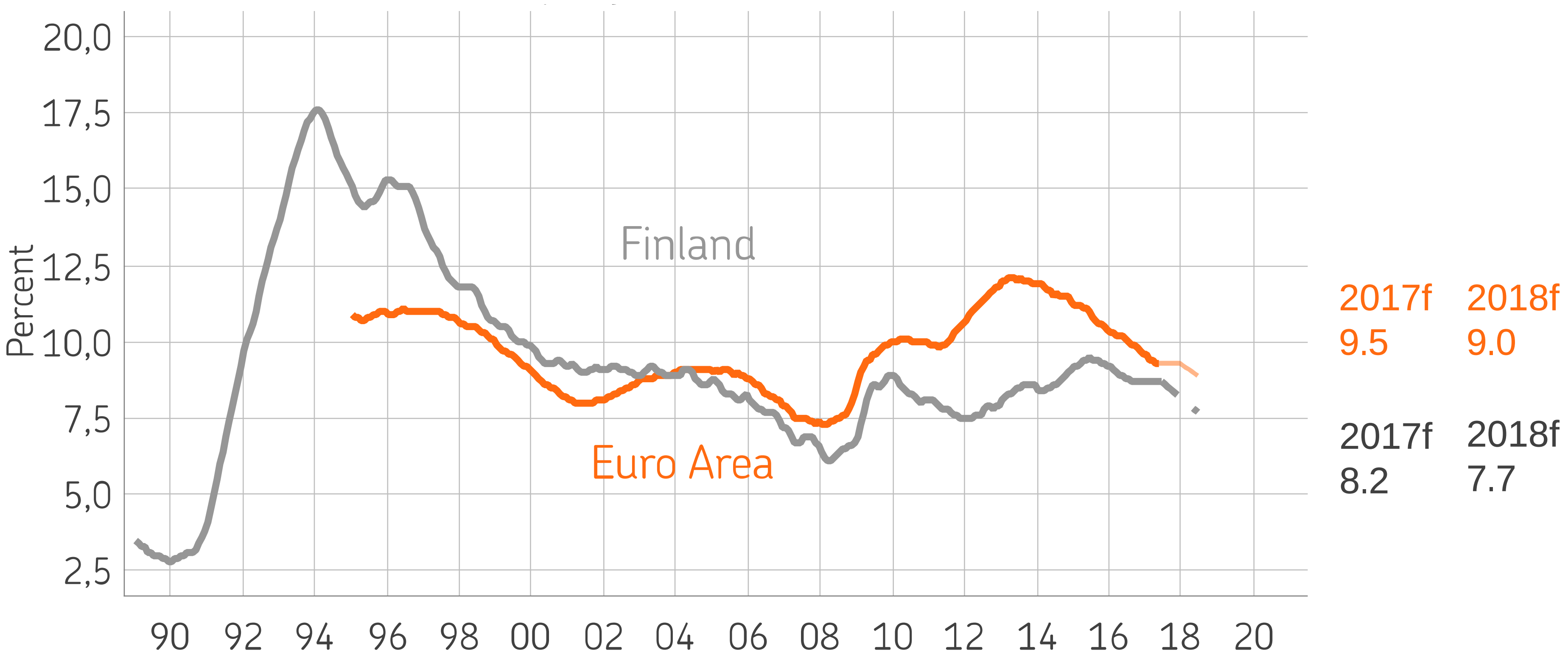
Source: Statistics Finland

Finland's service exports by area (2016)



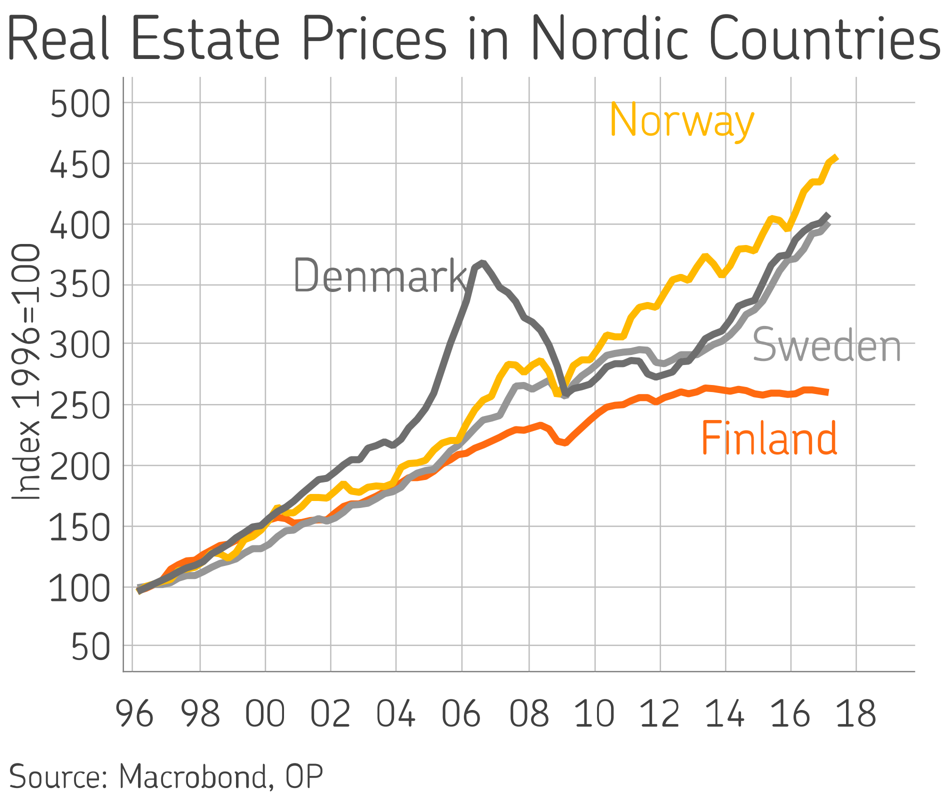
Source: Statistics Finland

Unemployment rate on downward trend

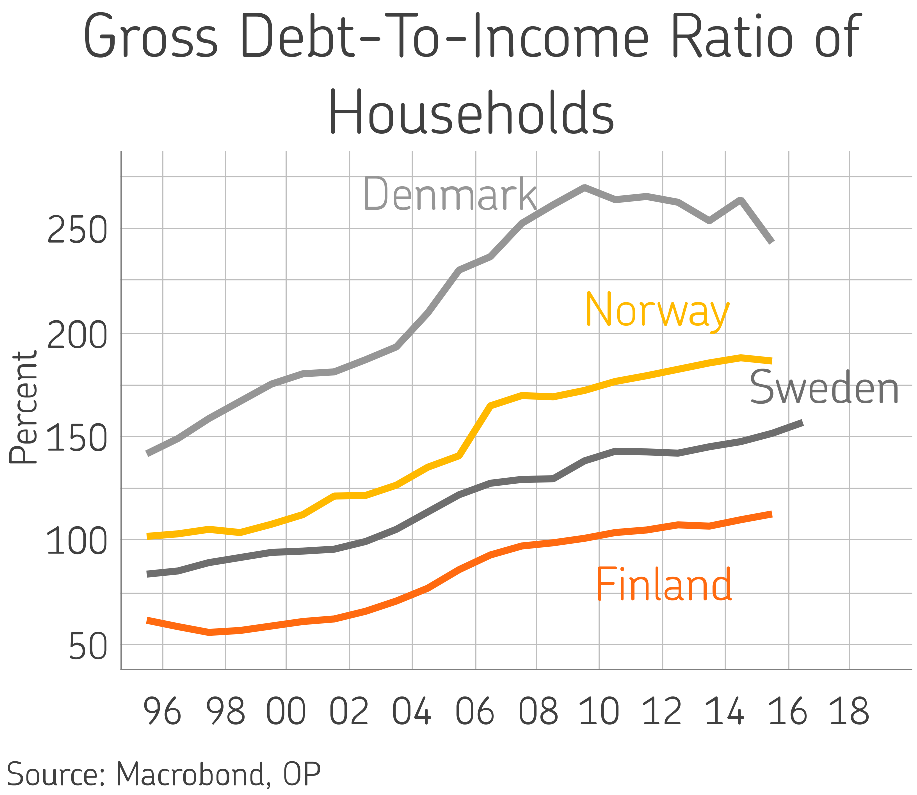


Source: Macrobond, OP

Average house prices and households' debt



Latest values: Q1/2017, Norway Q2/2017



Latest values: 2015, Sweden 2016

Finnish housing market is stable

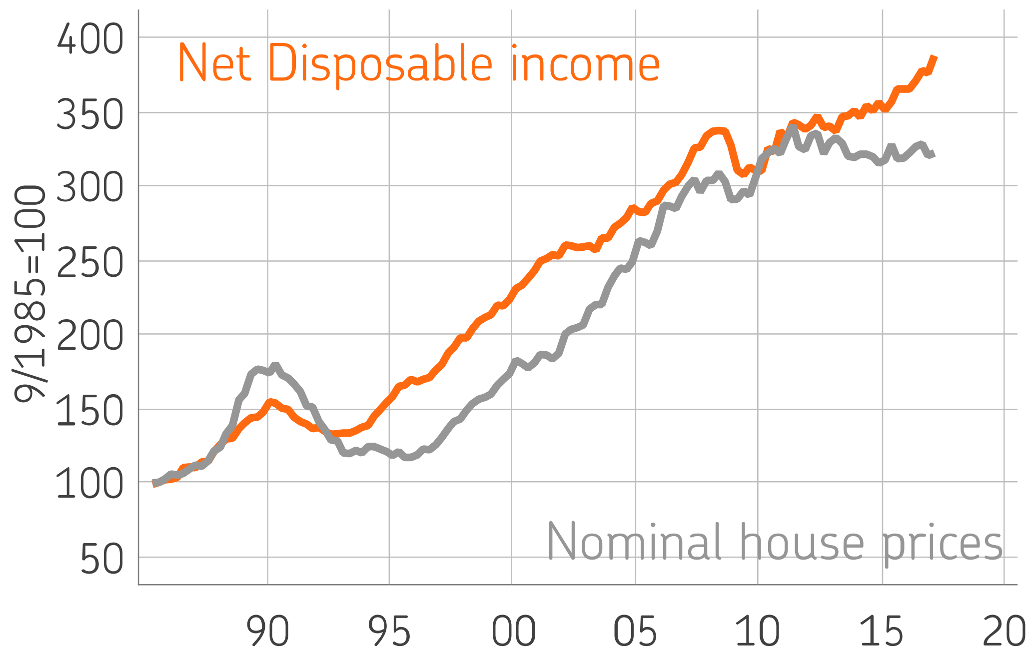
Characteristics of Finnish housing market

- Fully-amortizing market
- Average maturity of a new housing loan 19 years in 2016
- 97% of housing loans tied to variable interest rates
  - Stress-tested with 6% interest rate in the maturity of 20 years at OP
- Ownership ratio 68%
- Average price of an old dwelling 2,300 €/sq m in Q2/2017

As of July 2017

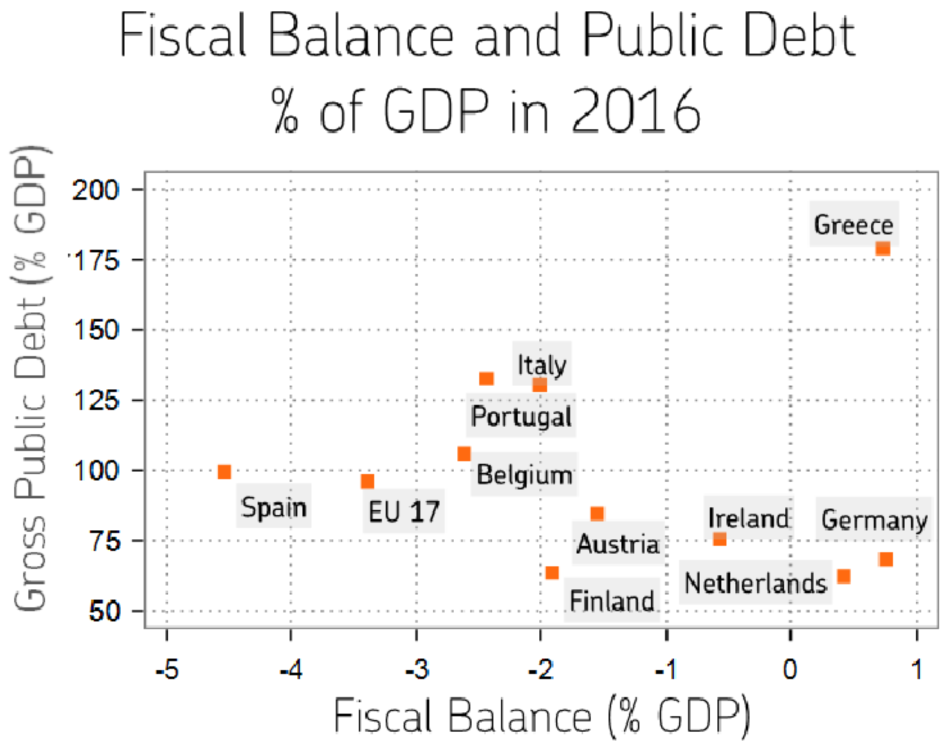
Sources: Statistics Finland and Bank of Finland

Change in nominal house prices in relation to average net income



Source: Macrobond, OP

Finland is wealthy and balanced economy in European comparison



Source: OP, Macrobond

Long-term sovereign credit ratings for Euro area

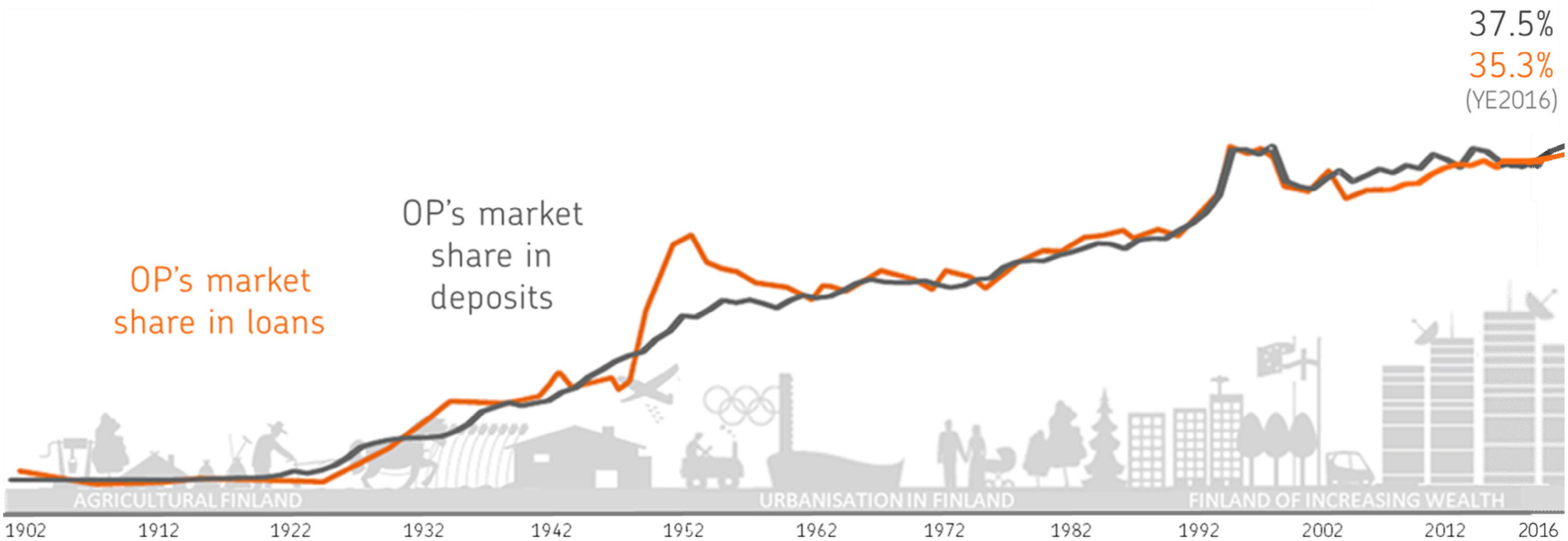
26 July 2017

	Moody's	S&P	Fitch
Germany	Aaa	AAA	AAA
Luxembourg	Aaa	AAA	AAA
Netherlands	Aaa	AAA	AAA
Austria	Aa1	AA+	AA+
Finland	**Aa1**	**AA+**	**AA+**
France	Aa2	AA	AA
Belgium	Aa3	AA	AA-
Estonia	A1	AA-	A+
Slovakia	A2**	A+	A+
Ireland	A3**	A+	A
Malta	A3	A-	A**
Latvia	A3	A-	A-
Lithuania	A3	A-	A-
Slovenia	Baa3**	A+	A-
Spain	Baa2	BBB+**	BBB+**
Italy	Baa2*	BBB-	BBB
Portugal	Ba1	BB+	BB+**
Cyprus	B1**	BB+	BB-**
Greece	Caa2**	B-**	CCC

* Negative outlook
** Positive outlook

Sources: Rating agencies' websites

OP



OP Financial Group

OP

1.8 million owner-customers, of which 90% households

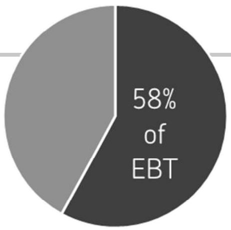
168 OP Financial Group member cooperative banks

OP COOPERATIVE

Group supervision, steering, finance, risk management, control

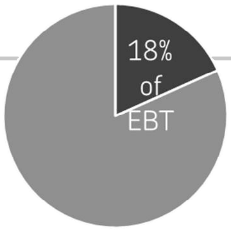
BANKING
(incl. OP Corporate Bank plc and OP Mortgage Bank)

- Retail banking
- Corporate banking
- Markets
- Baltic States
- Mortgage banking



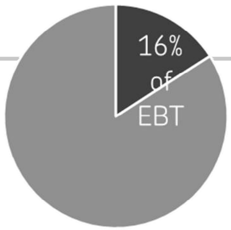
NON-LIFE INSURANCE

- Private customers
- Corporate customers
- Baltic States
- Health & wellbeing



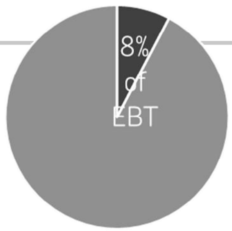
WEALTH MANAGEMENT

- Private banking
- Institutional asset management
- Life insurance
- Mutual fund management



OTHER OPERATIONS

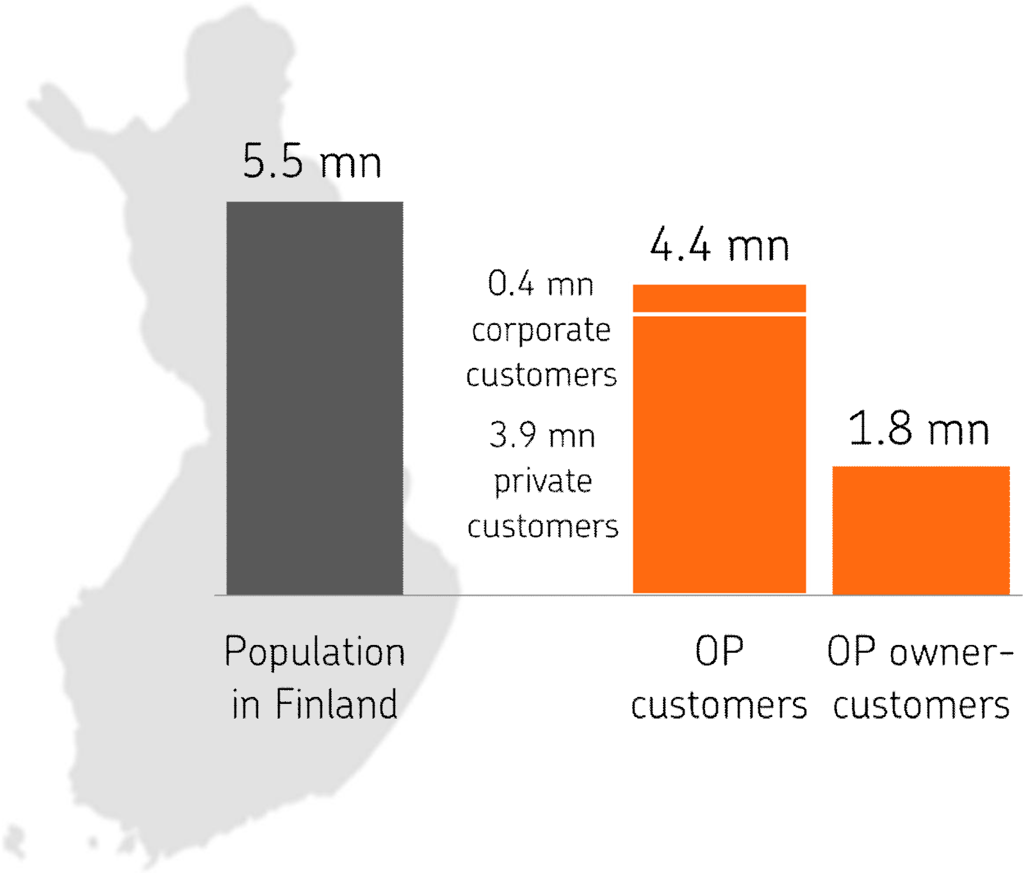
- Group Treasury (incl. central banking)
- Product and service development
- Support functions



Joint liability within OP Financial Group

- Under the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä 599/2010), OP Cooperative and the member credit institutions are jointly liable for each others' debts.
- The member credit institutions include OP Corporate Bank plc, Helsinki Area Cooperative Bank, OP Mortgage Bank, OP Card Company Plc, OP Process Services Ltd and the member cooperative banks. Insurance companies or other group entities do not fall within the scope of joint liability.
  - If a creditor has not received payment from a member credit institution on a due debt, the creditor may demand payment from OP Cooperative.
  - The member credit institutions must pay proportionate shares of the amount OP Cooperative has paid, and upon insolvency of OP Cooperative they have an unlimited liability to pay the debts of OP Cooperative.
  - OP Cooperative and the member credit institutions are under an obligation to take support actions to prevent a member credit institution's liquidation.
- Further information on the joint liability available in the Base Prospectuses of OP Corporate Bank plc and OP Mortgage Bank.

