MOODY'S
INVESTORS SERVICE

CREDIT OPINION
17 December 2020

Update

Rate this Research

RATINGS

OP Corporate Bank plc

Domicile	Helsinki, Finland
Long Term CRR	Aa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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OP Corporate Bank plc

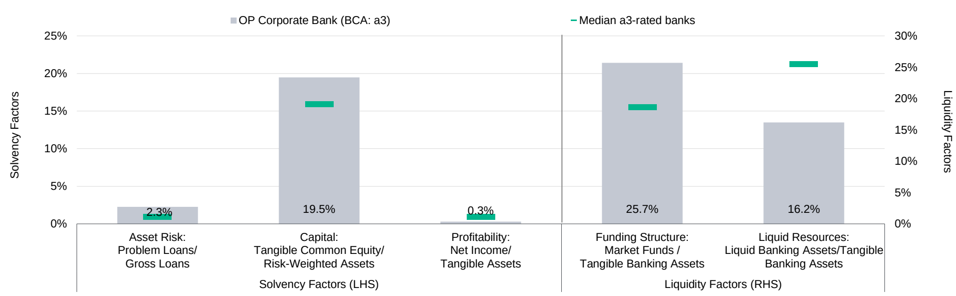
Update to credit analysis

Summary

Moody's Aa3 rating on OP Corporate bank (OP) reflects its key role within the OP Financial Group (OPFG), which is an amalgamation of member banks, and credit institutions, bound by a joint liability. This credit opinion primarily reflects Moody's view on the creditworthiness of the OPFG, with OP Corporate bank being the unsecured debt issuing entity within the group and acting as the group's treasury.

OP Corporate Bank Plc's Aa3/Prime-1 deposit and senior unsecured debt ratings reflect: (1) the bank's standalone baseline credit assessment (BCA) and the adjusted BCA of a3, which fully incorporates the credit implications arising from the joint liability agreement shared by the key credit institutions operating under the OPFG, because the agreement effectively links these entities and align the BCA of the bank with that of the group, (2) the results from our Advanced Loss Given Failure (LGF) analysis, which takes into account the severity of loss faced by the different liability classes in resolution, and which leads to two notches of rating uplift for OP Corporate Bank's deposit and senior unsecured ratings, and (3) our assumption of moderate likelihood of support from the Finnish Government (Aa1, stable) in case of need, which results in one notch of additional uplift.

Exhibit 1
Rating Scorecard - Key Financial Ratios as of 30 September 2020



Note: The ratios represent the financials of OPFG. The group's problem loan and profitability ratios are the weaker out of the average of the latest three year-end ratios or the latest reported ratio. The capital ratio is the latest reported figure. The funding structure and liquid asset ratios are the latest year-end figures.
Source: Moody's Financial Metrics

OP Corporate Bank's BCA and adjusted BCA of a3 reflects the group's: 1) strong capitalization with CET1 of 18.3% at the end of September 2020, 2) low asset risk with a problem loan ratio at 2.1% at the end of September 2020, which is expected to deteriorate moderately due to the forecasted contraction of the Finnish economy during 2020 as a consequence of the rapid spread of coronavirus; as well as 3) lower earnings, under pressure from high IT investment pace and higher loan loss provisions and 4) modest reliance on market funding.

Credit Strengths

» High capitalisation, with strong leverage ratio of the OPFG and good capital position of the bank, although CET1 Is trending downward due to prudential measures

» The group is market leader within bank and insurance with successful cross-selling

» The joint liability amongst OP Cooperative and member credit institutions ensures that OP corporate bank's obligations are backed by all other credit institutions of the group.

Credit Challenges

» Group wide asset quality and income expected to deteriorate moderately due to the spread of coronavirus

» The group has a certain reliance on wholesale funding, although with extended maturity profile

Outlook

The stable outlook on the long-term ratings incorporate Moody's view that over the next 12 to 18 months, OP Financial group's fundamentals will remain overall stable despite the ongoing coronavirus crisis. Furthermore, we expect OPFG to issue additional senior non-preferred debt in order to fulfill current MREL with capital and subordinated liabilities, and these are already factored into our forward looking view.

