



OP Debt Investor Presentation Q1-Q3/2021

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

www.op.fi/debtinvestors

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

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OP Financial Group

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This presentation is targeted for debt investors interested in OP Financial Group. The aim of this presentation is to provide insights into the Finnish economy as well as OP Financial Group's financial performance and corporate responsibility actions.

For more information:
[OP Financial Group's reports 2021](#)

[CFO's Results Interview](#)

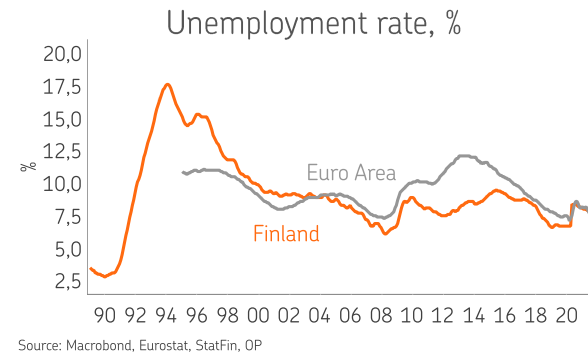
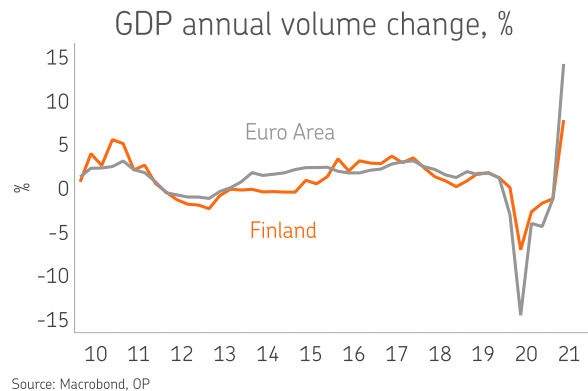


Outlook for the Finnish Economy

Forecasts for the Finnish economy

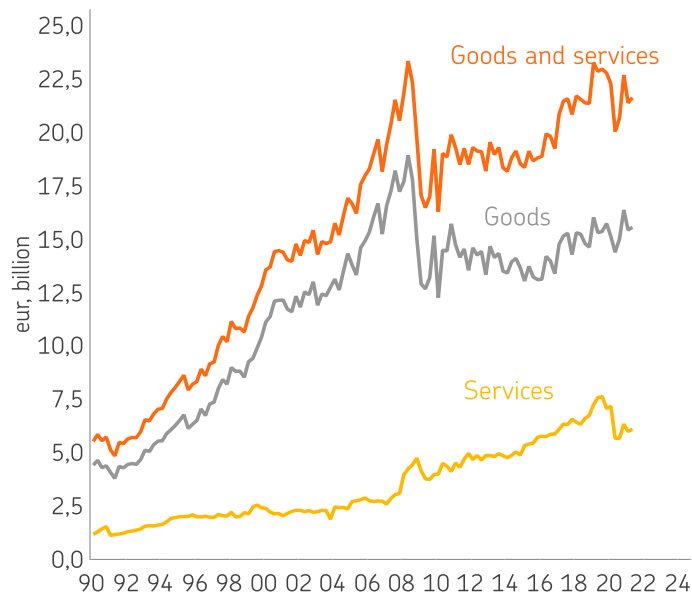
Published on 17 August, 2021

GDP volume, annual growth %	2020	2021f	2022f	2023f
Finland	-2.9	3.6	3.0	1.4
Euro area	-6.5	5.0	4.0	1.7
Unemployment rate, %				
Finland	7.7	7.7	7.0	6.6
Euro area	7.9	8.0	7.5	7.5
Current account balance, % of GDP				
Finland	0.8	0.6	0.8	0.8
Euro area	2.1	2.4	2.3	2.4
General government net lending, % of GDP				
Finland	-5.4	-3.6	-2.0	-1.5
Euro area	-7.2	-7.1	-3.4	-2.5
General government debt, % of GDP				
Finland	69.5	70.3	69.9	69.9
Euro area	99.0	101.4	100.9	101.8
Inflation, %				
Finland	0.3	1.9	1.3	1.5
Euro area	0.3	2.1	1.4	1.4



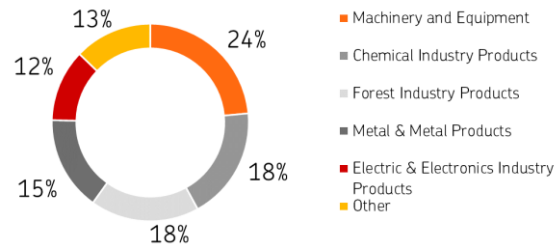
Foreign trade structure rather stable

Exports of goods and services, SA

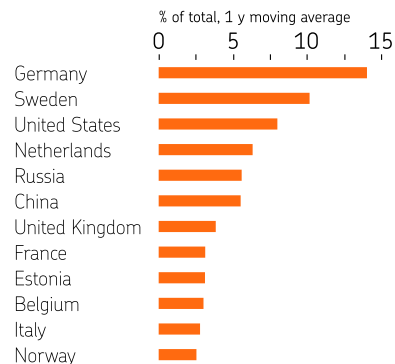


Source: Macrobond, OP

Exports by commodity group



Goods exports by country



Source: Macrobond, OP

Finnish housing market is stable

Characteristics

- Fully-amortizing housing market
- Average maturity of a new home loan 21 years
- 98% of home loans tied to variable interest rates
- Home loan cap (LTC) restored to pre-pandemic level of 85% (90%) and for first-home-buyers 90% (95%)

OP's
market share
39%
in mortgages

OP's stress-test of

6%

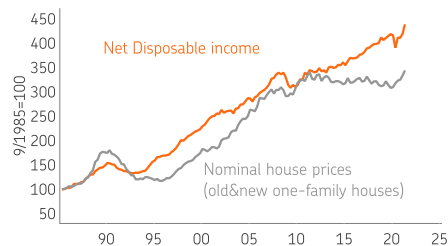
interest rate in
25 years' maturity

28%

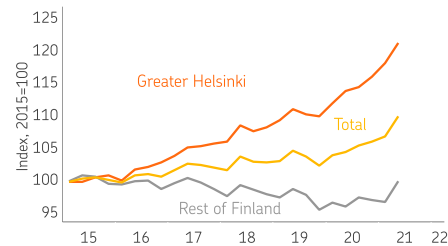
of OP's private customers'
mortgages are protected by
interest rate cap

Finland

Change in house prices and net income

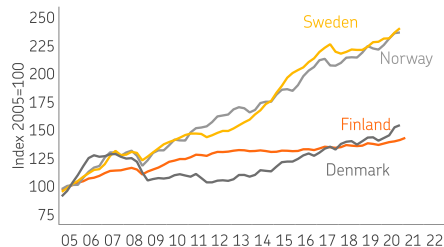


Real estate prices, old dwellings

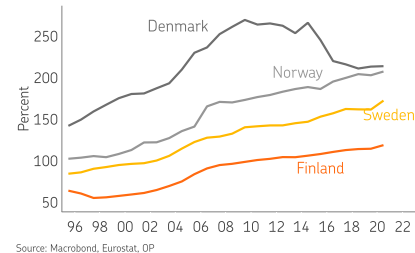


Nordic countries

House prices



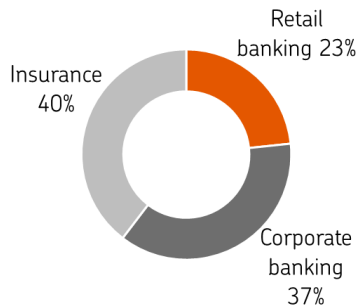
Gross Debt-to-Income Ratio





OP Financial Group

Co-operative OP Financial Group



€858 mn

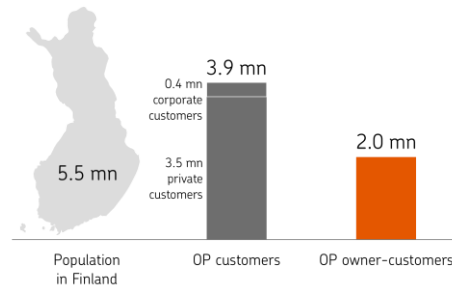
Group EBT in
Q1-Q3/2021

19.0%

CET1 ratio

€172 bn

Total assets



Leading market shares

Loans	Deposits	Non-life Insurance	Life Insurance
35%	38%	33%	22%

Joint liability

Central institution, OP Cooperative, and the member credit institutions (incl. both issuing entities) of the amalgamation are jointly liable for each others' debts and commitments, by virtue of the Finnish law.

Strong credit ratings

Moody's Aa3
S&P AA-

OP Corporate
Bank plc

Moody's Aaa
S&P AAA

OP Mortgage
Bank's covered
bonds

OP Financial Group Structure

2 million owner-customers

125 OP cooperative banks

Central Cooperative

Retail Banking

The Retail Banking segment consists of banking for private and SME customers at OP cooperative banks and at the central cooperative consolidated.

- OP Mortgage Bank Plc*
- OP Retail Customers Plc
- Helsinki Area Cooperative Bank

Corporate Banking

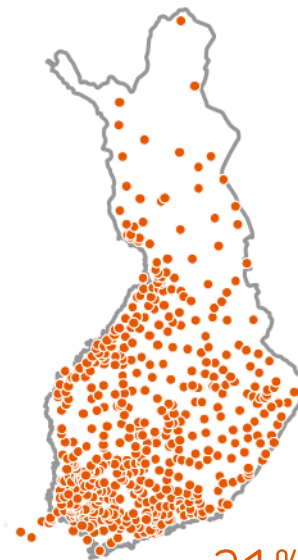
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

- OP Corporate Bank Plc*
- OP Fund Management Company Ltd
- OP Asset Management Ltd
- OP Real Estate Asset Management Ltd

Insurance

The Insurance segment comprises Pohjola Insurance, OP Life Assurance Company and Pohjola Hospital.