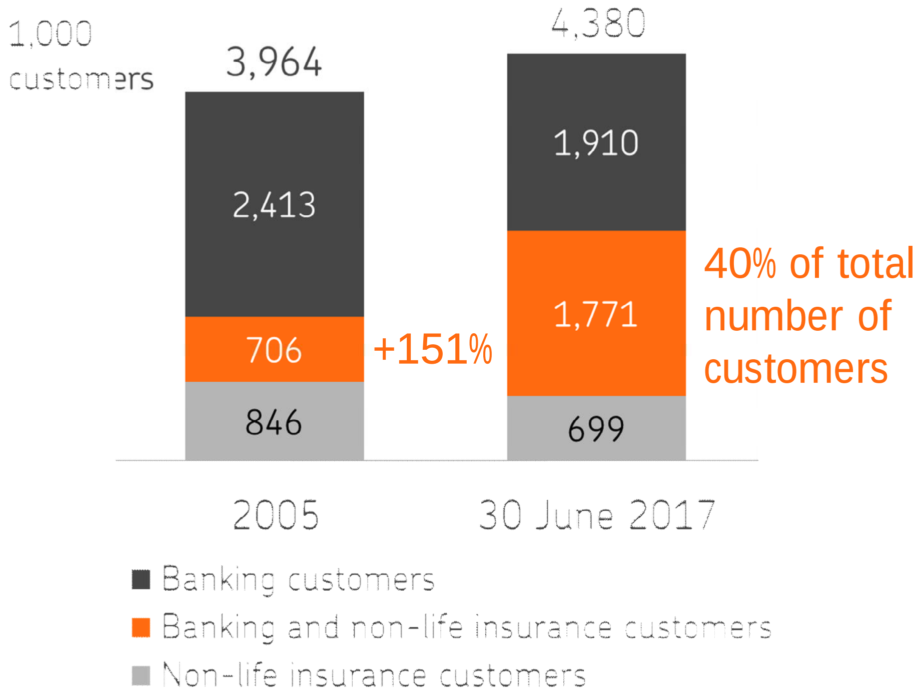
Customer-owned OP widely present among Finnish households and corporates



- ✓ Comprehensive financial services offering
- ✓ Strong and well-known OP brand
- ✓ Best loyalty benefits, OP bonuses
- ✓ Close to customers through the most extensive service network
- ✓ Significant customer potential in cross-selling

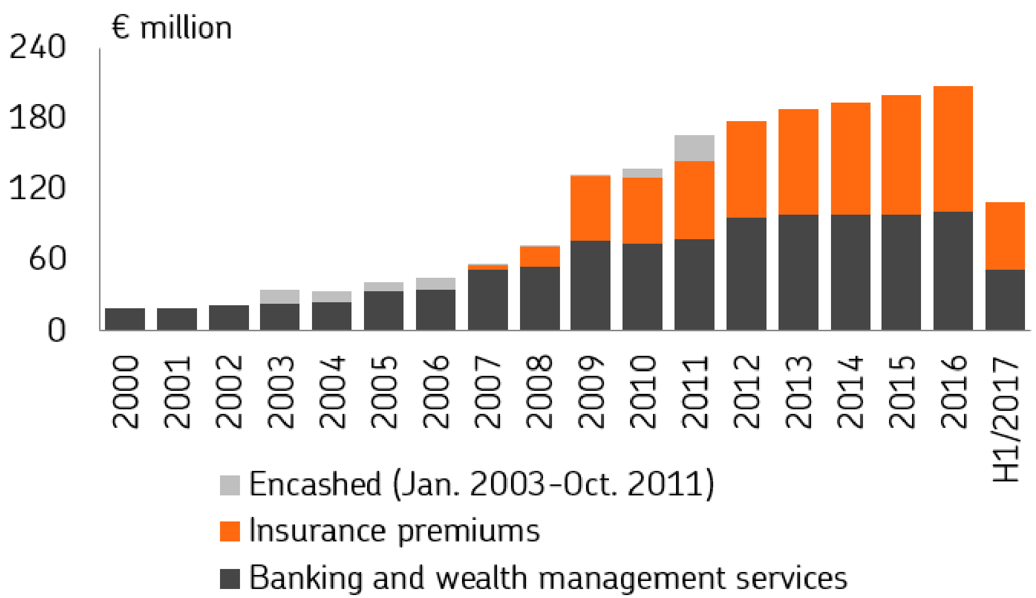
Significant customer potential through successful bancassurance business model

22,000 new combined banking and non-life customerships in H1/2017



Use of OP bonuses* €109 mn in H1/2017

1,179,000 insurance bills paid using OP bonuses, with 158,000 of them paid in full using OP bonuses only



* An owner-customer's loans, savings, investments and insurance premiums generate OP bonuses 0.25% of monthly transactions

OP

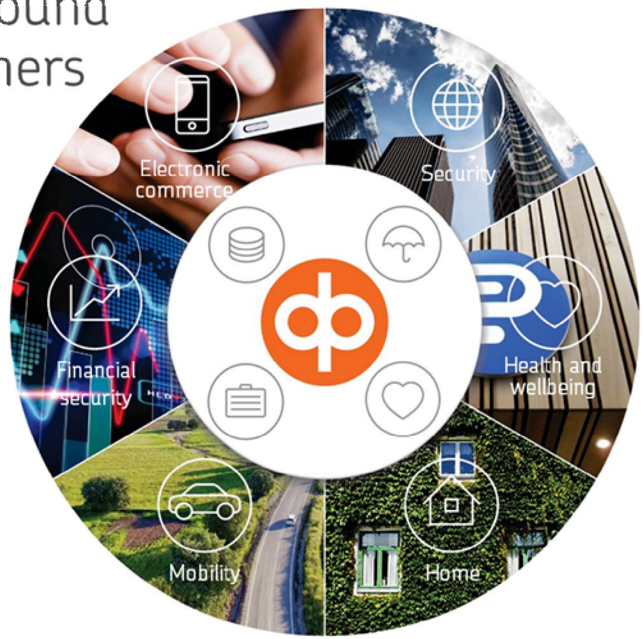
OP will change to a diversified services company of the digital era

New strategy (2016) highlights customer experience enhancement by digitising services and processes

OP of tomorrow will be built around the needs of our owner-customers

Mission

By means of our strong capital base and efficiency, we create **sustainable prosperity, security and wellbeing for our owner-customers and in our operating region.**



Bank > Financial services group > Diversified services company

Development expenditure will rise to €400 million on annual basis

Significant investments of up to €2 bn will be made in developing of digital services during 2016-2020.

OP's development expenditure was €315 mn (201) in 2016 and €202 mn (145) in H1/2017.

Large-scale development programme puts strategy into practice

DEVELOPMENT OF PRESENT-DAY BUSINESS

- Modernising service channels
- Digitising and automating services
- Simplifying product portfolio
- Reforming basic systems and ICT architecture
- Developing owner-customer loyalty programme

CREATING NEW BUSINESS

- Building fully digital businesses
- Developing new, customer-driven business models eg. within housing, mobility and electronic commerce
- Extending health and wellbeing business
- Developing SME service offerings

DEVELOPING NEW CAPABILITIES

- Enhancing competencies, management and corporate culture
- Building capabilities related to analytics and artificial intelligence
- Enhancing innovation

HIGHLIGHTING OUR SOCIAL ROLE

- Well-defined goals and metrics for social role
- Socially responsible openings

For further information on measures already taken, please see page 66

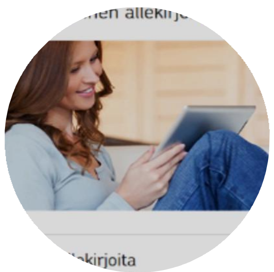
Digitisation requires investments in technology, customer experience and service design

78%

of mutual fund transactions made online or through mobile devices

70%

of private customers' loss reports made online or through mobile devices



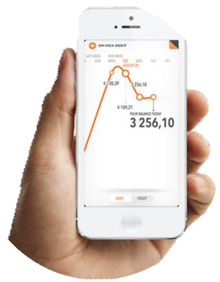
95%

of private customer encounters occur in digital channels

OP Mobile App

15.5 mn visits in June 2017

900,000 users



op.fi internet bank

9 mn visits in June 2017

Pivo Mobile Wallet App

2 mn visits in June 2017

Providing financial and other services efficiently through local presence and digital channels

168

OP member cooperative banks with

400

branches all over Finland

OP Mobile App
Fingerprint authentication
Real-time money transfers using phone number
Loan details and extra repayments
Non-life insurance loss reports
Wealth management investment reporting and trading in equities

OP Business Mobile App
for corporate customers' daily banking, invoicing and monitoring receivables

New op.fi website
Beta version available at uusi.op.fi (EN)

OP Kulku
Electric car as a service

DriveNow franchising by OP
Car sharing

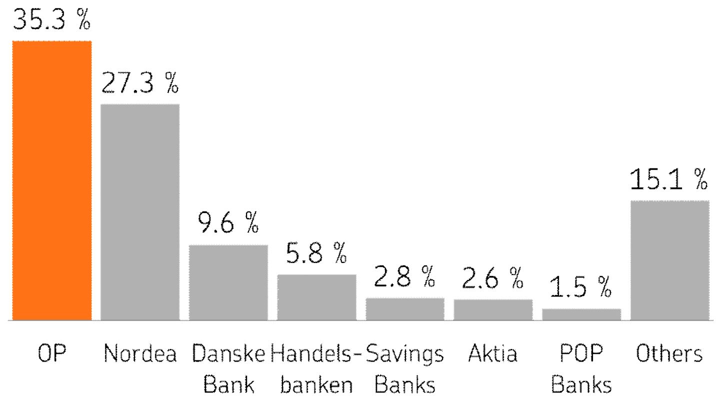
Pivo Mobile Wallet App
Mobile contactless payment
Real-time money transfers using phone number
Pivo payment button at webshops

Pivo Cashier App
for corporate customers' payment transactions and sales

Social media channels

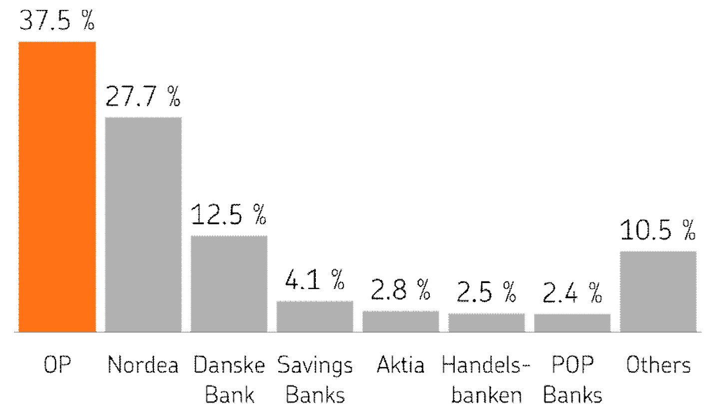
OP – Leading financial group in Finland

Loans 2016 (Finland: €219 bn)

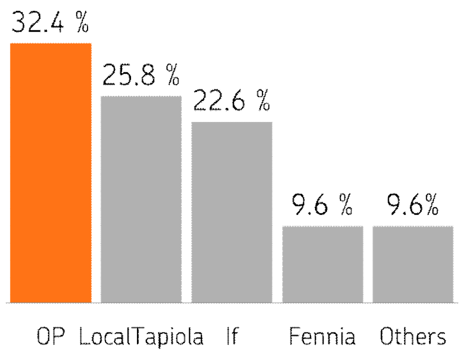


OP's market share at YE2016:
Housing loans
39.4%
Corporate loans
37.8%

Deposits 2016 (Finland: €147 bn)

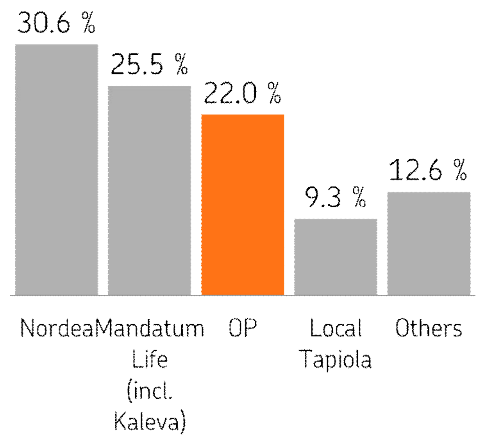


Non-life Insurance 2016 (Finland: €4.3 bn)



Market share of premiums written under Finnish direct insurance

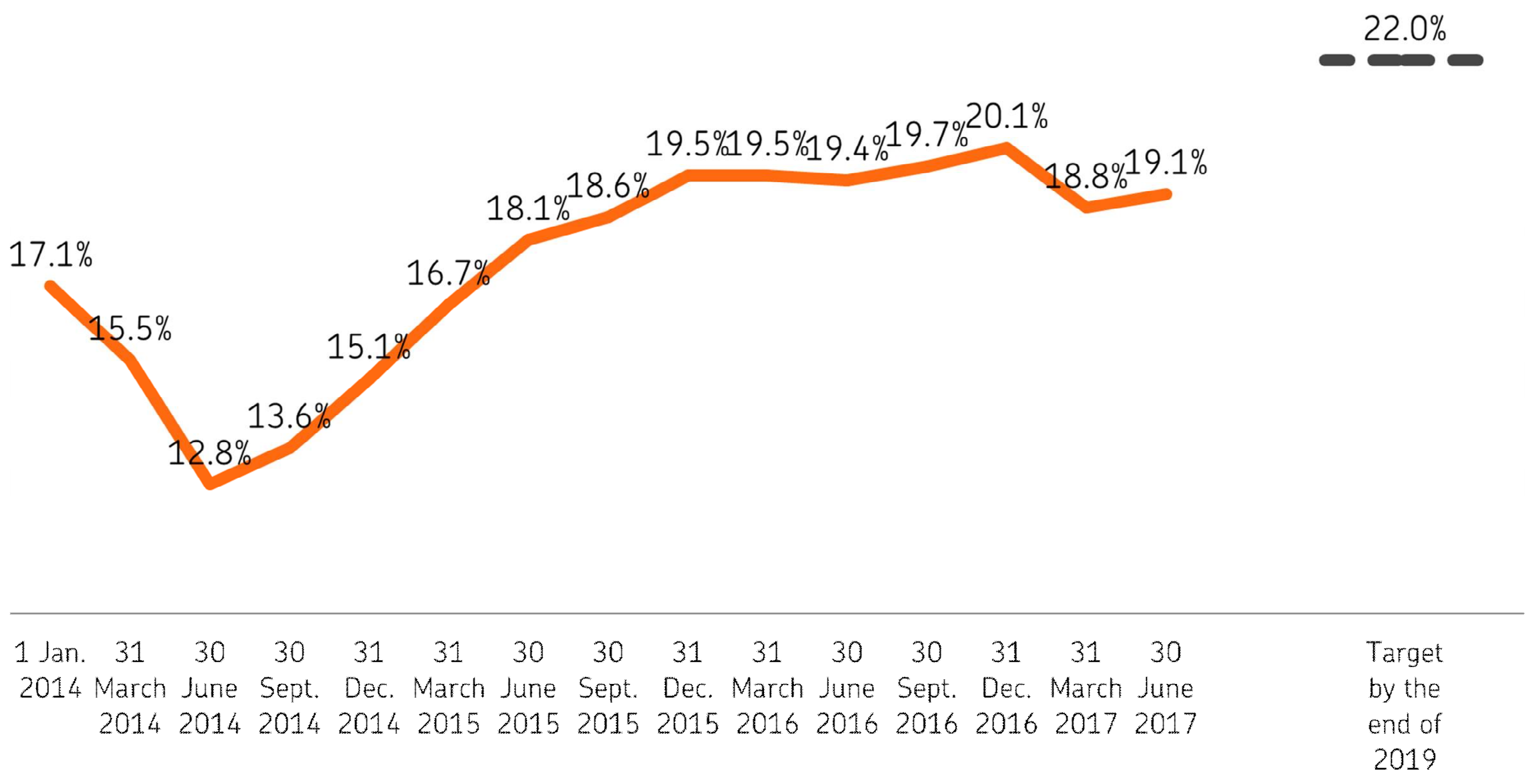
Life Insurance 2016 (Finland: €4.5 bn)



Market share of gross premiums written

Source: Federation of Finnish Financial Services

CET1 ratio improved after the decrease in Q1 caused by the RW floors set by the ECB



TOOLS TO MANAGE CET1 RATIO

Retained earnings

Active management of growth in risk exposure amount (REA)

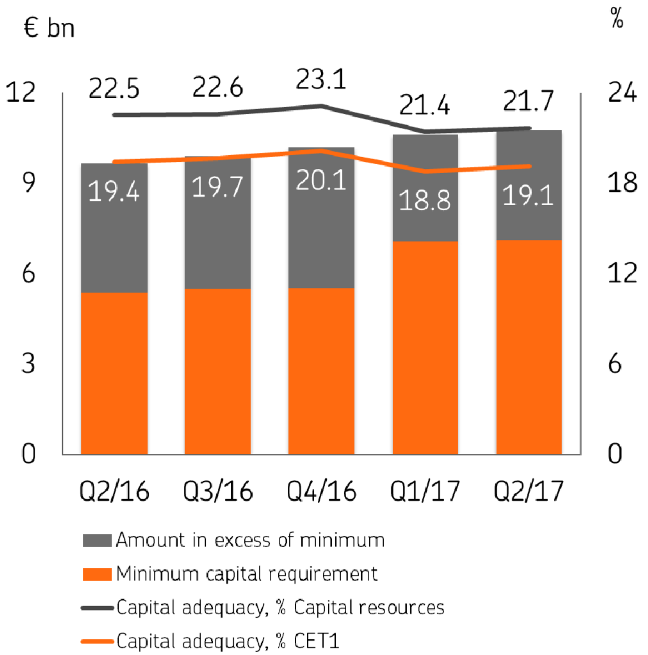
Profit shares

- Issued profit shares included in CET1 capital €2.8 bn at end-June 2017

In October 2015, OP received permission from the ECB to treat insurance holdings within the conglomerate as RWA (RW approx. 280%) according to the previous practice (CRR article 49).

