

# Presentation document on OP Financial Group and Profit Shares

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## I. OP FINANCIAL GROUP COOPERATIVE BANKS' PROFIT SHARES AND PROFIT SHARE ISSUES

OP Financial Group's cooperative banks can issue members with Profit Shares ("Profit Share") for subscription in accordance with section 8 of the OP cooperative banks' bylaws. Profit Shares are an investment, as referred to in the Co-operatives Act (421/2013 as amended), in an OP cooperative bank's equity capital, with no preference in the case of insolvency proceedings. Only members of the OP cooperative bank in question are eligible to subscribe for Profit Shares.

Profit Shares are issued for subscription by members of the OP cooperative bank in accordance with the terms and conditions of each bank's profit share issue ("Profit Share Issue"). The Board of Directors of the OP cooperative bank determines the beginning and end of the subscription period in the Terms and Conditions of the Profit Share Issue. The OP cooperative bank will announce that a Profit Share Issue is about to begin at least two weeks before the start of the subscription period.

The nominal value of one Profit Share, and the Profit Share contribution paid as the subscription price according to the OP cooperative bank's Bylaws, is one hundred (100) euros. The Profit Share contribution must be paid in cash immediately, upon acceptance of the subscription application. The total Profit Shares issued for subscription by members and the maximum number of Profit Shares per member are decided by the Board of Directors of the OP cooperative bank in question. The minimum subscription per member is one (1) Profit Share and the maximum is that decided by the bank's Board of Directors.

The acceptance of subscription applications will be decided at the cooperative bank's branches in the order of their processing, but within the framework of the total number defined in the Profit Share Issue and the subscription period.

Profit Share investors have the risk of losing the interest on Profit Shares and the invested capital.

This presentation document ("Presentation Document") provides general information on the Profit Shares of OP cooperative banks, and on OP Financial Group and OP cooperative banks. Each OP cooperative bank will publish on its website a prospectus on the Profit Shares issued for subscription ("Subscription Prospectus"). The Subscription Prospectus is also available at the OP cooperative bank's branches. This Presentation Document and the Subscription Prospectus do not constitute prospectuses referred to in the Securities Markets Act and the Financial Supervisory Authority has neither checked nor approved these documents. This Presentation Document should be read together with the Subscription Prospectus that provides more detailed information on the Profit Share Issue and the OP cooperative bank organising the issue.

In accordance with the profit distribution policy for Profit Shares, OP Financial Group will aim to pay an annual return on Profit Shares which is at least 1–2 percentage points above the average 10-year yield on Finnish benchmark government bonds. A maximum of 30 per cent of OP Financial Group's earnings can be paid out as returns. When setting the level of return, account is taken of OP Financial Group's capital adequacy and possible regulatory requirements limiting profit distribution. OP Financial Group confirms the interest-based return target on Profit Shares on an annual basis.

The return target for 2024 is 5.5%.

The return target for 2023 was 4.5%, and the banks will decide on its payment in spring 2024.

Interest payable on Profit Shares and its payment depend on the financial position of the OP cooperative bank in question. Interest paid on Profit Shares by an OP cooperative bank can be lower than the return target set by OP Financial Group for Profit Shares, if the bank's financial position does not enable the payment of interest in accordance with the return target. Investors should be aware that if the rate of inflation is higher than the actual rate of return, the real return may be negative even if the nominal return is positive. You can read more about the OP cooperative bank's financial indicators, financial statements, report by the Board of Directors and Auditor's report on the bank's website at [www.op.fi](http://www.op.fi) - OP Financial Group - About us - Group member cooperative banks - OP cooperative banks' own websites.

## II. INFORMATION ON OP FINANCIAL GROUP AND OP COOPERATIVE

### 1. Amalgamation of deposit banks and OP Financial Group

Established in 1902, OP Financial Group is a cooperative financial services group formed by independent cooperative banks and the Group's central cooperative with its subsidiaries. The amalgamation is an entity regulated by the Act on the Amalgamation of Deposit Banks (599/2010 as amended; "Amalgamation Act"), whose member credit institutions, such as OP cooperative banks, and OP Cooperative (the central cooperative) are jointly and severally liable for each other's debts. The laws of Finland apply to OP Financial Group.

