



OP Green Bond Investor Presentation 2022

Green Bond Framework and Sustainalytics' SPO available at: <https://www.op.fi/op-financial-group/debt-investors/green-bonds>

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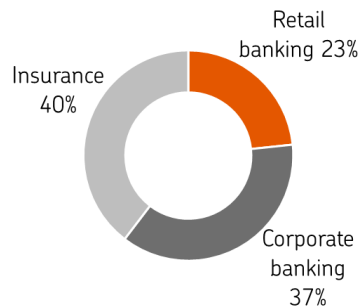


This presentation is targeted for debt investors interested in OP Financial Group. The aim of this presentation is to provide insights into OP Financial Group, OP's responsibility actions and green bonds.

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

OP Financial Group in brief

Co-operative OP Financial Group

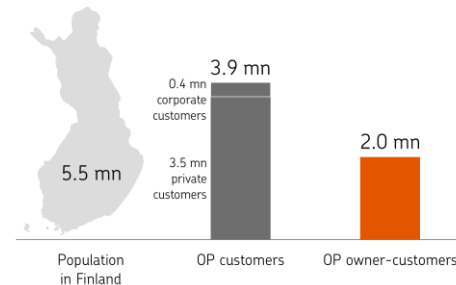


€858 mn

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

Key financial figures

Q1-Q3/2021

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

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

OP as a Responsible Actor in the Finnish Society

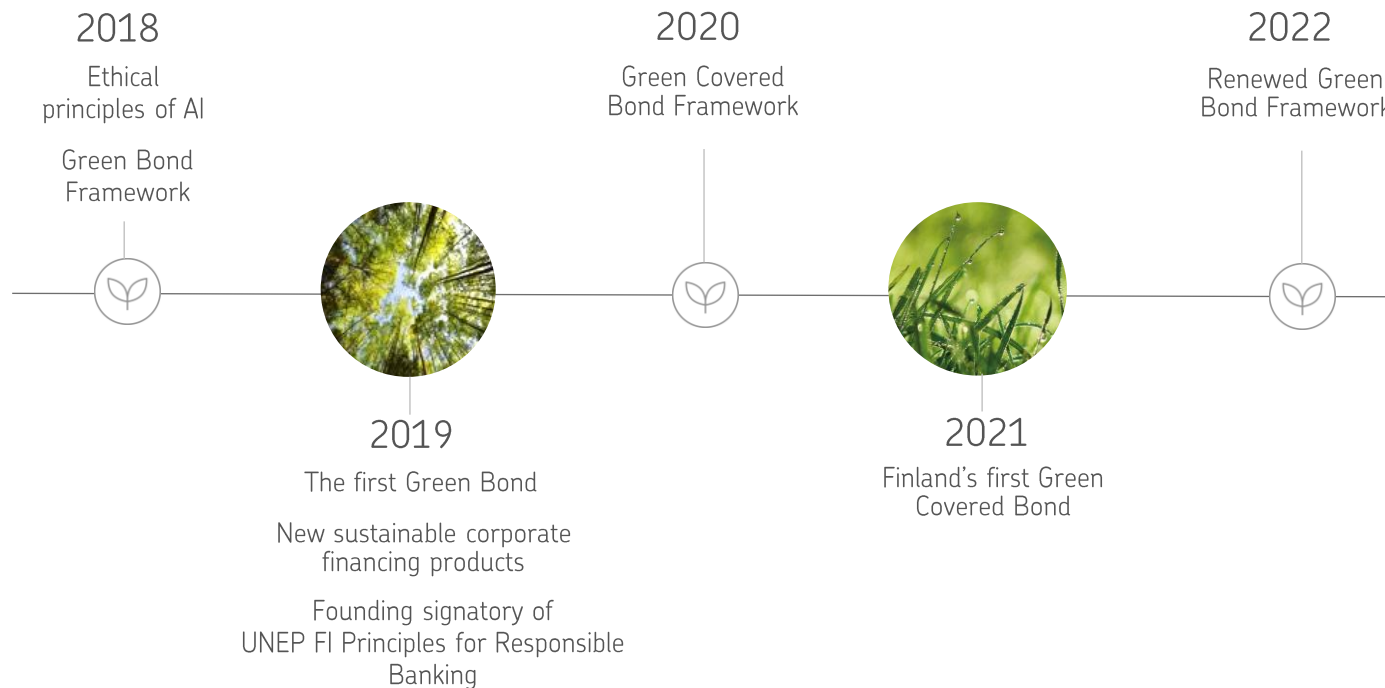
OP's sustainability journey

Earlier steps

- 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
- 2017 CR programme: Integration of SDG targets

Target: own operations carbon neutral by 2025

Most recent actions



Climate targets aligned with the Paris Agreement

OP aims for
carbon neutrality



2025

Zero emissions from the energy and fuels that OP uses.