CET1 ratio 19.1% at end-June 2017

Capital resources and capital adequacy



*) Average risk weights exclude RW floors

Leverage ratio 7.8% (7.4)

- Minimum level in the draft regulations 3.0%

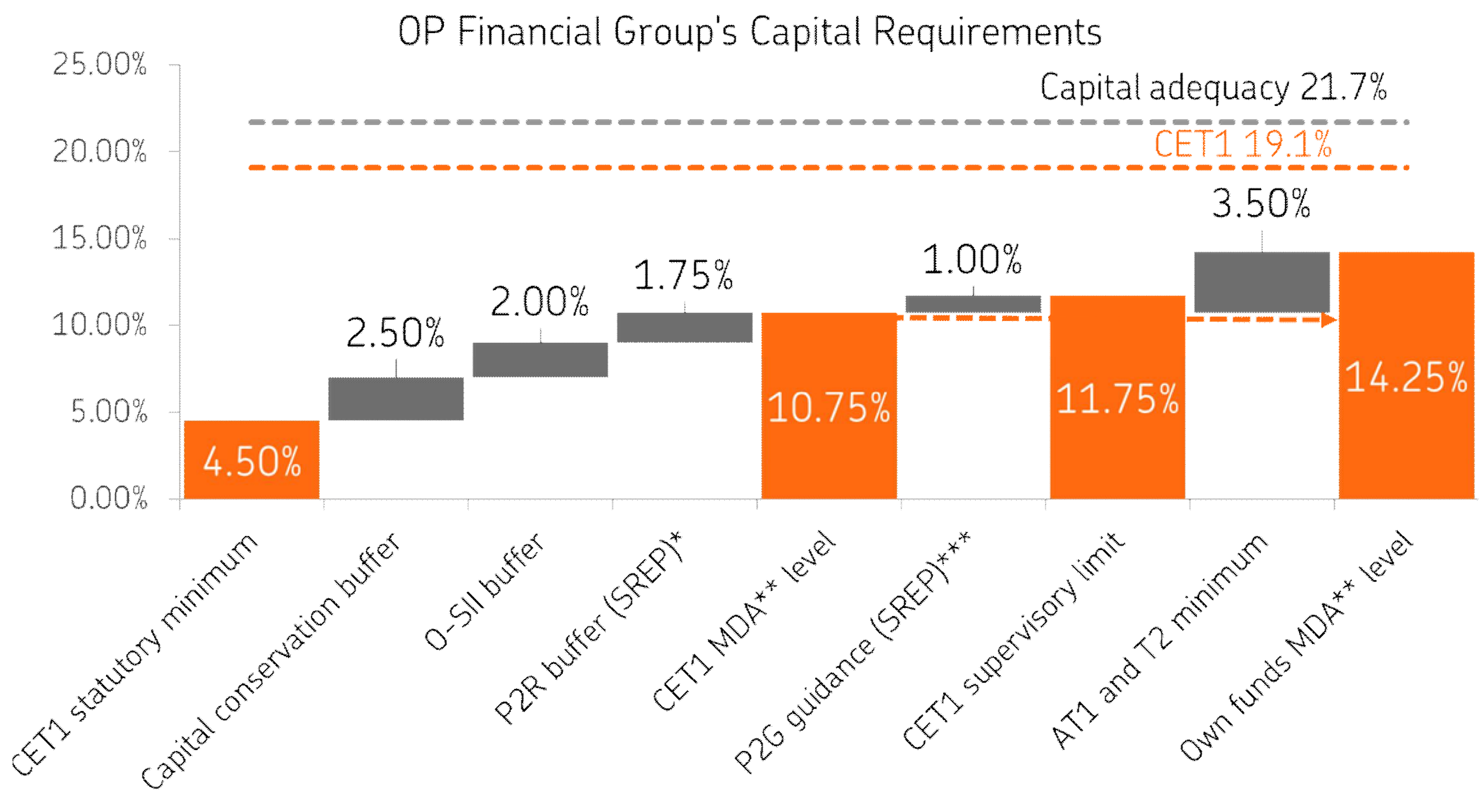
Risk exposure amount (REA) €49.6 bn (44.1), of which €4.4 bn deriving from RW floors set by the ECB

Average risk weight 7.4%* (7.3) for personal customer exposures (AIRB)
Average risk weight 66.6%* (66.9) for corporate customer exposures (FIRB)

- In February 2017, OP was informed of the ECB's decision to raise OP's risk weights for retail exposures for a fixed period of 18 months (until Q3/2018). The shortcomings observed by the ECB in the IRBA validation process applied by OP in capital adequacy measurement, especially delayed validations, lie behind this raise. The relevant risk weight floors for retail exposures set by the ECB are 15.4% for mortgage-backed exposures and 32.7% for other private customer exposures. The risk weight floors decreased the CET1 ratio by 1.9 pps. Correction of the identified shortcomings has proceeded as planned and key shortcomings have already been remedied.

- In June 2017, the FIN-FSA decided to set a credit institution-specific minimum level of 15% for the average RW on residential mortgage loans of credit institutions that have adopted the IRBA, with effect from 1 January 2018, by virtue of Article 458 of the CRR. The decision on the minimum RW will be valid for 2 years, unless renewed. Renewal is possible for one year at a time. Minimum RW of 15% on housing loans would lower OP's CET1 ratio by 1.6 pps. However, the minimum RW will have no effect on OP Financial Group's total risk exposure in view of the RW floors for retail exposures set by the ECB.

OP has solid capital adequacy compared to requirements



The Ministry of Finance is drafting the inclusion of the systemic risk buffer in the Act on Credit Institutions. Accordingly, the FIN-FSA could set the systemic risk buffer ranging from 0 to 5%. The buffer would affect OP Financial Group only if it exceeded the O-SII buffer which currently is 2%.

* P2R supervisory Pillar II requirement ** Maximum distributable amount
*** P2G supervisory guidance, breach results enhanced supervisory measures

EBT €583 mn in H1/2017 (614)

BANKING

EBT, € mn	338 (+20%) H1/16: 283
Net interest income, € mn	587 (+5%) H1/16: 560
Net commissions and fees, € mn	323 (+1%) H1/16: 318
Impairments of receivables, € mn	23 H1/16: 23
Loan portfolio, € bn	80.2 (+4%) H1/16: 77.0
Deposits, € bn	57.2 (+6%) H1/16: 53.8
Operating cost/income ratio, %	51.9 H1/16: 54.0

NON-LIFE INSURANCE

EBT, € mn	107 (-11%) H1/16: 120
Insurance premium revenue, € mn	710 (+1%) H1/16: 700
Net insurance income, € mn	248 (-3%) H1/16: 256
Net investment income, € mn	64 (+17%) H1/16: 55
Net return on investments at fair value, € mn	78 H1/16: -11
Operating combined ratio,%	92.5 H1/16: 88.2
Operating expense ratio, %	20.1 H1/16: 18.4
Solvency II ratio*, %	149 YE2016: 127

WEALTH MANAGEMENT

EBT, € mn	93 (-31%) H1/16: 135
Net commissions and fees, € mn	172 (+5%) H1/16: 164
Net investment income, € mn	26 (-66%) H1/16: 76
Net return on Life Insurance investments at fair value, € mn	66 H1/16: 13
Assets under management, € bn	76.4 (+11%) H1/16: 68.9
Solvency II ratio* within Life Insurance, %	152 YE2016: 149

OTHER OPERATIONS

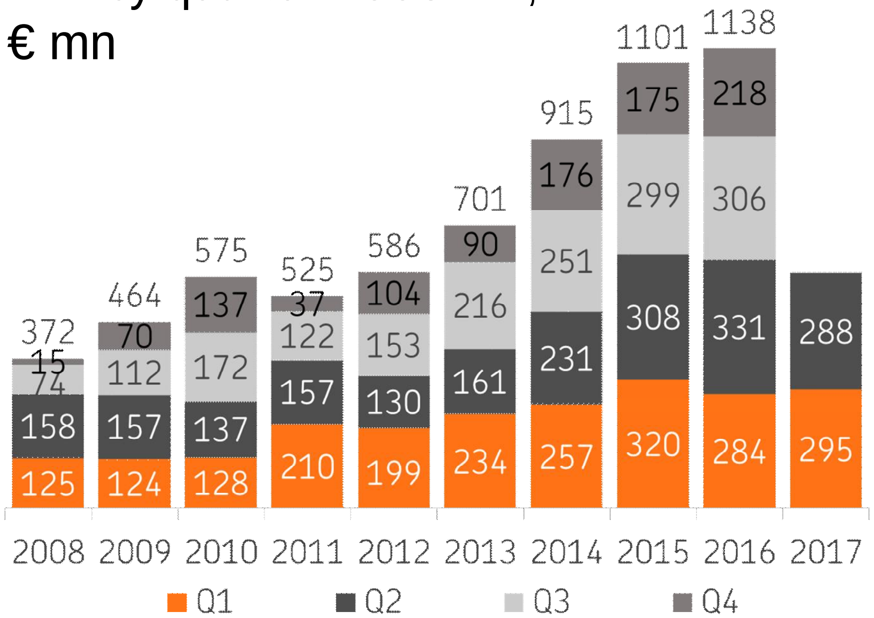
EBT, € mn	45 (-41%) H1/16: 76
Net interest income, € mn	-45 H1/16: -21
Net commissions and fees, € mn	-28 H1/16: -37
Net investment income, € mn	129 (+47%) H1/16: 88
Long-term bonds issued to the public and TLTRO II funding, € bn	2.8 2016: 5.2
Average margin of senior wholesale funding, TLTRO II funding and covered bonds, bps	22 YE2016: 31

* Excluding transitional provision. Non-life Insurance includes OVY Insurance Ltd.

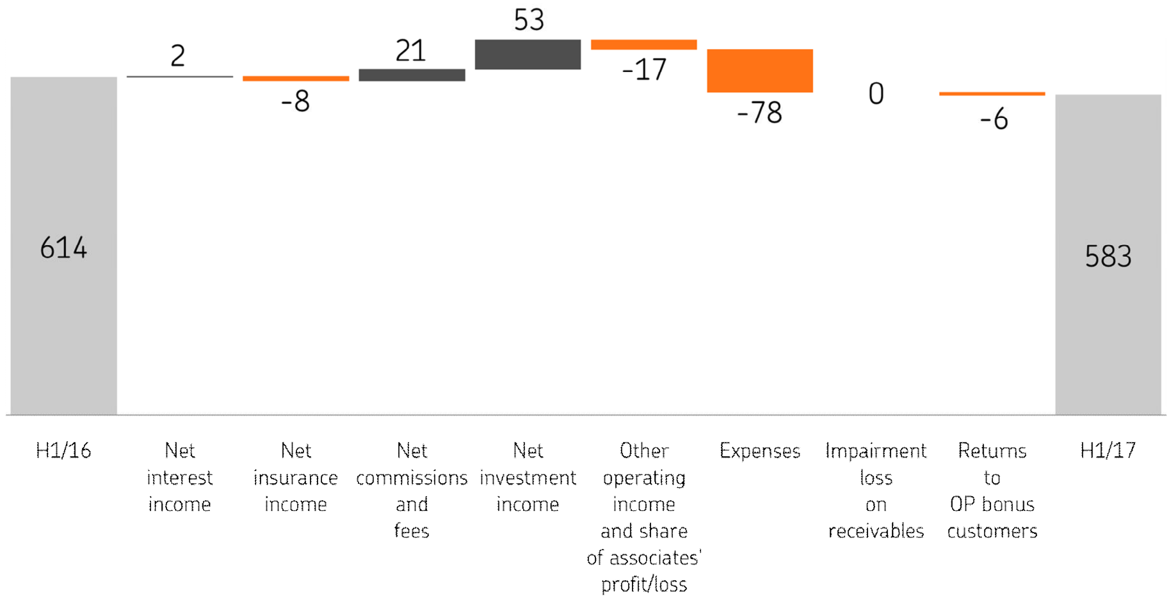
2017 EBT expected to be about the same as or lower than those for 2016

EBT in H1/2017 lower than year ago due to a non-recurring gain recognised in other operating income in H1/2016 and higher expenses

EBT by quarter 2008–17, € mn



EBT, y-o-y change by P&L line item* H1/17 vs. H1/16, € mn

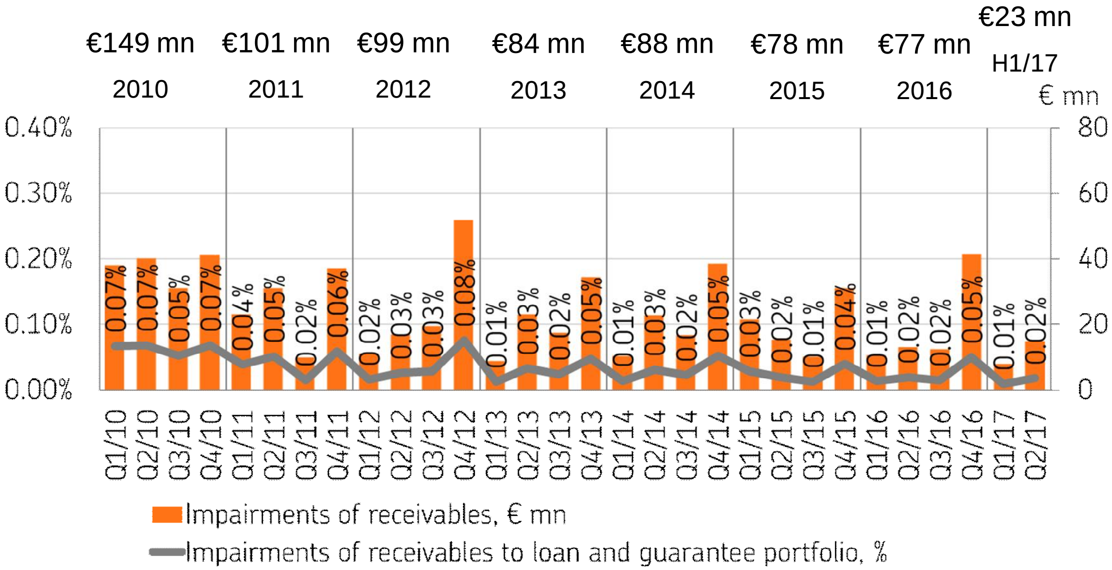


* Net insurance income includes net income from Non-life and Life insurance. Net investment income includes net trading income as well as net investment income from Non-life and Life insurance.

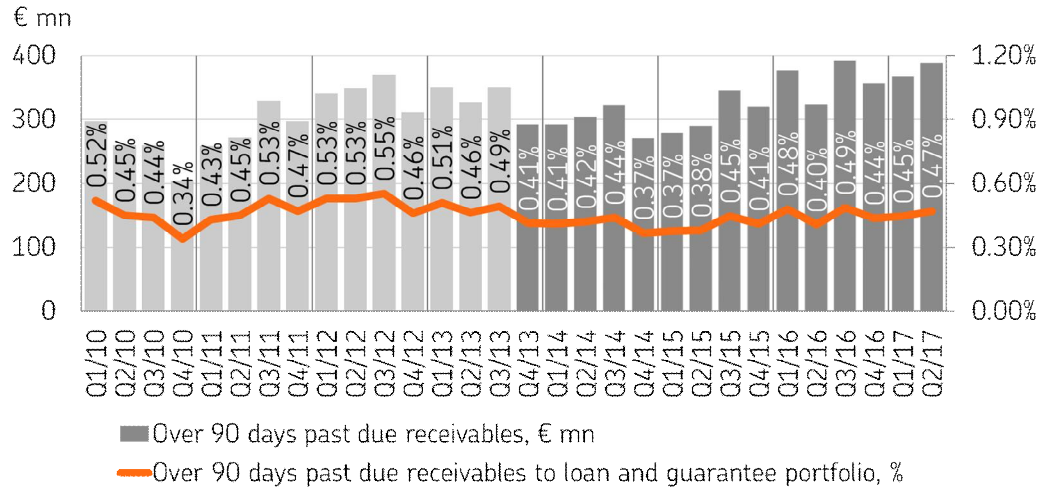
H1/2017 impairment loss on receivables 0.06% to loan and guarantee portfolio (0.06)

Over 90 days past due receivables (€388 mn at end-June 2017) 0.47% to loan and guarantee portfolio (0.44)

Impairment loss on receivables



Over 90 days past due receivables*



At end-June 2017, ratio of exposures individually assessed for impairment to gross doubtful receivables**

13.1% (14.5 at YE2016)

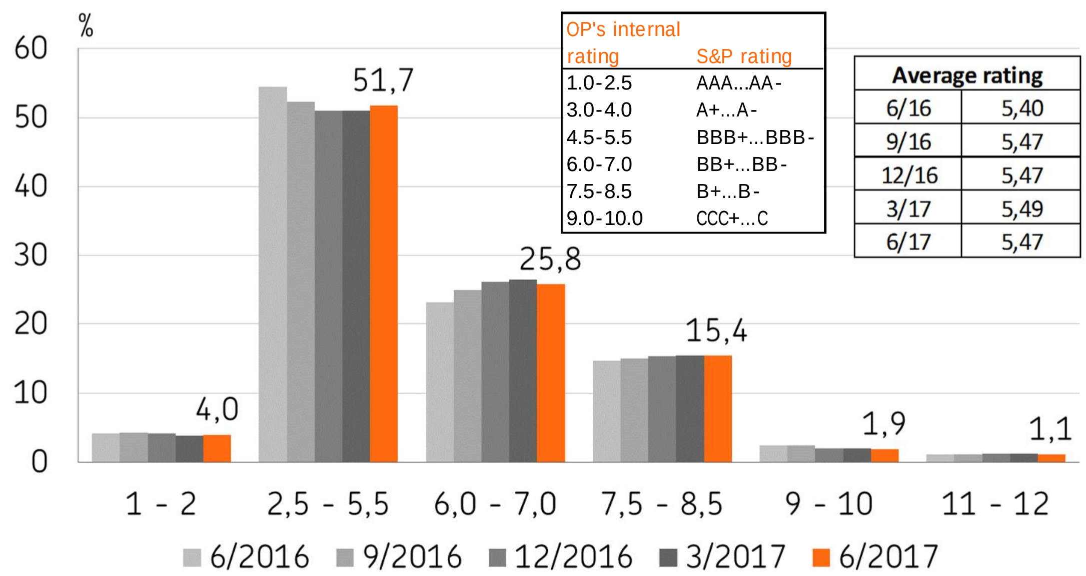
* Until Q3/13 over 90 days past due receivables and zero interest receivables, since Q4/13 over 90 days past due receivables

** Doubtful receivables refer to receivables that are over 90 days past due, receivables unlikely to be paid and forborne receivables. Definitions of non-performing and renegotiated receivables correspond with the EBA's guidelines on forborne and non-performing receivables.