OP Financial Group's operations are based on the cooperative principle – cooperation and sharing the fruits of success with everyone. OP Cooperative's mission is to promote the sustainable prosperity, security and wellbeing of its owner-customers and operating region. Its long-term customer-driven approach also enables continuous renewal. OP develops its services and products to meet customer needs.

OP Financial Group's success lies in a strong foundation of promoting the prosperity, wellbeing and security of its owner-customers and operating region. Being a Finnish Group is an important part of the Group's identity.

The amalgamation of deposit banks comprises:

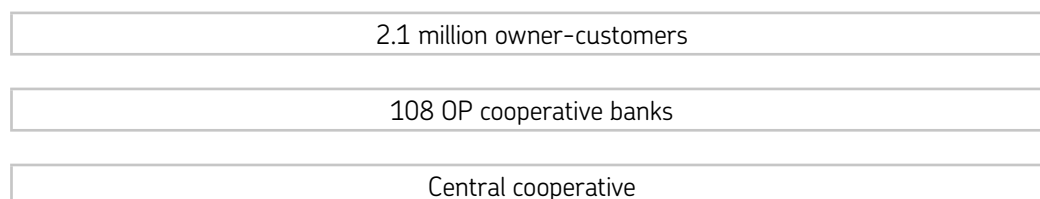
- OP Cooperative (the amalgamation's central cooperative)
- companies belonging to the central cooperative's consolidation group
- the central cooperative's member credit institutions
- companies belonging to the member credit institutions' consolidation groups

- credit institutions, financial institutions and service companies in which the abovementioned institutions jointly hold more than half of the voting rights.

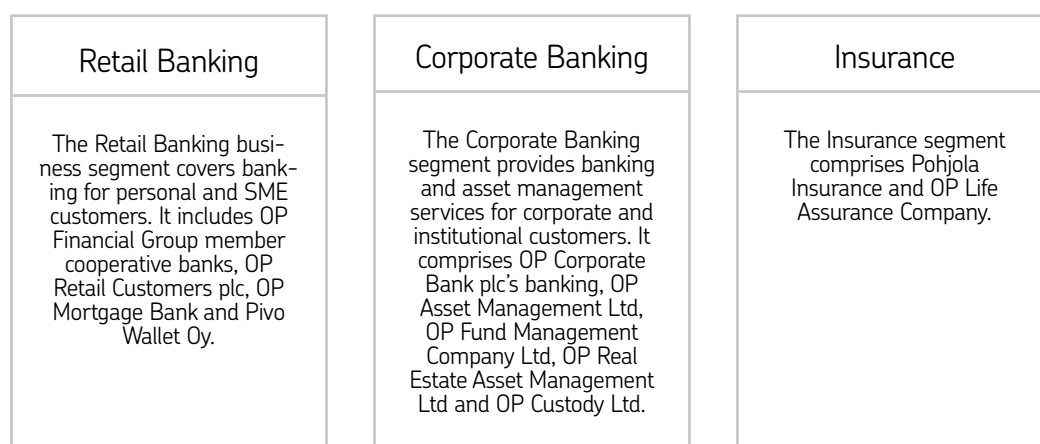
The extent of OP Financial Group differs from that of the amalgamation of deposit banks in that OP Financial Group subsumes companies other than credit and financial institutions or service companies. The most important of these are the insurance companies with which the amalgamation forms a financial conglomerate.

The chart below presents the structure of OP Financial Group on 7 March 2023.