- Pohjola Insurance Ltd
- OP Life Assurance Company Ltd
- Pohjola Hospital Ltd**



-31%
number of
cooperative banks
since 2014

Major subsidiaries

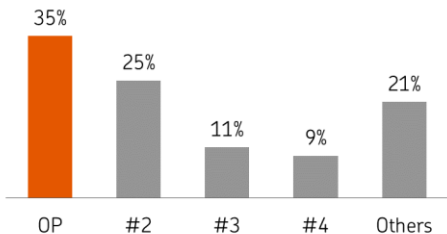
*Issuing entity

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**will be sold after the approval by the Finnish
Competition and Consumer Authority

OP is the leading financial group in Finland

Loans



OP's market share in

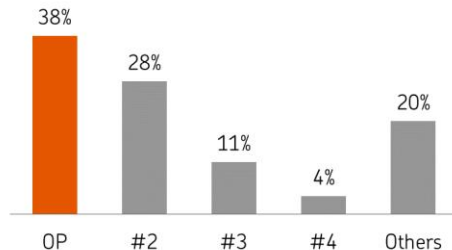
39%

Mortgages

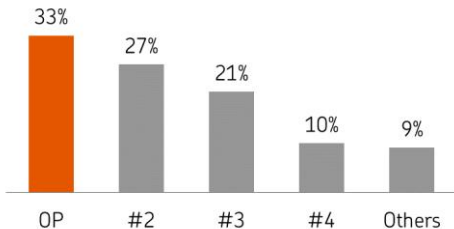
39%

Corporate loans

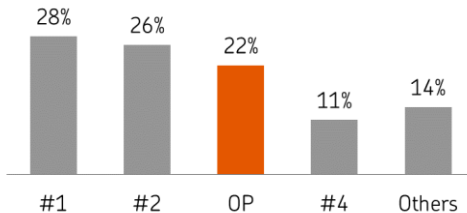
Deposits



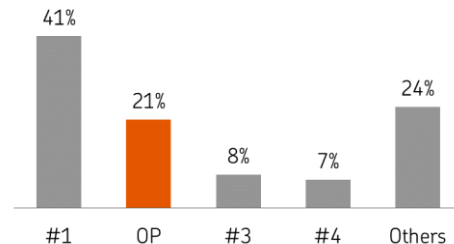
Non-life insurance



Life insurance



Mutual funds



OP's strategic priorities and long-term targets



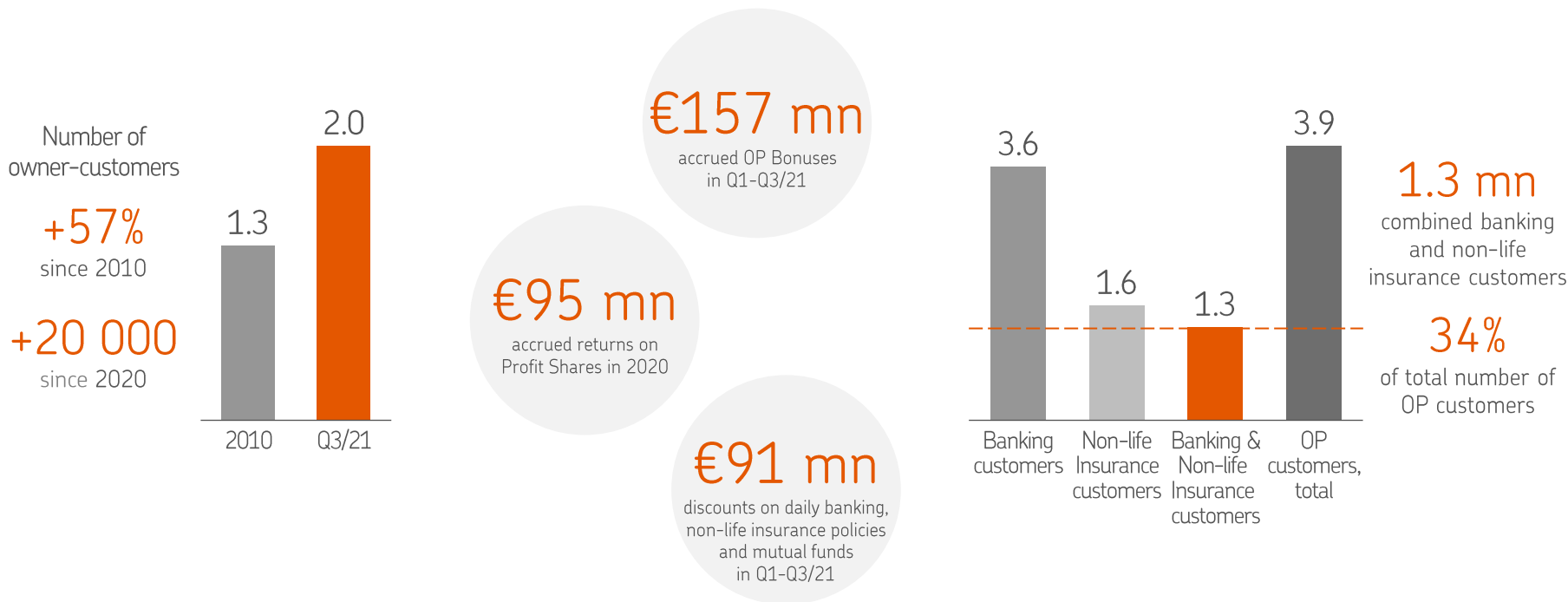
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We aspire to be the leading and most appealing financial services group in Finland.

OP Financial Group's strategic long-term targets

	30.9.2021	Target 2025
Return on equity (ROE) excluding OP bonuses, %	8.1	8.0
CET1 ratio, %	19.0	At least CET1 ratio requirement + 4 pps
Brand recommendations (NPS)	Banking: 27 Insurance: 15	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

Attractive loyalty benefits support cross-selling



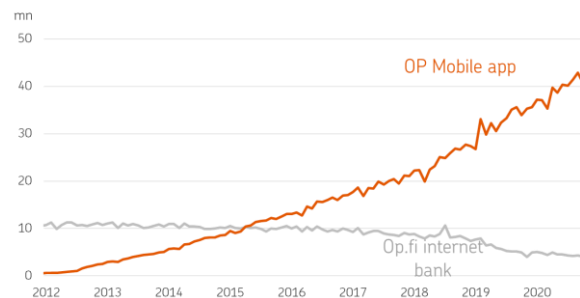
Digital customer experience



10 years
since OP Mobile was first released

>99%
of OP's private customer service
encounters occur in digital channels

>70%
of customers classified as active users
who login daily



Key functionality areas:



Daily banking

Transactions and money transfers

Account management, financial
balance tools and salary data

Multi-Bank service

Card management and Apple Pay

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Loans & homes

Loan and mortgage applications

Information on existing loans and
upcoming instalments

Security for loans with interest rate
cap and payment protection insurance



Savings & investments

Tools for trading shares and mutual
funds

Watchlist, notifications for exchange
rate alarms

OP Investment Partner as a new
service



Insurance

Buy and manage

View existing claims

Report a loss and get help in case of
an emergency

A woman with blonde hair, wearing a red fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is smiling and talking on a mobile phone. She is standing on a cobblestone street in an urban setting with blurred buildings and warm streetlights in the background. A white horizontal line is positioned above the text.

Financial Performance

Key financial figures

Q1-Q3/2021

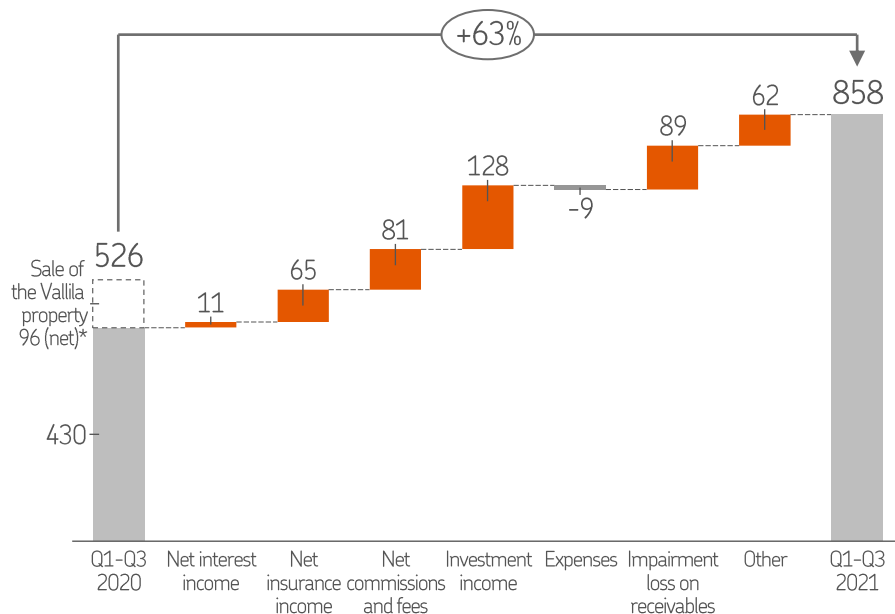
Group EBT	Total income	Total expenses	Total loans	Total deposits	Assets under management
€858 mn +63%	€2,573 mn +13%	€1,420 mn 0%	€95 bn +2%	€75 bn +5%	€110 bn +23%
Retail banking EBT €224 mn (+123%)	NII €971 mn (+1%)	Personnel costs €656 mn (+10%)	Home loans €41 bn (+2%)	 In responsible investment funds €4.9 bn (2020)	
Corporate banking EBT €356 mn (+61%)	Net insurance income €542 mn (+14%)	Development cost impact €128 mn (-5%)	Corporate loans €23 bn (0%)	 Issued sustainability-linked loans, green loans and credit limits €1.5 bn (2020)	
Insurance EBT €380 mn (+95%)	Net commissions and fees €761 mn (+12%)				
Other operations EBT €-70 mn (-279%)	Investment income €204 mn (169%)			 Issued sustainability-linked loans, green loans and credit limits €1.5 bn (2020)	

”

OP Financial Group's EBT for 2021 is expected to be higher than in 2020.