Emissions from OP's own operations have fallen by approximately 49% from 2011.

Halving the
emission intensity of funds



2030

OP Asset Management will halve the greenhouse gas emission intensity of OP's mutual funds by 2030 compared with the 2019 level.

By the end of 2030, direct and active investments exclude business related to coal mining or coal power generation.

Carbon neutral funds &
corporate loan portfolios



2050

OP Corporate Bank is committed to achieving carbon neutral corporate loan portfolios by 2050.

OP Asset Management & OP Fund Management Company have made the same commitment regarding the funds they manage together.

OP Asset Management & OP Real Estate Asset Management have signed the Net Zero Asset Managers Commitment.

OP Corporate Bank's ESG actions

ESG integration into lending processes

ESG themes integrated into lending and OP Corporate Bank will assess how corporate customers have prepared for risks caused by the ESG factors in all significant loan decisions.

Supporting customers through the change

Ensuring that corporate customers are prepared for the impact of climate change and supporting them on their way towards low-carbon operations. Providing green loans for projects that are environmentally useful.

Creating a road map

A road map for reducing emissions **significantly before 2050**.

Exclusion of financing coal

OP Corporate Bank **will not provide** finance for new coal power plants or coal mines, including companies that plan to build them.

by
2050


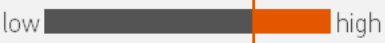



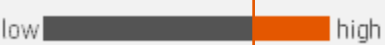



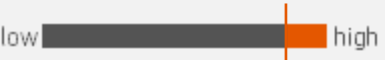
OP Corporate Bank is committed to achieving carbon neutral corporate loan portfolios

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OP Financial Group is among the first banks in Europe to have published a sector-specific emission calculation of its portfolio of exposures.

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 <small>DISCLOSURE INSIGHT ACTION</small>	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

Renewed Green Bond Framework

Use of proceeds	Project evaluation and selection	Management of proceeds	Reporting	External review and verification
<ol style="list-style-type: none"> 1. Renewable Energy 2. Transmission of Energy 3. Energy Efficiency 4. Green Buildings 5. Pollution Prevention and Control 6. Environmentally Sustainable Management of Living Natural Resources and Land Use 7. Clean Transportation 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Green Bond Register is monitored on a monthly basis • Quarterly internal reporting to Green Bond Committee 	<ul style="list-style-type: none"> • Annual Green Bond Report published on OP’s website 	<ul style="list-style-type: none"> • Sustainalytics’ Second Party Opinion • Limited assurance report by an external auditor