Exposures by credit rating category

IG (1.0-5.5) 56% of the exposure from Non-financial corporations and housing associations sector

Exposures from the Non-financial Corporations and Housing Associations Sector by credit rating category (total €44.7 bn at end-June 2017)



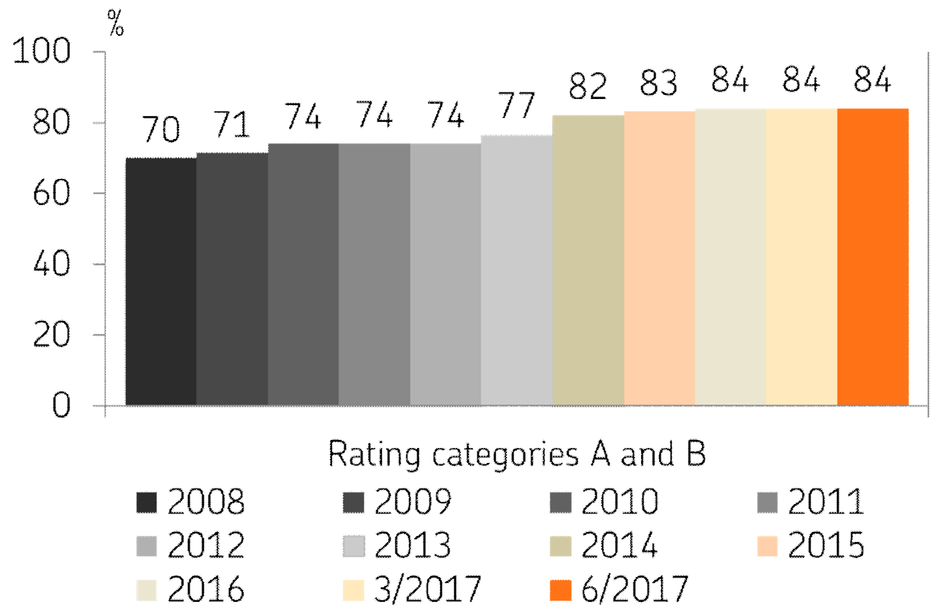
OP's internal rating	S&P rating
1.0-2.5	AAA...AA-
3.0-4.0	A+...A-
4.5-5.5	BBB+...BBB-
6.0-7.0	BB+...BB-
7.5-8.5	B+...B-
9.0-10.0	CCC+...C

Average rating	
6/16	5,40
9/16	5,47
12/16	5,47
3/17	5,49
6/17	5,47

Largest single customer risk to capital under FiCo capital adequacy at YE2016

4.0% (5.7)

Private Customer exposures of credit rating categories A and B (total €49.1 bn at end-June 2017)



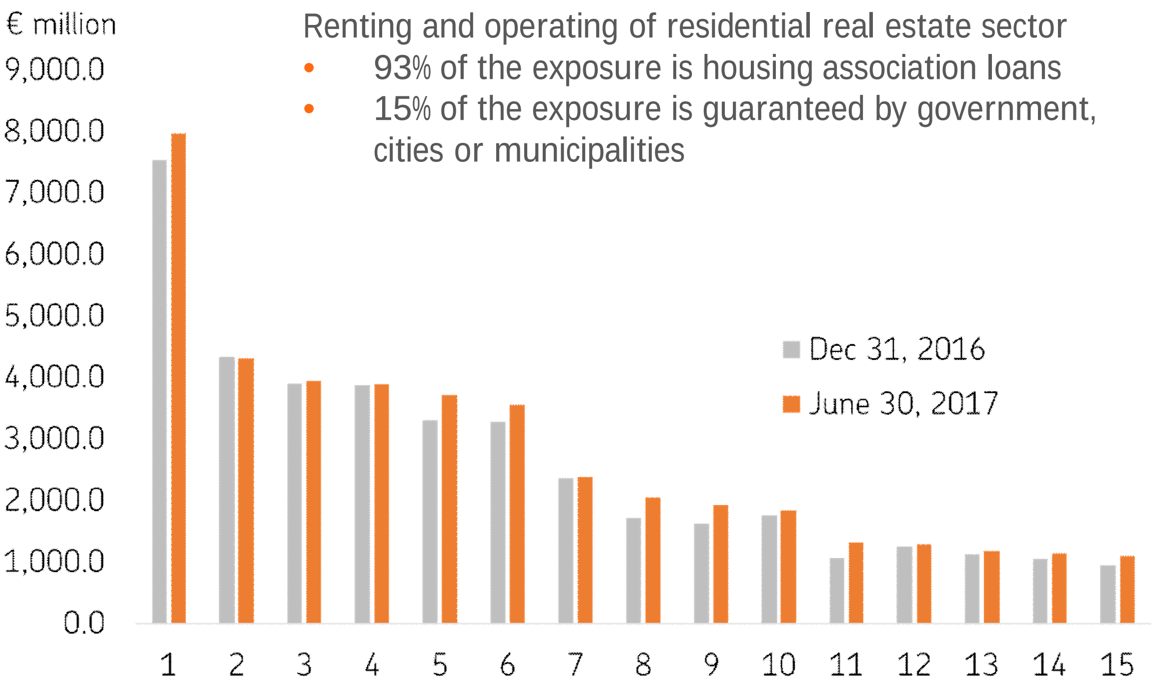
At YE2016, average PD of private customer exposures (Pillar III) with a credit rating of A and B a maximum of

0.1% (0.1)

OP

Corporate loan portfolio well diversified by industry

Exposures from the Non-financial corporations and housing associations sector €44.7 bn at end-June 2017



Renting and operating of residential real estate sector

- 93% of the exposure is housing association loans
- 15% of the exposure is guaranteed by government, cities or municipalities

		Dec 31, 2016	June 30, 2017
1	Renting and operating of residential real estate	17.7 %	17.8 %
2	Renting and operating of other real estate	10.2 %	9.6 %
3	Wholesale and retail trade	9.1 %	8.8 %
4	Energy	9.1 %	8.7 %
5	Services	7.8 %	8.3 %
6	Construction	7.7 %	8.0 %
7	Manufacture of machinery and equipment (incl. services)	5.6 %	5.3 %
8	Transportation and storage	4.1 %	4.6 %
9	Agriculture, forestry and fishing	3.8 %	4.3 %
10	Financial and insurance services	4.2 %	4.1 %
11	Real estate investments	2.5 %	3.0 %
12	Forest industry	2.9 %	2.9 %
13	Metal industry	2.7 %	2.7 %
14	Information and communication	2.5 %	2.5 %
15	Chemical industry	2.2 %	2.5 %

Funding based on strong credit ratings

OP aims to maintain senior unsecured rating at AA level affirmed by at least 2 rating agencies or senior unsecured ratings at least at the main competitors' level

	Moody's (Senior unsecured/LT issuer rating)	S&P (LT issuer credit rating)
OP Corporate Bank plc	Aa3	AA-
Svenska Handelsbanken	Aa2	AA-
Nordea Bank	Aa3	AA-
Swedbank	Aa3	AA-*
SEB	Aa3	A+
DNB	Aa2*	A+
Danske Bank	A2**	A
OP Mortgage Bank***	Aaa	AAA
OP Insurance Ltd****	A3	A+
If****	A1	A+
Finnish government	Aa1	AA+

* Negative outlook
** Positive outlook
*** Covered bond rating
**** Insurance financial strength rating
Updated: 26 July 2017

OP CORPORATE BANK PLC

- Moody's affirmed Aa3 rating with stable outlook on 29 June 2015
  - Uplifts from Loss-Given-Failure (+2 notches) and Government Support (+1 notch)
- S&P affirmed AA- rating and stable outlook in July 2017
  - Uplifts from Business Position (+1 notch), Capital and Earnings (+1 notch) and ALAC Support (+1 notch)

OP MORTGAGE BANK

- Moody's affirmed Aaa rating with stable outlook in March 2017
  - TPI (Timely Payment Indicator) Leeway 5 notches
- S&P affirmed AAA rating with stable outlook in September 2016
  - 3 unused notches of jurisdictional support
  - 2 unused notches of collateral based uplift

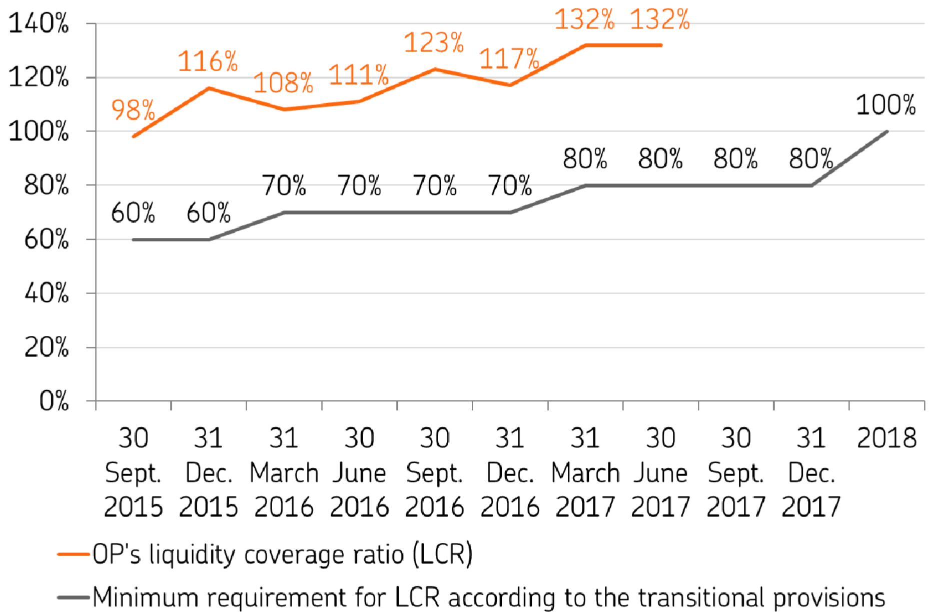
OP INSURANCE LTD

- Moody's affirmed A3 rating with stable outlook on 15 May 2015
- S&P affirmed A+ rating and stable outlook in July 2017

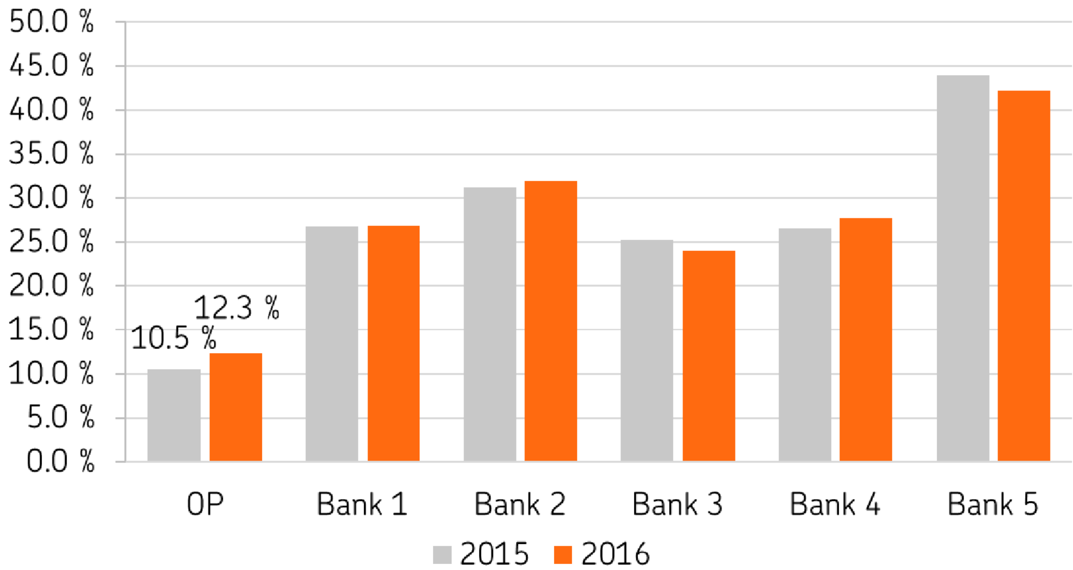
OP

Liquidity coverage ratio 132% at end-June 2017 and encumbrance ratio 12.3% at YE2016

LCR vs. minimum requirement

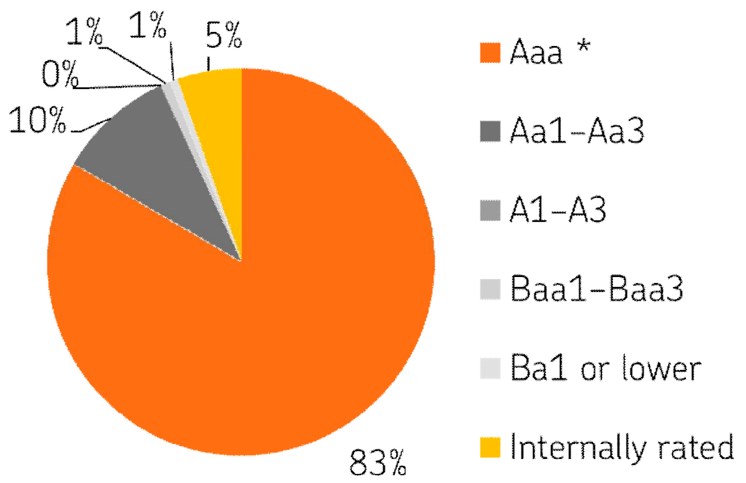


Encumbrance ratio in Nordic comparison



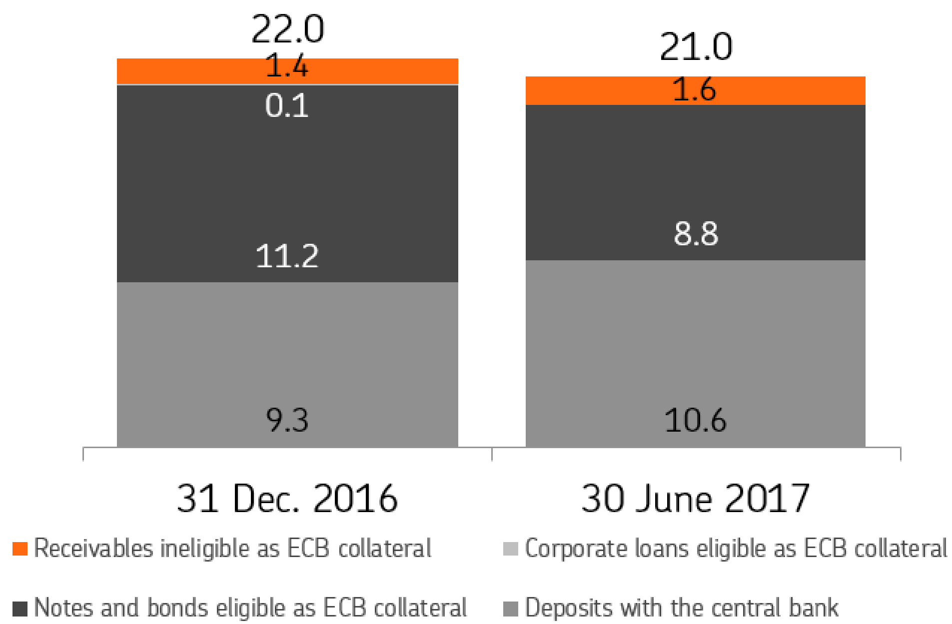
Liquidity buffer €21.0 bn at end-June 2017

Liquidity buffer by credit rating**, as of 30 June 2017



* incl. deposits with the central bank

Liquidity buffer breakdown, € bn

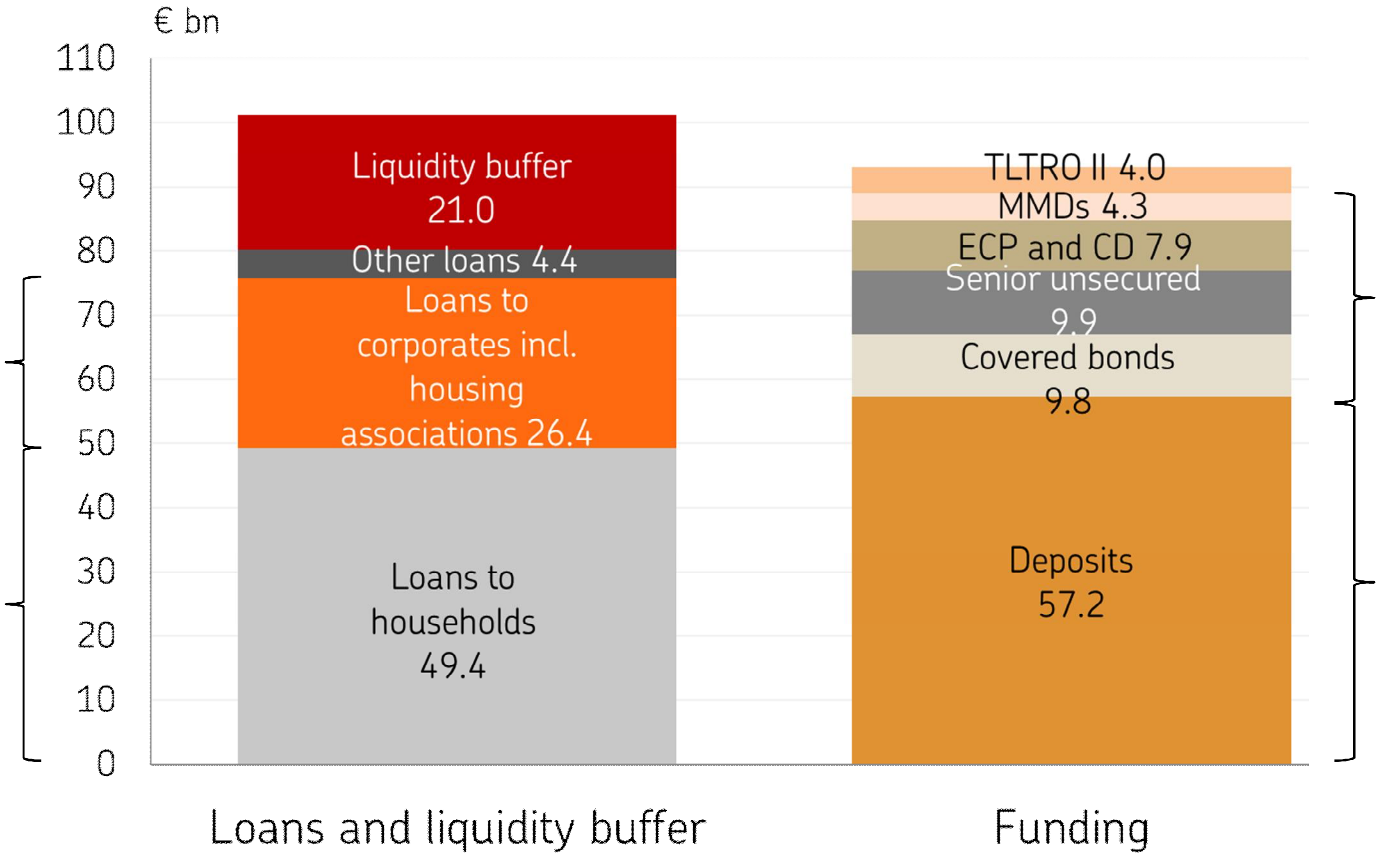


**) "Internally rated" includes externally non-rated notes and bonds issued by public-sector entities and companies

Decrease in the amount of notes and bonds eligible as collateral was due, for example, by their use as collateral in TLTRO-II.
The liquidity buffer and other sources of additional funding based on the contingency funding plan are sufficient to cover funding for at least 24 months in the event wholesale funding becomes unavailable and total deposits decrease at a moderate rate.