## OP Financial Group structure



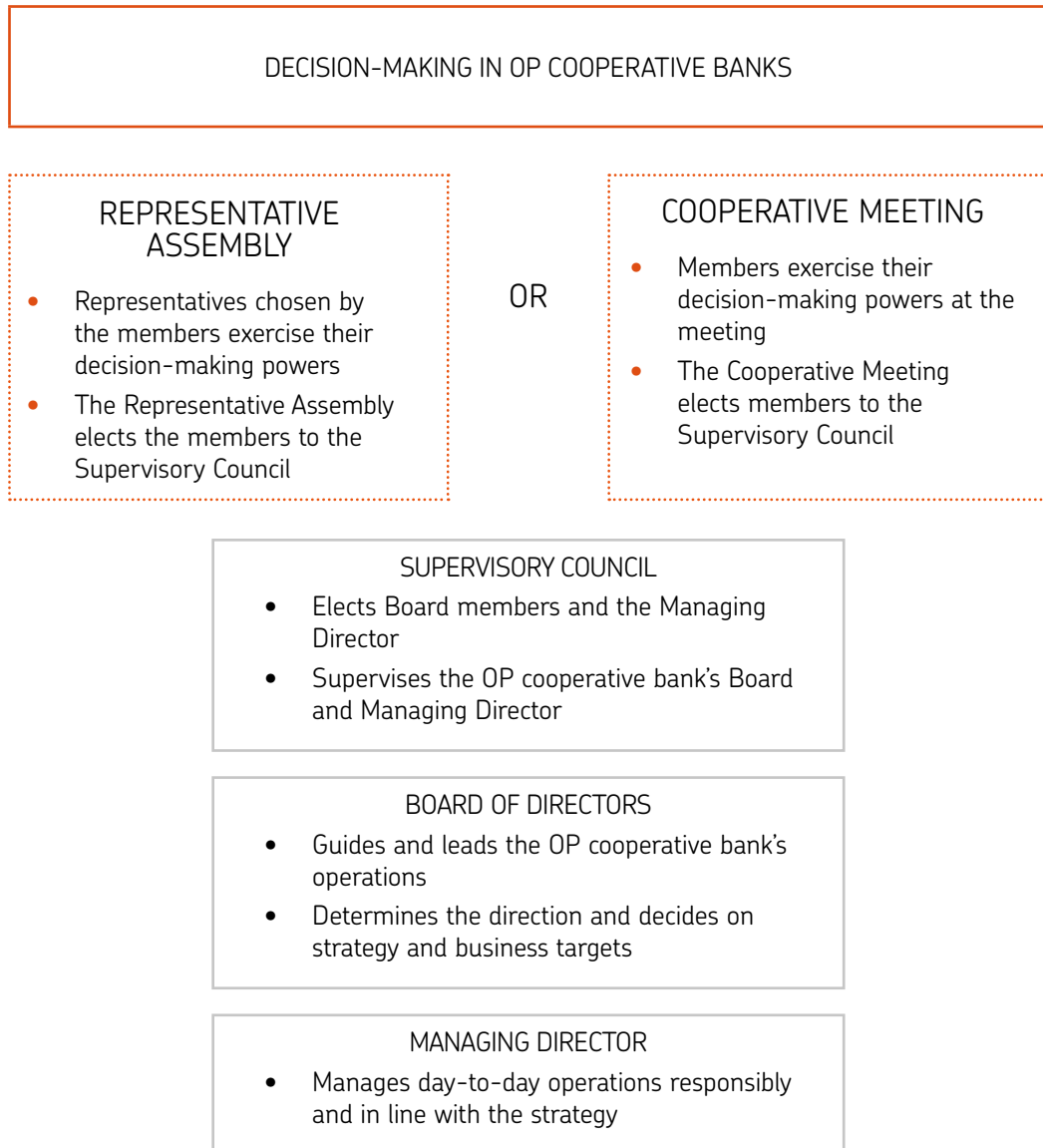
For additional, up-to-date information on OP Financial Group, visit [www.op.fi](http://www.op.fi) - OP Financial Group.



### 1.1 Member cooperative banks

Each OP cooperative bank is owned by its customers. An OP cooperative bank is an independent, local deposit bank engaged in retail banking within its region. The core of its business lies in a customer-driven approach. In terms of company form, they are cooperatives where each owner-customer has one, equal vote. Thanks to this, OP cooperative banks cannot be purchased, and decision-making powers remain with the owner-customers.

OP cooperative bank operations are based on profitability. They provide high-quality, competitive banking and insurance services to their customers. Rather than focusing on short-term profits, OP cooperative banks aim at continuous success together with their customers. The OP cooperative banks' operating profit is used for the benefit of owner-customers: for the development of products, services and benefits. OP cooperative banks and OP Cooperative apply the decision-making model presented in the chart below.



