



OP Financial Group's Debt Investor Presentation Q1-3/2024

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

www.op.fi/debtinvestors



Disclaimer

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. All forward-looking statements in this presentation expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the operating environment and the future financial performance of OP Financial Group and its various functions. No assurance can be given that such expectations will prove to have been correct. Accordingly, results may differ materially from those set out in the forward-looking statements as a result of various factors. OP Financial Group has used sources of information which it considers to be reliable, and the accuracy and reliability of which it has sought to establish to the best of its ability, but it can nevertheless not guarantee their accuracy or reliability.

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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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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.



A young girl with blonde hair in a ponytail, wearing a black jacket over a green shirt, holds a white soccer ball. She is smiling and looking towards a woman on the right. The woman has dark hair tied back, is wearing a black jacket, and is also smiling. They are on a green soccer field with brick buildings in the background. The text "Outlook for the Finnish Economy" is overlaid in white.

Outlook for the Finnish Economy

OP Financial Group's forecasts for the Finnish economy

Published on 16 October, 2024

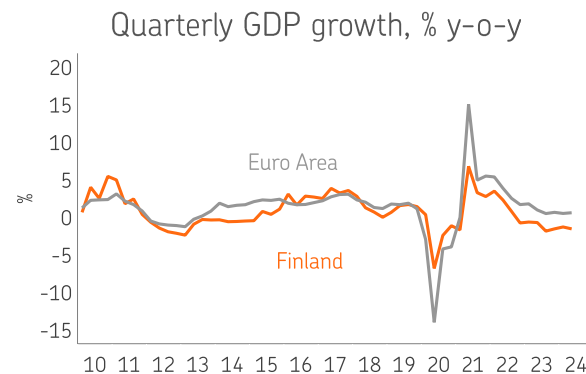
	2023	2024f	2025f	2026f
GDP volume, annual growth %				
Finland	-1,2	-0,5	2,0	1,3
Euro area	g	0,7	1,5	1,5
Unemployment rate, %				
Finland	7,2	8,2	7,9	7,6
Euro area	6,6	6,5	6,5	6,5
Current account balance, % of GDP				
Finland	-0,4	-0,4	-0,3	-0,5
Euro area	1,6	2,6	2,9	2,8
General government net lending, % of GDP				
Finland	-3,0	-3,7	-3,0	-2,0
Euro area	-3,6	-3,5	-3,5	-3,0
General government debt, % of GDP				
Finland	77,1	81,2	83,3	84,5
Euro area	90,9	91,7	92,0	91,6
Inflation, %*				
Finland	4,4	0,9	1,7	1,8
Euro area	5,5	2,3	1,9	1,9

* Harmonised Index of Consumer Prices (HICP). The HICP figures differ from national inflation figures (CPI)

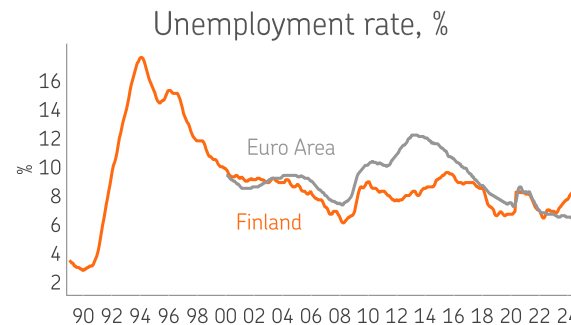
Sources: Statistics Finland, Eurostat, OP

Link to video:

[Economic outlook for Finland by OP Financial Group's Chief Economist](#)



Source: Macrobond, OP

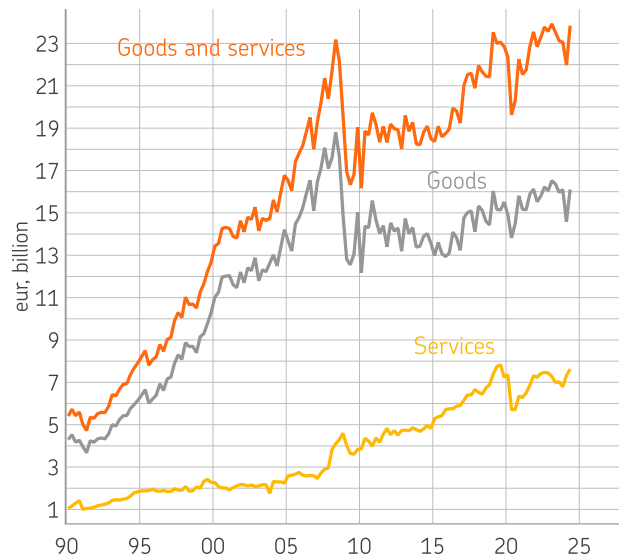


Source: Macrobond, StatFin, Eurostat, OP

Foreign trade structure rather stable

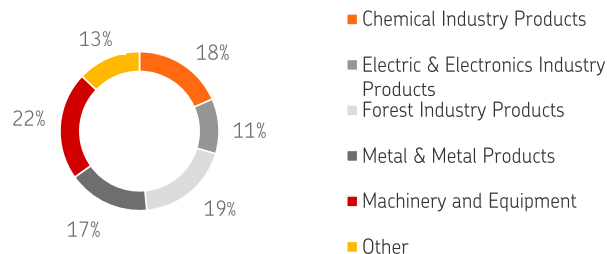
Finland is an exports-driven economy with around 40% of GDP deriving from exports

Exports of goods and services, SA

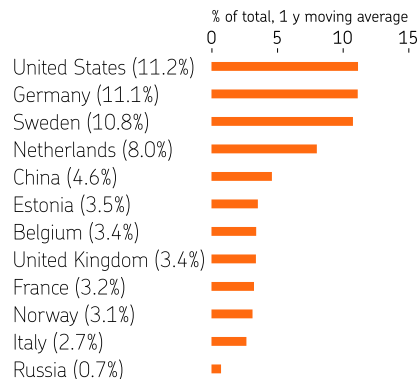


Source: Macrobond, OP

Exports by commodity group



Goods exports by country



Source: Macrobond, OP

Finnish housing market is stable

Characteristics

- Fully-amortizing mortgage market
- Average maturity of a new home loan 23 years
- 97% of home loans tied to variable interest rates
- Home loan cap (LTC) 90% and for first-home-buyers 95%

39%

OP's
market share
in mortgages

6%

OP's stress-test
in 25 years
maturity

34%

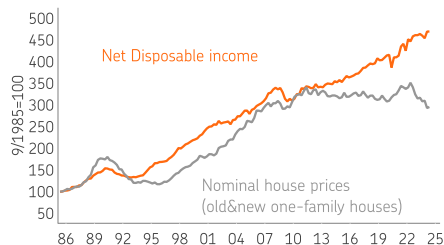
OP's private
customers'
mortgages covered
by interest rate cap

€186m

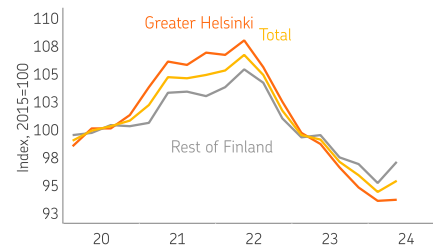
The net benefit
gained by customers
from interest rate
caps in Q1-3/2024

Finnish economy

Change in house prices and net income

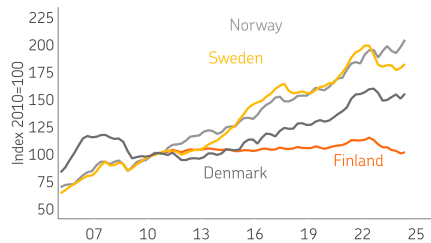


Real estate prices, old dwellings

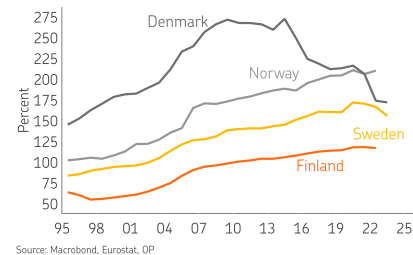


Nordics

House prices



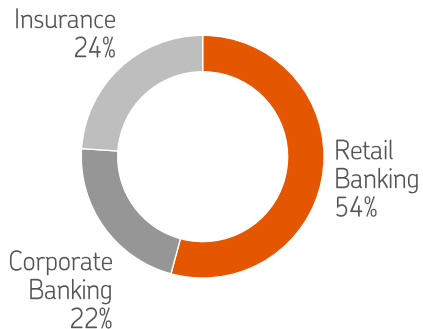
Gross Debt-to-Income Ratio





OP Financial Group

OP Financial Group in brief



€1,948m

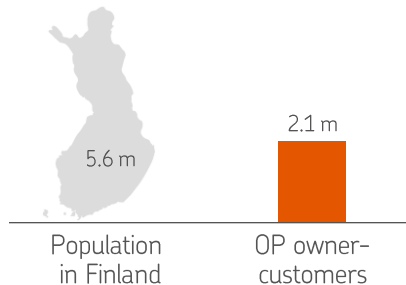
Operating profit
in Q1-3/2024

21.4%

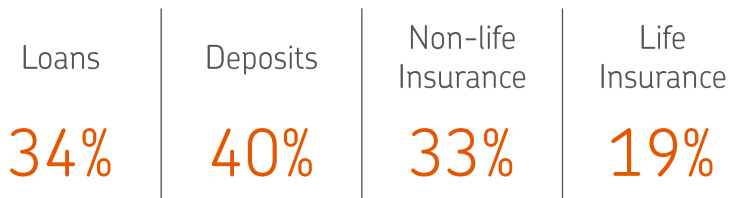
CET1 ratio

€160bn

Total assets



Leading market position in Finland



Joint liability

The 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

Source: Bank of Finland (Loans and Deposits 6/2024), Finance Finland (Non-life & Life Insurance 12/2023)

* EMTCN programme



OP Financial Group's business structure

2.1 million owner-customers

99 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*
OP Retail Customers plc
Pivo Wallet Oy

Corporate Banking

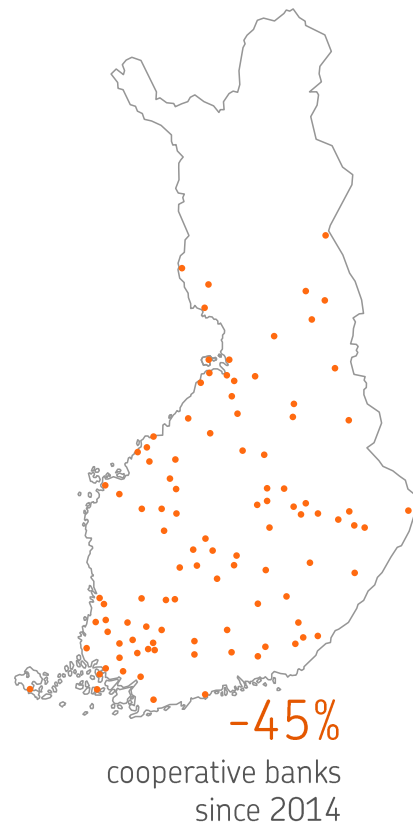
The Corporate Banking segment consists of banking and asset management services for corporate and institutional customers.