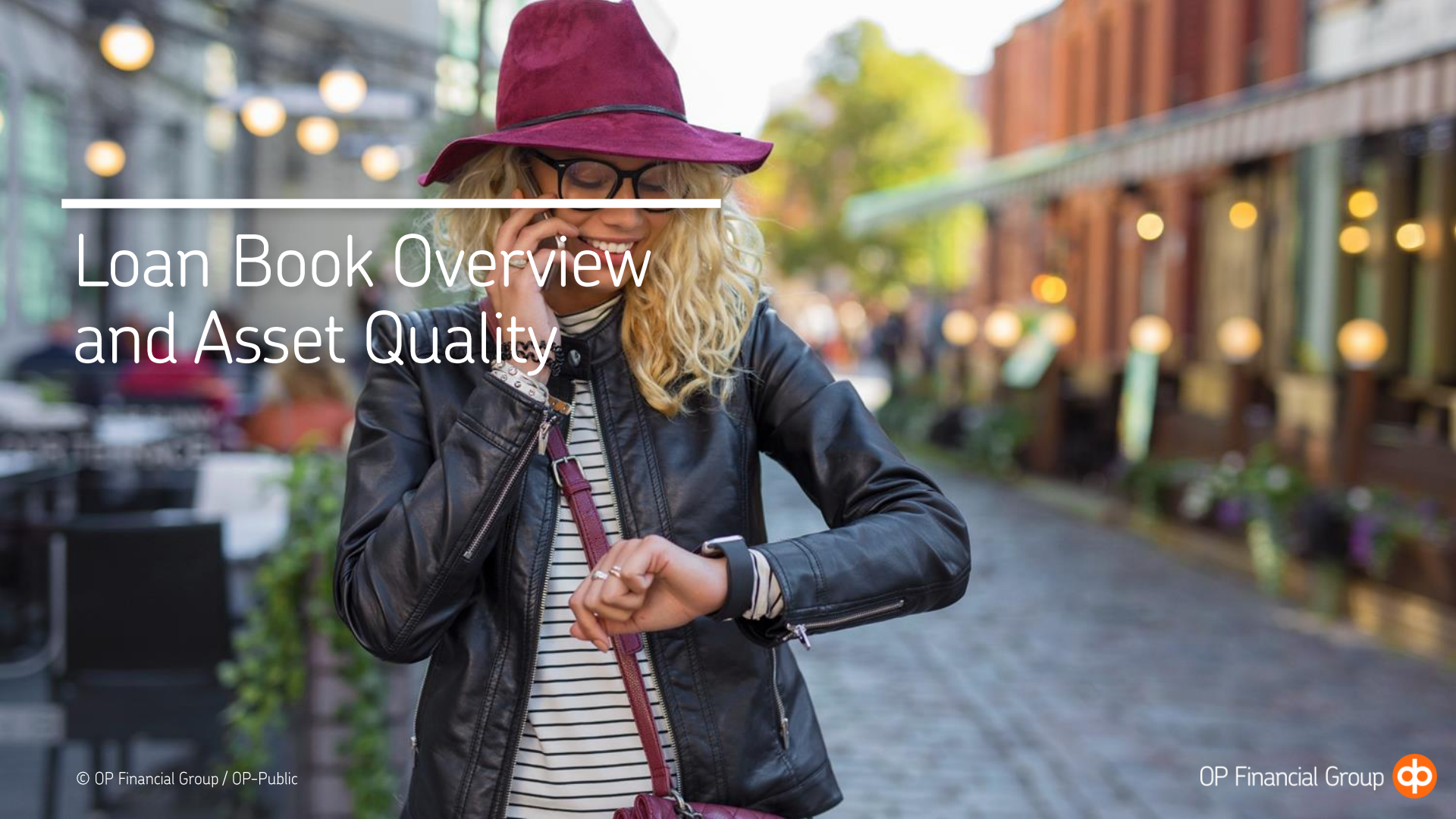
Financial performance

EBT year on year change by P&L line item, € mn



* Capital gain of €98 mn and an expense of €2 mn

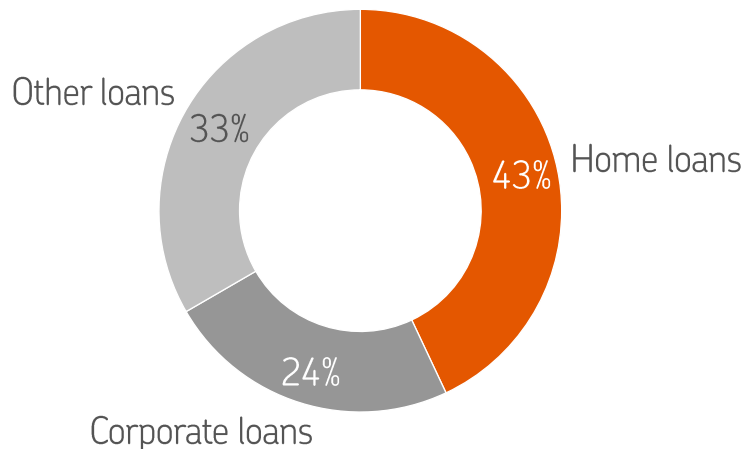
	Q1-Q3/21	Q1-Q3/20	Change %
Income			
Net interest income	971	960	1%
Net insurance income	542	476	14%
Net commissions and fees	761	679	12%
Net investment income	253	31	716%
Other operating income	47	121	-61%
Total income	2,573	2,268	13%
Expenses			
Personnel costs	656	594	10%
Depreciation and impairment loss	192	196	-2%
Other operating expenses	573	624	-8%
Total expenses	1,420	1,414	0%
Impairment loss on receivables	-95	-183	-48%
Overlay approach	-48	45	-208%
OP bonuses to owner-customers	-152	-190	-20%
Earnings before tax	858	526	63%



Loan Book Overview and Asset Quality

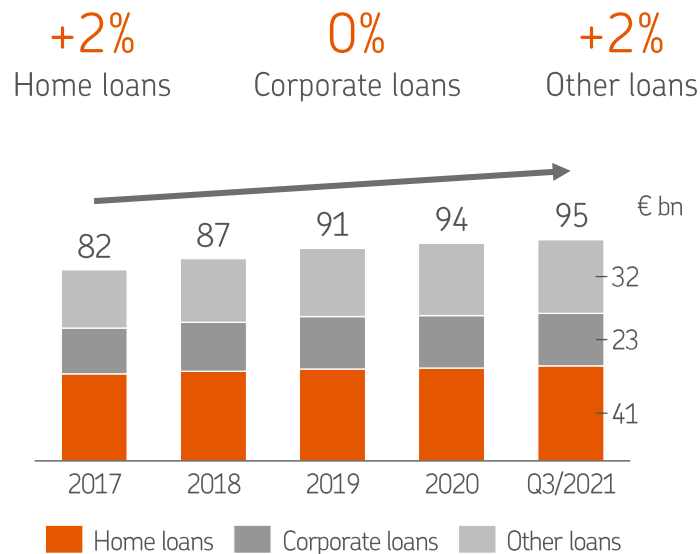
Loan portfolio well diversified

Loan portfolio breakdown, %

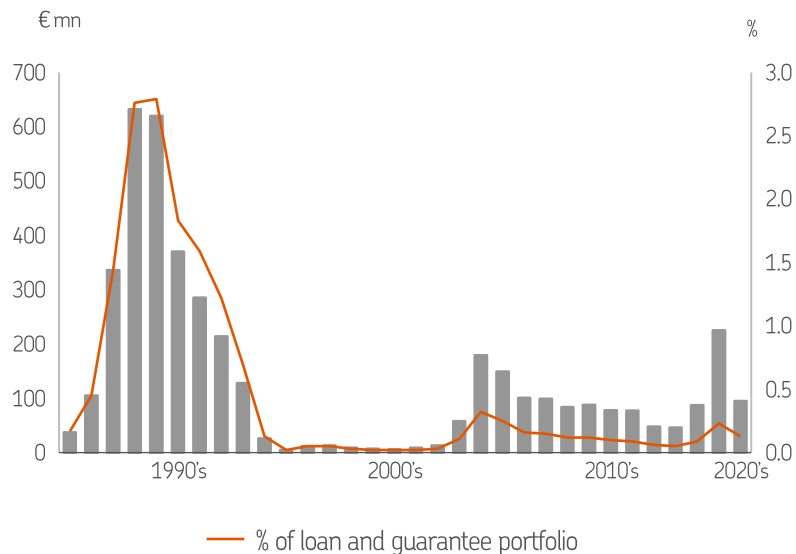


Other loans include, loans for holiday homes and housing companies, consumer loans, student loans, financial institutions, public sector, non-profit organisations and customers abroad

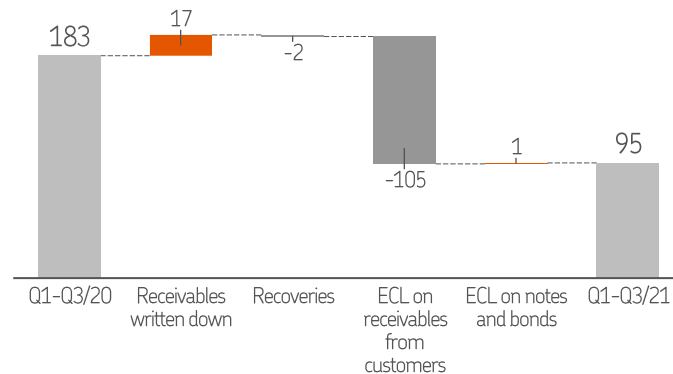
Loan portfolio growth by product group



Impairment loss on receivables



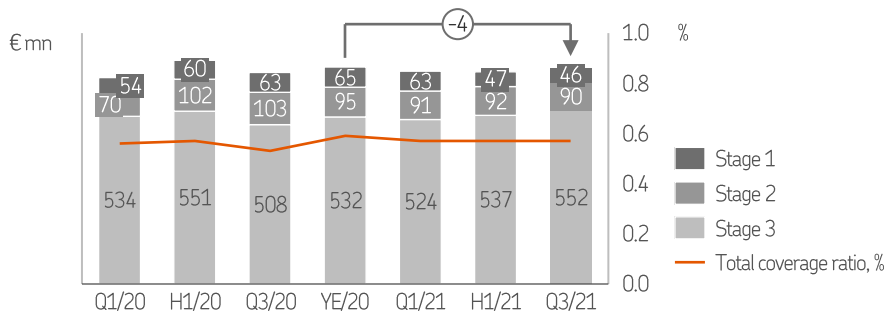
Breakdown of total impairment losses, € mn



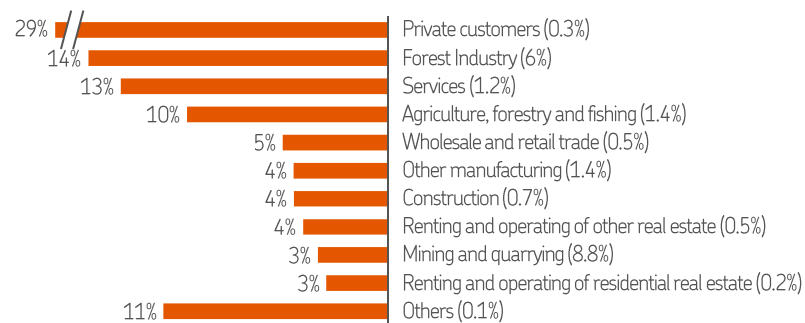
€ mn	Q1-Q3/21	Q1-Q3/20
Receivables written down	106	89
Recoveries of receivables written down	-9	-7
ECL on receivables from customers	-3	102
ECL on notes and bonds	0	-1
Total impairment losses on receivables	95	183
% of loan and guarantee portfolio	0.13%	0.25%

Credit quality and ECL

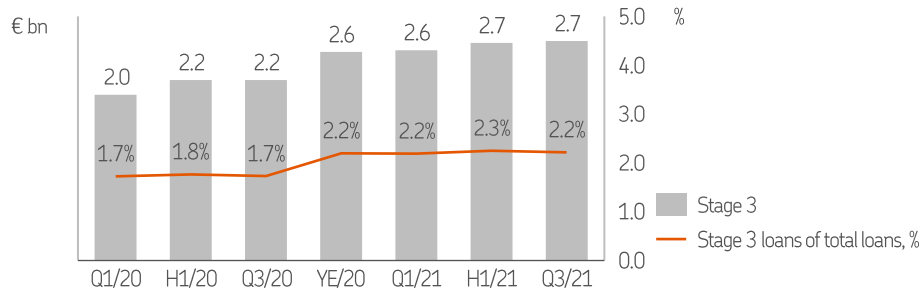
ECL allowance on receivables from customers by stage