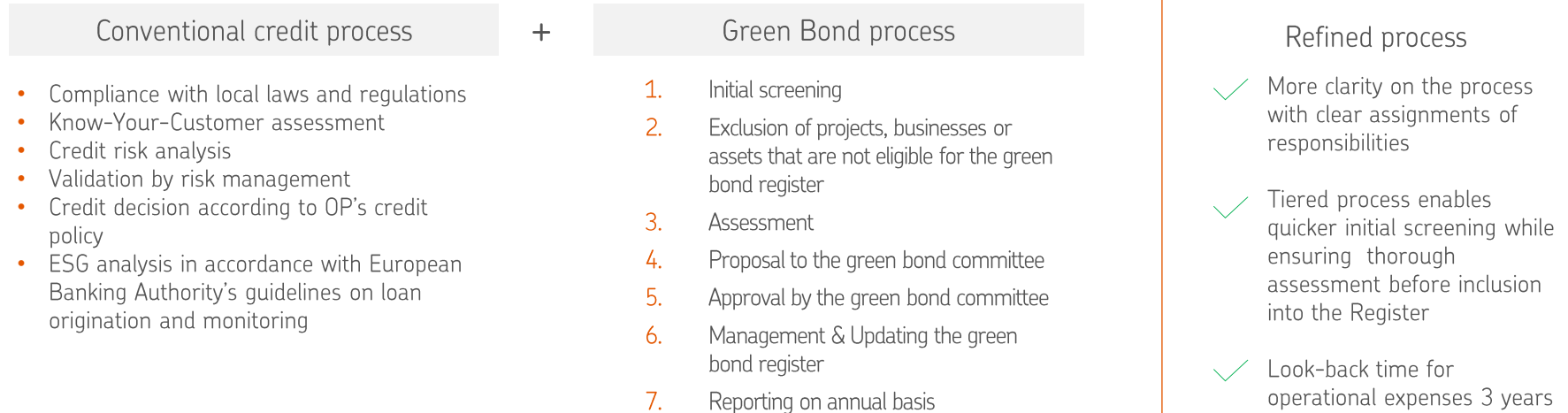
Use of proceeds in the framework

Category	Eligible assets
Renewable energy	<ul style="list-style-type: none"> • Wind power • Solar power • Hydropower • Bioenergy • Ground source heat pumps and geothermal projects
Transmission of energy	<ul style="list-style-type: none"> • Transmission of electricity produced by renewable sources from the production site to the system grid • System grids for electricity
Energy efficiency	<ul style="list-style-type: none"> • Infrastructure, equipment, technology, and processes that significantly reduce energy consumption and increases energy efficiency
Green buildings	<ul style="list-style-type: none"> • Certified buildings • Energy class A or top 15% or relevant building stock • Renovations and refurbishments that reduce annual primary energy demand per square meter by at least 30%
Pollution prevention & control	<ul style="list-style-type: none"> • Pollution prevention and control • Sustainable water and wastewater management • Waste to energy facilities following waste hierarchy
Environmentally sustainable management of living natural resources & land use	<ul style="list-style-type: none"> • Sustainable forestry projects (FSC or PEFC) • Sustainable agriculture (Organic) • Sustainable aquaculture (ASC)
Clean transportation	<ul style="list-style-type: none"> • Fully electric and other low carbon vehicles or mobility as a service and the supporting infrastructure • Projects, activities and technology clean transportation infrastructure



Project evaluation and selection

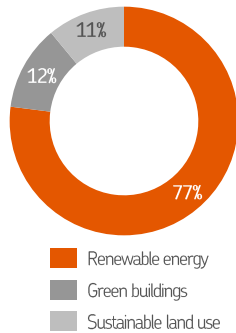
Eligible Assets are subject to the conventional credit process and the green bond evaluation and selection process



Green bond report highlights

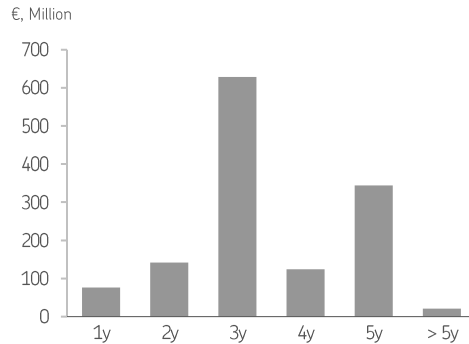
Assets included in the green bond register, YE2020

By eligible sector



- Eligible assets worth €1,335.5 million & reserve of unallocated green assets €835.5 million.

By remaining maturity



OP Green bond impacts, YE2020



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 ha of certified forests
- 142 500 tCO₂e in carbon sinks

Examples of businesses and projects financed



Exilion Tuuli Ky

Exilion Tuuli Ky was founded in April 2019 and it is owned by Elo Mutual Pension Insurance Company, Veritas Pension Insurance and the State Pension Fund of Finland. In total the company owns 380 MW of operational wind capacity in 13 wind farms which is equivalent to one sixth of Finland's total capacity. This corresponds to an annual electricity consumption of 55,360 single-family houses.

OP Corporate Bank's total eligible signed loan amount is approximately 140 million euros, maturing in 2025. Exilion Tuuli Ky invests responsibly in wind power and other sources of renewable energy. Wind power is considered a clean energy production method which produces no direct CO2 emissions during operational phase. In October 2020, Exilion Tuuli Ky purchased St1's wind parks after Tuulivatti Oy demerged, which significantly increased the company's amount of produced wind power.



Lakiakangas 3 Wind Farm

The construction of the new Lakiakangas 3 wind farm in Ostrobothnia began as a cooperation between Helen and CPC Finland Oy in 2020. The wind farm will consist of 20 Vestas turbines with a total power generation of 86 MW. Helen aims to achieve carbon neutral energy production by 2035 and wind power is one of the ways to achieve the target. Energy generated by the Lakiakangas 3 farm will be available to Helen's customers in 2022.

OP Corporate Bank's total eligible signed loans in the Lakiakangas 3 wind farm project amount to approximately 70 million euros, maturing in 2027. The park is set to commence generation in the third quarter of 2021 and is expected to generate 274.4 GWh of electricity annually.

Second Party Opinion by Sustainalytics



Use of proceeds

Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental impact.



Project evaluation / selection

Sustainalytics considers the risk management system to be adequate and the process to be in line with market practice.



Management of proceeds

Sustainalytics considers this process to be in line with market practice



Reporting

Sustainalytics views OP Corporate Bank's allocation and impact reporting as aligned with market practice.



Sustainalytics is of the opinion that the OP Corporate Bank Plc Green Bond Framework is **credible and impactful** and aligns with the four core components of the Green Bond Principles 2021.



Contacts

Contacts

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For more information

www.op.fi/debtinvestors

[OP Financial Group's reports 2021](#)

[CFO's Results Interview](#)

[OP Green Bonds](#)



Thank you!