OP Corporate Bank plc*
OP Asset Management Ltd
OP Fund Management Company Ltd
OP Real Estate Asset Management Ltd
OP Custody Ltd

Insurance

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

Pohjola Insurance Ltd
OP Life Assurance Company Ltd



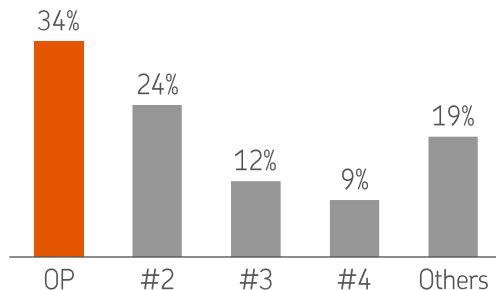
*Issuing entity

OP is a diverse actor with strong market shares

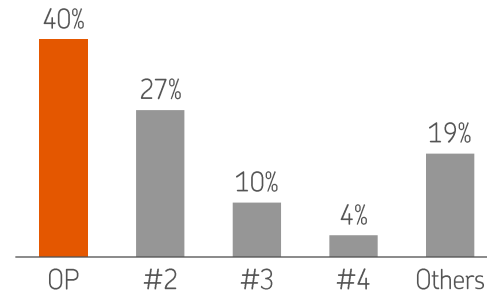
OP's market shares

39% Mortgages
36% Corporate loans

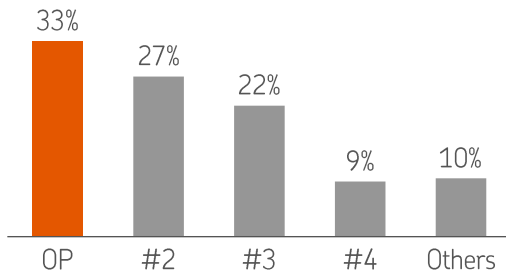
Loans



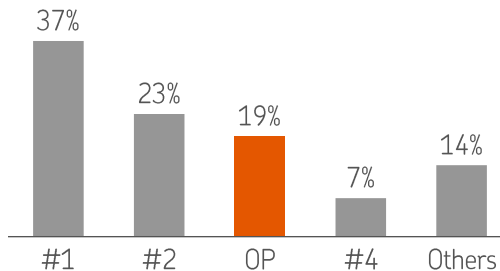
Deposits



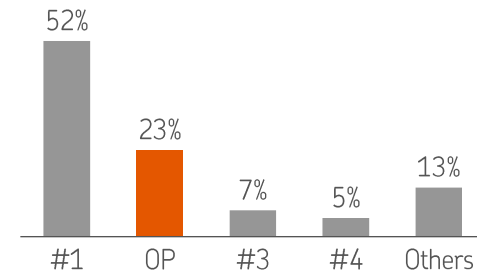
Non-life insurance



Life insurance



Mutual funds



Source: Bank of Finland (Loans and Deposits 6/2024), Finance Finland (Non-life & Life Insurance 12/2023), FIN-FSA (Mutual Funds 6/2024)

OP's strategic priorities and long-term targets



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

OP Financial Group's strategic long-term targets

	30.9.2024	Target
Return on equity (ROE) excluding OP bonuses, %	13.7	9.0
CET1 ratio, %	21.4	At least CET1 ratio requirement + 4 pps
Brand recommendations (bNPS) *	Banking: 1 st Insurance: 2 nd (shared)	Banking: 1 st Insurance: 1 st
Credit rating	AA-/Aa3	At least at the level of AA-/Aa3

* Ranking in the survey on switching bank and insurer by Kantar Finland Oy and in a nationwide survey on SMEs by Red Note Oy

Attractive loyalty benefits support cross-selling

Owner-customer benefits Q1-3/24, € million

€233m

accrued OP bonuses

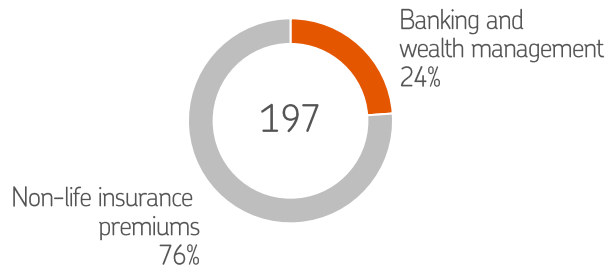
€185m

discounts on
daily banking, non-life
insurance policies and
mutual funds in

€132m

accrued estimated
returns on
Profit Shares

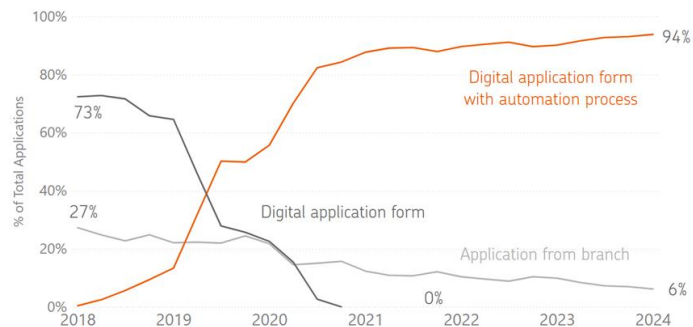
OP bonus usage Q1-3/24, € million



For 2025 OP Financial Group will increase the OP bonuses to be earned by owner-customers by 40% compared to the normal level of 2022. In addition, owner-customers will get daily banking services free of monthly charges until the end of 2025.

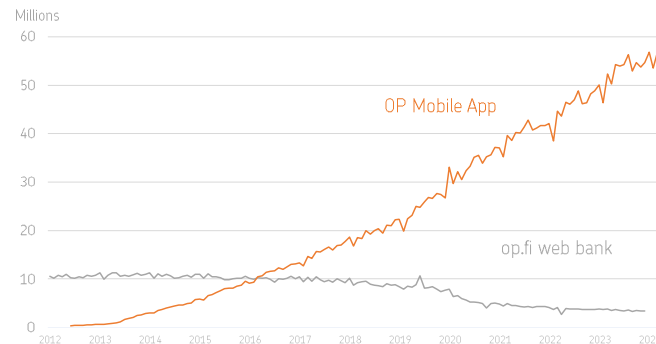
Together, these benefits will add up to more than EUR 400 million in value for owner-customers next year.

Digital customer experience



>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, Apple Pay, and Google Pay



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



Insurance

Buy and manage

View existing claims

Report a loss and get help in case of an emergency

A young girl with blonde hair in a ponytail, wearing a black jacket over a green shirt, holds a white soccer ball. She is smiling and looking towards a woman on the right. The woman has dark hair tied back, is wearing a black jacket, and is also smiling. They are on a green soccer field with brick buildings in the background. The text "Financial performance" is overlaid in white on the left side of the image.

Financial performance




Business operations continued to grow strongly – the excellent results will benefit OP's owner-customers

- Operating profit continued to develop well in the third quarter. Operating profit for the first three quarters of 2024 grew by 24% from a year earlier, to EUR 1,948 million.
- Cost/income ratio improved year on year, to the level of 45%.
- During the first three quarters lending volumes decreased by 1% and deposits increased by 2%. AUM increased by 8% with wealth management set as one of the strategic growth aspects.
- Impairment loss on receivables in the income statement was EUR 72 million, accounting for 0.10% of the loan and guarantee portfolio.
- CET1 ratio continued to improve to 21.4%, exceeding the minimum regulatory requirement by 7.9 percentage points. OP Financial Group is one of Europe's most financially solid large banks.
- Liquidity and funding position remained strong with LCR ratio of 214% and NSFR ratio of 130%.
- Link to [Results overview by OP Financial Group's CFO](#)



Key financial figures for the first three quarters of 2024

Operating profit	Total income	Total expenses	Loan portfolio	Deposits	Assets under management
€1,948m +24%	€3,650m +10%	€1,629m +4%	€98bn -1%	€76bn +2%	€111bn +8%
Retail banking €1,037m (+13%)	Net interest income €2,118m (+10%)	Personnel costs €781m (+11%)	Home loans €42bn (-1%)	 In the end of Q3 responsible investment funds 87% of all investment funds	
Corporate banking €418m (+30%)	Insurance service result €95m (+63%)	Development cost impact €249m (+28%)	Corporate loans €27bn (-4%)		
Insurance €458m (+54%)	Net commissions and fees €599m (-9%)				
Group Functions €4m	Investment income €419m (+43%)				

Comparatives for the income statement are based on the corresponding figures in 2023. Unless otherwise specified, figures from 31 December 2023 are used as comparatives for balance-sheet and other cross-sectional items.