Loans, liquidity buffer and funding

30 June 2017



Loans to corporates incl. housing associations 33% of total loans

2/3 from OP Corporate Bank and 1/3 from member cooperative banks

Loans to households 62% of total loans

Member cooperative banks as retail customer lenders

Market-based funding 34% of total funding

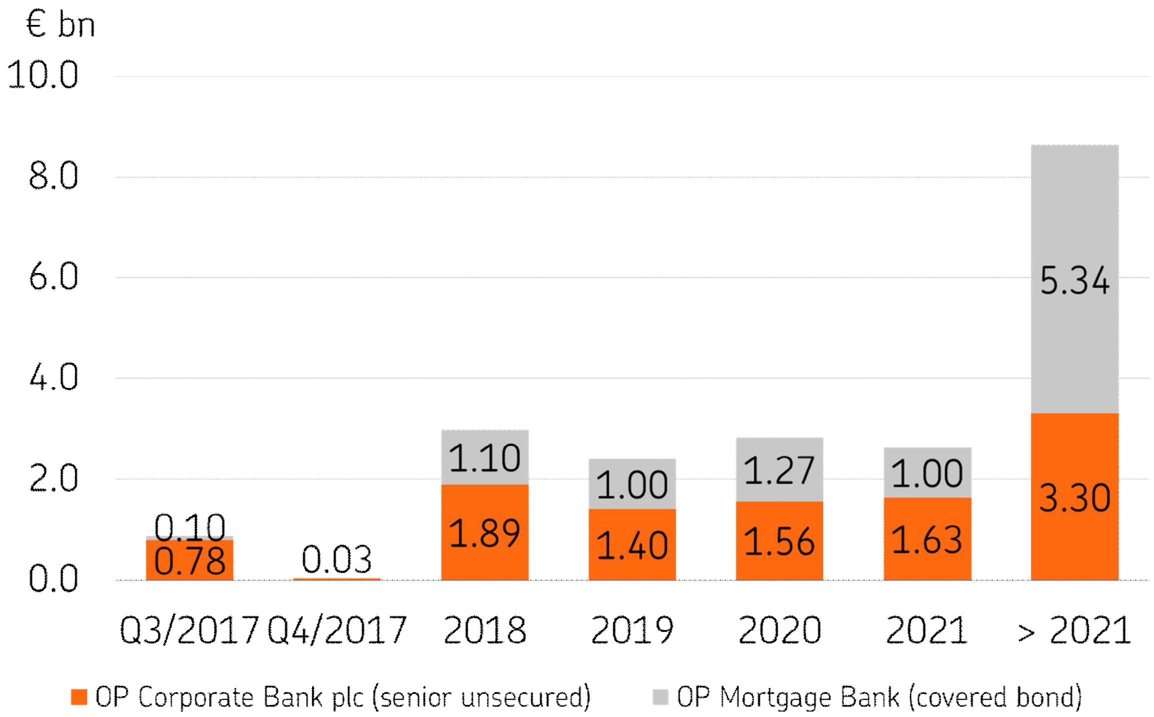
Deposits 61% of total funding

Majority of lending funded with deposit funding;
2/3 household deposits
1/3 corporate deposits

OP

Maturity breakdown of wholesale funding well diversified

Issued senior unsecured and covered bonds by maturity, 30 June 2017



- OP issued long-term bonds worth €2.8 billion during H1/2017.
- Additionally, OP participated in ECB's TLTRO II refinancing operation with €1 billion in March 2017.

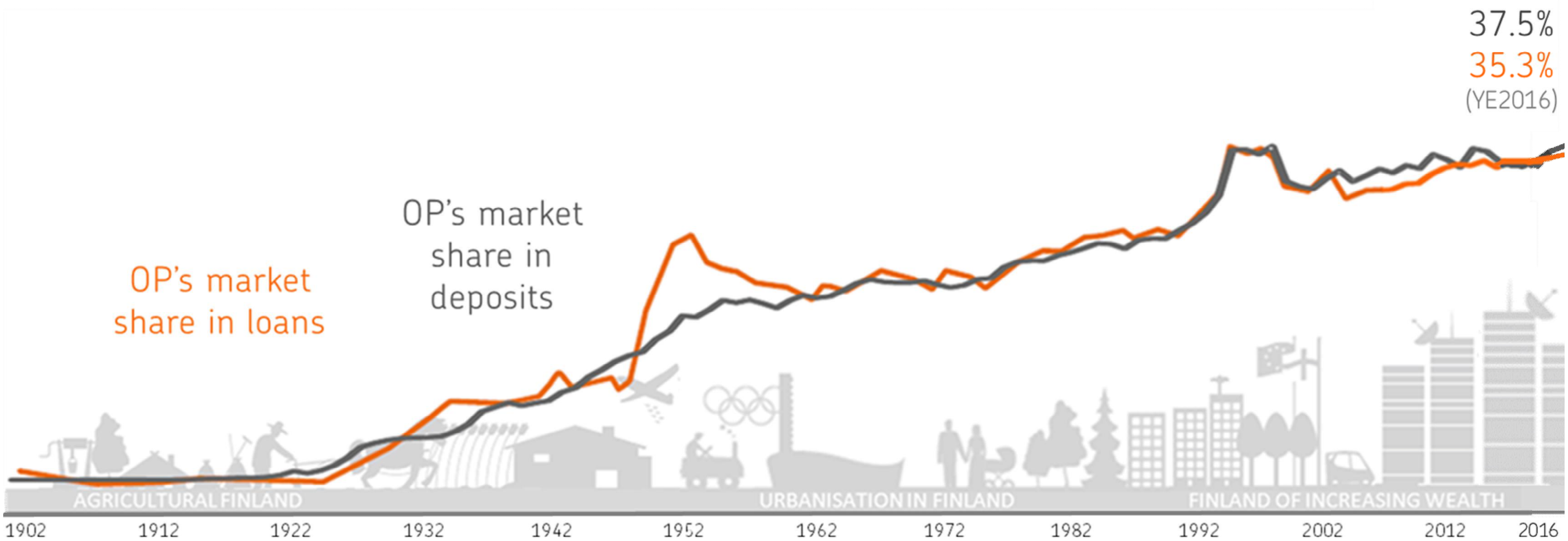
Issued senior unsecured and covered bonds

OP Corporate Bank plc's benchmark senior unsecured bonds 2015–17

Year	Month	Amount	Maturity	Interest rate
2017	April	€500 mn	5.5 yrs	m/s +27 bps
2016	January	€500 mn	5 yrs	m/s +65 bps
2015	November	Total ¥30 bn (€228 mn), 2 issues	5 yrs (floating) & 5 yrs (fixed)	m/s +59.9 bps & m/s +66.1 bps
2015	May	GBP300 mn	3 yrs	Eb3 +16 bps
2015	May	GBP400 mn	7 yrs	Eb3 +58 bps
2015	March	€1 bn	7 yrs	m/s +33 bps

OP Mortgage Bank's benchmark covered bonds 2015–17

Year	Month	Amount	Maturity	Interest rate
2017	June	€1 bn	10 yrs	m/s +1 bp
2017	March	€1 bn	7 yrs	m/s -4 bps
2016	May	€1.25 bn	7 yrs	m/s +4 bps
2015	November	€1.25 bn	5 yrs	m/s +5 bps
2015	September	€1 bn	7 yrs	m/s -1 bp



OP Mortgage Bank

Highlights of the Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on housing loans)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by Finnish FSA and ECB

OP Mortgage Bank (OPMB) in brief

- OP Mortgage Bank is a special-purpose bank operating under the Act on Mortgage Credit Bank Operations.
- OP Mortgage Bank's sole purpose is to raise funds for OP Financial Group member banks by issuing covered bonds with mortgage collateral.
- The outstanding covered bonds of OP Mortgage Bank are rated AAA by S&P and Aaa by Moody's.
- OP Mortgage Bank is a wholly-owned subsidiary of OP Cooperative.
- OP Mortgage Bank fully benefits from the joint liability based on the Act on the Amalgamation of Deposit Banks. However, since assets in its Cover Asset Pool are ring-fenced, the noteholders have the right to receive what is due to them before all other creditors.

OP Mortgage Bank's covered bond programme qualifies for the European Covered Bond Council's (ECBC) Covered Bond Label.

ECBC
EUROPEAN COVERED BOND COUNCIL

COVERED BOND LABEL

Read more about ECBC's covered bond label at www.coveredbondlabel.com

OP Mortgage Bank's rating buffers

Standard & Poor's: AAA (stable)

- 3 unused notches of jurisdictional support
- 2 unused notches of collateral based uplift

- Key scores (as of 30 June 2016)
  - Available Credit Enhancement: 15.59% (TCE* commensurate with AAA rating: 3.66%)
  - WAFF**: 16.50%
  - WALS***: 16.98%

* Target credit enhancement
** Weighted-average foreclosure frequency
*** Weighted-average loss severity

Source: S&P Transaction Update OP Mortgage Bank, 12 September 2016

Moody's: Aaa (stable)

- TPI*** Leeway 5 notches

- Key scores (as of 30 June 2017)
  - CR-A****: Aa2(cr)
  - CB Anchor: CR-A + 1 notch = Aa1
  - TPI: Probable-High
  - Collateral score (post-haircut): 3.4% (cap 5.0%)

*** Timely payment indicator
**** Counterparty risk assessment

Source: Moody's Performance Overview OP Mortgage Bank Covered Bonds 2, 6 July 2017

OPMB operating model

- OPMB is a funding vehicle for the member banks:
  - Subject to strict eligibility criteria:
    - Existing loans may be sold from member banks to OPMB.
    - Collateral may be transferred to OPMB via intermediary loan process.
    - Member cooperative banks may originate directly into OPMB’s balance sheet acting as a broker agent.

- OPMB utilises the structure of OP Cooperative and outsources for example:
  - origination and servicing of assets to member cooperative banks
  - risk management, IT services, accounting etc. to OP Cooperative
  - has organised interest rate risk management in cooperation with OP Corporate Bank plc

Operating model and roles

MORTGAGE BORROWER

↓

OP MEMBER COOPERATIVE BANKS
Loan origination
Servicing

→ Loans are sold to OPMB or collateral is transferred to OPMB via intermediary loan process

OP COOPERATIVE
Accounting
Administrative, legal issues etc.
Debt collection

OP SERVICES LTD
ICT Service production
Product and service development
Support functions

↓

OP MORTGAGE BANK
Lending criteria*
Loan selection
Pool management and analysis
Investor reporting
Bond issuing

→ Issues under the programme

DEBT INVESTORS

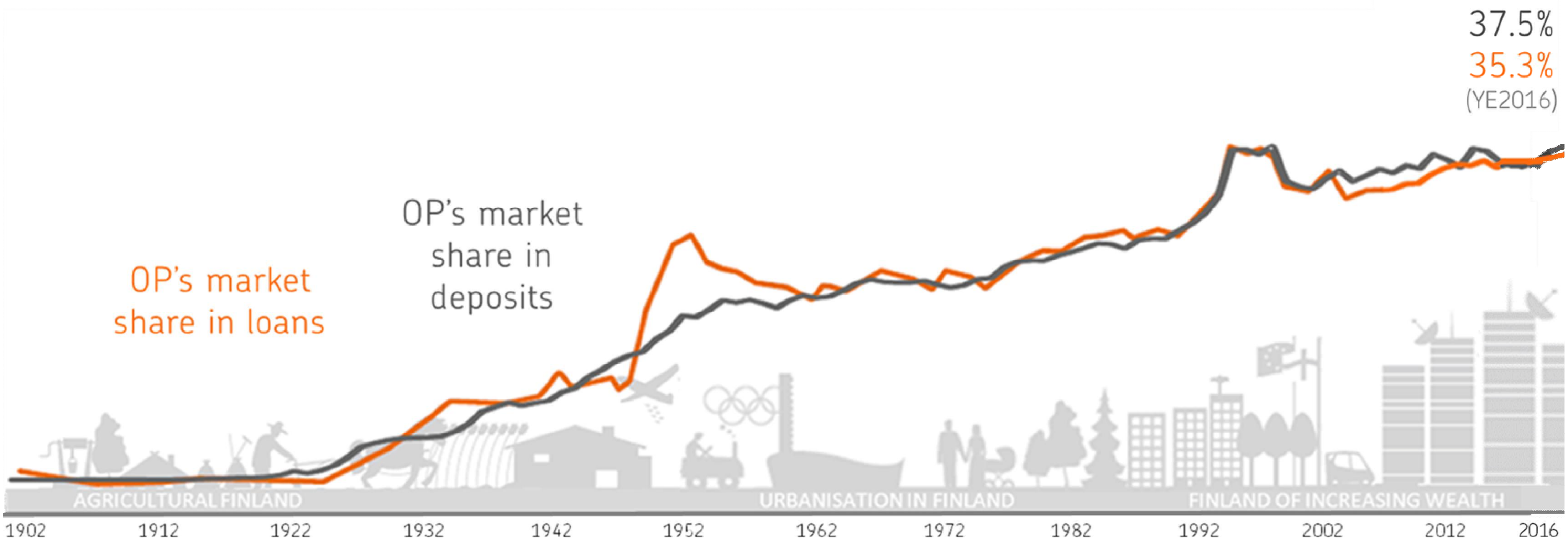
↑

OP CORPORATE BANK PLC
Swap counterparty
Short-term funding provider
Legal issues/capital markets

*) Basic lending criteria for the Group are set by OP Cooperative. OP Mortgage Bank can set additional limits.

Intermediary loans

- The Finnish Covered Bond Act (2010) enables granting intermediary loans
  - The member cooperative banks are granted the opportunity to indirectly participate in the issuing of a covered bond
  - Intermediary loans are the third way for the member banks to utilize OPMB along with selling loans and granting loans from OPMB
- The intermediary loan contract is made between the member cooperative bank and OPMB
  - The amount of loan, interest margin/fixed interest rate and maturity of the loan are indicative during the contracting phase of the intermediary loan
  - The member bank commits to preserving adequate intermediary loan worthy loan portfolio for the maturity of the intermediary loan, and accepts that OPMB subscribes the loans as collateral in the cover pool
  - OPMB monitor’s the adequacy of the loans daily
  - The OC is provided by OPMB
- Once the mortgage loans are registered in the covered register, whether they are entered via intermediary loan process or true sales, they serve as collateral for the covered bonds for the benefit of the noteholders.



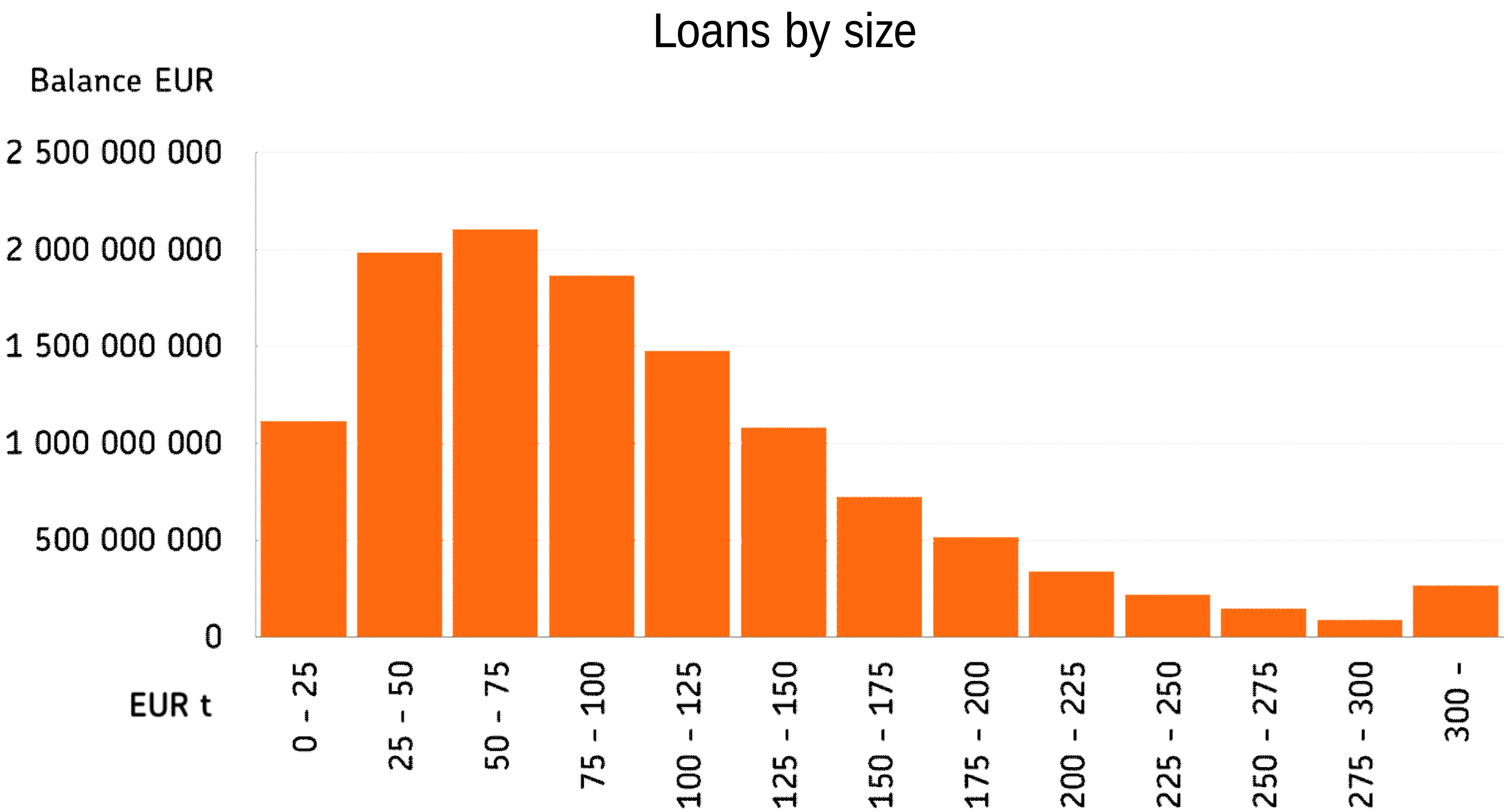
OPMB Cover Asset Pool Characteristics

Covered bonds issued after 1 Aug. 2010, under the Finnish Act on Mortgage Credit Banks 680/2010

Main Features of OP Mortgage Bank’s Cover Asset Pool as of 30 June 2017

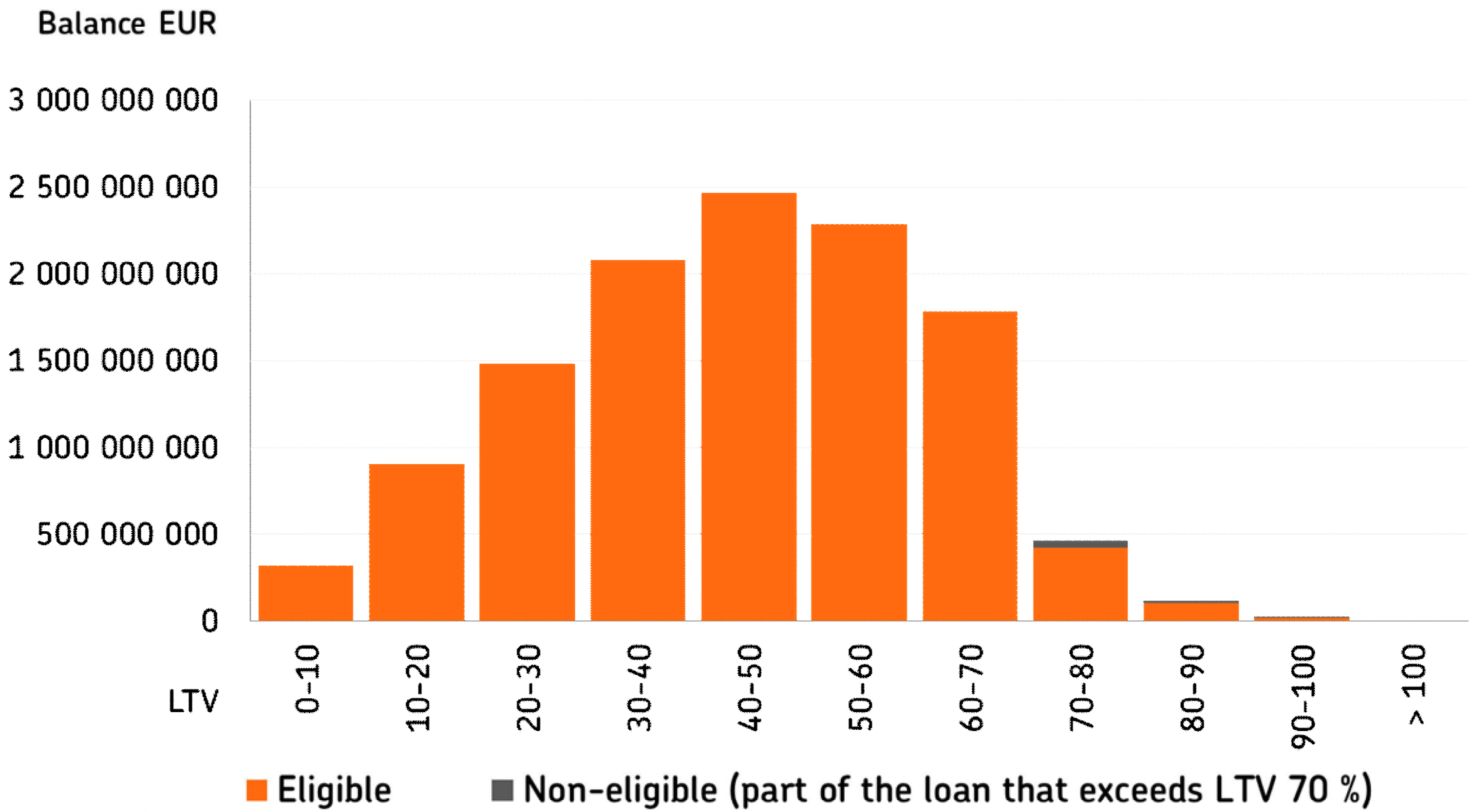
- Collateralized by Finnish mortgages
- Current balance EUR 11.94 billion
- Weighted Average indexed LTV of 44%
- Average loan size of approximately EUR 51,458
- No loans over 90 days in arrears ongoing
- Variable interest rates: over 96% of all loans
- Hedging agreements in place in order to mitigate interest rate risk
- Total amount of covered bonds issued EUR 9.835 billion