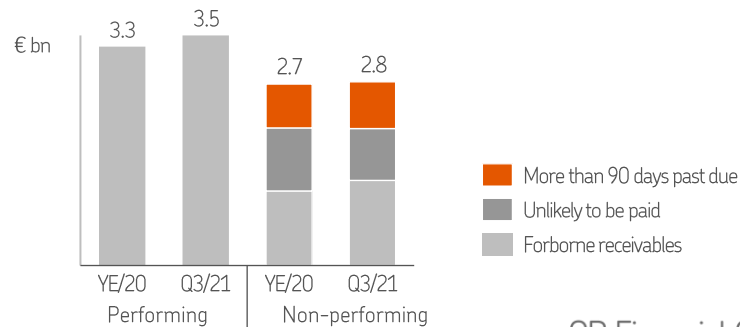
ECL allowance by sector in H1 (% of gross exposure)



Stage 3 loans

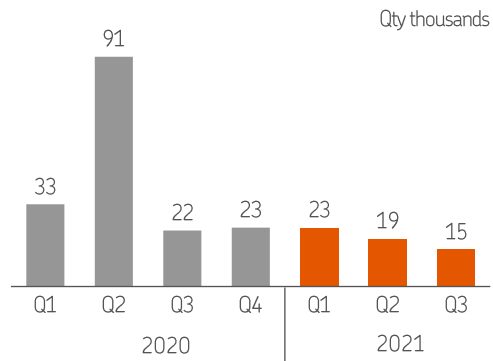


Doubtful receivables 5.4% of loan and guarantee portfolio



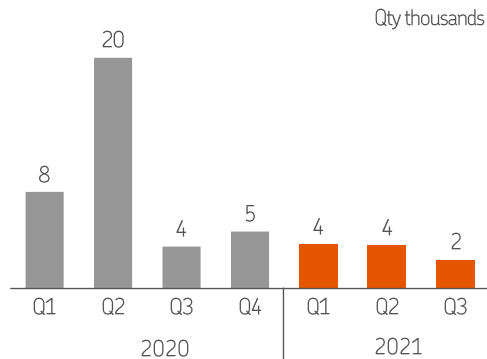
Loan modifications at pre-pandemic level

Private customers' repayment holidays



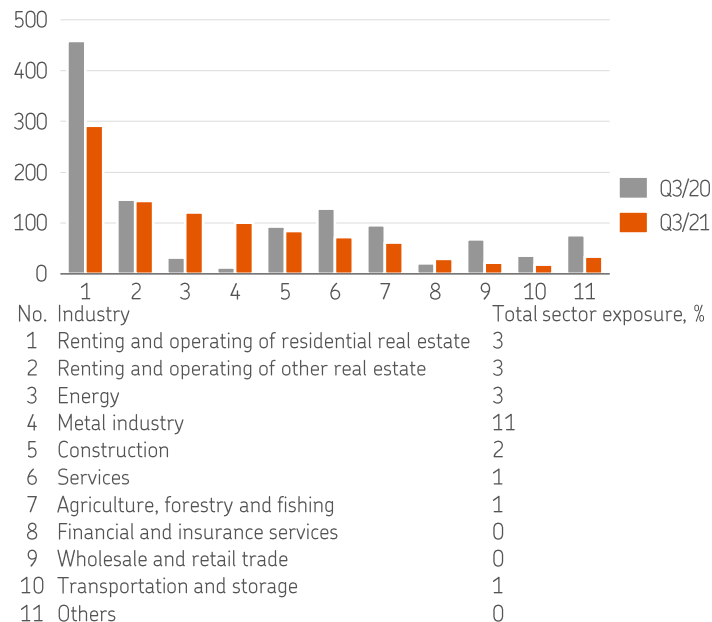
- Repayment holidays granted in Q3/2021 correspond to loan amount of **€1.0 bn** (€1.4 bn in Q3/2020).
- Repayment holidays in effect correspond to loan amount of **€2.3 bn** (€5.0 bn at YE2020).

Corporate customers' loan modifications and repayment holidays



- Repayment holidays and loan modifications granted in Q3/2021 correspond to loan amount of **€1.0 bn** (€1.8 bn in Q3/2020).
- Repayment holidays in effect correspond to loan amount of **€0.8 bn** (€1.3 bn at YE2020).

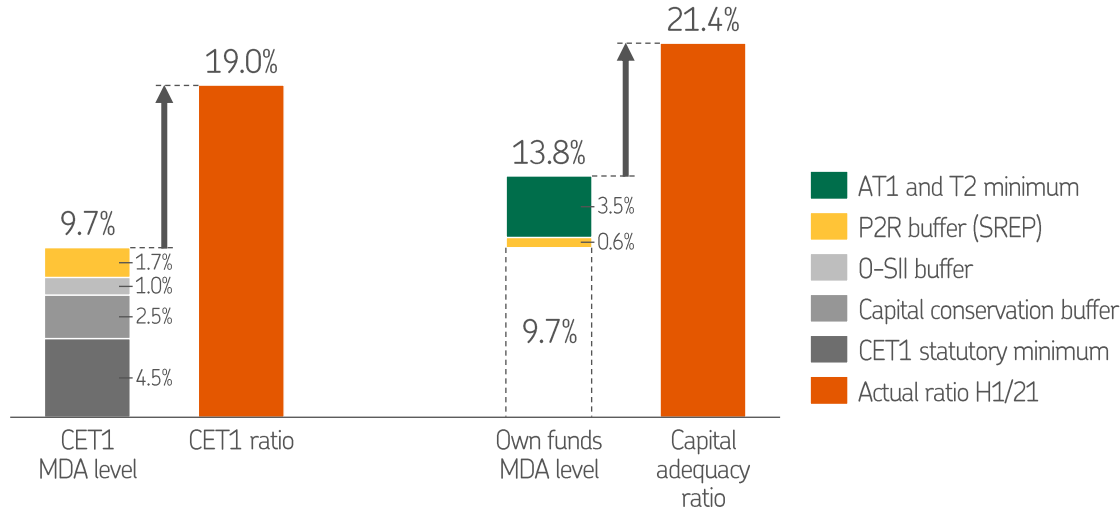
Corporate customers' loan modifications and repayment holidays by main sector, mn €





Capital Position

Capital position well above requirement



19.0%

CET1 ratio with a buffer of 9.3 percentage points above requirement

13.7%

CET1 target: MDA level + 400 bps management buffer

7.4%

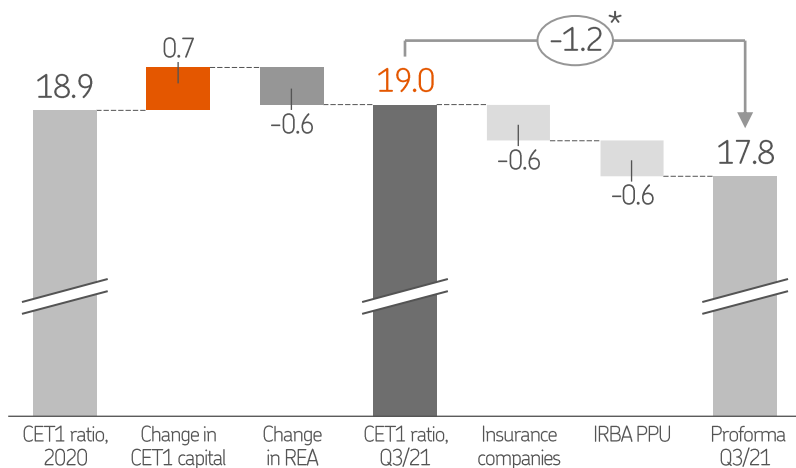
Leverage ratio and regulatory minimum requirement of 3%

The statutory minimum for the CET1 ratio is 4.5% and for the capital adequacy ratio 8%.

The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions, the O-SII buffer of 1% and the ECB's P2R requirement of 2.25% increase the CET1 ratio to 9.7% and the minimum capital adequacy ratio to 13.8%.

Strong capital position

CET1 ratio development, %



* Upcoming estimated regulatory changes impacting the CET1 ratio

€11.7 bn

CET1 capital (€11.3 bn)

€3.0 bn

Profit Shares in CET1 capital (€2.8 bn)

€61.8 bn

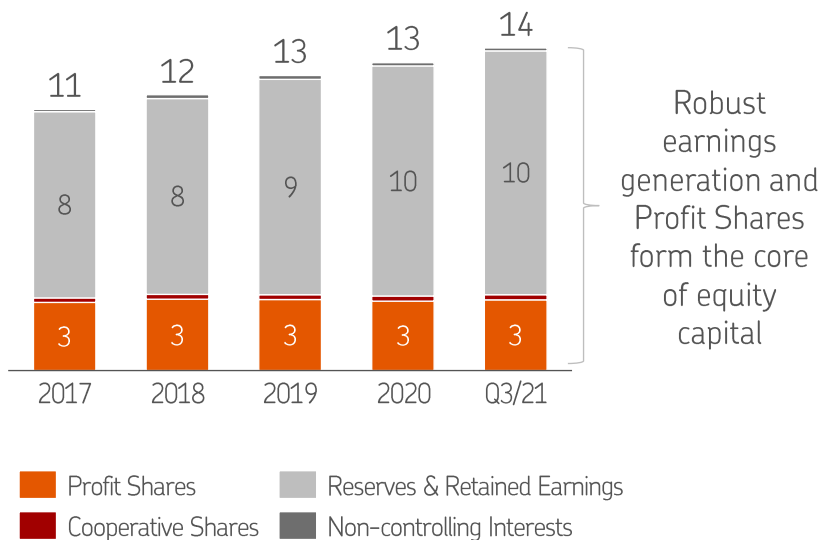
REA (€59.7 bn)

- CET1 ratio improvement was driven by the earnings generation.
- The ECB's decision to increase the risk-weighted assets of corporate exposures lowered the CET1 ratio to YE2020 level.