Factors that Could Lead to an Upgrade

Factors that could lead to an upgrade of OP's BCA include a combination of: (1) sustained improvements in asset risk; (2) stronger recurring profitability; (3) reduction in the overall wholesale funding dependence in favour for a higher proportion of deposit funding for the group. The deposit and senior ratings could also be upgraded due to significant issuances of more junior obligations, resulting in additional buffers of loss absorbing liabilities in case of failure.

Factors that Could Lead to a Downgrade

Factors that could lead to a downgrade of OP's BCA include: (1) a deterioration of the group's funding conditions; (2) a weakening of asset quality beyond our current expectations, with the problem loan ratio deteriorating to above 4%; and (3) a significant lower recurring profitability (4) permanent weakening of capitalisation, both in terms of risk-based capitalisation and leverage.

Furthermore, if the volumes of outstanding loss absorbing obligations protecting creditors and depositors in case of failure decline in relation to tangible banking assets of the group, it could lead to a downgrade.

Key indicators

Exhibit 2

OP Financial Group (Consolidated Financials) [1]

	09-20[2]	12-19[2]	12-18[2]	12-17[2]	12-16[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	155,606.0	143,516.0	137,278.0	134,148.0	129,013.0	5.1[4]
Total Assets (USD Million)	182,471.2	161,096.5	156,928.6	161,084.6	136,076.7	8.1[4]
Tangible Common Equity (EUR Million)	11,780.0	11,538.0	10,897.0	9,928.0	9,032.0	7.3[4]
Tangible Common Equity (USD Million)	13,813.8	12,951.4	12,456.8	11,921.5	9,526.5	10.4[4]
Problem Loans / Gross Loans (%)	2.1	1.6	1.6	4.0	3.9	2.6[5]
Tangible Common Equity / Risk Weighted Assets (%)	19.5	20.8	20.9	20.2	20.5	20.4[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	16.4	12.0	11.9	32.0	32.2	20.9[5]
Net Interest Margin (%)	0.9	0.9	0.9	0.9	0.9	0.9[5]
PPI / Average RWA (%)	1.3	2.0	1.5	2.3	2.7	1.9[6]
Net Income / Tangible Assets (%)	0.3	0.5	0.4	0.7	0.7	0.5[5]
Cost / Income Ratio (%)	73.9	66.4	72.8	63.4	60.8	67.4[5]
Market Funds / Tangible Banking Assets (%)	27.3	25.7	26.8	23.8	26.5	26.0[5]
Liquid Banking Assets / Tangible Banking Assets (%)	21.9	16.2	17.0	21.3	20.5	19.4[5]
Gross Loans / Due to Customers (%)	135.9	134.7	132.4	126.3	131.7	132.2[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

OP Financial Group is Finland's second largest banking and insurance group by assets, and largest by Finnish market share, providing banking, non-life insurance and wealth management services to private individuals and corporate and institutional customers. The products and services offered by the group include retail banking, corporate- and investment banking, asset management, insurance products, and health services.

As of 30 June 2020, OPFG held Finnish market shares of 34.9% in terms of loans and 38.6% in terms of deposits. The bank mainly operates in Finland through a nationwide service network of 344 branches. As of 30 September 2020, the group reported a consolidated asset base of €159.4 billion.

The group originated in 1902 as the Central Lending Fund of the Cooperative Credit Societies Limited Company. In 1970, cooperative societies became cooperative banks. As of the end of September 2020, the OPFG comprised 138 independent cooperative banks, their central management body (OP Cooperative, or "the Central Cooperative") and its subsidiaries. As of that date, the cooperative member banks reported 2 million owner-customers, of which 90% households. Each member is entitled to one vote.

OP Corporate Bank Plc (formerly, Pohjola Bank Plc) is part of the OPFG and in addition of conducting corporate lending, capital markets activities, and non-life insurance, it acts as the central treasury within the group and issuer of unsecured debt.

For further information on the bank's profile see OPFG Key Facts and Statistics - H1 2019.

Recent developments

Nascent global economic recovery is under threat from rising COVID-19 cases and even with a gradual recovery, we expect 2021 real GDP in most advanced economies to be below pre-coronavirus levels. Our baseline forecasts assume that difficulty in controlling the virus will hinder the gradual process of recovery in the short term. But over time, we expect better pandemic management and the availability of an effective vaccine or treatments to reduce the importance of the virus as a macroeconomic variable. Our forecasts assume that an effective vaccine is unlikely to be widely available before the middle of 2021.