OPMB Cover Asset Pool Characteristics



OPMB Cover Asset Pool Characteristics

Loans by LTV

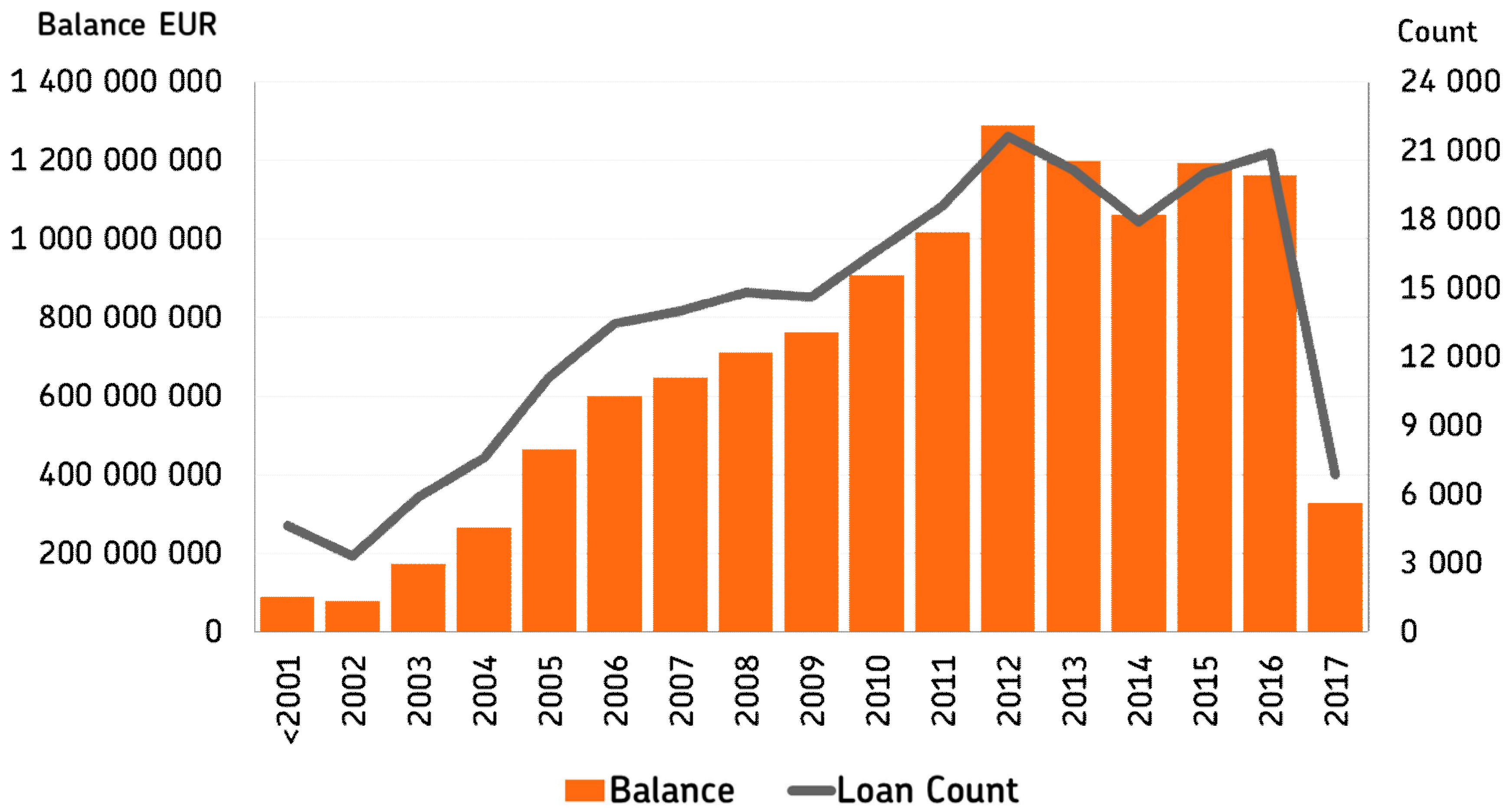


- Total assets EUR 11.94 billion
- Eligible Cover Pool assets EUR 11.89 billion
- Weighted average indexed LTV of 44%
- Over-collateralisation (eligible assets only) 20.9 %

OP

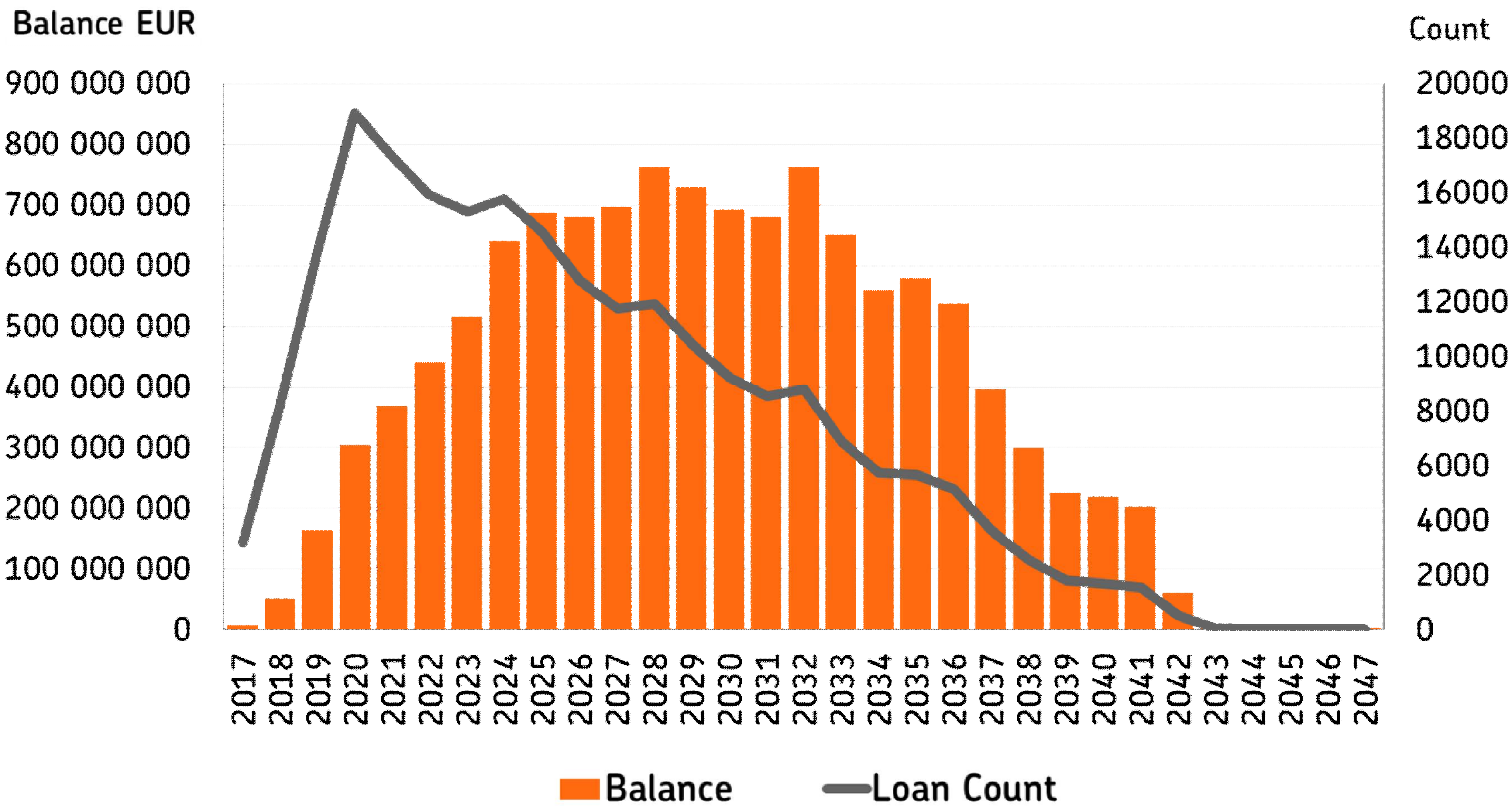
OPMB Cover Asset Pool Characteristics

Loans by origination year



OPMB Cover Asset Pool Characteristics

Loans by maturity



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OPMB Cover Asset Pool Characteristics

Geographical distribution

1 Southern Finland

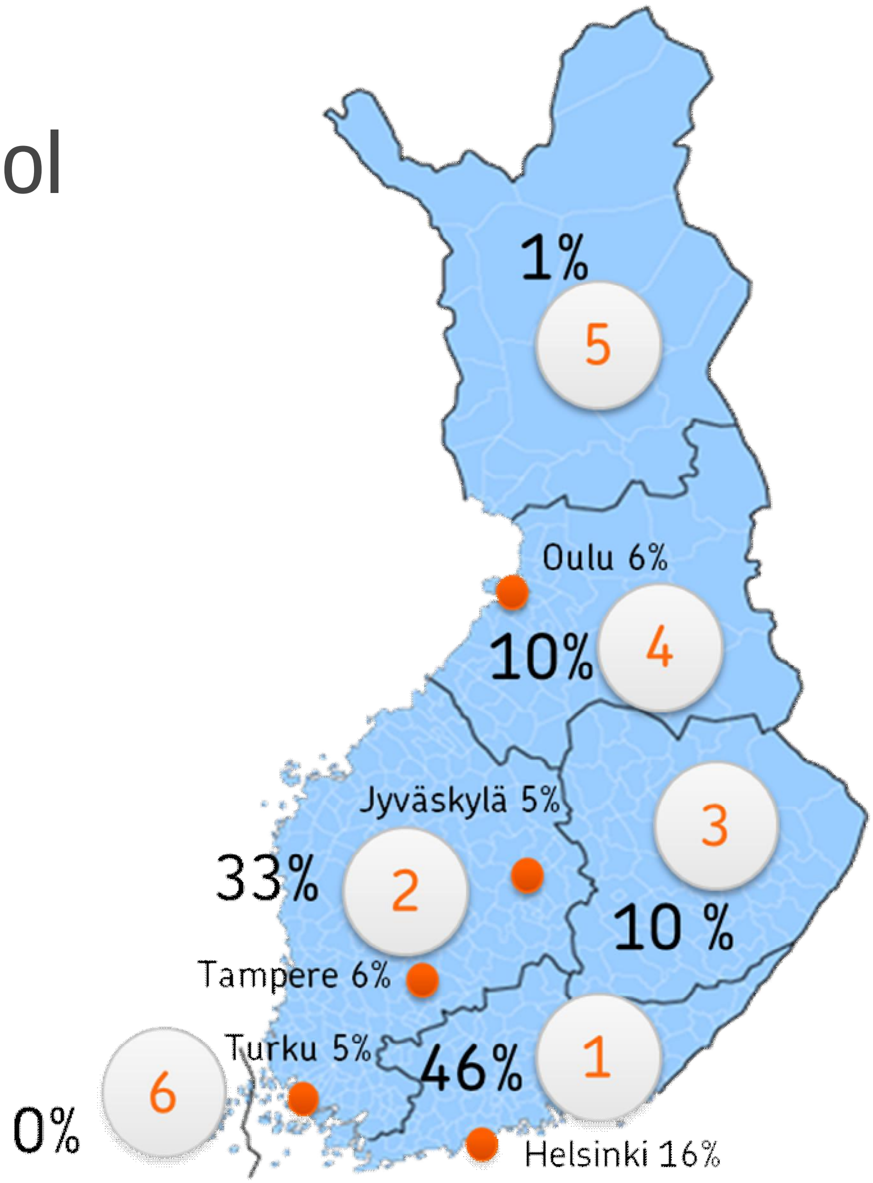
2 Western Finland

3 Eastern Finland

4 Oulu region

5 Lapland

6 Åland



OP

A. Harmonised Transparency Template - General Information

Reporting in Domestic Currency	EUR

CONTENT OF TAB A

Field Number	1. Basic Facts				
G.1.1.1	Country	Finland			
G.1.1.2	Issuer Name	OP Mortgage Bank			
G.1.1.3	Link to Issuer's Website	https://www.pohjola.fi/pohjola/investor-relations/debt-investors/op-mortgage-bank?id=334200&srcpl=8&kielikoodi=en			
G.1.1.4	Cut-off date	30/06/2017			
	2. Regulatory Summary				
G.2.1.1	UCITS Compliance (Y/N)	Y			
G.2.1.2	CRR Compliance (Y/N)	Y			
G.2.1.3	LCR status	https://www.coveredbondlabel.com/issuer/6/			
	3. General Cover Pool / Covered Bond				
	1. General Information	**Nominal (mn)**			
G.3.1.1	Total Cover Assets	11944.49			
G.3.1.2	Outstanding Covered Bonds	9835.00			
	2. Over-collateralisation (OC)	**Legal / Regulatory**	**Actual**	**Minimum Committed**	**Purpose**
G.3.2.1	OC (%)	2%	20.94	ND1	ND1
	3. Cover Pool Composition	**Nominal (mn)**		**% Cover Pool**	
G.3.3.1	Mortgages	11940.74		99.97%	
G.3.3.2	Public Sector	0.00		0.00%	
G.3.3.3	Shipping	0.00			
G.3.3.4	Substitute Assets	0.00		0.00%	
G.3.3.5	Other	3.75		0.03%	
G.3.3.6	Total	11,944.49		100%	
	4. Cover Pool Amortisation Profile	**Contractual**	**Expected Upon Prepayments**	**% Total Contractual**	**% Total Expected upon ...**
G.3.4.1	Weighted Average life (in years)	6.15	ND3		
	Residual Life (mn)				
	By buckets:				
G.3.4.2	0 - 1 Y	1949.40	ND3	16.32%	
G.3.4.3	1 - 2 Y	1197.74	ND3	10.03%	
G.3.4.4	2 - 3 Y	1088.41	ND3	9.11%	
G.3.4.5	3 - 4 Y	981.43	ND3	8.22%	
G.3.4.6	4 - 5 Y	872.39	ND3	7.30%	
G.3.4.7	5 - 10 Y	3185.93	ND3	26.67%	
G.3.4.8	10+ Y	2669.20	ND3	22.35%	
G.3.4.9	Total	11,944.49	0	100%	0%

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017

OP

OPMB Cover Asset Pool

	5. Maturity of Covered Bonds	Initial Maturity	Extended Maturity	% Total Initial Maturity	% Total Extended Maturity
G.3.5.1	Weighted Average life (in years)	4.93	5.92		
	Maturity (mn)				
G.3.5.2	By buckets:				
G.3.5.3	0 - 1 Y	1,200.00	100.00	12.20%	1.02%
G.3.5.4	1 - 2 Y	1,000.00	1,100.00	10.17%	11.18%
G.3.5.5	2 - 3 Y	1,270.00	1,000.00	12.91%	10.17%
G.3.5.6	3 - 4 Y	1,000.00	1,270.00	10.17%	12.91%
G.3.5.7	4 - 5 Y	1,000.00	1,000.00	10.17%	10.17%
G.3.5.8	5 - 10 Y	4,365.00	4,365.00	44.38%	44.38%
G.3.5.9	10+ Y	0.00	1,000.00	0.00%	10.17%
G.3.5.10	Total	9,835.00	9,835.00	100%	100%
	6. Covered Assets - Currency	**Nominal [before hedging] (mn)**	**Nominal [after hedging] (mn)**	**% Total [before]**	**% Total [after]**
G.3.6.1	EUR	11944.49	0.00	100.00%	
G.3.6.2	USD	0.00	0.00	0.00%	
G.3.6.3	GBP	0.00	0.00	0.00%	
G.3.6.4	NOK	0.00	0.00	0.00%	
G.3.6.5	CHF	0.00	0.00	0.00%	
G.3.6.6	AUD	0.00	0.00	0.00%	
G.3.6.7	CAD	0.00	0.00	0.00%	
G.3.6.8	BRL	0.00	0.00	0.00%	
G.3.6.9	CZK	0.00	0.00	0.00%	
G.3.6.10	DKK	0.00	0.00	0.00%	
G.3.6.11	HKD	0.00	0.00	0.00%	
G.3.6.12	KRW	0.00	0.00	0.00%	
G.3.6.13	SEK	0.00	0.00		
G.3.6.14	SGD	0.00	0.00		
G.3.6.15	Other	0.00	0.00	0.00%	
G.3.6.16	Total	11944.49	0.00	100%	0%
	7. Covered Bonds - Currency	**Nominal [before hedging] (mn)**	**Nominal [after hedging] (mn)**	**% Total [before]**	**% Total [after]**
G.3.7.1	EUR	9835.00	9835.00	100.00%	100.00%
G.3.7.2	USD	0.00	0.00	0.00%	0.00%
G.3.7.3	GBP	0.00	0.00	0.00%	0.00%
G.3.7.4	NOK	0.00	0.00	0.00%	0.00%
G.3.7.5	CHF	0.00	0.00	0.00%	0.00%
G.3.7.6	AUD	0.00	0.00	0.00%	0.00%
G.3.7.7	CAD	0.00	0.00	0.00%	0.00%
G.3.7.8	BRL	0.00	0.00	0.00%	0.00%
G.3.7.9	CZK	0.00	0.00	0.00%	0.00%
G.3.7.10	DKK	0.00	0.00	0.00%	0.00%
G.3.7.11	HKD	0.00	0.00	0.00%	0.00%
G.3.7.12	KRW	0.00	0.00	0.00%	0.00%
G.3.7.13	SEK	0.00	0.00	0.00%	0.00%
G.3.7.14	SGD	0.00	0.00	0.00%	0.00%
G.3.7.15	Other	0.00	0.00	0.00%	0.00%
G.3.7.16	Total	9835.00	9835.00	100%	100%
	8. Covered Bonds - Breakdown by interest rate	**Nominal [before hedging] (mn)**	**Nominal [after hedging] (mn)**	**% Total [before]**	**% Total [after]**
G.3.8.1	Fixed coupon	9635.00	9635.00	98%	98%
G.3.8.2	Floating coupon	200.00	200.00	2%	2%
G.3.8.3	Other	0.00	0.00	0%	0%
G.3.8.4	Total	9835.00	9835.00	100%	100%

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017

OPMB Cover Asset Pool

	9. Substitute Assets - Type	Nominal (mn)			% Substitute Assets	
G.3.9.1	Cash	0.00				
G.3.9.2	Exposures to/guaranteed by Supranational, Sovereign, Agency (SSA)	0.00				
G.3.9.3	Exposures to central banks	0.00				
G.3.9.4	Exposures to credit institutions	0.00				
G.3.9.5	Other	0.00				
G.3.9.6	Total	0.00			0%	
	10. Substitute Assets - Country	**Nominal (mn)**			**% Substitute Assets**	
G.3.10.1	Domestic (Country of Issuer)	0.00				
G.3.10.2	Eurozone	0.00				
G.3.10.3	Rest of European Union (EU)	0.00				
G.3.10.4	European Economic Area (not member of EU)	0.00				
G.3.10.5	Switzerland	0.00				
G.3.10.6	Australia	0.00				
G.3.10.7	Brazil	0.00				
G.3.10.8	Canada	0.00				
G.3.10.9	Japan	0.00				
G.3.10.10	Korea	0.00				
G.3.10.11	New Zealand	0.00				
G.3.10.12	Singapore	0.00				
G.3.10.13	US	0.00				
G.3.10.14	Other	0.00				
G.3.10.15	Total EU	0.00				
G.3.10.16	Total	0.00			0%	
	11. Liquid Assets	**Nominal (mn)**			**% Cover Pool**	**% Covered Bonds**
G.3.11.1	Substitute and other marketable assets	11944.49			100.00%	100.00%
G.3.11.2	Central bank eligible assets	0.00			0.00%	0.00%
G.3.11.3	Other	0.00			0.00%	0.00%
G.3.11.4	Total	11944.49			100%	100%
	12. Bond List					
G.3.12.1	Bond list	https://www.coveredbondlabel.com/issuer/6/				
	13. Derivatives & Swaps	**intra-group**				
G.3.13.1	Derivatives in the register / cover pool [notional] (mn)	8171.77				
G.3.13.2	Type of interest rate swaps (intra-group, external or both)	intra-group				
G.3.13.3	Type of currency rate swaps (intra-group, external or both)	ND2				