Financial performance

Loan portfolio

€98bn

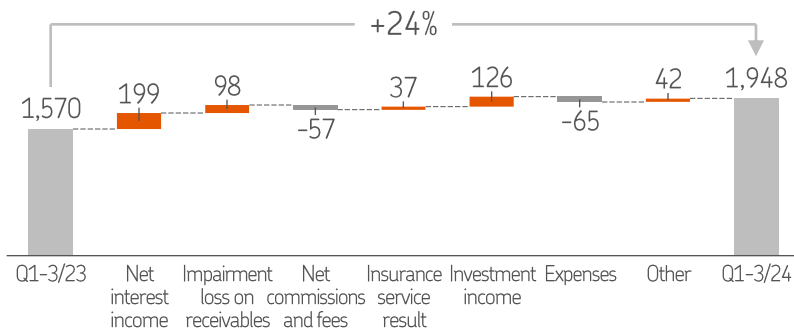
Deposits

€76bn

Assets under management

€111bn

Operating profit, € million



€ million

	Q1-3/24	Q1-3/23	Change %
Net interest income	2,118	1,919	10%
Impairment loss on receivables	-72	-170	-57%
Net commissions and fees	599	656	-9%
Insurance premium revenue	1,575	1,466	7%
Insurance service expenses	-1,451	-1,369	6%
Net income from reinsurance contracts	-28	-38	-
Insurance service result	95	58	63%
Investment income	419	294	43%
Other operating income	31	28	12%
Personnel costs	-781	-702	11%
Depreciation and impairment loss	-107	-137	-22%
Other operating expenses	-741	-725	2%
Transfers to insurance service result	387	348	11%
Total income	3,650	3,304	10%
Total expenses	-1,629	-1,564	4%
Cost/income ratio, %	44.6	47.3	-3%*

Operating profit 1,948 1,570 24%

OP bonuses included in earnings -227 -199 14%

*Change in ratio

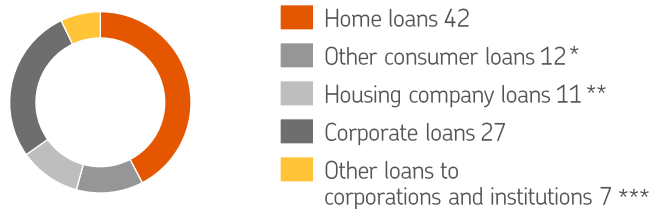


A young girl with blonde hair in a ponytail, wearing a green shirt and a black jacket, holds a white soccer ball. She is smiling and looking towards a woman on the right. The woman has dark hair tied back, is wearing a black jacket, and is also smiling. They are on a green soccer field with brick buildings in the background. The text "Loan book overview and asset quality" is overlaid on the left side of the image.

Loan book overview and asset quality

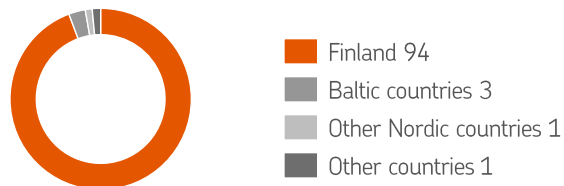
Loan portfolio diversified and focused in Finland

Loan portfolio breakdown Q3/24, € billion

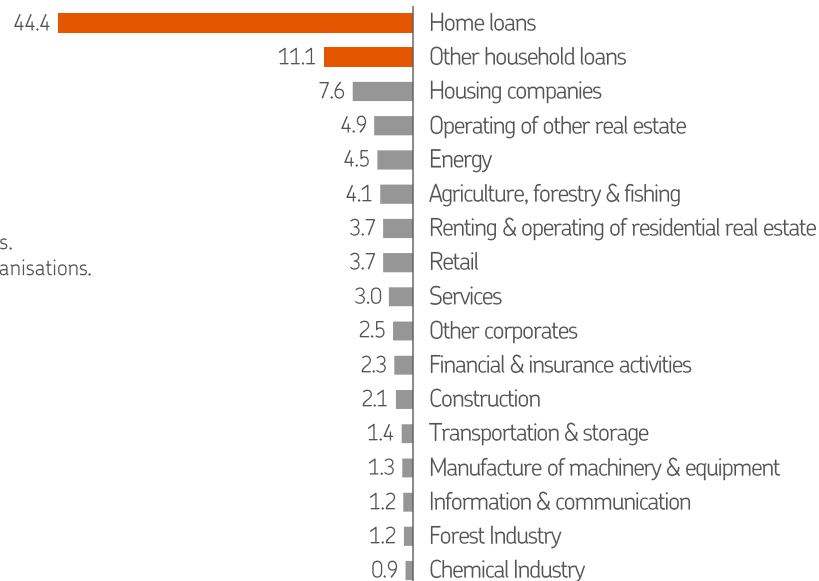


* holiday homes, student loans and consumer credits.
 ** housing companies and housing investment companies.
 *** financial institutions, public sector and non-profit organisations.

Geographical split YE 2023, %

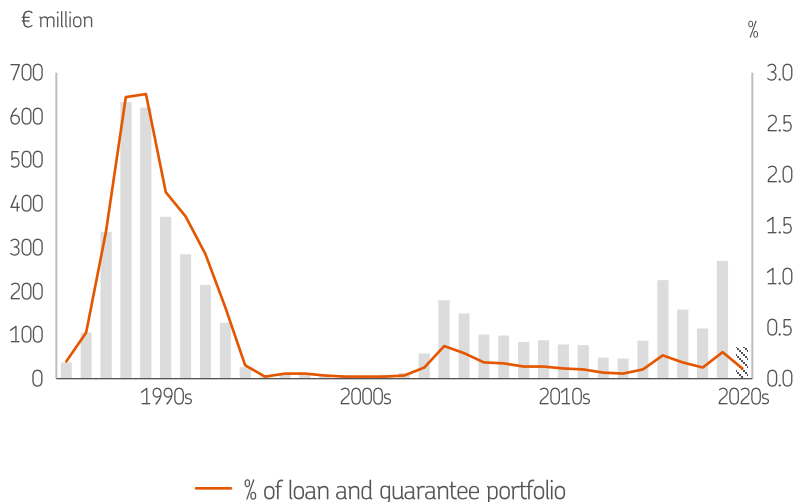


Loan portfolio breakdown Q3/24, %

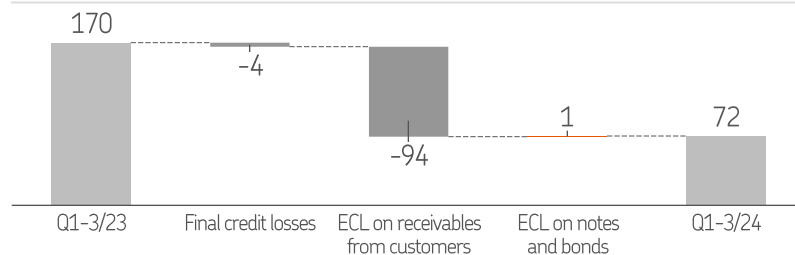


Impairment loss on receivables

Impairment levels over time



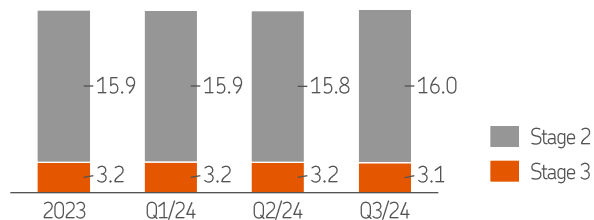
Breakdown of total impairment losses, € million



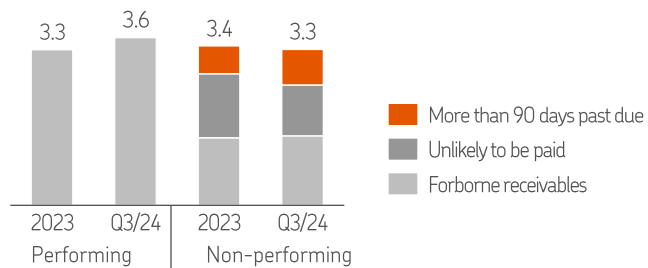
€ million	Q1-3/24	Q1-3/23
Final credit losses, net	38	42
ECL on receivables from customers	34	128
ECL on notes and bonds	1	0
Total impairment losses on receivables	72	170
% of loan and guarantee portfolio	0.10%	0.22%

Minor changes in credit quality

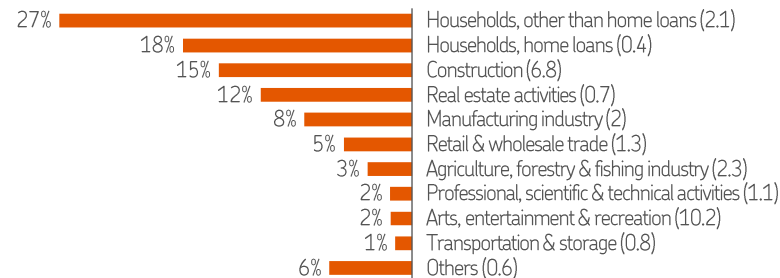
Stage 2 & 3 loans, € billion



Non-performing and forbome exposures, € billion



ECL allowance by sector (% of gross exposure)

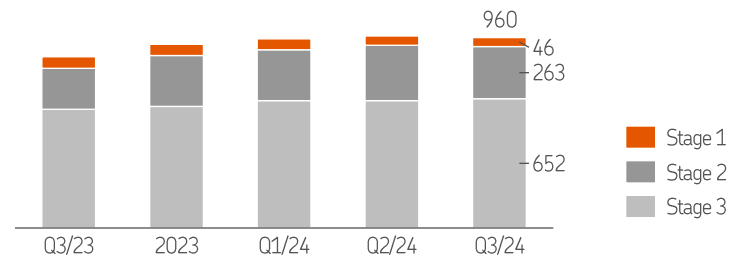


Comments on credit quality

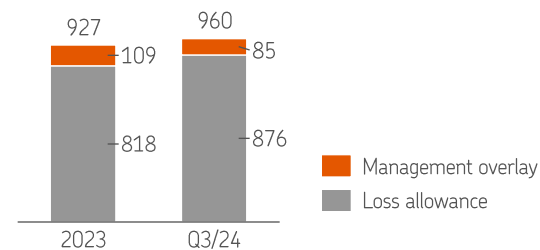
- Stage 2 loans 15% of receivables from customers. Coverage ratio for stage 2 loans 1.6%.
- Management overlay is included in stage 2 loans.
- Stage 3 loans 2.9% of receivables from customers. Coverage ratio for stage 3 loans 20.9%.