Since April 2020 we have a negative outlook for the Finnish banking system. This reflects our expectation that business closures designed to contain the coronavirus outbreak will weigh on Finland's economy, leading to an uptick in problem loans, and increased pressure on banking sector profitability. The Finnish government's policy response has been comprehensive, encompassing financial support for the self-employed, as well as businesses and their employees. However, it will not be sufficient to entirely offset the coronavirus' induced drop in growth, which will become more severe the longer the outbreak lasts.

Detailed Credit Considerations

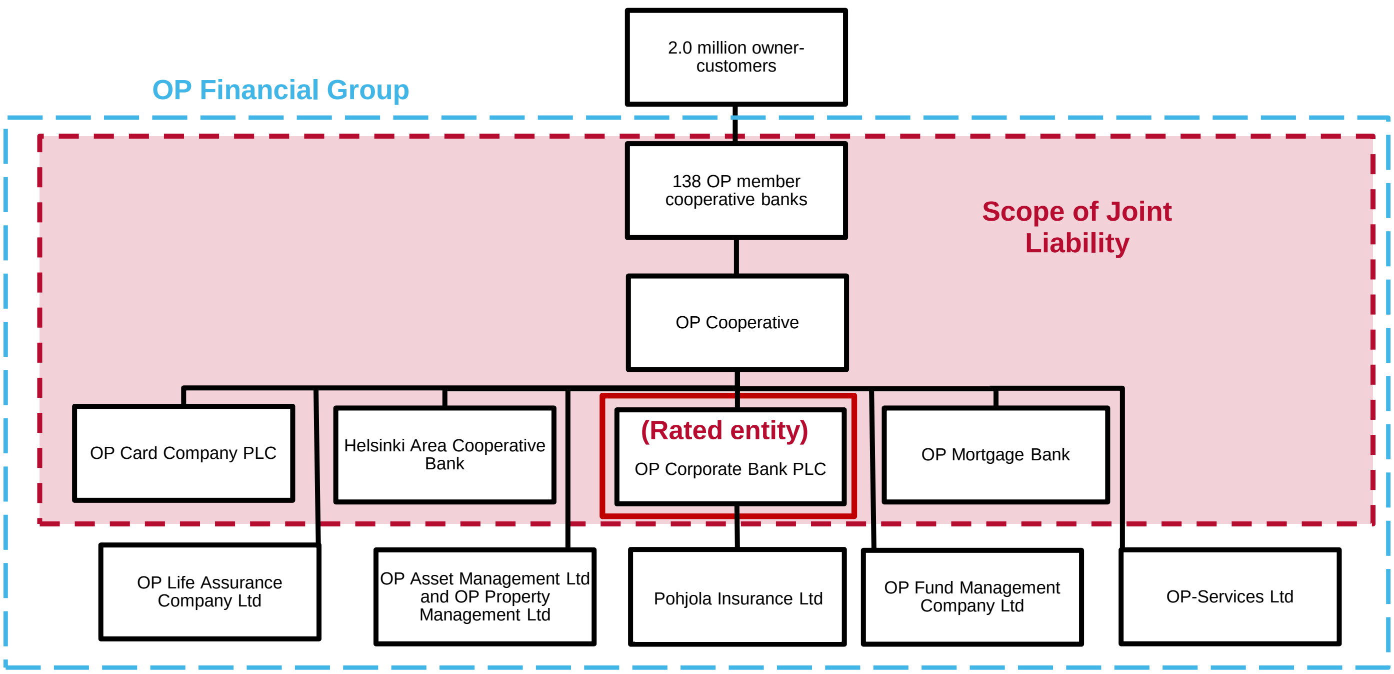
OP Financial Group benefits from a joint liability amongst member credit institutions

Under Finland's Cooperative Bank Act, the OP Cooperative, OP Corporate Bank, Helsinki Area Cooperative Bank, OP Card Company Plc, OP Mortgage Bank and the member cooperative banks (combined, the bulk of OPFG's member credit institutions excluding insurance companies and other Group entities) are jointly responsible for each other's liabilities. Creditors can claim payment from the central cooperative if any member institution is unable to pay. Each member institution has an unlimited obligation to pay the debts of the central cooperative if the latter is unable to do so independently.