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017

OPMB Cover Asset Pool

	4. References to Capital Requirements Regulation (CRR) 129(7)	Row	Row
The issuer believes that, at the time of its issuance and based on transparency data made publicly available by the issuer, these covered bonds would satisfy the eligibility criteria for Article 129(7) of the Capital Requirements Regulation (EU) 648/2012. It should be noted, however, that whether or not exposures in the form of covered bonds are eligible to preferential treatment under Regulation (EU) 648/2012 is ultimately a matter to be determined by a relevant investor institution and its relevant supervisory authority and the issuer does not accept any responsibility in this regard.			
G.4.1.1	(i) Value of the cover pool outstanding covered bonds:	38	
G.4.1.2	(i) Value of covered bonds:	39	
G.4.1.3	(ii) Geographical distribution:	43 for Mortgage Assets	
G.4.1.4	(ii) Type of cover assets:	52	
G.4.1.5	(ii) Loan size:	155 for Residential Mortgage Assets	240 for Commercial Mortgage Assets
G.4.1.6	(ii) Interest rate risk - cover pool:	119 for Mortgage Assets	228
G.4.1.7	(ii) Currency risk - cover pool:	111	
G.4.1.8	(ii) Interest rate risk - covered bond:	163	
G.4.1.9	(ii) Currency risk - covered bond:	137	
G.4.1.10	(Please refer to "Tab D. HTT Harmonised Glossary" for hedging strategy)	17 for Harmonised Glossary	
G.4.1.11	(iii) Maturity structure of cover assets:	65	
G.4.1.12	(iii) Maturity structure of covered bonds:	88	
G.4.1.13	(iv) Percentage of loans more than ninety days past due:	149 for Mortgage Assets	
	5. References to Capital Requirements Regulation (CRR) 129(1)		
G.5.1.1	Exposure to credit institute credit quality step 1 & 2	ND3	
	6. Other relevant information		

B1. Harmonised Transparency Template - Mortgage Assets

Reporting in Domestic Currency	EUR

CONTENT OF TAB B1

Field Number	7. Mortgage Assets			
	1. Property Type Information	**Nominal (mn)**		**% Total Mortgages**
M.7.1.1	Residential	11940.74		100.00%
M.7.1.2	Commercial	0.00		0.00%
M.7.1.3	Other	0.00		0.00%
M.7.1.4	Total	11940.74		100.00%
	2. General Information	**Residential Loans**	**Commercial Loans**	**Total Mortgages**
M.7.2.1	Number of mortgage loans	232050	0	232050
	3. Concentration Risks	**% Residential Loans**	**% Commercial Loans**	**% Total Mortgages**
M.7.3.1	10 largest exposures	0.08	0.00	0.08

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017

OPMB Cover Asset Pool

	4. Breakdown by Geography	% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.4.1	European Union	100.00	0.00	100.00
M.7.4.2	Austria			
M.7.4.3	Belgium			
M.7.4.4	Bulgaria			
M.7.4.5	Croatia			
M.7.4.6	Cyprus			
M.7.4.7	Czech Republic			
M.7.4.8	Denmark			
M.7.4.9	Estonia			
M.7.4.10	Finland	100.00		100.00
M.7.4.11	France			
M.7.4.12	Germany			
M.7.4.13	Greece			
M.7.4.14	Netherlands			
M.7.4.15	Hungary			
M.7.4.16	Ireland			
M.7.4.17	Italy			
M.7.4.18	Latvia			
M.7.4.19	Lithuania			
M.7.4.20	Luxembourg			
M.7.4.21	Malta			
M.7.4.22	Poland			
M.7.4.23	Portugal			
M.7.4.24	Romania			
M.7.4.25	Slovakia			
M.7.4.26	Slovenia			
M.7.4.27	Spain			
M.7.4.28	Sweden			
M.7.4.29	United Kingdom			
M.7.4.30	European Economic Area (not member of EU)	0.00	0.00	0.00
M.7.4.31	Iceland			
M.7.4.32	Liechtenstein			
M.7.4.33	Norway			
M.7.4.34	Other	0.00	0.00	0.00
M.7.4.35	Switzerland			
M.7.4.36	Australia			
M.7.4.37	Brazil			
M.7.4.38	Canada			
M.7.4.39	Japan			
M.7.4.40	Korea			
M.7.4.41	New Zealand			
M.7.4.42	Singapore			
M.7.4.43	US			
M.7.4.44	Other			

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017

OP

OPMB Cover Asset Pool

	5. Breakdown by domestic regions	**% Residential Loans**	**% Commercial Loans**	**% Total Mortgages**
M.7.5.1	Aland Islands	0.28		0.28
M.7.5.2	Central Finland	5.35		5.35
M.7.5.3	Central Ostrobothnia	1.24		1.24
M.7.5.4	Etela-Savo	2.17		2.17
M.7.5.5	Ita-Uusimaa	2.47		2.47
M.7.5.6	Kainuu	0.73		0.73
M.7.5.7	Kanta-Hame	4.59		4.59
M.7.5.8	Kymenlaakso	2.62		2.62
M.7.5.9	Lapland	1.47		1.47
M.7.5.10	North Karelia	2.80		2.80
M.7.5.11	North Ostrobothnia	8.87		8.87
M.7.5.12	Ostrobothnia	2.22		2.22
M.7.5.13	Paijat-Hame	3.57		3.57
M.7.5.14	Pirkanmaa	8.88		8.88
M.7.5.15	Pohjois-Savo	4.71		4.71
M.7.5.16	Satakunta	4.08		4.08
M.7.5.17	South Karelia	2.50		2.50
M.7.5.18	South Ostrobothnia	1.99		1.99
M.7.5.19	Uusimaa	28.37		28.37
M.7.5.20	Varsinais-Suomi	11.09		11.09
	6. Breakdown by Interest Rate	**% Residential Loans**	**% Commercial Loans**	**% Total Mortgages**
M.7.6.1	Fixed rate	1.79		1.79
M.7.6.2	Floating rate	98.21		98.21
M.7.6.3	Other			
	7. Breakdown by Repayment Type	**% Residential Loans**	**% Commercial Loans**	**% Total Mortgages**
M.7.7.1	Bullet / interest only	0.00		0.00
M.7.7.2	Amortising	100.00		100.00
M.7.7.3	Other			
	8. Loan Seasoning	**% Residential Loans**	**% Commercial Loans**	**% Total Mortgages**
M.7.8.1	Up to 12months	8.34		8.34
M.7.8.2	≥ 12 - ≤ 24 months	10.37		10.37
M.7.8.3	≥ 24 - ≤ 36 months	9.33		9.33
M.7.8.4	≥ 36 - ≤ 60 months	20.10		20.10
M.7.8.5	≥ 60 months	51.86		51.86
	9. Non-Performing Loans (NPLs)	**% Residential Loans**	**% Commercial Loans**	**% Total Mortgages**
M.7.9.1	% NPLs	0.00		0.00

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017

OPMB Cover Asset Pool

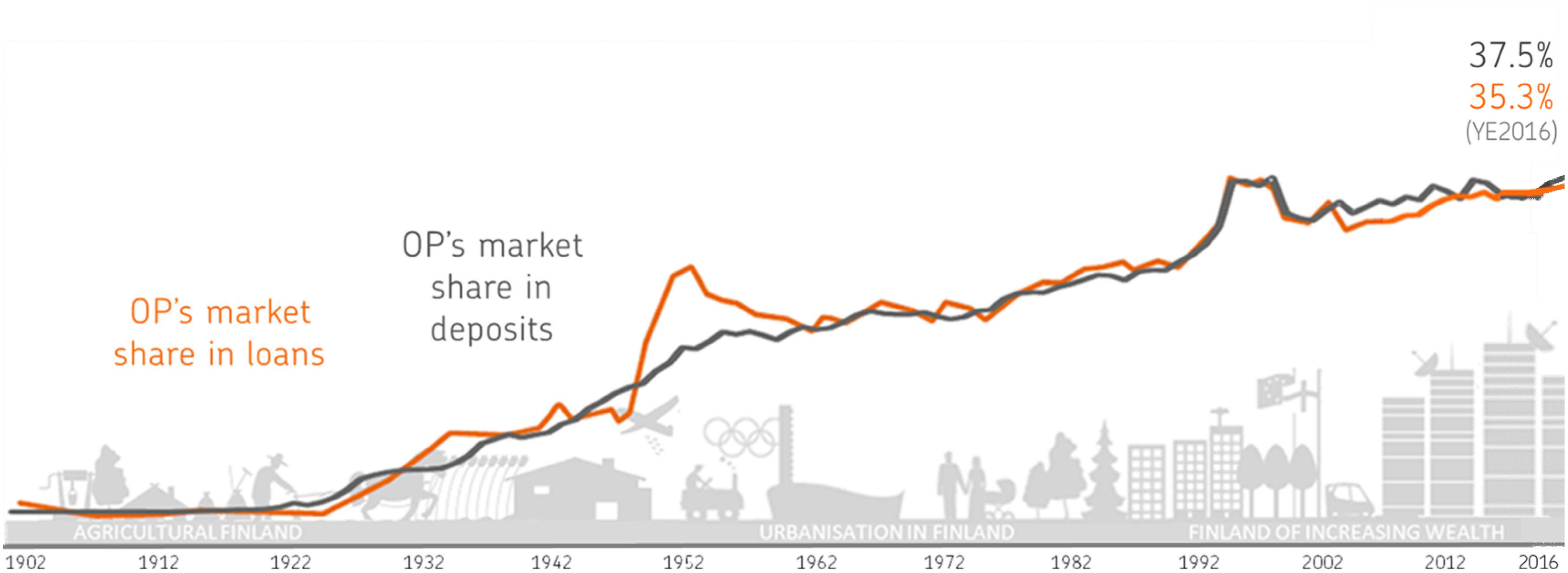
	7.A Residential Cover Pool				
	10. Loan Size Information	**Nominal**	**Number of Loans**	**% Residential Loans**	**% No. of Loans**
M.7A.10.1	Average loan size (000s)	51.46			
	By buckets (mn):				
M.7A.10.2	0 - 0,025000	1115.96	89296.00	9.35%	38.48%
M.7A.10.3	0,025001 - 0,050000	1989.10	54494.00	16.66%	23.48%
M.7A.10.4	0,050001 - 0,100000	3970.86	55731.00	33.25%	24.02%
M.7A.10.5	0,100001 - 0,150000	2555.73	21143.00	21.40%	9.11%
M.7A.10.6	0,150001 - 0,200 000	1241.89	7259.00	10.40%	3.13%
M.7A.10.7	0,200001 - 0,250000	559.23	2534.00	4.68%	1.09%
M.7A.10.8	0,250001 - 0,300000	241.57	894.00	2.02%	0.39%
M.7A.10.9	0,300001 -	266.41	699.00	2.23%	0.30%
M.7A.10.26	Total	11940.74	232050.00	100.00%	100.00%
	11. Loan to Value (LTV) Information - UNINDEXED	**Nominal**	**Number of Loans**	**% Residential Loans**	**% No. of Loans**
M.7A.11.1	Weighted Average LTV (%)	49.80			
	By LTV buckets (mn):				
M.7A.11.2	>0 - <=40 %	9390.91	232050.00	78.65%	45.20%
M.7A.11.3	>40 - <=50 %	1199.30	110912.00	10.04%	21.60%
M.7A.11.4	>50 - <=60 %	789.35	81872.00	6.61%	15.95%
M.7A.11.5	>60 - <=70 %	452.91	58719.00	3.79%	11.44%
M.7A.11.6	>70 - <=80 %	96.31	25977.00	0.81%	5.06%
M.7A.11.7	>80 - <=90 %	10.39	3345.00	0.09%	0.65%
M.7A.11.8	>90 - <=100 %	1.45	493.00	0.01%	0.10%
M.7A.11.9	>100%	0.12	65.00	0.00%	0.01%
M.7A.11.10	Total	11940.74	513433.00	100.00%	100.00%
	12. Loan to Value (LTV) Information - INDEXED	**Nominal**	**Number of Loans**	**% Residential Loans**	**% No. of Loans**
M.7A.12.1	Weighted Average LTV (%)	44.04			
	By LTV buckets (mn):				
M.7A.12.2	>0 - <=40 %	10092.28	232050.00	84.52%	58.67%
M.7A.12.3	>40 - <=50 %	1041.09	83352.00	8.72%	21.07%
M.7A.12.4	>50 - <=60 %	555.51	49230.00	4.65%	12.45%
M.7A.12.5	>60 - <=70 %	202.29	23210.00	1.69%	5.87%
M.7A.12.6	>70 - <=80 %	42.00	5986.00	0.35%	1.51%
M.7A.12.7	>80 - <=90 %	6.77	1444.00	0.06%	0.37%
M.7A.12.8	>90 - <=100 %	0.80	243.00	0.01%	0.06%
M.7A.12.9	>100%	0.00	0.00	0.00%	0.00%
M.7A.12.10	Total	11940.74	395515.00	100.00%	100.00%
	13. Breakdown by type	**% Residential Loans**			
M.7A.13.1	Owner occupied	96.53			
M.7A.13.2	Second home/Holiday houses	1.20			
M.7A.13.3	Buy-to-let/Non-owner occupied	0.53			
M.7A.13.4	Agricultural	1.73			
M.7A.13.5	Other				
	14. Loan by Ranking	**% Residential Loans**			
M.7A.14.1	1st lien / No prior ranks	100.00			
M.7A.14.2	Guaranteed	0.00			
M.7A.14.3	Other	0.00			

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017

OPMB Cover Asset Pool

7B Commercial Cover Pool					
	15. Loan Size Information	**Nominal**	**Number of Loans**	**% Commercial Loans**	**% No. of Loans**
M.7B.15.1	Average loansize (000s)				
	By buckets (mn):				
M.7B.15.2	0 - 0,100000	0.00	0.00		
M.7B.15.3	0,100001 - 0,200000	0.00	0.00		
M.7B.15.4	0,200001 - 0,300000	0.00	0.00		
M.7B.15.5	0,300001 - 0,400000	0.00	0.00		
M.7B.15.6	0,400001 - 0,500000	0.00	0.00		
M.7B.15.7	0,500001 - 0,600000	0.00	0.00		
M.7B.15.8	0,600001 - 0,700000	0.00	0.00		
M.7B.15.9	0,700001 - 0,800000	0.00	0.00		
M.7B.15.10	0,800001 - 0,900000	0.00	0.00		
M.7B.15.11	0,900001 - 1000000	0.00	0.00		
M.7B.15.12	1000001 -	0.00	0.00		
M.7B.15.26	Total	0.00	0.00	0.00%	0.00%
	16. Loan to Value (LTV) Information - UNINDEXED	**Nominal**	**Number of Loans**	**% Commercial Loans**	**% No. of Loans**
M.7B.16.1	Weighted Average LTV (%)				
	By LTV buckets (mn):				
M.7B.16.2	>0 - <=40 %	0.00	0.00		
M.7B.16.3	>40 - <=50 %	0.00	0.00		
M.7B.16.4	>50 - <=60 %	0.00	0.00		
M.7B.16.5	>60 - <=70 %	0.00	0.00		
M.7B.16.6	>70 - <=80 %	0.00	0.00		
M.7B.16.7	>80 - <=90 %	0.00	0.00		
M.7B.16.8	>90 - <=100 %	0.00	0.00		
M.7B.16.9	>100%	0.00	0.00		
M.7B.16.10	Total	0.00	0.00	0.00%	0.00%
	17. Loan to Value (LTV) Information - INDEXED	**Nominal**	**Number of Loans**	**% Commercial Loans**	**% No. of Loans**
M.7B.17.1	Weighted Average LTV (%)				
	By LTV buckets (mn):				
M.7B.17.2	>0 - <=40 %	0.00	0.00		
M.7B.17.3	>40 - <=50 %	0.00	0.00		
M.7B.17.4	>50 - <=60 %	0.00	0.00		
M.7B.17.5	>60 - <=70 %	0.00	0.00		
M.7B.17.6	>70 - <=80 %	0.00	0.00		
M.7B.17.7	>80 - <=90 %	0.00	0.00		
M.7B.17.8	>90 - <=100 %	0.00	0.00		
M.7B.17.9	>100%	0.00	0.00		
M.7B.17.10	Total	0.00	0.00	0.00%	0.00%
	18. Breakdown by Type	**% Commercial loans**			
M.7B.18.1	Retail				
M.7B.18.2	Office				
M.7B.18.3	Hotel/Tourism				
M.7B.18.4	Shopping malls				
M.7B.18.5	Industry				
M.7B.18.6	Agriculture				
M.7B.18.7	Other commercially used				
M.7B.18.8	Land				
M.7B.18.9	Property developers / Bulding under construction				
M.7B.18.10	Other				

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2017



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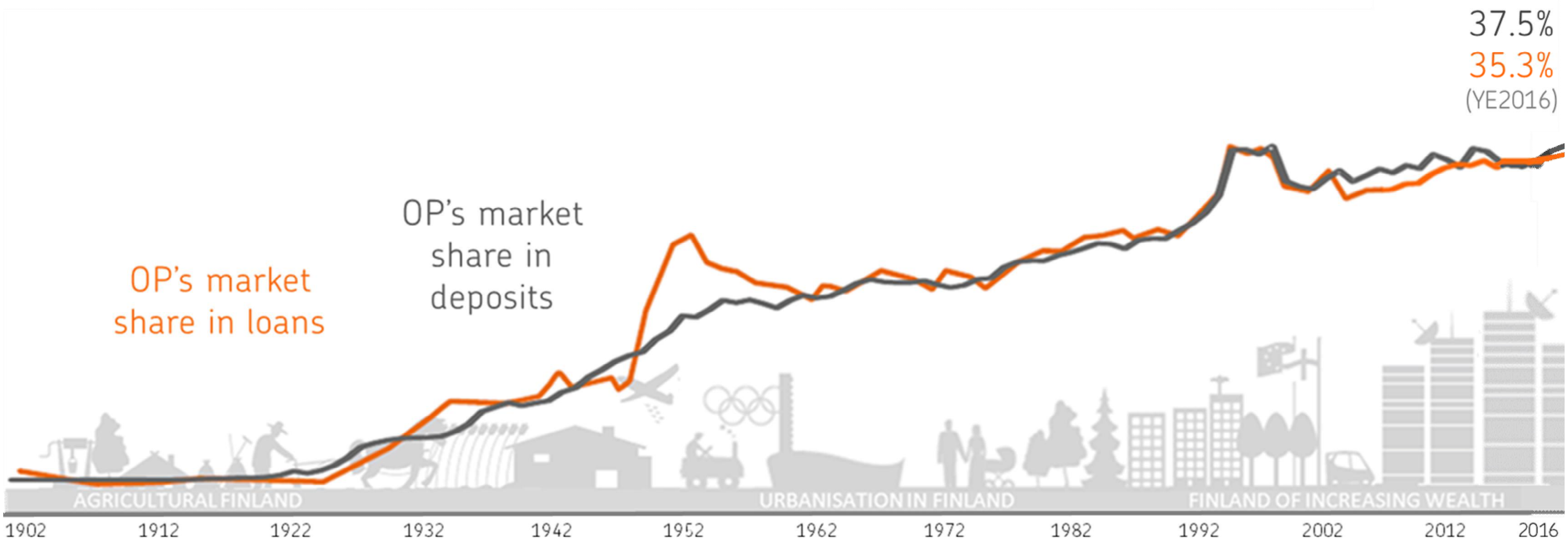
Financial reports and background material online

- OP Financial Group: www.op.fi (English) > OP Financial Group > Media > Material service > OP Financial Group publications
- OP Corporate Bank plc: www.pohjola.com > Media > Material Service
- OP Mortgage Bank: www.op.fi (English) > OP Financial Group > Media > Material service > Subsidiaries’ publications



Appendices

OP

Bioeconomy as one of the new growth areas in Finland

- Branch of the economy using biological natural resources to create variety of products in the field of chemical, pharmaceutical, textile, packaging, food, energy and construction industries.
- Clean, environment saving technologies and efficient recycling are typical to bioeconomy.
- The significance of the forestry sector in Finland has been and will be great, as over one half of Finland's bioeconomy today relies on forests.
- The objective of the Bioeconomy Strategy is to push bioeconomy output up to €100 bn by 2025 and to create 100,000 new jobs.