Expected credit loss and management overlay

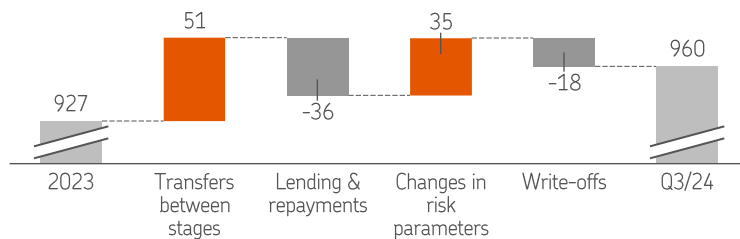
Total allowance on receivables from customers, € million



Share of management overlay in total allowance, € million



Net change in ECL, € million

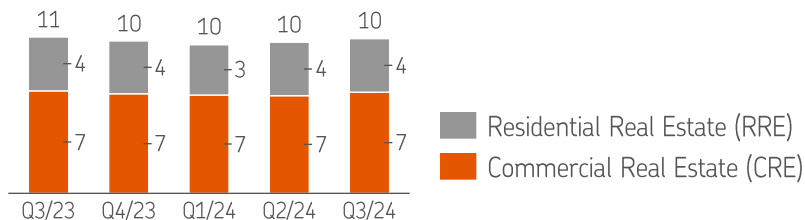


Management overlay breakdown, € million

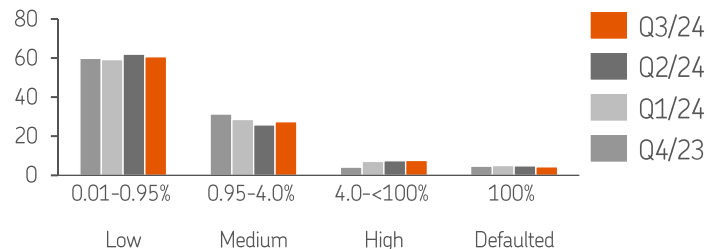
	Q3/24	2023
Personal customers: inflation, interest rates & value of collateral securities	33	36
Improvement to the identification processes for EWS and connected clients	19	14
Construction industry	18	39
Real estate sector	7	14
Collateral valuation of CRE backed loans	6	6
Bullet & balloon loans	2	-
Total	85	109

Real estate less than 9% of all exposures

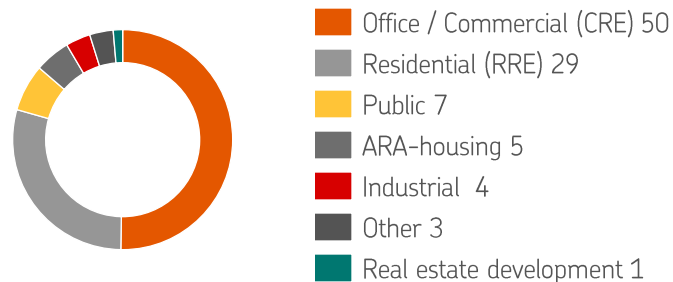
Commercial real-estate exposure, € billion



Probability of default (PD) distribution, %




Portfolio split between real estate types, %



Comments on CRE

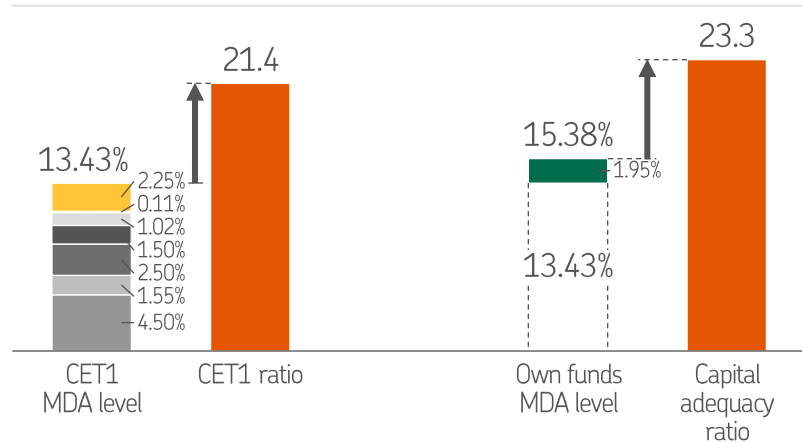
- Exposures are well spread across different types of real estate. The largest type of real estate is commercial real estate units, which includes offices.
- Non-performing exposures 4.26% (4.63%) of the real estate exposures at Q3/24.
- 64% of real estate exposure in Corporate Banking and 36% in Retail Banking.



Capital position

Capital position well above requirement

Capital requirements

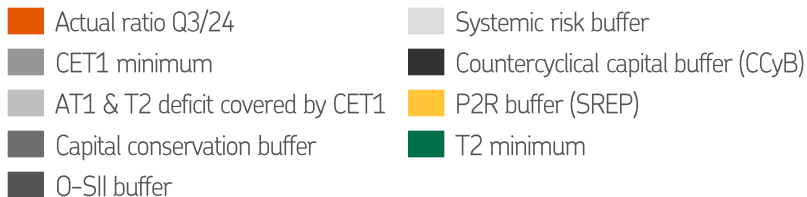


CET1 ratio 21.4%
with a buffer of
7.9
percentage points
above requirement

10.5%
Leverage ratio and
regulatory minimum
requirement of 3%

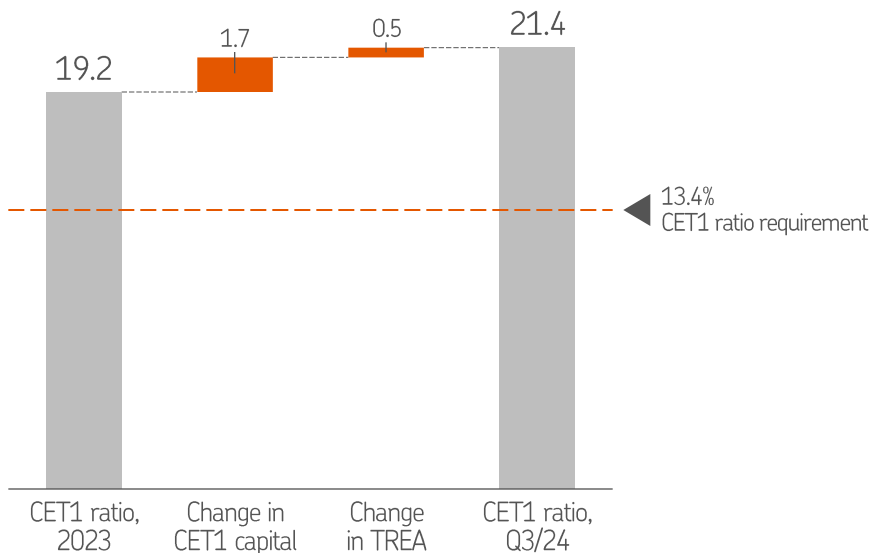
The statutory minimum for the capital adequacy ratio is 8% and for the CET1 ratio 4.5%; the AT1 and T2 minimum requirement of 1.5% increases the minimum CET1 ratio to 6%.

The requirement for the capital conservation buffer of 2.5% under the Act on Credit Institutions, the O-SII buffer of 1.5%, the systemic risk buffer requirement of 1%, the change in the countercyclical capital buffer for foreign exposures, and the ECB's P2R requirement increase the minimum total capital ratio to 15.4% and the minimum CET1 ratio to 13.4%, including the shortfalls of Additional Tier 1 (AT1) and Tier 2 (T2) capital.



Strong capital position

CET1 ratio development, %



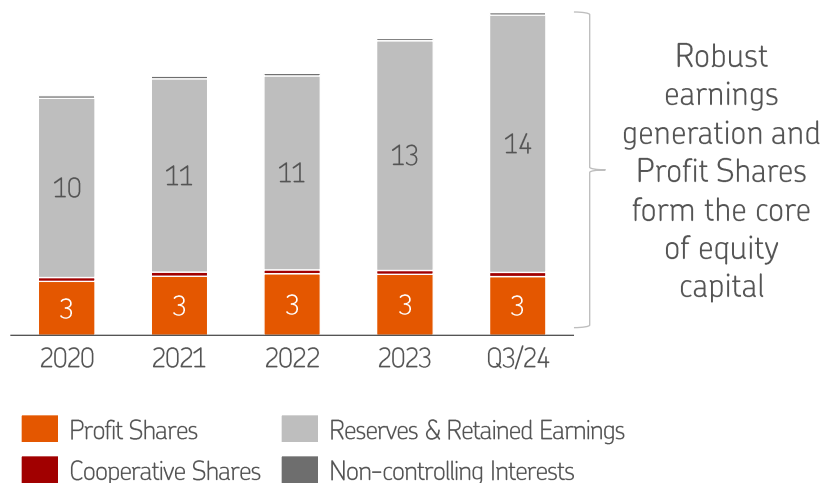
- CET1 capital €15.3bn (€14.1bn)
- Profit Shares in CET1 capital €3.2bn (€3.1bn)
- TREA €71.7bn (€73.5 bn)
- CET1 strategic target: At least CET1 ratio requirement + 4 pps

OP has one of the strongest S&P RAC ratios of the world's top 200 banks*

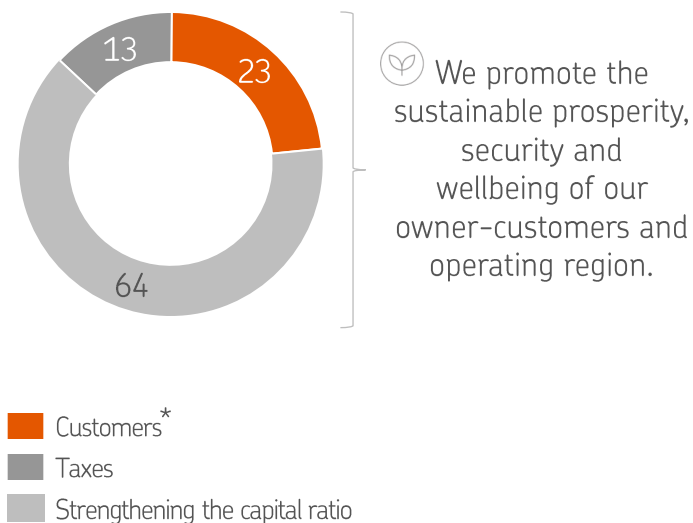
*Source: Standard & Poor's, Ratings Component Scores For The Top 200 Banks Globally, 9/2024.