## 1.2 OP Cooperative

OP Cooperative, OP Financial Group's central cooperative, is a Finnish cooperative whose business ID is 0242522-1. OP Cooperative was registered in the Trade Register on 23 May 1997. Its registered office is in Helsinki and its registered address is Gebhardinaukio 1, FI-00510 Helsinki and telephone number 010 252 010. OP Cooperative's financial year is one calendar year.

OP Cooperative is the central cooperative of the amalgamation of deposit banks. It is a cooperative whose members are deposit banks and other credit institutions belonging to the amalgamation. Under the Amalgamation Act, the central cooperative has both the right to control the amalgamation entities and the obligation to supervise them.

The mission of OP Cooperative is to provide foundations for OP Financial Group's unity and success. It is tasked with supervising and controlling the Group's business in line with the jointly agreed strategy. OP Cooperative also analyses the operating environment and gathers information on changes in the industry and on markets. It is in charge of the Group's corporate image, reputation, identity and brands.

You can find more information on OP Cooperative and other OP Financial Group entities at [www.op.fi](http://www.op.fi) - OP Financial Group.

## 2. Joint and several liability of the member credit institutions of OP Financial Group

The minimum consolidated capital requirement for and liquidity of the companies within the amalgamation of deposit banks is controlled on a consolidated basis. OP Cooperative, the amalgamation's central cooperative, is liable for its member credit institutions' debts, and the member credit institutions are jointly and severally liable for each other's debts. A creditor who has not received payment of an overdue amount (principal debt) from a member credit institution may demand payment from the central cooperative when the principal debt falls due.

As a support measure referred to in the Amalgamation Act, the central cooperative is liable to pay any of its member credit institutions the amount necessary to prevent the credit institution from being placed in liquidation. The central cooperative is also liable for the debts of a member credit institution which cannot be paid using the member credit institution's assets.

Each member credit institution is liable to pay a proportion of the amount which the central cooperative has paid to either another member credit institution as part of support action or to a creditor of such member credit institution in payment of an amount overdue which the creditor has not received from the member credit institution. Furthermore, in the case of the central cooperative's default, a member credit institution has unlimited refinancing liability for the central cooperative's debts as referred to in the Co-operatives Act. Each member credit institution's liability for the amount the central cooperative has paid to the creditor on behalf of a member credit institution is divided between the member credit institutions in proportion to their last adopted balance sheets.

The combined annual amount collected from each member credit institution in order to prevent liquidation of one of the member credit institutions may in each financial year account for a maximum of five thousandths of the last adopted balance sheet of each member credit institution.

The joint and several liability between the member credit institutions of the amalgamation, and their opportunity to receive support measures within the amalgamation, apply to any individual member credit institution that runs into financial difficulties. However, the joint and several liability and support measures do not cover the redemption of a Profit Share investment, contribution or interest on Profit Shares.

## 3. OP Financial Group's corporate governance

In their decision-making and corporate governance, OP Financial Group and its central cooperative, OP Cooperative, comply with the laws of Finland and standards issued by virtue of them. OP Financial Group's operations are specifically governed by the Amalgamation Act, the Act on Cooperative Banks and Other Cooperative Credit Institutions, the Act on Credit Institutions, the Insurance Companies Act and the Co-operatives Act.

The members of OP Cooperative, OP Financial Group's central cooperative, may include credit institutions referred to in the Amalgamation Act, whose bylaws or articles of association have been approved by OP Cooperative. New members are accepted by the Supervisory Council of the central cooperative.

OP Cooperative has a three-tier governance structure. The central cooperative's Supervisory Council appoints Board members and the President and Group Chief Executive Officer and their deputy, and supervises their activities. The Supervisory Council confirms decisions made by the Board of Directors that are significant in principle from the perspective of OP Financial Group. The central cooperative's Board of Directors is responsible for the control of OP Financial Group and the supervision of the amalgamation. At least four of the members of the Board must be independent of the central cooperative and the entities belonging to OP Financial Group. The President and Group Chief Executive Officer is tasked with representing the central cooperative in accordance with the Co-operatives Act and being responsible for the daily management of the central cooperative according to the guidelines and regulations issued by the Board of Directors. Members of the central cooperative exercise their decision-making powers at the Cooperative Meeting, which elects members to the Supervisory Council.