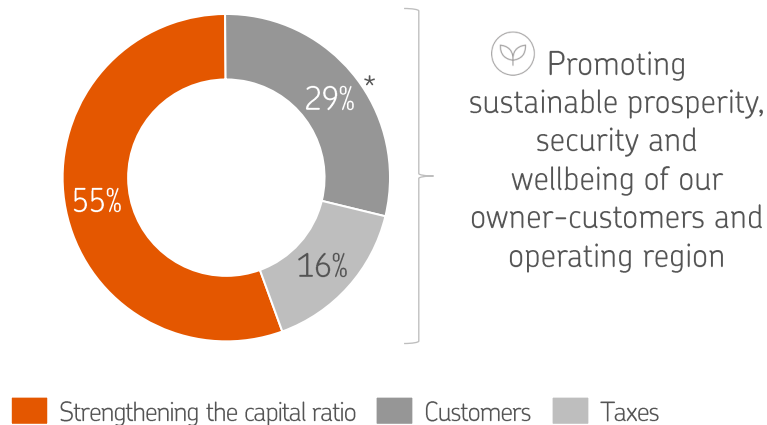
During Q4, OP plans to adopt a simplified approach in the measurement of insurance companies' risk weights. The final effect and implementation schedule for Internal Ratings-Based Approach will be specified later.

Strength of the cooperative model

Equity capital, € bn



Estimated allocation of earnings, %

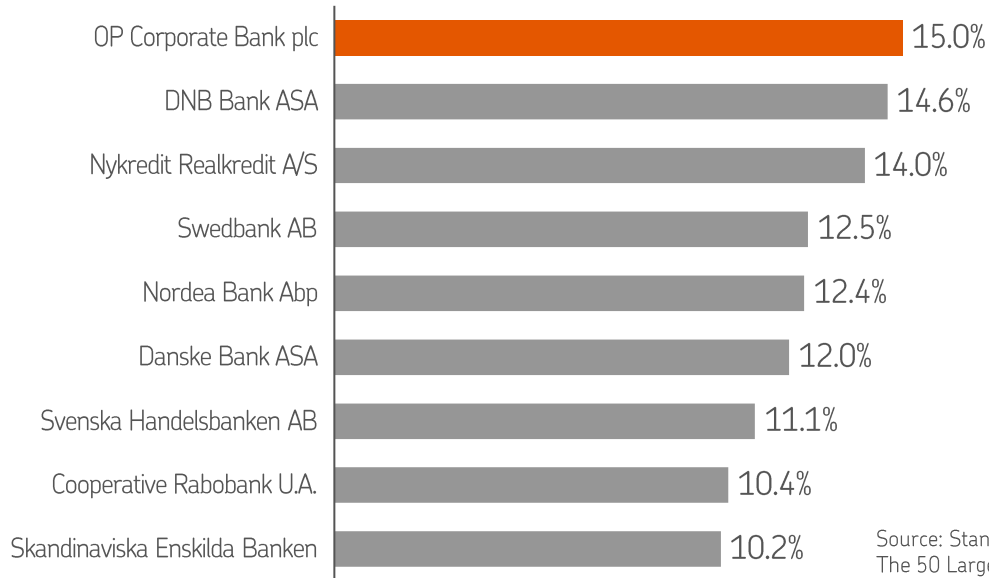


* customer bonuses, discounts and interest on Profit Shares of owner-customers

” OP is the most value-adding company in Finland.
(ETLA, 2020)

S&P RAC ratio comparison

Northern European banks' S&P RAC ratios, before diversification (YE2019)



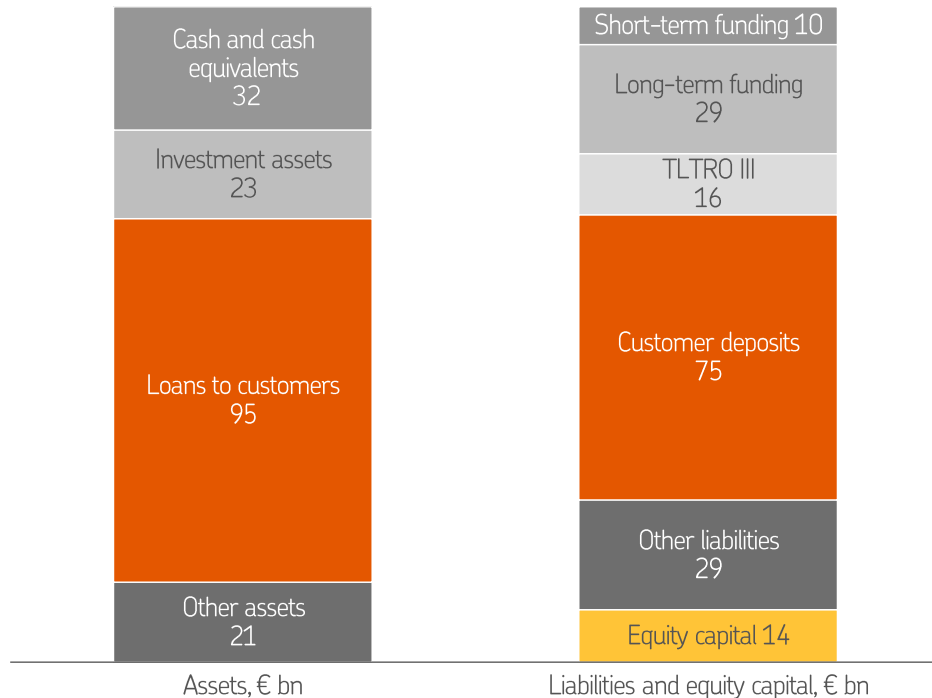
In comparison to
50 largest
European banks,
OP ranks as 4th

Source: Standard & Poor's. COVID-19 Puts The Brakes On Capital Strengthening For The 50 Largest European Banks, October 14, 2020

A woman with blonde hair, wearing a red fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is standing on a city street. She is holding a phone to her ear with her right hand and looking down at her left wrist. The background is a blurred city street with warm, bokeh-style lights from buildings and street lamps.

Liquidity and Funding

Balance sheet totaled at €172 bn



Loans to customers **55%**
Customer deposits **43%**
Market-based funding **22%**

} of balance sheet

Deposits within the scope of deposit guarantee **€43 bn.**
The Deposit Guarantee Fund compensates a maximum of €100,000 for each OP Financial Group customer.

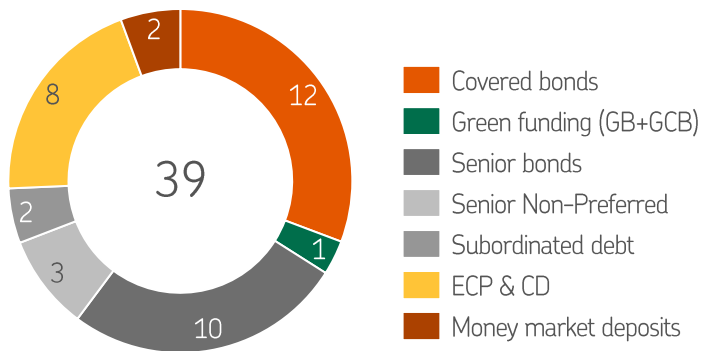
Asset encumbrance **17%** at YE2020.
OP has the lowest asset encumbrance ratio in Nordic comparison

Other assets include: Assets covering unit-linked contracts, derivative contracts, intangible assets, PPE, tax assets, receivables from credit institutions and other assets.

Other liabilities include: Insurance liabilities, liabilities from unit-linked insurance and investment contracts, derivative contracts, provisions and other liabilities, liabilities to credit institutions (excl. TLTRO III) and tax liabilities.

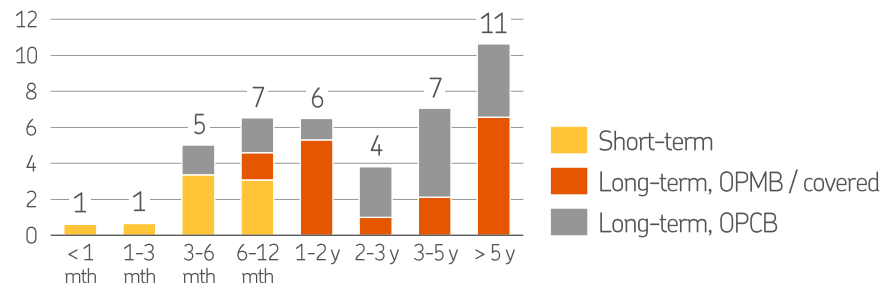
Well-balanced funding position

Long and short-term funding, € bn

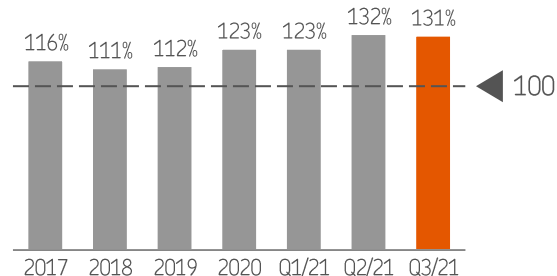


- In September, OPCB issued a **€500 mn** SNP bond and an inaugural **£400 mn** SNP in October
- Net Stable Funding Ratio (NSFR) 131%.

Maturity profile, € bn

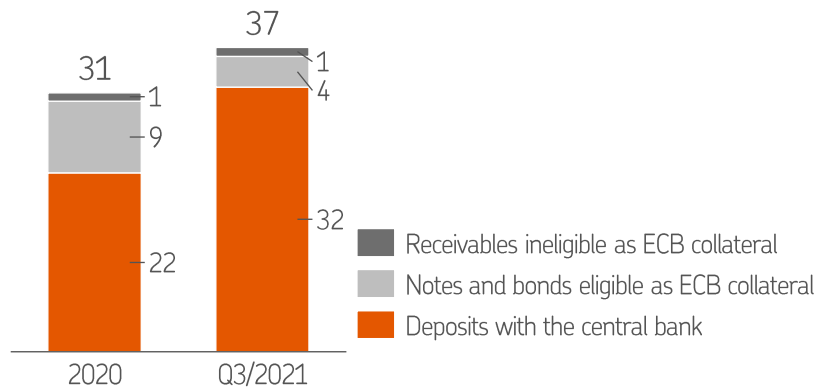


Net stable funding ratio (NSFR)



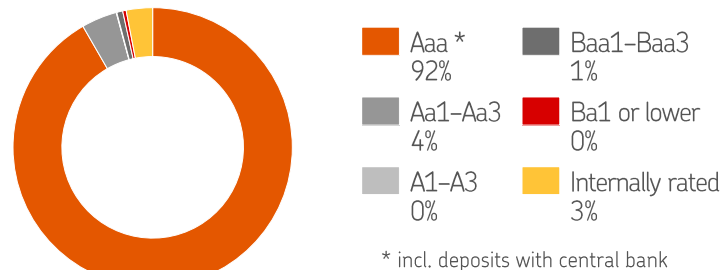
Strong liquidity position

Liquidity buffer breakdown, € bn

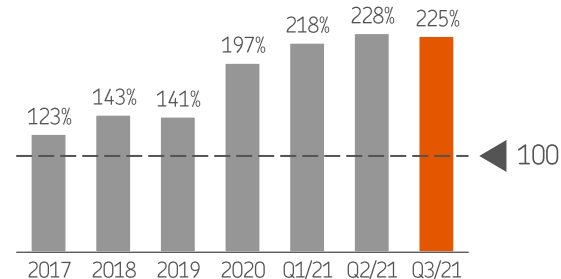


- OP participated in ECB's TLTRO III financing operation by **€5 bn in March** and by **€3 bn in June**.
- Liquidity Coverage Ratio (LCR) 225%
- The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