Strength of the cooperative model

Equity capital, € billion



Estimated allocation of earnings, %

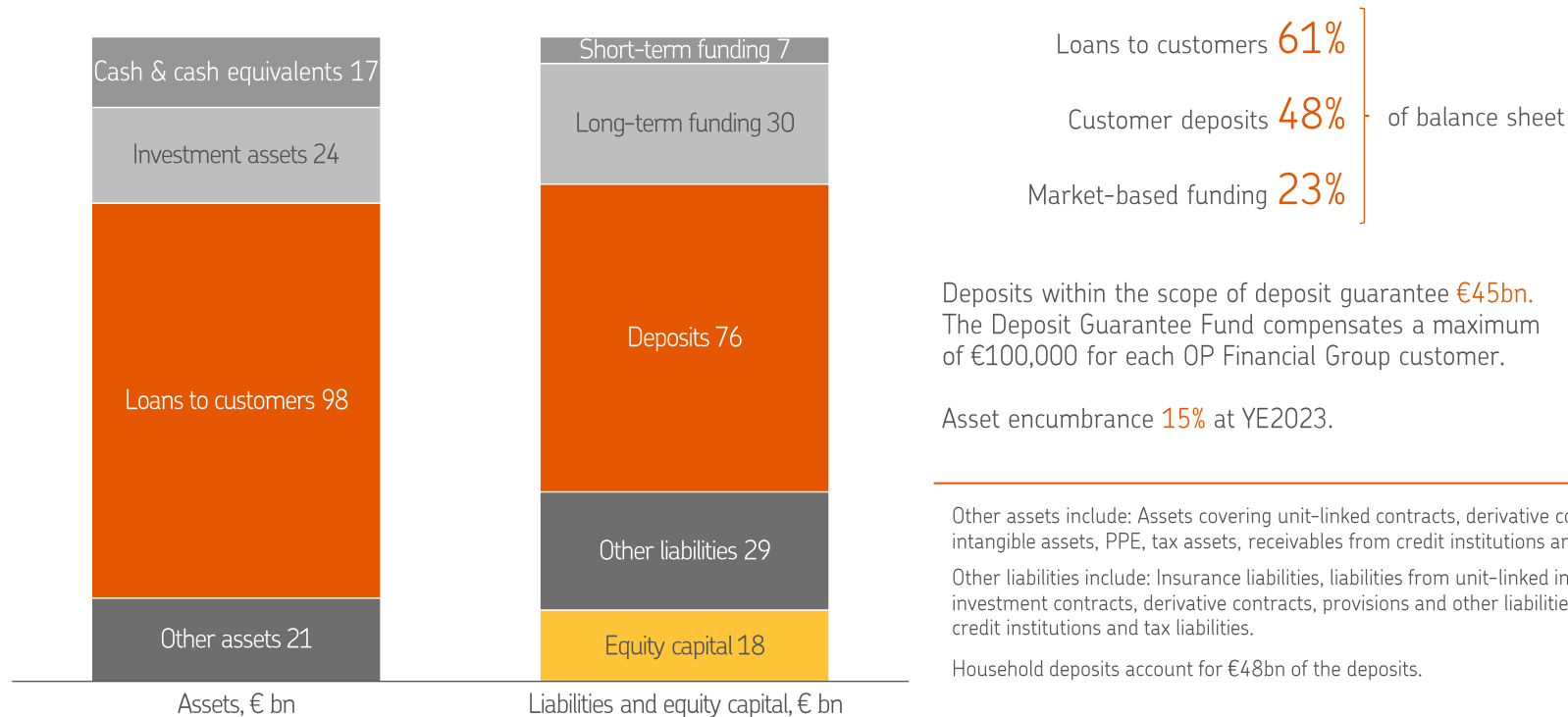


* OP bonuses, discounts and interest on Profit Shares of owner-customers

A young girl with blonde hair in a ponytail, wearing a black jacket over a green shirt, holds a white soccer ball. She is smiling and looking towards a woman on the right. The woman has dark hair tied back, is wearing a black jacket, and is also smiling. They are on a green soccer field with brick buildings in the background. The text "Liquidity and funding" is overlaid in white on the left side of the image.

Liquidity and funding

Balance sheet totaled at €160 billion



Deposits within the scope of deposit guarantee €45bn.
The Deposit Guarantee Fund compensates a maximum of €100,000 for each OP Financial Group customer.

Asset encumbrance 15% at YE2023.

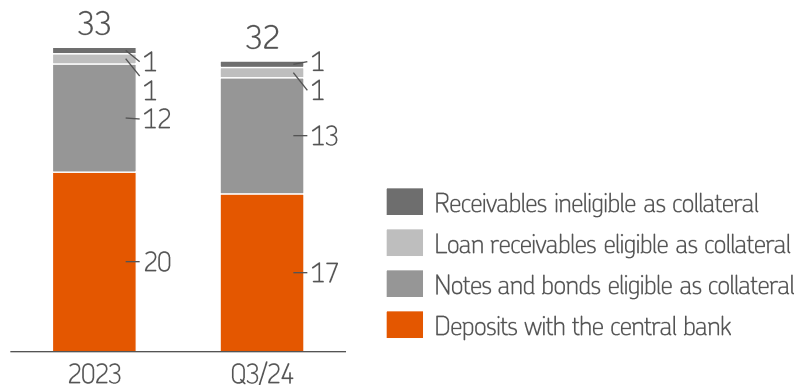
Other assets include: Assets covering unit-linked contracts, derivative contracts, intangible assets, PPE, tax assets, receivables from credit institutions and other assets.

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

Household deposits account for €48bn of the deposits.

Strong liquidity position

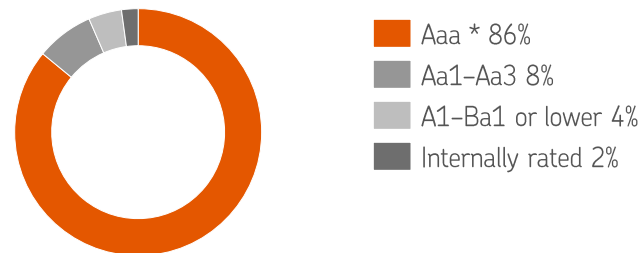
Liquidity buffer breakdown, € bn



The liquidity buffer comprises notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, securitised assets and loan receivables eligible as collateral.

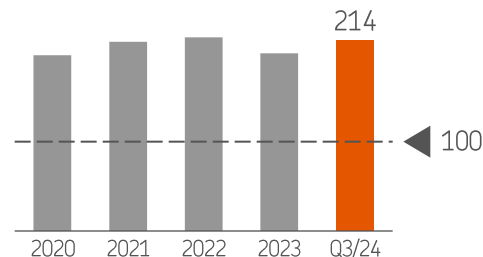
At the end of the reporting period, the liquidity buffer included bonds with a carrying amount of EUR 1,519 million, classified at amortised cost and issued by issuers other than OP Financial Group. The fair value of these bonds amounted to EUR 1,558 million.

Liquidity buffer by credit rating, %



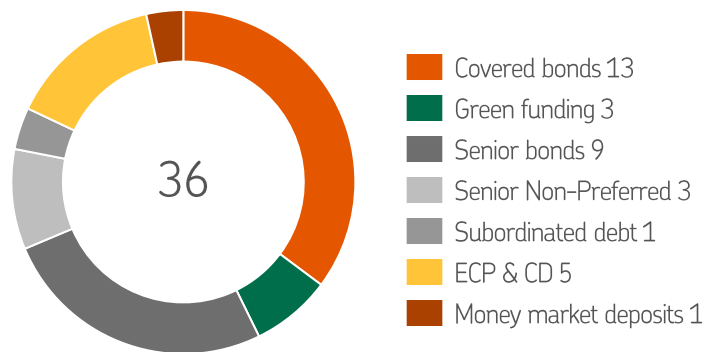
* incl. deposits with the central bank

Liquidity Coverage Ratio (LCR), %



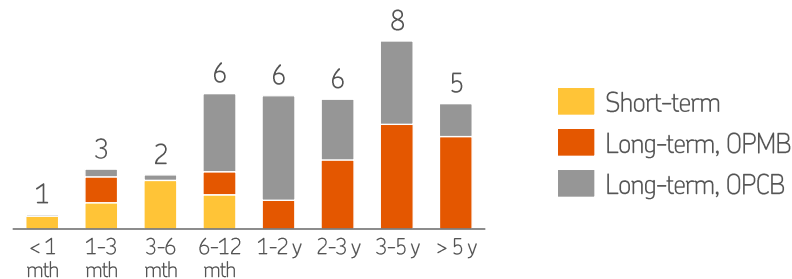
Well-balanced funding position

Long and short-term funding, € billion

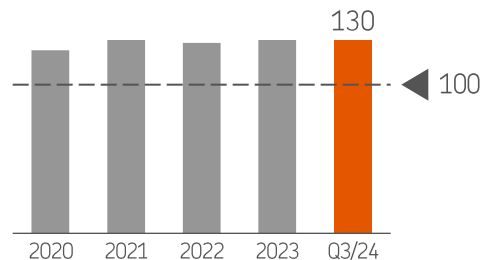


- OP Mortgage Bank issued a covered bond of €1 billion in January.
- OP Corporate Bank issued a green senior preferred bond of €500 million in March.