You can find more detailed information on OP Financial Group's governance system at [www.op.fi](http://www.op.fi) - OP Financial Group - About us - Corporate governance.

#### 4. OP Financial Group's risk management and capital base

OP Financial Group is a financial conglomerate pursuant to the Act on the Supervision of Financial and Insurance Conglomerates, an insurance conglomerate pursuant to the Insurance Companies Act, and an amalgamation pursuant to the Amalgamation Act. Responsibility for the supervision of OP Financial Group rests with the European Central Bank (ECB). The entities that are part of the amalgamation of cooperative banks are monitored on a consolidated basis for capital adequacy, liquidity and customer risks.

OP Cooperative acts as the central cooperative of the amalgamation of cooperative banks and performs control and supervision duties from its position at the head of the financial conglomerate formed by OP Financial Group. It also acts as the Group's strategic owner institution. The central cooperative is responsible for OP Financial Group's risk management and capital adequacy management at Group level and for ensuring that any related systems are adequate and appropriate. Each OP Financial Group entity is responsible for its own risk management and capital adequacy management in accordance with the nature and extent of its operations. Group-level risk management is independent of the business.

As a credit institution, OP Financial Group's capital adequacy is based on the consolidated credit institution capital adequacy of the amalgamation of cooperative banks. OP Financial Group is subject to capital adequacy requirements deriving, on the one hand, from the Act on the Supervision of Financial and Insurance Conglomerates that applies to the financial conglomerate and, on the other hand, from the Insurance Companies Act that applies to the insurance conglomerate.

OP Financial Group regularly prepares a capital plan to ensure solid capital adequacy even in exceptional conditions. Capital management follows the principles of the Group's risk limit system. The primary risk indicator for capital planning is capital adequacy, as defined in the Act on the Supervision of Financial and Insurance Conglomerates. The amount of capital required to cover the risks is assessed by using OP Financial Group's internal model for the economic capital requirement. As part of normal business planning and management, OP Financial Group creates various stress tests and scenario analyses. Stress tests are used to assess how various exceptionally serious but possible situations may affect the liquidity, profitability or capital adequacy of the Group or its entity.

##### 4.1 Resolution procedure

Based on the Act on the Resolution of Credit Institutions and Investment Firms (1194/2014; "Resolution Act"), the Financial Stability Authority or another competent resolution authority is authorised to place a bank under resolution if it has run into severe financial difficulties, provided that the requirements stipulated by law are fulfilled. The EU's Single Resolution Board based in Brussels is the resolution authority for OP Financial Group banks.

If the bank's losses are sufficiently large and it is placed under resolution, its owners (such as those investing in Profit Shares) and creditors may lose their invested capital either in part or in full.

By decision of the resolution authority, any refunds of Shares can be reduced in order to absorb the losses of the bank as stipulated in Article 21 of the Regulation on the Single Resolution Mechanism (EU) No 806/2014, if the bank is placed under resolution as stipulated in the said Regulation, or in order to absorb the losses of another member credit institution belonging to the same amalgamation of deposit banks as stipulated in the aforementioned Article and in section 27a of the Act on the Amalgamation of Deposit Banks (599/2010), if OP Financial Group is placed under resolution as stipulated in the said Regulation and section of law.

If the bank is placed under resolution in accordance with the abovementioned Regulation together with one or several other member credit institutions, the resolution authority can make a decision, by virtue of Article 24 of said Regulation, on the merger of one or several such member credit institutions and their subsidiaries with the issuer, in which case the Share can be converted into the acquiring credit institution's shares or participations and the Share's nominal value be reduced to absorb the losses of all credit institutions involved in the merger.

According to the general principles of the Resolution Act, holders of the bank's shares or participations, and debtholders and creditors will bear the bank's losses in the same order of priority as in a situation where the bank would have been allowed to go bankrupt. During the resolution procedure, items included in equity capital, such as Profit Shares, will be the first items to be written down or converted. Under the resolution procedure, creditors' losses cannot be greater than they would have been had the bank gone bankrupt. Creditors with a similar status are treated equally.