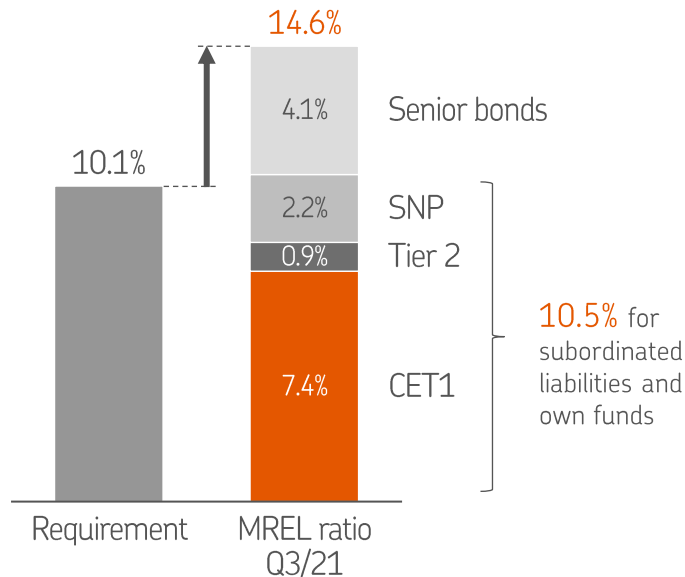
Liquidity buffer by credit rating, %



Liquidity coverage ratio (LCR)



MREL requirement



MREL ratio calculated as % of LRE.
The buffer for the MREL was €7.2 bn and
for the subordination requirement €0.7 bn.

Regulation timeline



- The updated MREL requirement is 25.8% of REA and 10.12% of LRE.
- The subordination requirement supplementing the MREL is 22% of REA and 10.11% of LRE.
- The subordination requirement is 24% of REA and 10.12% of LRE.

The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would focus on the OP amalgamation and on the new OP Corporate Bank that would be formed in the case of resolution.

Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
OP Corporate Bank	2021	October	Senior Non-Preferred	£400 mn	5 yrs
OP Corporate Bank	2021	September	Senior Non-Preferred	€500 mn	7.25 yrs
OP Corporate Bank	2021	June	Senior Non-Preferred	€500 mn	7 yrs
OP Mortgage Bank	2021	March	Green Covered Bond	€750 mn	10 yrs
OP Corporate Bank	2021	March	Senior Non-Preferred	€500 mn €300 mn	5 yrs 10 yrs
OP Mortgage Bank	2020	November	Covered Bond	€1.25 bn	10 yrs
OP Corporate Bank	2020	November	Senior Preferred	€1 bn	7 yrs
OP Corporate Bank	2020	June-July	Senior Preferred	€1 bn	4 yrs
OP Corporate Bank	2020	June	Tier 2	€1 bn	10 yrs (10 non-call 5)
OP Corporate Bank	2020	June	Tier 2	SEK3.25 bn	10 yrs (10 non-call 5)
OP Corporate Bank	2020	May	Senior Preferred	€1 bn	5.25 yrs
OP Mortgage Bank	2020	January	Covered Bond	€1 bn	8.25 yrs
OP Corporate Bank	2020	January	Senior Non-Preferred	€500 mn	7 yrs

Funding based on strong credit ratings

	S&P	Moody's
Outlook	Stable	Stable
Covered bonds	AAA	Aaa
Senior Preferred	AA-	Aa3
Senior Non-Preferred	A	A3
Tier2	A-	Baa1
Short-term issuer rating	A-1+	P-1

A woman with blonde hair, wearing a red fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is smiling and talking on a mobile phone. She is standing on a cobblestone street in an urban setting with blurred buildings and warm streetlights in the background. A white horizontal line is positioned above the text.

OP as a Responsible Actor in the Finnish Society

OP's sustainability journey

Earlier steps

Most recent actions

2025

OP becomes climate neutral*



*Zero emissions from the energy and fuels that OP uses (Scope 1 & 2) and also helping customers reduce their emissions.



2021
Finland's first Green Covered Bond
Thorough ESG considerations: corporate clients are classified according to their industry ESG classification and appropriate ESG analysis included in credit decisions

2020

Green Covered Bond Framework



2019

The first Green Bond
New sustainable corporate financing products
Founding signatory of UNEP FI Principles for Responsible Banking

2018

Ethical principles of AI

Green Bond Framework



2017

CR programme: Integration of SDG targets
Target: own operations carbon neutral by 2025



2002 Sustainability- themed fund
OP-Sustainable Development

2003 CSR reporting began

2009 Signing of the UN Principles for Responsible Investment

2012 Code of Business Ethics

2015 Carbon footprints measured for mutual funds

2016 Exclusion of carbon investments

OP is highly committed to Corporate Responsibility



PRINCIPLES FOR
RESPONSIBLE
BANKING

UNEP FI, Principles for Responsible Banking & Collective Commitment to Climate Action

Following the Paris Agreement, portfolios and lending procedures reflect low-carbon, climate-resilient economy

WE SUPPORT



UN Global Compact initiative

10 principles on human rights, labour standards, environment and anti-corruption



An investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact

Principles for Responsible Investment (PRI)

Commitment by OP Asset Management Ltd, OP Fund Management Company Ltd and OP Real Estate Asset Management Ltd



GREEN
OFFICE



ESG participation & cooperation

- Finland's Sustainable Investment Forum (FINSIF)
- Global Compact Nordic Network
- International Capital Markets Association's (ICMA) Green and Social Bond Principles
- Partnership agreement with Climate Bonds Initiative (CBI)
- CR network of the Finnish Business & Society association (FIBS)
- OP Asset Management Ltd: official supporter of The Task Force on Climate-related Financial Disclosures (TCFD)
- WWF's Green Office



OECD Guidelines for Multinational Enterprises

Incl. voluntary CR principles and standards



Equator Principles

Project financing that manages risks related to environmental issues and social responsibility



CDP

Measuring the carbon footprint of funds and complying with CDP's climate change, water and deforestation initiatives

OP's Corporate Responsibility Programme



We improve financial literacy in Finland

Target	Metric	2020
We are the leading financial literacy coach in our sector.	Children and youth encountered as part of financial skills projects organised with our partners	52,000
We advise our customers and help seniors to manage their personal finances digitally.	Customers encountered at digital literacy events	4,500



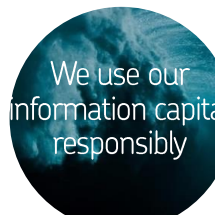
We foster a sustainable economy

Target	Metric	2020
We provide financing products that support sustainable development.	Issued sustainability-linked loans, green loans and credit limits	€1,523 million
We are the most preferred partner in responsible investment products, counselling and reporting.	Assets managed in responsible investment funds	€4.9 billion
Our own operations will be carbon neutral by 2025, and we help our customers in reducing their emissions.	Direct emissions (scope 1 and 2)	17,922 tonnes CO ₂ e



We support local vitality and communities

Target	Metric	2020
We are our sector's leading promoter of physical activities in Finland through our partnerships with sports clubs and federations.	Number of people in Finland reached through sports clubs	289,000
We increase the diversity of our personnel and take account of equality issues in everything we do.	Percentage of women in executive positions at least 40%	28%

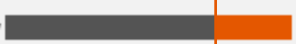
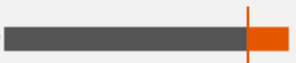


We use our information capital responsibly

Target	Metric	2020
Our privacy protection policies are in order.	Completion percentage of the online course on data protection, mandatory for all employees	100%
We are a forerunner in the responsible use of artificial intelligence.	No. of persons who completed the online course Introduction to AI	673

ESG Ratings

OP is among the top ESG-performers in the banking sector

Rating agency	Rating	Rating scale	OP's performance relative to the industry
 MSCI	AA	CCC to AAA	low  high
 SUSTAINALYTICS	17.2 (low risk)	100 to 0 (severe to negligible risk)	low  high
 ISS ESG	C-	D- to A+	low  high
 CDP DISCLOSURE INSIGHT ACTION	A-	D- to A	low  high
 vigeo eiris	58	0 to 100	low  high



Green Bonds

Green bonds support OP's mission

”

Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region, and this is embedded into everything we do.

OP's values



People First



Responsibility



Succeeding
Together

Responsibility

- Strengthening OP's responsible role in the Finnish society
- Promoting one of the 4 key themes and commitments of OP's CR programme – Fostering sustainable economy

Funding

- Diversifying the funding sources
- Expanding the investor base
- Responding to markets' green bond demand

Retail banking

- Conducting business in a responsible manner: understanding customers' ESG risks better, while integrating sustainable policies into lending
- Enabling the continuity and growth of Finnish companies' sustainable business
- Providing customers with services that enable sustainable choices

OP Corporate Bank entered the green bond market

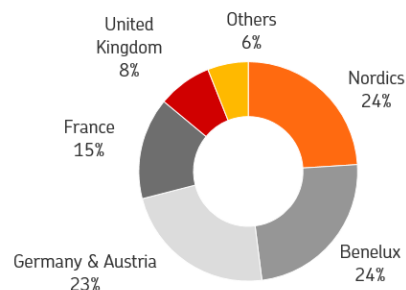
in February 2019

Issuer	OP Corporate Bank plc
Issuer ratings	Aa3 (stable) by Moody's, AAA-(stable) by S&P
ISIN	XS1956022716
EMTCN series number	230
Nominal amount	EUR 500 million
Issue type	Senior unsecured fixed rate notes (Senior Preferred, Green Bond)
Use of Proceeds	Green eligible projects and businesses under the OP Financial Group Green Bond Framework. Renewable energy, green buildings, sustainable land use.
Pricing date	19.2.2019
Issue date	26.2.2019 (T+5)
Maturity date	26.2.2024
Coupon (annual)	0.375%
Listing	Euronext Dublin
Second Party Opinion	Sustainalytics

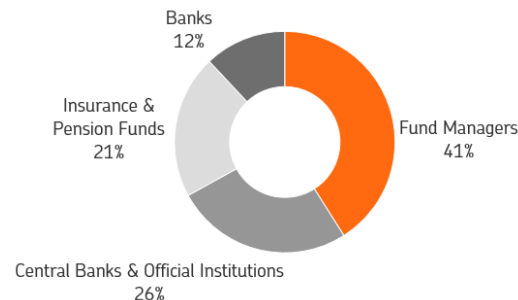
Issuance

- The first green transaction was successful: €500 mn bond was over-subscribed by 4 times, final orderbook €2.1 bn and around 100 investor accounts involved