16% of the total Finnish economy (i.e. turnover of €60 bn)

13% of total employment in Finland (i.e. 300,000 persons)

26% of total Finnish exports (i.e. €14 bn)

Group structure incl. major subsidiaries

1.8 million owner-customers, of which 90% households

168 OP Financial Group member cooperative banks

OP COOPERATIVE

BANKING

- OP Corporate Bank plc* (Corporate Banking)
- Helsinki Area Cooperative Bank***
- OP Mortgage Bank*
- OP Card Company Plc*
- Member cooperative banks

NON-LIFE INSURANCE

- OP Insurance Ltd** with its subsidiaries
  - Eurooppalainen Insurance Company Ltd
  - Seesam Insurance AS
  - Pohjola Health Ltd
- A-Insurance Ltd

WEALTH MANAGEMENT

- OP Asset Management Ltd*
- OP Property Management Ltd*
- OP Life Assurance Company Ltd*
- OP Fund Management Company Ltd*

OTHER OPERATIONS

- OP Services Ltd*
- OP Process Services Ltd*
- OVY Insurance Ltd*
- Pivo Wallet Oy*
- Checkout Finland Oy*

- OP Corporate Bank plc* (Group Treasury)

* OP Cooperative's ownership 100%
** Planned to be transferred to OP Cooperative's direct ownership in the future as a result of the completion of OP Cooperative's public voluntary bid for all OP Corporate Bank plc shares
*** OP Cooperative's control 2/3

Large-scale development programme puts strategy into practice

DEVELOPMENT OF PRESENT-DAY BUSINESS

- Modernising service channels
- Digitising and automating services
- Simplifying product portfolio
- Reforming basic systems and ICT architecture
- Developing owner-customer loyalty programme

- New op.fi website and internet bank
- New features for OP-Mobile and Pivo Wallet Apps
- New organization for Development and Technologies
- OP Helsinki branch at HQ as test laboratory for current and new products and services offering touch screens, videos, animations, demos etc.

CREATING NEW BUSINESS

- Building fully digital businesses
- Developing new, customer-driven business models eg. within housing, mobility and electronic commerce
- Extending health and wellbeing business
- Developing SME service offerings

- DriveNow franchising partnership: 150 cars provided for car sharing with 8,000 users
- OP Kulku electric car as a service with a monthly fee in Finland's largest cities and 100 new EV charging stations in 80 cities near to OP branches in 2017. A total of 9.5% of electric cars registered in Finland in H1/2017 were OP Kulku service cars.
- International startup programme in the field of financial sector, health technology, mobility and housing
- OP Lab website available for customers to participate in development of future digital services through piloting and feedback

DEVELOPING NEW CAPABILITIES

- Enhancing competencies, management and corporate culture
- Building capabilities related to analytics and artificial intelligence
- Enhancing innovation

- 100 new employees for product and service development in 2016
- New unit of 30 in-house service designers engaging customers in development through interviews and workshops
- Agile development model enabling eg. new op.fi launch as beta version

HIGHLIGHTING OUR SOCIAL ROLE

- Well-defined goals and metrics for social role
- Socially responsible openings

- Updated CSR Programme during 2017
- Inititatives under "Putting Finland on a new growth path" (#suominousuun) giving more leeway and economic activity among OP's customer base and in the entire Finland

Health and wellbeing services to become OP's fourth business line*

2013–15: LAUNCHING AND REFINING HOSPITAL CONCEPT

First Pohjola Hospital (Omasairaala Hospital until end-July 2016) was opened in Helsinki

- New innovative services in the field of specialised medicine and occupational health in addition to orthopaedics, rehabilitation units, comprehensive diagnostic and laboratory services
- Faster care chain and more efficient claims handling process resulting to incomparable customer satisfaction (NPS among surgery customers 96 at end-June 2017)

2016–18: EXPANSION TO UNIVERSITY HOSPITAL CITIES

Pohjola Hospitals were opened in Tampere in August 2016 and in Oulu in May 2017. 2 more Pohjola Hospitals are under construction in Kuopio (opening early autumn 2017) and in Turku (opening early 2018).

FURTHER EXPANSION PLAN UNDERWAY

Pohjola Health is expanding into a national player to create a wider health and wellbeing service network

NATIONWIDE ACCESSIBILITY THROUGH DIGITAL SERVICES DESIGNED FOR HEALTH AND WELLBEING

* Reported as part of Non-life Insurance segment until further announcement

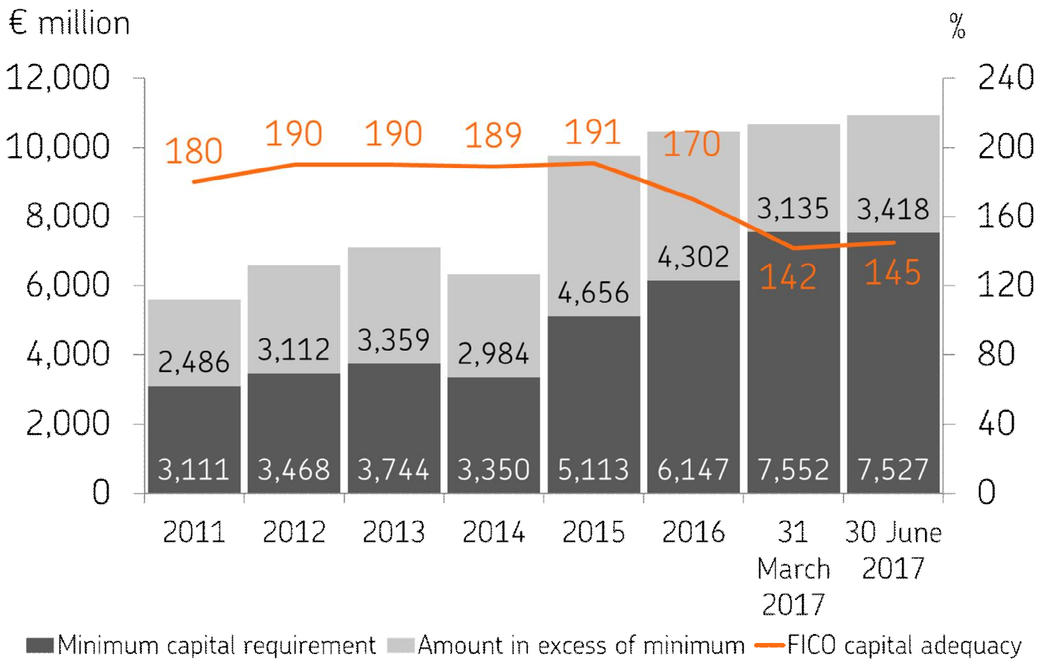
OP's group-level strategic targets

Main target: Above-market-average growth rate

INDICATOR	TARGET	H1/2017	2016	2015
Customer experience (CX)*, NPS for brand NPS for service	 25 70 (over time 90)	 19 56	 23 53	 - -
CET1 ratio	22% by the end of 2019	19.1%	20.1%	19.5%
Return on economic capital (12-month rolling)	22%	21.8%	22.7%	21.5%
Expenses of present-day business (12-month rolling)	Expenses in 2019 lower than in 2015 (€1,500 mn)	€1,596 mn	€1,532 mn	€1,500 mn
Owner-customers, number	2.1 mn by 2019	1.8 mn	1.7 mn	1.5 mn

* OP's customer experience (CX) metric is based on the Net Promoter Score (NPS) that measures likelihood of recommendation. NPS for the brand gauges the overall customer experience of OP. The NPS for service measures what kind of customer experience OP manages to create in individual service encounters in all channels. NPS can range between -100 and +100.

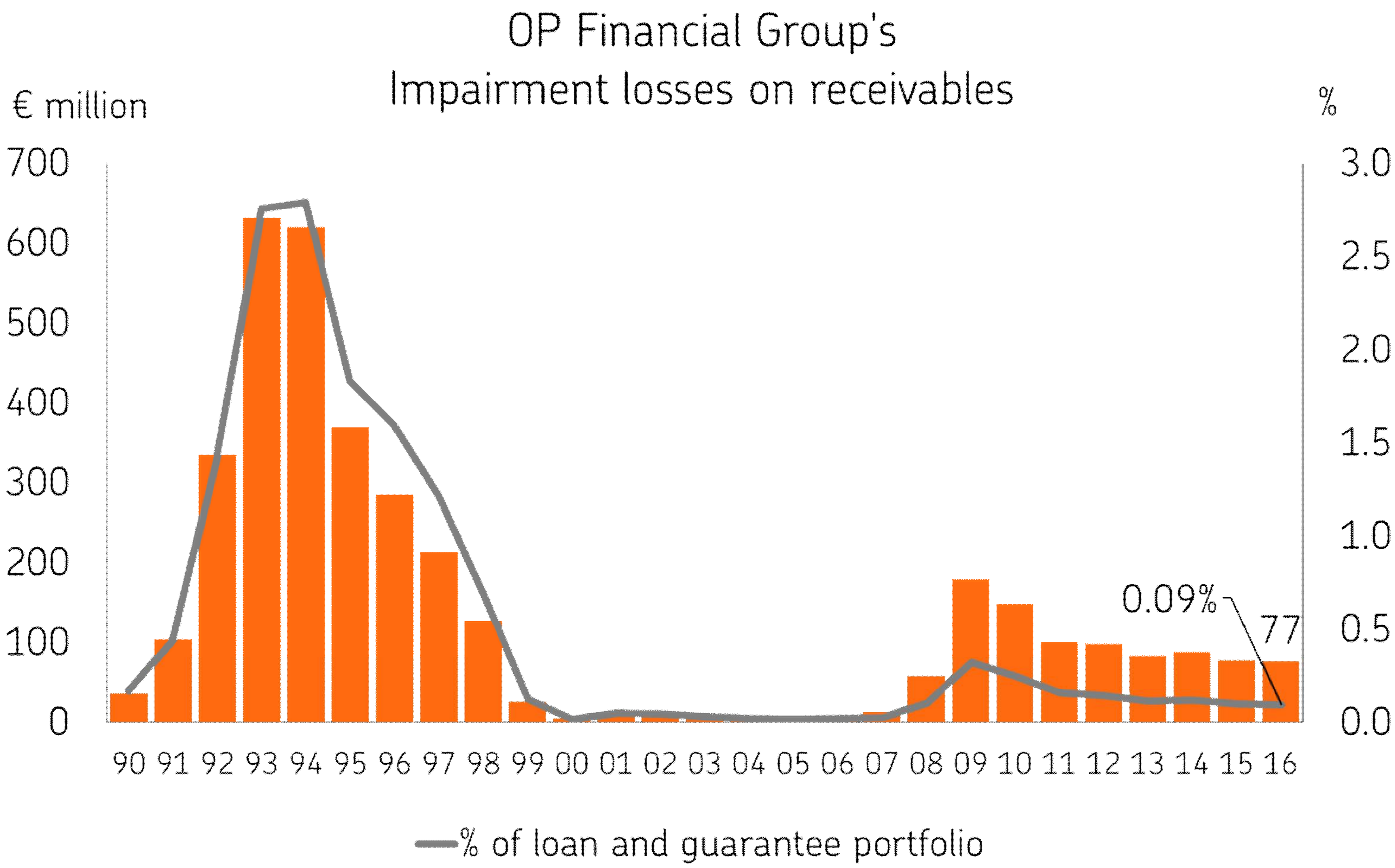
Capital Adequacy under the Act on the Supervision of Financial and Insurance Conglomerates



Statutory minimum requirement 100%

- In H1/2017, capital adequacy buffer was decreased by
  - capital buffer requirement (P2R) of 1.75% set by the ECB as part of SREP (-17 pps)
  - higher capital requirement caused by growth in banking operations
  - risk weight floors set by the ECB (-14 pps)
- As a result of the buffer requirements for banking and solvency requirement for insurance companies under Solvency II, the FiCo solvency does not reflect the minimum level of the capital base of the FiCo group but the level within which the group can operate without regulatory obligations resulting from buffers below the required level

Impairment losses at a very moderate level



OP

CSR is an integral part of OP's business and strategy

CSR activities take economic, social and environmental responsibility into consideration

CSR MATERIALITY MATRIX

CODE OF BUSINESS ETHICS

By the end of 2016, all of OP's employees had committed to following the Code of Business Ethics by having completed a designated, compulsory online course

CSR HIGHLIGHTS 2016–17

- Establishment of OP Asset Management's environmental, social and governance (ESG) unit
- Exclusion of high-carbon companies
- Signature of the Equator Principles
- Purchase of 100% renewable electricity for the HQ premises
- CSR audits of procurement partners
- The first externally assured GRI report (2015)
- Launch of the revision of OP's CSR Programme
- Record-high donations of EUR 6.3 million to Finnish universities
- Update of the materiality analysis and Stakeholder survey
- 100 person-years of volunteering project
- Alignment of the Sustainable Development Groals (SDG) with OP's CSR goals
- Putting Finland on a new growth path (#suominousuun) initiatives
- Quarterly sustainability analyses on OP funds available since July 2017
- Active increasing of proxy voting at AGMs

OP aims to be a forerunner in CSR within the Finnish financial sector

INTERNATIONAL CSR COMMITMENTS

OP Financial Group signed the UN Global Compact initiative in 2011, becoming committed to the initiative's ten principles on human rights, labour standards, environment and anti-corruption.

OP Wealth Management signed the UN Principles for Responsible Investment (UNPRI) in 2009, including OP Asset Management Ltd, OP Fund Management Company Ltd and OP Property Management Ltd.

OP signed the Montréal Carbon Pledge in 2015 and thereby committed to measure the carbon footprint of its funds. In its role as an investor, OP Wealth Management has signed CDP's climate change and water initiatives and, most recently, the deforestation initiative.

OP signed the Equator Principles in 2016 and thereby committed to project financing that manages risks related to environmental issues and social responsibility.

PARTICIPATION IN CSR ORGANISATIONS

- OP is one of the founding members of Finland's Sustainable Investment Forum (FINSIF)
- OP is involved in Finnish FIBS CR Network, the Corporate Social Responsibility and Co-operative Affairs Working Group of the European Association of Co-operative Banks (EACB) as well as the Communication and CSR Committee of Unico Banking Group

CSR REPORTING

As reporting principles, OP follows the Global Reporting Initiative (GRI) G4 framework (core) and the UN Global Compact and is developing its reporting in the direction of the IIRC framework. OP also takes into account the Financial Services Sector Supplement of the GRI Guidelines.

Since 2016, OP's CSR Report has been externally assured. Assurance was performed for CSR Report 2015 by KPMG and for CSR Report 2016 by Deloitte.

CSR Report is integrated with the Group's Annual Report.

OP's and its issuing entities' performance in CSR indices

OP Financial Group

Corporate Responsibility Prime
rated by oekom research

Source: Oekom, May 2016

vigeo rating The way to responsible investment

Environment
Human Resources
Human Rights
Community Involvement
Business Behaviour (C&S)
Corporate Governance

Source: Vigeo, the most recent rating profile on above themes available as of April 2017

OP Financial Group — SUSTAINALYTICS ESG REPORT

Industry: Diversified Financials — Marketcap.: — Employees: 12,130
Domicile: Finland — Ticker:

ESG Summary

Overall Performance

67 Overall ESG Score: Outperformer	30 out of 266 Relative Position: Outperformer	89th Percentile: Outperformer
69 Environment: Outperformer	73 Social: Outperformer	61 Governance: Average Performer

Source: Sustainalytics, June 2016

CDP DRIVING SUSTAINABLE ECONOMIES

OP's CDP Survey Score in 2016:
B
Company has taken actions to address environmental issues beyond initial screenings or assessments.

Source: OP, Annual Report 2016 and CDP (www.cdp.net/en)

OP Corporate Bank

imug UNCOVERED BONDS
RATING 2016
NEUTRAL CC

Source: Imug, March 2017

MSCI ESG RESEARCH INC.
ESG RATING BB

Source: MSCI, February 2016

OP Mortgage Bank

imug MORTGAGE COVERED BONDS
RATING 2015
NEUTRAL CC

Source: Imug, June 2016

OP Financial Group’s earnings analysis

€ million	H1/2017	H1/2016	2016	2015
Net interest income	530	528	1 058	1 026
Net insurance income	261	269	558	528
Net commissions and fees	458	437	859	855
Net investment income	235	182	390	432
Other operating income	69	94	122	46
Share of associates’ profit/loss	12	4	1	9
Total income	**1 565**	**1 514**	**2 989**	**2 895**
Personnel costs	393	395	762	781
Depreciation/amortisation and impairment loss	95	75	160	162
Other operating expenses	366	305	646	577
Total expenses	**854**	**776**	**1 567**	**1 520**
Impairment loss on receivables	23	23	77	78
New OP bonuses accrued to owner-customers	108	102	208	197
Earnings before tax	**583**	**614**	**1 138**	**1 101**

OP Financial Group's key figures

	30 June 2017	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Total assets, € million	134 287	133 747	124 455	110 427	100 991	99 769	91 905	83 969
Receivables from customers, € million	80 201	78 604	75 192	70 683	68 142	65 161	60 331	56 834
Liabilities to customers, € million	61 405	60 077	58 220	51 163	50 157	49 650	41 304	36 443
Equity capital, € million	10 734	10 237	9 324	7 213	7 724	7 134	6 242	6 726
CET1 ratio, %	19.1	20.1	19.5	15.1	17.1[a]	14.1[b]	14.0[b]	12.6[b]
Capital adequacy ratio, %	21.7	23.1	22.9	17.3	19.8[a]	14.1	14.0	12.8
Over 90 days past due receivables*, € million	388	356	319	270	292	311	296	204
Ratio of over 90 days past due receivables* to loan and guarantee portfolio, %	0.47	0.44	0.41	0.37	0.41	0.46	0.47	0.34
Loan and guarantee portfolio, € billion	82.8	81.3	77.8	73.6	71.0	67.7	62.8	59.4
Impairment loss on receivables, € million	23[d]	77[c]	78[c]	88[c]	84[c]	99[c]	101[c]	149[c]
Impairment loss on receivables / loan and guarantee portfolio, %	0.06[d]	0.09[c]	0.10[c]	0.12[c]	0.12[c]	0.15[c]	0.16[c]	0.25[c]
Personnel	12 306	12 227	12 130	12 356	12 856	13 290	13 229	12 504

a) As of 1 January 2014 b) Core Tier 1 ratio c) January-December d) January-June

*) Until 31 Dec. 2012 over 90 days past due receivables and zero interest receivables, since 31 Dec. 2013 over 90 days past due receivables

OP Financial Group’s key ratios

	H1/2017	2016	2015	2014	2013	2012	2011	2010
Average corporate loan margin, % [a]	1.38	1.41	1.38	1.44	1.57	1.52	1.34	1.36
Cost/income ratio, %	55	52	53	56	62	63	63	59
Return on equity (ROE), %	9.2	9.4	10.3	8.1	8.9	7.0	6.8	6.9
Return on assets (ROA), %	0.7	0.7	0.7	0.6	0.7	0.5	0.5	0.5

a) OP Corporate Bank’s corporate loan portfolio