Maturity profile, € billion

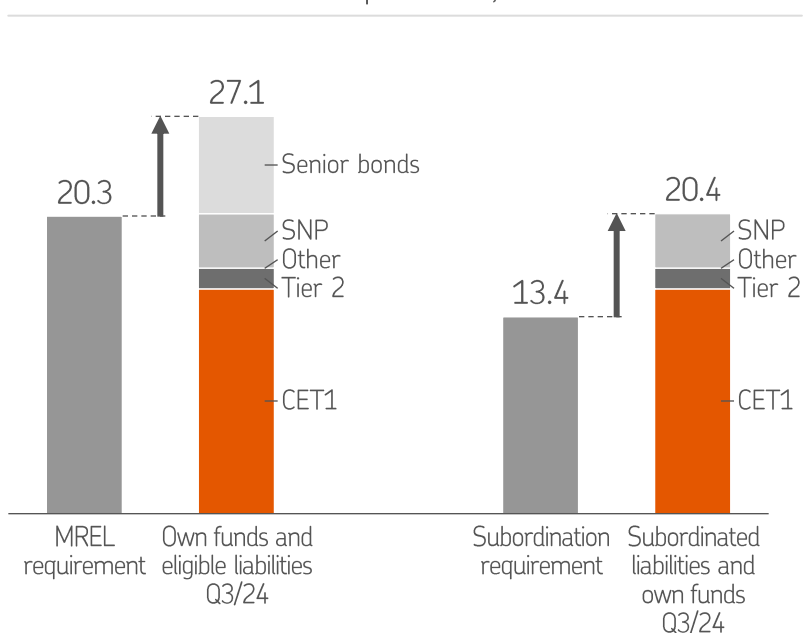


Net Stable Funding Ratio (NSFR), %



MREL and subordination requirements

MREL and subordination requirements, € billion



Own funds & eligible liabilities, € bn

CET1	15.3	Subordinated liabilities and own funds €20.4bn
Tier 2	1.4	
Other*	0.0	
SNP	3.7	
Senior bonds	6.6	
Total	27.1	

MREL requirement, € bn

28.25% of TREA	20.3
7.48% of LRE	10.9
MREL-buffer	6.8

Both MREL and subordination requirements are based on Total Risk Exposure Amount (TREA), including a combined buffer requirement (CBR) of 5.13%. The CBR includes the O-SII buffer requirement of 1.5%.

Subordination requirement, € bn

18.69% of TREA	13.4
7.48% of LRE	10.9
Subordination buffer	7.0

*Tier 2 instruments not included in own funds.

Recent benchmark issues

Issuer	Year	Month	Type	Amount	Maturity
OP Mortgage Bank	2024	October	Covered Bond	€1bn	5 yrs
OP Mortgage Bank	2024	January	Covered Bond	€1bn	7.5 yrs
OP Corporate Bank	2023	November	Senior Preferred	€750m*	2 yrs
OP Mortgage Bank	2023	November	Covered Bond	€1bn	3.25 yrs
OP Corporate Bank	2023	June	Senior Preferred	€650m	5 yrs
OP Mortgage Bank	2023	April	Covered Bond	€1bn	5.5 yrs

*tapped, original €500m

Issuer	Year	Month	Type	Amount	Maturity
OP Corporate Bank	2024	March	Green Senior Preferred	€500m	3 yrs
OP Mortgage Bank	2022	April	Green Covered Bond	€1bn	5.5 yrs
OP Corporate Bank	2022	January	Green Senior Non-Preferred	€500m	5.5 yrs
OP Mortgage Bank	2021	March	Green Covered Bond	€750m	10 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 young girl with blonde hair in a ponytail, wearing a green shirt and a black jacket, holds a white soccer ball. She is smiling and looking towards a woman on the right. The woman has dark hair tied back, is wearing a black jacket, and is also smiling. They are on a green soccer field with brick buildings in the background. The text 'OP's sustainability actions and Green Bonds' is overlaid on the left side of the image.

OP's sustainability actions and Green Bonds

Recent sustainability highlights

OP Asset Management updated its climate targets: **75%** of direct investments to align with **net-zero by 2030**.

OP Financial Group **adjusted its policy** on financing, insuring and investing in oil and gas exploration and production.

OP **achieved its 2025 target of becoming carbon neutral** in its operational emissions (Scope 1 & 2) in 2024.

OP is preparing to report in accordance with **the ESRS** under **the CSRD** in the end of 2024.



Climate targets aligned with the Paris Agreement



- › OP achieved its target of becoming carbon neutral in its operational emissions (Scope 1 & 2) in 2024
- › 70% of OP's funds' investee companies in direct equity and bond funds will align with net-zero or be under engagement



- › OP's funds achieved the target to halve their greenhouse gas emissions compared to 2019
- › 75% of OP funds' direct equity and bond holdings in material sectors will align with or reach net-zero
- › In corporate loan portfolio 25% reduction of emissions compared to 2022

Sector-specific targets (from 2022 levels)

- › In energy production: 50% reduction of emissions intensity
- › In agriculture: 30% reduction of absolute emissions
- › In home loans: 45% reduction of emissions intensity



- › Carbon neutral corporate loan portfolios
- › Carbon neutral funds managed by OP Asset Management Ltd and OP Fund Management Company Ltd

OP Financial Group's sustainability programme

We build a sustainable tomorrow together



Climate and the environment

Offering sustainable financing and investment products to our customers

Decreasing emissions across our loan and investment portfolios

Promoting the circular economy in our business and that of our customers

Becoming carbon neutral by 2025

Promoting biodiversity and the wellbeing of nature



People and communities

Fostering a diverse, inclusive and non-discriminatory culture

Promoting the wellbeing of our local communities

Supporting the management of personal finances and improve financial literacy

Helping customers with special needs to manage their finances

Identifying the impact of our operations on human rights



Corporate governance

Integrating sustainability with all our business operations and risk-taking

Using data and artificial intelligence responsibly

Requiring our partners to commit to our Supplier Code of Conduct

Increasing diversity in our governing bodies

Further improving the sustainability competencies of our personnel

OP is highly committed to sustainability



PRINCIPLES FOR
RESPONSIBLE
BANKING



Principles for
Sustainable Insurance



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



DRIVING SUSTAINABLE ECONOMIES



BETTER POLICIES FOR BETTER LIVES



Partnership for
Carbon Accounting
Financials



Partnership for
Biodiversity Accounting
Financials



› Commitments




Carbon Disclosure Project (CDP)
ILO Declaration on Fundamental Principles and Rights at Work
Net Zero Asset Managers (NZAM)
Partnership for Biodiversity Accounting Financials (PBAF)
Partnership for Carbon Accounting Financials (PCAF)
Task Force on Climate-related Financial Disclosures (TCFD)
The Montreal Pledge
The Paris Agreement
UN Principles of Responsible Banking (UN PRB)
UN Principles of Sustainable Insurance (UN PSI)
UN Principles of Responsible Investment (UN PRI)
UN Global Compact
WWF Green Office

› Collaborative networks

European Association of Co-operative banks (EACB)
FIBS
Finance Finland
Finland's Sustainable Investment Forum (FINSIF)
The International Capital Market Association (ICMA)

› More [Commitments and policies](#)

ESG Ratings 2023

Rating agency	Rating	Rating scale
MSCI 	AA	CCC to AAA
 SUSTAINALYTICS	12.9 (low risk)	100 to 0 (severe to negligible risk)
ISS ESG 	C	D- to A+
 CDP <small>DISCLOSURE INSIGHT ACTION</small>	B	D- to A

OP is among the top performers in the financial sector

OP's outstanding green issuances

› OP Corporate Bank's Green Bonds

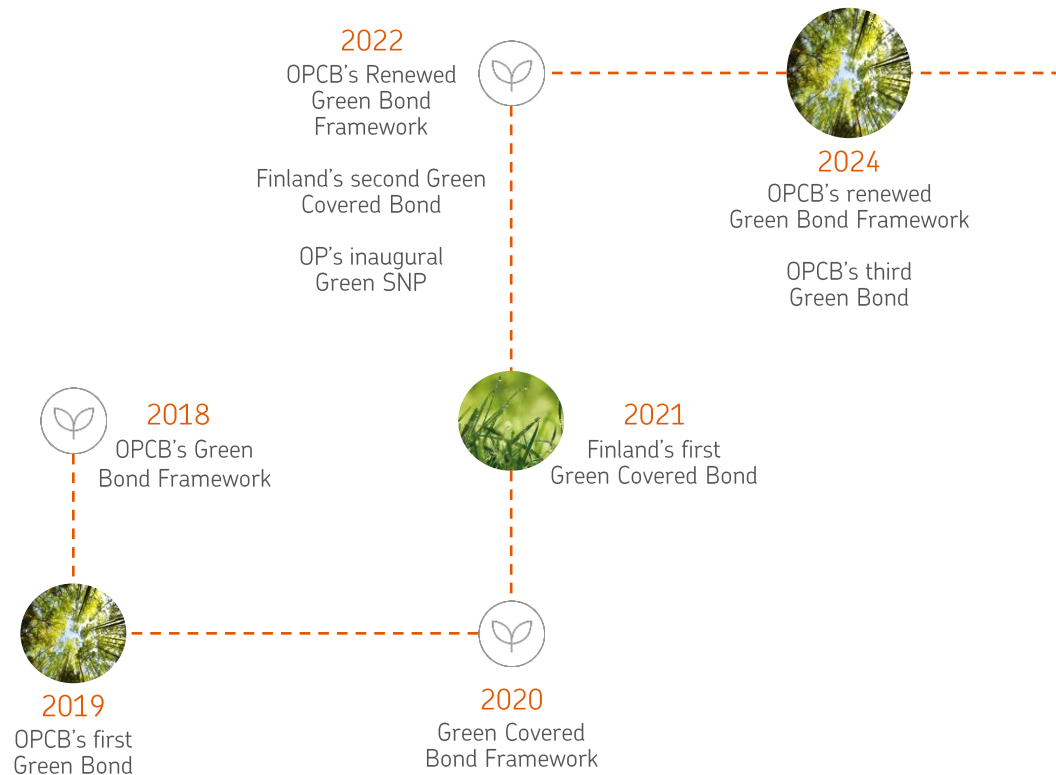
Green SP 2024, €500 million

Green SNP 2022, €500 million

› OP Mortgage Bank's Green Covered Bonds

Green Covered Bond 2022, €1,000 million

Green Covered Bond 2021, €750 million

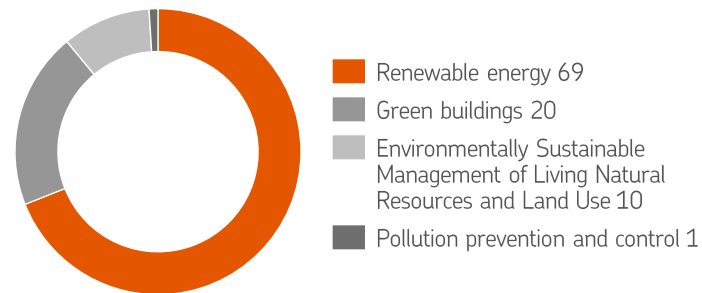


OP Corporate Bank's Green Bonds

Green Bond Framework (2024)