Investors by geography



Investors by type



Green Bond Framework

published in 2018



Aligned with
ICMA Green Bond
Principles

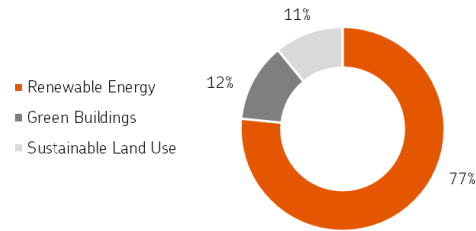
Use of Proceeds	Project evaluation and selection	Management of proceeds	Reporting: Annual Green Bond Report	External review & verification
- Eligible sectors for use of proceeds: 1. Renewable energy 2. Energy efficiency 3. Green buildings 4. Pollution prevention and control 5. Sustainable land use 6. Clean transportation - Currently OP Corporate Bank's Green Bond register includes corporate loans from sectors 1,3 and 5	OP Corporate Bank carries out ESG analyses of its corporate exposures to support credit risk assessments and to seek more assets eligible for green bonds	- Green Bond Register in relation to each separate Bond issuance for tracking the Eligible Green Assets and the allocation of the net proceeds from each Bond - OP Financing and Agency Unit will supervise and review the assets that have been earmarked and allocated to each dedicated Green Bond on a monthly basis	The most recent Green Bond report was published in April 2021, including e.g. the impacts of the green bond	Second Party Opinion by Sustainalytics

Documents available at <https://www.op.fi/op-financial-group/debt-investors/green-bonds>

OP Corporate Bank's Green Bond Report highlights

Assets included in the Green Bond register

As of end-December 2020, the Green Bond register included eligible assets worth €1,335.5 million (reserve of unallocated green assets €835.5 million)¹



Most relevant UN SDGs:



Impacts from OP's Green Bond²



Renewable Energy

- 199 600 tCO2e avoided
- 710.3 GWh of energy generated
- 390.5 MW of energy capacity installed and 14.1 MW currently under construction



Green Buildings

- 20 000 m² of green certified building area and 3 770 m² currently under construction
- 2 300 tCO2e avoided due to reduced energy consumption



Sustainable Land Use

- 48 298 of certified forests
- 142 500 tCO2e in carbon sinks

¹ KPMG has verified the allocation of proceeds to eligible loans, and Sustainalytics has reviewed OP's reporting criteria (incl. impact reporting)

² for further information on the impact methodology, please see OP Corporate Bank's Green Bond Report published in April 2021 at <https://www.op.fi/op-financial-group/debt-investors/green-bonds>

OPMB entered the Green Covered Bond market

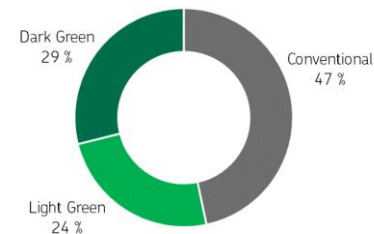
in March 2021

Issuer	OP Mortgage Bank
Issuer ratings	Aaa (stable) by Moody's, AAA (stable) by S&P
ISIN	XS2324321368
EMTCN series number	26
Nominal amount	EUR 750 million
Issue type	Covered Bond, under the OPMB Green Covered Bond Framework
Use of Proceeds	Green buildings
Pricing date	18.3.2021
Issue date	25.3.2021
Maturity date	25.3.2031
Coupon (annual)	0.05%
Listing	Euronext Dublin
Second Party Opinion	Sustainalytics

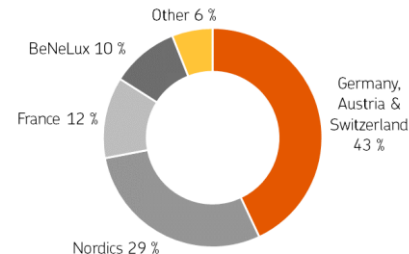
Successful transaction

The €750 mn bond was over-subscribed by more than **twice**.
> 50 investor accounts were involved.

Green distribution (allocation)



Investors by geography

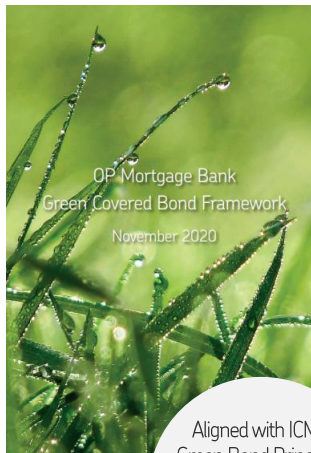


Investors by type



Green Covered Bond Framework

published in 2020



OP Mortgage Bank
Green Covered Bond Framework
November 2020

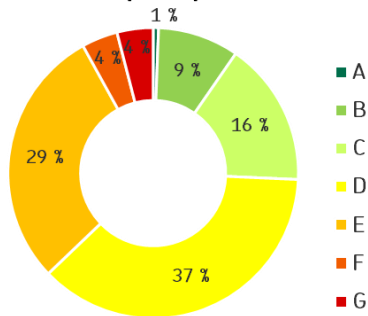
Aligned with ICMA
Green Bond Principles
and complies with the
EU Green Bond
Standard on a best
effort basis

Use of Proceeds	Project evaluation and selection	Management of proceeds	Reporting: Annual Green Covered Bond Report	External review & verification
- Eligible sector: Green buildings - Criteria: EU Taxonomy's construction and real estate activities criteria and CBI residential buildings criteria	- To identify eligible mortgages, data from various sources is utilized (e.g. ARA) - The energy performance certificates (EPCs) are used to assess eligibility - If EPCs are not available, the secondary approach is energy efficiency statistical modelling	- Cover pool is reviewed as a part of the pooling process on a regular basis - Quarterly internal reporting to Green Bond Committee	- Amount of proceeds allocated to green covered bonds - Origination timeframe and maturity profile of mortgages - Number of eligible mortgages - Estimated environmental impacts of the mortgages	- Second Party Opinion by Sustainalytics - Limited assurance report by an external auditor

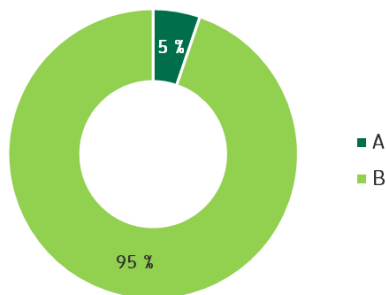
Eligible green mortgages amount to €2.1 bn

March 2021

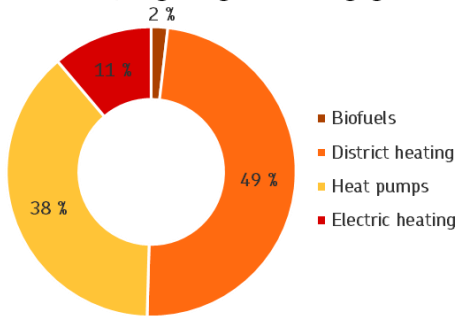
Energy label breakdown*, Finland (2020)



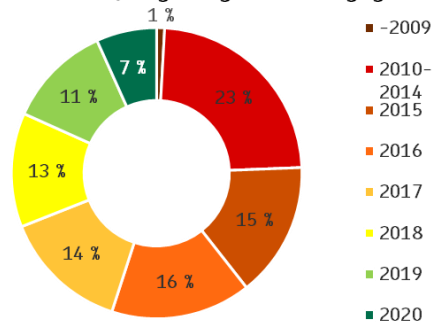
Estimated energy label breakdown*, eligible green mortgages



Estimated main heating source breakdown, eligible green mortgages



Estimated construction year breakdown, eligible green mortgages



- EPCs A and B amount to approximately 10% in Finland

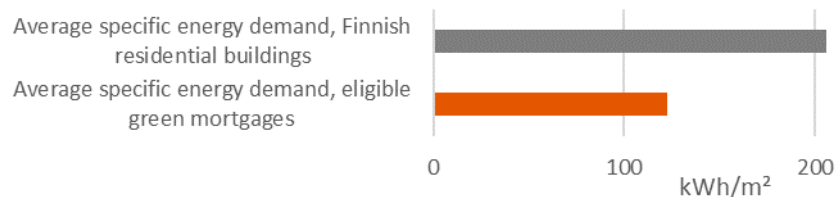
- Estimation is based on OP mortgages that have EPCs available

In Finland, 85% of electricity production was CO₂-neutral and 54% of district heating was produced from renewable energy sources and waste heat in 2020.

Source: Finnish Energy (ET)

*presented as equivalent to 2018 Finnish EPC legislation

Impact metrics estimates



- Preliminary estimate for energy savings of eligible green mortgages: 65 000 MWh/a
- Preliminary estimate for emission savings of eligible green mortgages: 14 500 tCO₂/a

Methodology and assumptions

- Preliminary estimates for collateral's specific energy demand are calculated from EPCs (if available for a collateral) and modeled for the rest of the collateral (given data availability)
- Specific energy demand for an average residential building in Finland is calculated based on data from Statistics Finland
- In emission calculations all savings in energy demand are assumed to derive from heating
- Specific emissions used in estimates:
 - Electricity (marginal): 315 gCO₂/kWh, Source: [NPSI Position Paper on Green Bonds Impact Reporting, 2020](#)
 - District heating: 154 gCO₂/kWh as of March 2021. Source: [Motiva](#) (in Finnish)
- Specific (marginal) emissions from heating for an average residential building in Finland (based on the main heating source distribution published by Statistics Finland): 189 gCO₂/kWh
- The share of impacts of green collateral(s) allocated to eligible green mortgages is calculated as follows: loan balance divided by the value of green collateral(s) as of the reporting day
- The methodology will be further developed for the Green Covered Bond Report which will be published within a year from the date of issuance



OP Mortgage Bank Cover Asset Pool Characteristics

OP Mortgage Bank (OPMB)

- 100% owned subsidiary of OP Cooperative
- Covered bond issuing entity of OP Financial Group
- Special-purpose bank and a funding vehicle for the OP member cooperative banks
- EMTCN programme of €20 bn qualifies for the ECBC Covered Bond Label

Joint liability

OPMB fully benefits from the joint liability among OP Cooperative and the member credit institutions, based on the Act on the Amalgamation of Deposit Banks. However, since assets in OPMB's Cover Asset Pool are ring-fenced, the noteholders have the right to receive what is due to them before all other creditors