As OP Corporate Bank and other member credit institutions of OPFG are responsible for each other's liabilities, as outlined in the Act on the Amalgamation of Deposit Banks, OP Corporate Bank can issue debt at more advantageous interest rates, a credit positive.

Exhibit 3

Structure of OP Financial Group and the scope of the joint liability.



Source: OP Financial Group, Moody's Investors Service

Asset risk will deteriorate moderately due to coronavirus

As expected, the OPFG's asset risk has deteriorated moderately over the last two quarters due to the contraction in the Finnish economy during 2020 caused by the coronavirus' pandemic, however, mitigated by generous support packages launched by the government. The full magnitude of the deterioration is still uncertain, both due to lack of visibility regarding when the economy will be able to fully recover, and to what extent the Finnish government's support packages will mitigate the supply and demand shock.

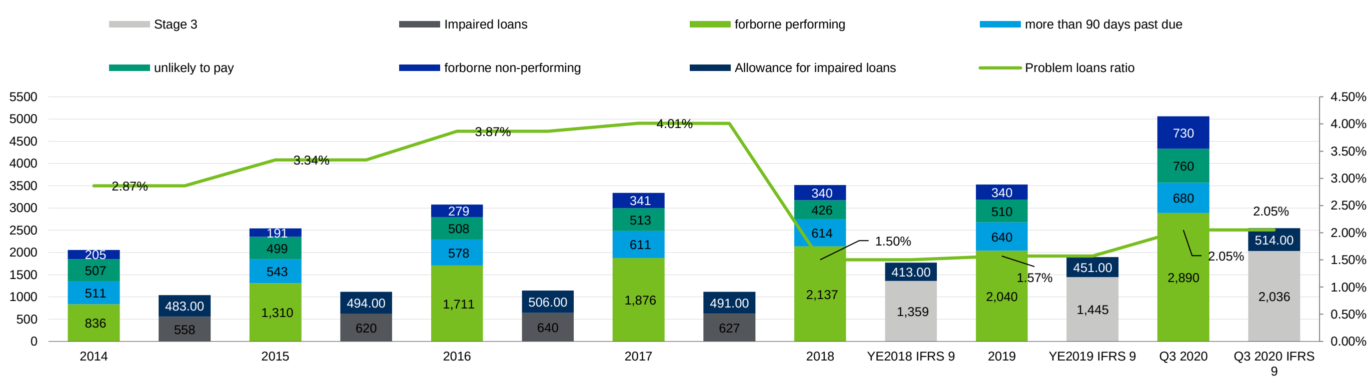
As of the end of September 2020 OPFG reported Stage 3 loans (on and off balance sheet) increased to 2.1% of gross loans compared to 1.9% as of end March 2020. Since the implementation of IFRS 9 on 1 January 2018, the problem loan to gross loan ratio is based on Stage 3 exposures in order to increase peer comparability. We previously included the forborne performing loans in our asset risk ratio calculation, explaining the difference to the higher problem loan ratio in previous years (4.0% as of end of year 2017). The comparable figure at end of September 2020 was 5.1%.

We keep the assigned asset risk score at a3 to incorporate an expected moderate deterioration in asset risk. An a3 score refers to a problem loan ratio of below 4% under the [Finnish macro profile]() of Strong +.

The Group has a relatively low coverage with loan loss reserves over problem loans of 31.7% as of end of September 2020. However, the group has a large portfolio of housing loans (42% of loans) that we consider to be well covered by collateral.

Exhibit 4

Problem loan increase is primarily due to increase in performing forborne loans



Source: OPFG, Moody's Investors Service

The group is exposed to some concentration risks mainly owing to its large corporate lending book, which includes more volatile sectors. Exposure to the construction, renting and operating of residential or other real estate accounted for 36.1% of all corporate exposures as of September 2020, which is broadly in line with last year's contribution. As a mitigating factor, we note the group's conservative borrower concentration limits which are well below regulatory requirements that no single customer exceeds 10% of the group's capital base after allowances and other credit risk mitigation. OP's Asset Risk at a3 score reflects the above-mentioned constraints and sector concentration.