Use of proceeds	<ol style="list-style-type: none"> 1. Renewable Energy 2. Energy Efficiency 3. Green Buildings 4. Pollution Prevention and Control including Sustainable Water Management 5. Circular Economy 6. Clean Transportation 7. Biodiversity Conservation and Environmentally Sustainable Management of Living Natural Resources and Land Use 8. Climate Change Adaptation
Project evaluation and selection	Conventional credit process and green bond process in accordance with the eligibility criteria. Proceeds may be used for financing of general corporate purposes to dedicated businesses ("pure players") meeting specific eligibility criteria.
Management of proceeds	Green Bond Register is monitored on a monthly basis. Internal reporting to Green Bond Committee quarterly.
Reporting	Annual Green Bond Report published on OP's website
External review and verification	Sustainalytics' Second Party Opinion Limited assurance report by an external auditor

OP Green Bond allocation %, YE2023



The Green Bond register totaled €1,818m, including a reserve of €818m unallocated green assets



OP Mortgage Bank's Green Covered Bonds

Green Covered Bond Framework (2020)

Use of proceeds	<p>1. Green buildings</p> <p>Criteria: EU Taxonomy's construction and real estate activities criteria and CBI residential buildings criteria</p>
Project evaluation and selection	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.
Management of proceeds	Cover pool is reviewed as a part of the pooling process on a regular basis. Internal reporting to Green Bond Committee quarterly.
Reporting	Annual Green Covered Bond Report published on OP's website
External review and verification	<p>Sustainalytics' Second Party Opinion</p> <p>Limited assurance report by an external auditor</p>

Assets tagged as green in the cover pool, YE2023



100% Green buildings

Average time from origination	4.4 years
Average time until maturity	19.3 years

Assets tagged as green in the cover pool worth €2,821m of which €1,750m allocated to the Green Covered Bonds

OPMB Green Covered Bond impacts, YE2023


Green Buildings (in the cover pool)

- 21,550 mortgages
- 2.0 million m² of green buildings tagged as green
- 96,000 MWh avoided energy use
- 14,000 tCO₂e avoided emissions

Green Buildings (allocated to €1,750 million bonds)

- 59,000 MWh avoided energy use
- 8,800 tCO₂e avoided emissions



A young girl with blonde hair in a ponytail, wearing a green shirt and a black jacket, is holding a white soccer ball and smiling. She is looking towards a woman on the right. The woman has dark hair tied back, is wearing a black jacket, and is also smiling. They are on a grassy field with brick buildings in the background. The text 'OP Mortgage Bank' and 'Cover asset pool characteristics' is overlaid on the image.

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
- New issues under the Euro Medium Term Covered Bond (Premium) Programme (EMTCB) of €25 bn rated by Moody's

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 Pools are ring-fenced, the covered bondholders have the right to receive what is due to them before all other creditors

Covered bond ratings

Moody's
Aaa

S&P
AAA

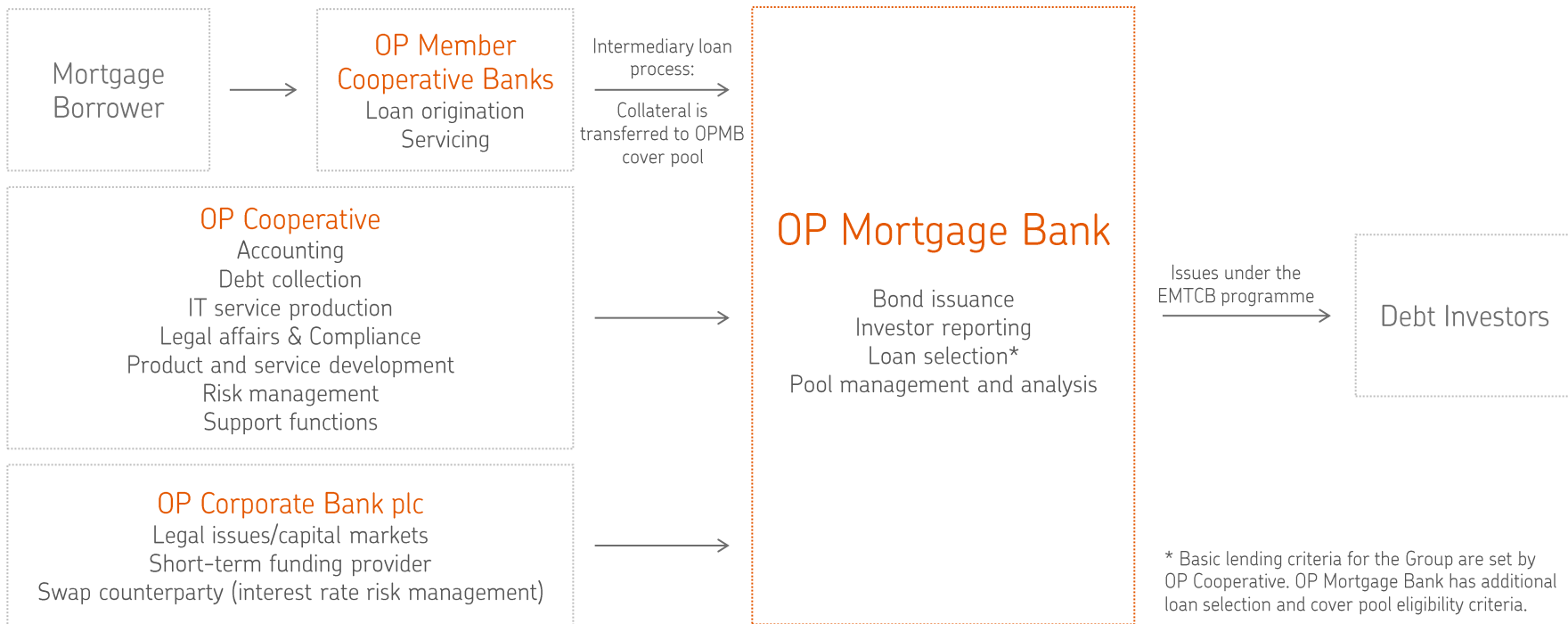
Harmonised transparency template



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

<https://www.coveredbondlabel.com/issuer/5-op-mortgage-bank>

Operating model and roles



Covered Bonds under Finnish legislation

	Act on Mortgage Credit Banks and Covered Bonds (151/2022)	Act on Mortgage Credit Bank Operations (688/2010)
Applicability	Bonds issued after 8 July 2022	Bonds issued before 8 July 2022
Programmes under the Act	Euro Medium Term Covered Bond Premium (EMTCB)	Euro Medium Term Covered Note (EMTCN), Euro Medium Term Retained Covered Note (EMTRCN)
Bond qualification	European Covered Bond (Premium)	EEA Grandfathered – CRR compliant
Regulation	Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB	Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB
Intermediary loans	Enables granting intermediary loans	Enabled granting intermediary loans
LTV restrictions on eligible assets	80% LTV on residential mortgages	70% LTV on residential mortgages
Legal over-collateralisation requirement	2%. In case the requirements set by CRR Article 129 are not met, the OC must be 5%.	2%
Programme documentation including information valuation, market risks, expiry and over-collateralisation	EMTCB Programme documentation	EMTCN Programme documentation EMTRCN Programme documentation
Cover asset pool information including bond IDs, ECBC Harmonized Transparency Templates and legal information disclosure	OPMB's cover asset pools and legal information disclosure	

Euro Medium Term Covered Bond Premium (EMTCB)

Bonds issued after 8 July 2022

€5.8bn

Current cover pool
balance

€5.3bn

Total amount of
covered bonds

€54,600

Average loan size

>99%

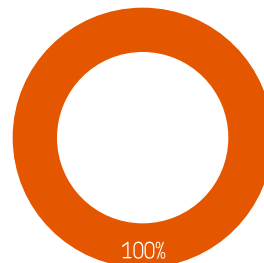
Tied to floating
interest rate

50%

Weighted Average
indexed LTV

10%

Over-
collateralisation (OC)