Covered bond ratings

Moody's
Aaa

S&P
AAA

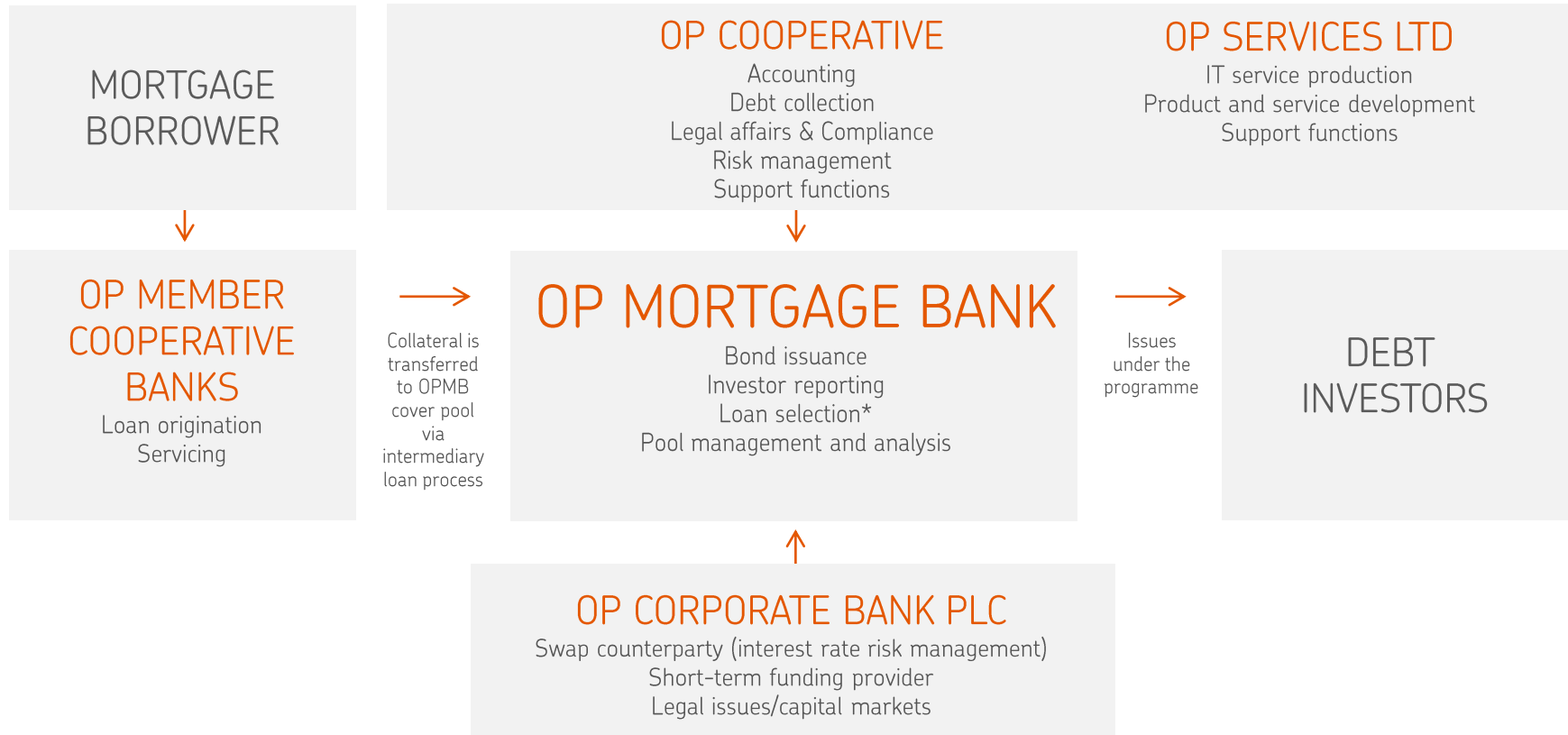
Harmonised transparency template



<https://www.op.fi/op-financial-group/debt-investors/issuers/op-mortgage-bank/cover-asset-pool>

<https://www.coveredbondlabel.com/issuer/6/>

Operating model and roles



Overview of OPMB cover asset pool

€16 bn Current balance	€13 bn Total amount of covered bonds, out of which 0.75 billion is green	€56,000 Average loan size
>98% Tied to variable interest	49% Weighted Average indexed LTV	17% Over-collateralisation

Geographical distribution

- | | | |
|---|--|-----------------------|
| 1 | Southern Finland
Helsinki | 47%
19%* |
| 2 | Western Finland
Tampere
Turku
Jyväskylä | 34%
7%
5%
4% |
| 3 | Eastern Finland | 8% |
| 4 | Oulu region
Oulu | 9%
6% |
| 5 | Lapland | 2% |

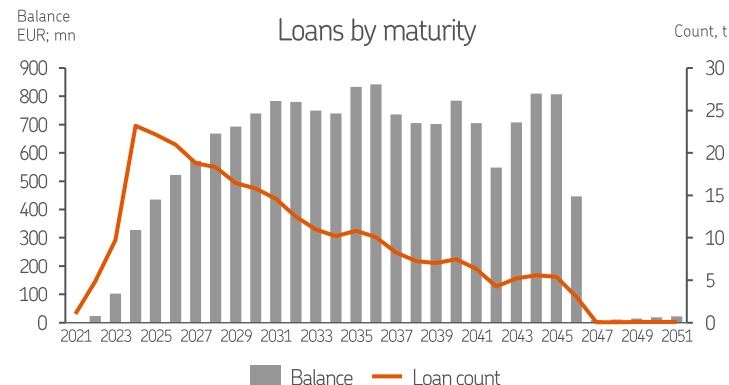
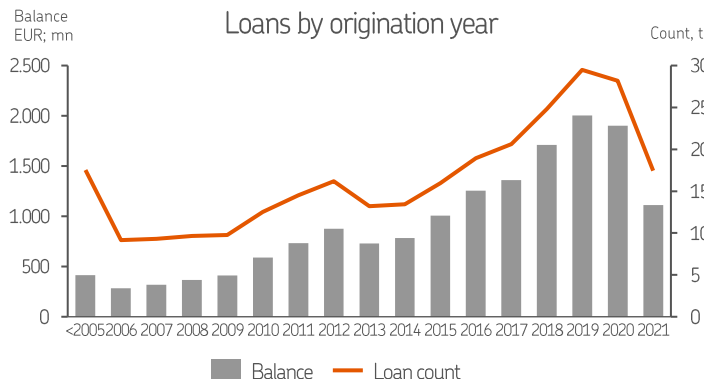
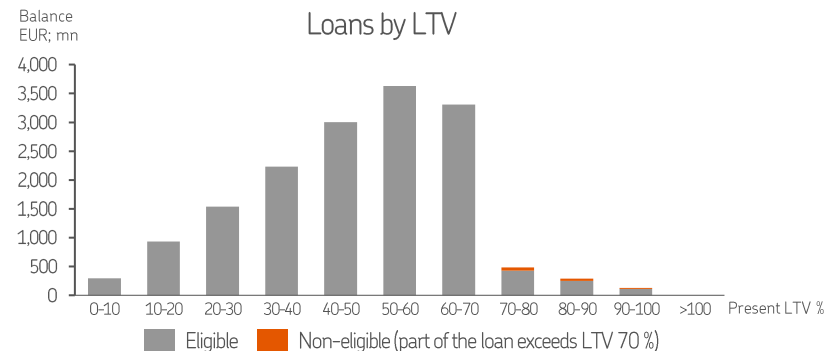


*City-specific figures are percentages of the whole of Finland

OPMB cover asset pool

€2.1 bn

Eligible green mortgages
in the cover pool
in March 2021



Intermediary loan process

- The Finnish Covered Bond Act (2010) enables granting intermediary loans
 - The member cooperative banks are granted the opportunity to indirectly participate in the covered bond issuance process
- The intermediary loan contract is made between the member cooperative bank and OPMB
 - Intermediary loans are the way for the member cooperative banks to utilize 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 cooperative bank commits to preserving adequate intermediary loan eligible loan portfolio for the maturity of the intermediary loans, and accepts that OPMB marks the mortgage loans as collateral in the cover pool
 - OPMB monitors the adequacy of the loans daily
- Once the mortgage loans are registered in the OPMB Covered Bond Register via intermediary loan process and they serve as collateral for the covered bonds for the benefit of the noteholders until the intermediary loan expires

Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on residential mortgages)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by the Finnish FSA and ECB
- Assets that must be booked as non-performing (over 90 days in arrears), according to the FIN-FSA regulations, shall not be included in the Cover Pool
 - At OPMB, non-performing loans were €61 mn as at Q3/2021 (€56 mn at YE2020).

Appendix

A woman with blonde, wavy hair is the central figure. She is wearing a maroon fedora-style hat, black-rimmed glasses, a black leather jacket over a black and white striped shirt. She is smiling and looking down at her left wrist, which has a watch. Her right hand is holding a smartphone to her ear. She is also wearing a ring on her right ring finger and a bracelet on her right wrist. A maroon strap, likely for a bag, is visible across her chest. The background is a blurred city street at dusk or night, with warm lights from buildings and street lamps creating a bokeh effect.

OP's financial performance by business line

Q1–3 earnings 2021, EUR million	Retail Banking	Corporate Banking	Insurance	Other operations	Group eliminations	OP Financial Group
Net interest income	715	305	-1	-65	17	971
of which internal net income before tax		-5		5		
Net insurance income			552		-10	542
Net commissions and fees	560	144	62	0	-5	761
Net investment income	-5	130	184	-7	-50	253
Other operating income	24	53	1	513	-545	47
Total income	1,294	633	797	441	-593	2,573
Personnel costs	322	67	116	152	-1	656
Depreciation/amortisation	40	10	44	99	-2	192
Other operating expenses	517	161	193	260	-558	573
Total expenses	878	238	353	511	-561	1,420
Impairment loss on receivables	-70	-25	0	0	0	-95
OP bonuses to owner-customers	-122	-14	-16			-152
Temporary exemption (overlay approach)			-48		0	-48
Earnings before tax	224	356	380	-70	-32	858

Cost efficiency

Group C/I ratio
55% (59%)

Retail Banking
C/I ratio
68% (69%)

Corporate Banking
C/I ratio
38% (42%)

Non-life Insurance
Operating cost ratio
27% (26%)

Group eliminations recognized through profit or loss are mainly due to the change in accounting policies

Joint liability

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 Retail Customers Plc 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 capital 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.

Contacts



Contacts and financial calendar

Investor Relations & Funding



Head of Investor Relations,
CEO of OP Mortgage Bank
Sanna Eriksson



Head of Long-term Funding
Tom Alanen



IR Officer,
Investor Relations
Sonja Kvist



IR ESG Specialist,
Investor Relations
Veronika Mielck



Senior IR Officer,
Rating Agency Relations
Eerikki Holst



Financial calendar 2022

Financial Statements Bulletin 2021	9 February 2022
Interim Report for Q1/2022	4 May 2022
Half-year Report for H1/2022	27 July 2022
Interim Report for Q3/2022	26 October 2022

For more information

www.op.fi/debtinvestors
[OP Financial Group's reports 2021](#)
[CFO's Results Interview](#)