Profit Shares involve the risk of being subject to a bail-in or conversion into shares if the OP cooperative bank or OP Financial Group runs into severe financial difficulties and is placed under resolution, and if the joint and several liability between the amalgamation's member credit institutions and their opportunity to receive support measures do not apply to debt instruments that would be converted into shares as part of the resolution procedures, or if the amount of interest or compensation is changed or its payment postponed. During the resolution procedure, the use of any resolution tools such as the transfer or sale of the OP cooperative bank's business may affect the bank's ability to fulfil its payment obligations arising from Profit Shares. Due to the abovementioned matters, the holders of Profit Shares run the risk of losing their invested capital either in part or in full.

For more detailed information on OP Financial Group's business, capital base and risk position, visit [www.op.fi](http://www.op.fi) – OP Financial Group – To the media – Reports and publications, where you can find financial statements and interim reports.

## 5. OP cooperative bank's capital adequacy and its supervision

In accordance with the Amalgamation Act, the supervisor may give the central cooperative permission to decide on exceptions to its member credit institutions related to the capital base amount and capital requirements, customer risks and liquidity and the qualitative management of risks.

OP Cooperative, OP Financial Group's central cooperative, has enabled exceptions, authorised by the supervisor, with regard to member credit institutions' (OP cooperative banks) customer exposure, liquidity and qualitative management of risks. The central cooperative may not make an exception to a member credit institution that has to a significant extent or repeatedly failed to comply with guidelines issued by the central cooperative pursuant to section 17 of the Amalgamation Act or the member credit institution's obligations prescribed in section 23 or issued by the supervisor pursuant to said provisions. Such exception may be granted for a maximum period of three years at a time.

OP cooperative banks are under no obligation to publish interim reports as referred to in chapter 12, section 12 of the Act on Credit Institutions, nor capital adequacy information (so-called Pillar III disclosures) in their entirety; such information is disclosed on the OP Amalgamation.

## 6. OP Financial Group's business

OP Financial Group is the leading financial services group in Finland. It provides its customers with an extensive and diversified range of banking, investment and insurance services. OP Financial Group companies are mainly engaged in banking and insurance on the domestic market.

For additional information on OP Financial Group's business, visit [www.op.fi](http://www.op.fi) – OP Financial Group – About us – OP in brief – Business segments.



## 7. Risk factors involved in OP Financial Group's business

Investment in Profit Shares, like any other investment, involves risks. The following list describes the most essential risks associated with the OP cooperative bank and OP Financial Group. In addition, risks and uncertainties that are not described here, for example, because they are not currently identified or are considered minor, may affect the operations of the OP cooperative bank and OP Financial Group. Risk involved in Profit Shares and investments in Profit Shares are described in the Subscription Prospectus.

Banking, OP Financial Group and its banks may involve the following risks arising from, for example, external factors or the bank's own operations:

- The weakening of the general economic situation in Finland or abroad, the instability of interest rates and stock prices, the changes in exchange rates and disruptions in national and international financial markets may negatively affect the operations of OP Financial Group and the OP cooperative bank.
- The general mistrust towards banks and banking may affect the business of the OP cooperative bank and decrease its profitability.
- The weakening repayment ability or willingness of customers and counterparties may cause credit losses to the OP cooperative bank.
- The OP cooperative bank is dependent on the funding and liquidity maintenance provided by OP Financial Group. For this reason, any serious disruptions in Group-level functions may impede the operations of the OP cooperative bank.
- Fierce competition in the financial sector may affect the operations of the OP cooperative bank.
- The success of the OP cooperative bank depends on the skills of its employees. For this reason, HR policy failures or labour disputes related to the banking sector may impede the bank's operations.
- Increasing regulation in the financial sector, particularly in terms of capital adequacy, own funds and liquidity, increase the OP cooperative bank's costs, weaken its lending capacity and reduce its profitability.
- Financial difficulties affecting the whole OP Financial Group may also jeopardise the financial position of the OP cooperative bank.
- In accordance with the Amalgamation Act, the amalgamation's member credit institutions, including the OP cooperative bank and OP Cooperative, are jointly and severally liable for each other's debts. Furthermore, upon default of the central cooperative, member credit institutions will have unlimited refinancing liability for the central cooperative's debts as laid down in the Co-operatives Act and in the bylaws of the central cooperative.
- It is not certain that OP Financial Group will successfully implement its strategy and business renewal. This may impede the operations of the OP cooperative bank and OP Financial Group.
- Legal proceedings, measures taken by the supervisory authorities, and any mistakes or fraud committed by representatives of the OP cooperative bank may result not only in infringement fees and liability for damages, but also deteriorate the bank's reputation and the general confidence towards it.
- Any changes in or incorrect interpretation of tax rates or tax legislation involve tax risks. Materialisation of tax risk may lead to increases in payments or sanctions imposed by the tax authorities, which in turn may lead to financial losses.
- The OP cooperative bank has outsourced some of the development, maintenance and production tasks related to its information systems to OP Cooperative, which in turn uses third parties to produce such services. Serious interruptions in such systems, and other operational risks involved in the OP cooperative bank's operations may impede its business.