OP Financial Group has the strongest Tier 1 leverage ratio among Nordic peers

We expect OPFG to remain well capitalized but with a downward trend in risk adjusted capital due to higher risk weights. The bank reported a solid CET1 of 18.3% at the end of September 2020 (the CET1 ratio captures the capitalisation of the amalgamation of credit institutions, excluding equity in the insurance companies) and a tangible common equity (TCE) of 19.5%. In addition the group maintained a very strong reported Tier 1 leverage ratio of 7.7% as of end-September 2020, one of highest among its Nordic peers.

OPFG's management buffer to own funds requirement is €4.0 bn or 2.5% of total assets and 6.6% of risk weighted assets. While capital ratios will fall due to regulatory changes to risk weights we expect the buffers to remain prudently high to reflect the co-operative nature of the group. In March 2020 the Finnish Financial Supervisory Authority (FIN-FSA) set a 0% systemic risk buffer on OP Financial Group. At the same time, it also set OP Financial Group's O-SII buffer requirement at 1% in response to mitigate the impact of the risks due to coronavirus. In December 2019, as part of the Supervisory Review and Evaluation Process, the European Central Bank (ECB) set OPFG Pillar2 requirement buffer at 2.25% (previously 2.00%) that entered into force on 1 January 2020. Current minimum regulatory CET1 ratio is currently 10.3% including an O-SII buffer of 1% and Pillar 2 requirement of 2.25%; and minimum Total Capital ratio is set at 13.8%.

In 2020, the implementation of new Definition of Default by the ECB is expected to decrease the group's CET1 by 1.3 percentage points. On 27 April 2020, OP Cooperative's Board of Directors decided that the group's long-term CET1 ratio target should be at least CET1 capital adequacy requirement plus 4%. The CET1 target calculated by applying the end September capital adequacy requirement was 13.7%.

In September 2020, the Finnish FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks, and not to extend the validity of the risk weight floor of 15% set for home loans, which will expire on 1 January 2021.

In line with the ECB and FIN-FSA recommendation in order to support banks' lending capacity, OPFG postponed payment of €97 million interest on profit shares for 2019 until 1 Jan 2021.

The assigned score of aa2 reflects OPFG's strong capital position, especially considering its leverage ratio, and expected trends.

Lower profitability as increasing revenues due to business growth are shadowed by increased expenses as IT investments continue

OPFG has a track record of consistent profitability, although we expect that returns will be lower in 2020 than in 2019, primarily due to higher loan loss provisions. Efforts to reduce costs and reprice loan portfolios will partly offset continued high IT investments.

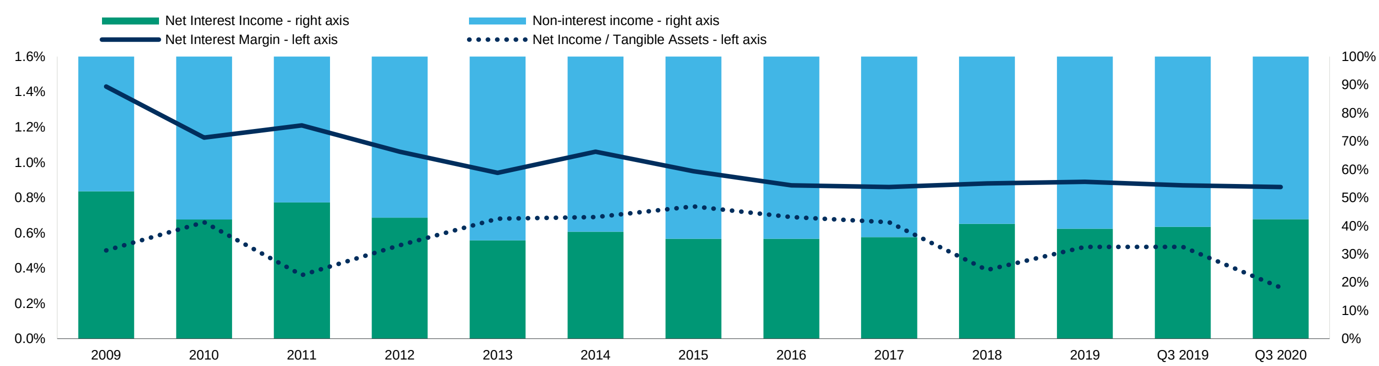
The coronavirus pandemic poses significant downside risks to Finland's growth outlook and fiscal and debt metrics in 2020. We expect a recession in 2020 and the government's fiscal policy response will result in a large fiscal deficit of around 7.4% of GDP in 2020 and a significant increase of debt as a percentage of GDP to 70.0% from slightly below 60% in 2019. The sharp contraction will have a moderate impact on asset quality. Therefore, OPGF has taken higher loan loss provisions, €183 million during the first nine months of 2020 compared to €36 million a year earlier, but this elevated sum also includes a provision of €44 million due to the adoption of the new definition of default. We believe that OPFG is well positioned to increase its business volumes with businesses needing additional liquidity facilities to winter the shutdown. Higher business volumes and an ongoing repricing effort on both its corporate and mortgage book partly will help offset higher loan loss provisions and continued high IT investments.