Loan type distribution

Residential loans

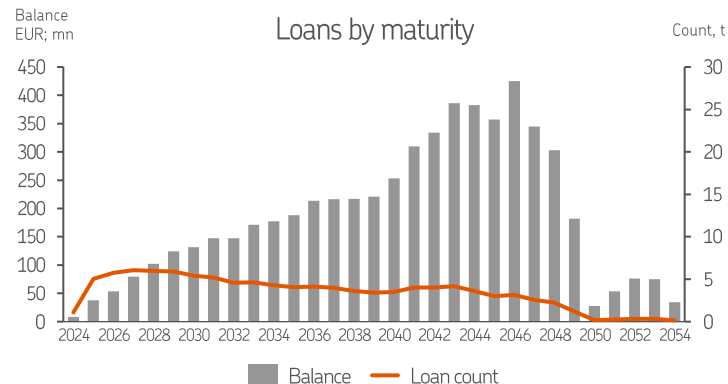
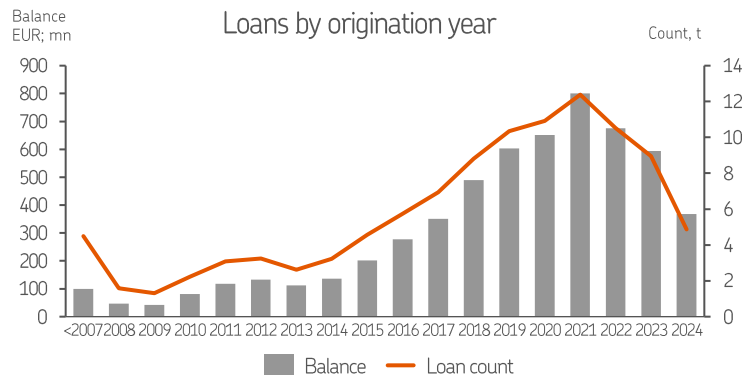
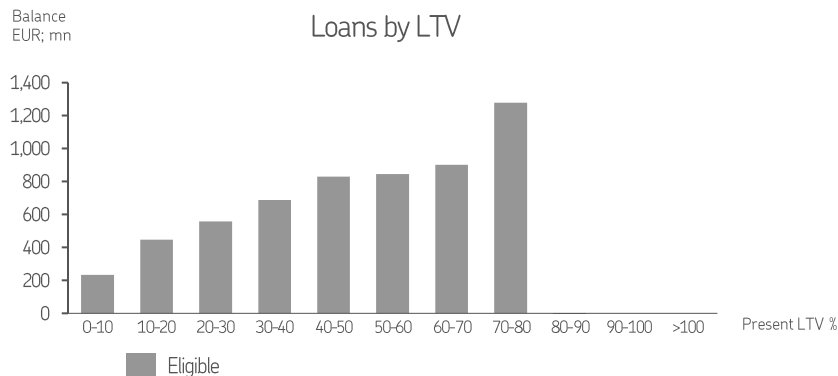


Geographical loan distribution

- | | | |
|---|------------------|-----|
| 1 | Southern Finland | 53% |
| 2 | Western Finland | 29% |
| 3 | Eastern Finland | 5% |
| 4 | Oulu region | 9% |
| 5 | Lapland | 3% |



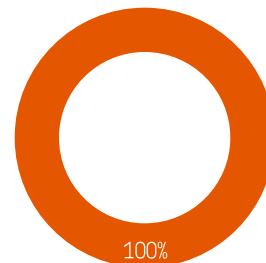
OPMB EMTCB cover asset pool



Euro Medium Term Covered Note (EMTCN)

Bonds issued before 8 July 2022

<p>€11.9bn</p> <p>Current balance</p>	<p>€9.7bn</p> <p>Total amount of covered bonds, out of which €1.75bn is green</p>	<p>€67,300</p> <p>Average loan size</p>
<p>>99%</p> <p>Tied to floating interest rate</p>	<p>53%</p> <p>Weighted Average indexed LTV</p>	<p>23%</p> <p>Over-collateralisation (OC)</p>



Loan type distribution

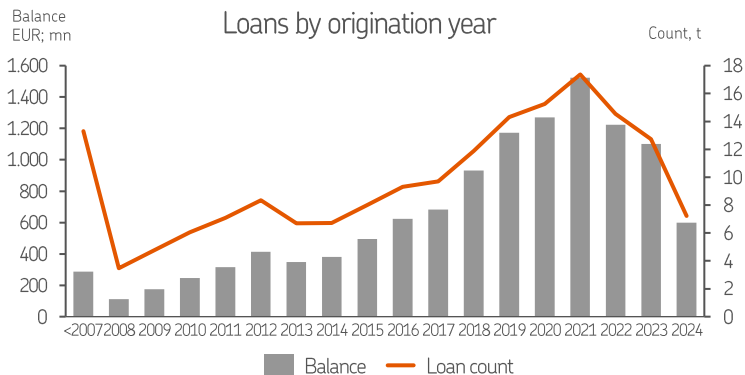
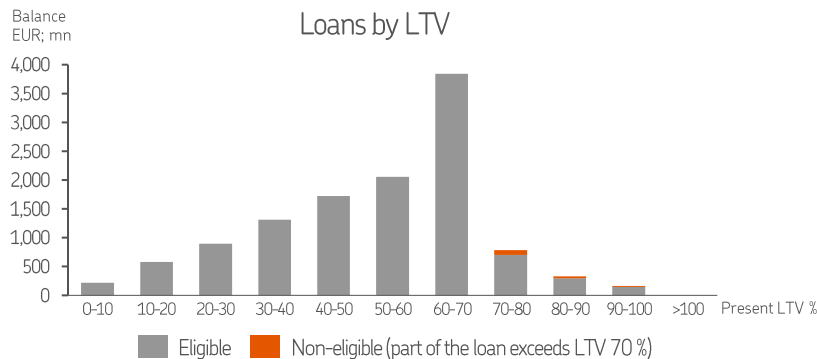
Residential loans



Geographical loan distribution

1	Southern Finland	46%
2	Western Finland	34%
3	Eastern Finland	8%
4	Oulu region	9%
5	Lapland	3%

OPMB EMTCN cover asset pool



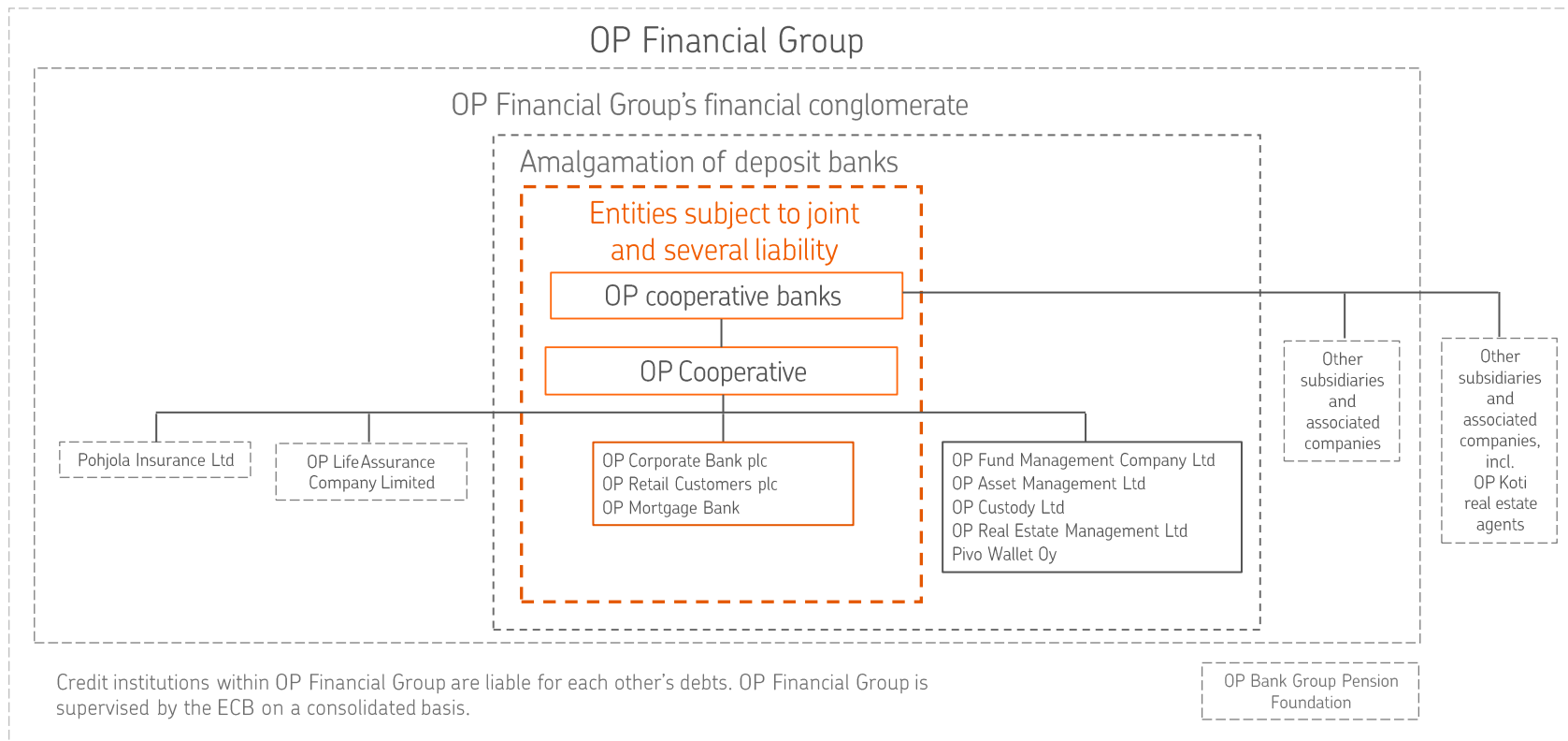
Intermediary loan process

- Finnish legislation enables OP Mortgage Bank to grant intermediary loans to the member cooperative banks, who indirectly participate in the covered bond issuance process.
- In the intermediary loan process, an intermediary loan contract is made between the member cooperative bank and OPMB. The member cooperative banks allow OPMB to mark mortgages as intermediary loan collateral to the OPMB cover pool in return for funds from the issuance.
- The loans eligible as collateral for a covered bond must meet the legal requirements as well as the criteria of OPMB's covered bond program and other specified criteria. The member cooperative bank commits to preserving adequate intermediary loan eligible loan portfolio for the maturity of the intermediary loans. OPMB monitors the adequacy of the collateral daily.
- Once the mortgage loans are registered in the OPMB cover pool via intermediary loan process, they serve as collateral for the covered bonds for the benefit of the noteholders until the intermediary loan expires.

Appendix



OP Financial Group's amalgamation structure



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, 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



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Head of Long-term Funding
Treasury



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IR ESG Manager
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Sonja Kvist

IR Lead
Investor Relations



Jasmin Yletyinen

IR ESG Analyst
Investor Relations



Eerikki Holst

Senior IR Officer
Rating Agency Relations



Financial calendar

Financial Statements Bulletin 2024
Interim Report for Q1/2025
Half-year Financial Report for 2025
Interim Report for Q3/2025

6 February 2025
7 May 2025
30 July 2025
28 October 2025

For more information

www.op.fi/debtinvestors
[CFO Results Overview](#)
[Credit ratings](#)
[Economic outlook for Finland](#)
[ESG for Debt Investors](#)
[OP Financial Group's reports](#)