## 8. Owners

The cooperative basis constitutes OP Financial Group's ideological foundation. The Group has over four million customers in Finland, approximately 2.1 million of whom are also owner-customers of OP cooperative banks. OP cooperative bank owner-customers are members who use the services provided by the bank. The basic principles of the cooperative include membership that is open to all and unlimited in number, and provision of benefits to its members through the services it provides.

In terms of company form, OP cooperative banks are cooperatives whose basic values underlying decision-making include the 'one member, one vote' principle. Owner-customers have the opportunity to participate in the bank's administration and decision-making. When joining as an owner-customer of an OP cooperative bank, the customer pays the cooperative contribution specified in the bank's bylaws. The members elect from amongst themselves the governing body members for their bank. Finland is divided into six federations of cooperative banks, which are regional cooperation bodies for OP cooperative banks. The federations nominate candidates in their region for the OP Cooperative Supervisory Council. Within OP cooperative banks, the highest decision-making body is the cooperative meeting or representative assembly comprising owner-customers, which elects a Supervisory Council for the bank. The Supervisory Council in turn elects a Board of Directors for the bank.

OP Financial Group adheres to a division of responsibilities between the Group's central cooperative (OP Cooperative) and its member banks, which is agreed in the Group strategy.

The member banks focus on customer business, while OP Cooperative promotes and supports their operations and exercises Group control and monitoring.

## 9. Significant agreements

OP Financial Group has no significant agreements deviating from ordinary business, on the basis of which any company belonging to the Group would have major obligations or rights that are significant from the perspective of the Group.

## 10. Legal proceedings

OP Financial Group is not aware of any pending or impending administrative procedures or court or arbitration proceedings that might have any material effect on its financial position. Neither has the Group been subject to such administrative procedures or court or arbitration proceedings during the last 12 months.

## III. ADDITIONAL INFORMATION

Please also read your OP cooperative bank's Subscription Prospectus, Bylaws, bank-specific Terms and Conditions of the Profit Share Issue, financial indicators, financial statements, report by the Board of Directors, Auditor's report and other documents required by the Co-operatives Act to be available for inspection by members at [www.op.fi](http://www.op.fi) - OP Financial Group - About us - Group member cooperative banks - OP cooperative banks' own websites.

Besides the financial statements of your OP cooperative bank, you can read more about the financial indicators of the whole OP Financial Group. OP Financial Group's Financial Statements Bulletin, Report by the Board of Directors and Financial Statements are available at [www.op.fi](http://www.op.fi) - OP Financial Group - To the media - OP Financial Group's publications.

More information on Profit Shares is available from the OP cooperative bank's branches, OP Telephone Service at 0100 0500 and the bank's website at [www.op.fi](http://www.op.fi) - OP Financial Group - About us - Group member cooperative banks - OP cooperative banks' own websites; select the bank you want from the list. Documents concerning the Profit Share issue as stipulated in chapter 9, section 9 of the Co-operatives Act are available for inspection by members during the subscription period at the OP cooperative bank's branches and website at [www.op.fi](http://www.op.fi) - OP Financial Group - About us - Group member cooperative banks - OP cooperative banks' own websites; select the bank you want from the list.