The group's net income to tangible assets ratio was 0.29% during the first nine months of 2020, compared to 0.52% during the same period a year earlier, due primarily to higher loan loss provisions and lower net investment income due to volatile markets. For the full year 2020, we forecast the ratio to remain below 2019, at around 0.35% and recover in 2021. Total expenses rose by 4% to €1.4 billion as of 30 September 2020 due to higher IT costs, IT depreciation and amortisation and charges by financial authorities. Cost efficiency efforts, such as staff reductions at central functions and consolidating the number of branches, which will help to protect earnings. Ongoing repricing efforts in the loan portfolios will also help improve the cost to income ratio, which has been deteriorating and was a high 74% as of the end of September 2020, up from 66% in 2019.

OP has made considerable efforts to streamline its organisation to become agile, and we expect the group's efficiency efforts and IT developments to be successful and to lead to an improvement in OPFG's profitability from 2021.

We recognise that OPFG has a well-diversified stream of income, and has successfully increased the contribution of non-interest income (mostly from its insurance operations) to the overall total income. However, high investment levels in IT has resulted in lower net income to tangible assets (see Exhibit 5).

Exhibit 5
Non-interest income is a large contributor for the total income of OP Financial Group



Source: OPFG, Moody's Investors Service

High reliance on wholesale funding, although mitigated by liquidity buffer

OP Corporate Bank currently has the role of central treasury for OPFG. Among other things, the bank is responsible for issuing senior unsecured debt and short-term debt as well as managing the group's liquidity buffer.

The group continues to be reliant on market funding, which expose them to swings in investor sentiment. Market funding of the group amounted to approximately 27.3% of tangible banking assets at end of September 2020. Covered bonds, which we deem a stable source of funding, issued via OP Mortgage Bank (a specialised group subsidiary), accounted for approximately 38% of all issued debt securities.

OPFG's liquidity buffer at market value and after collateral haircuts amounted to €30.4 billion at end of September 2020, and was sufficient to cover the short-term funding needs and predictable payment flows in a liquidity stressed scenario. We calculate the liquid assets to tangible assets at 21.9% as of the end of September 2020. OPFG monitors its liquidity and the adequacy of its liquidity buffer using the LCR (Liquidity Coverage Ratio). According to regulation, the LCR must be at least 100% from the beginning of 2018 and on 30 September 2020, OPFG's LCR stood at 203%.

The central cooperative is under an obligation to supervise its member credit institutions, issue instructions to them on risk management, good corporate governance and internal control to secure liquidity and capital adequacy, as well as instructions on compliance with standardised accounting policies in the preparation of the consolidated financial statements. Thus we assess that it is very unlikely that a single entity within the joint liability would default on a payment before the group.

The EU's Single Resolution Board (SRB) is OPFG's resolution authority, and has set the Minimum Requirement for own funds and Eligible Liabilities (MREL) at 12% of liabilities and own funds equivalent to 27% of the total risk exposure amount at the end of 2018 which can be fulfilled with capital, senior preferred debt and senior non-preferred debt. Meanwhile OPFG's MREL ratio stood at 38% at end of September 2020, including €500 million senior non-preferred debt, and is therefore fully compliant. OP Financial Group aims to meet the current requirements under the MREL with its capital base and other subordinated debt, which indicates that the bank will continue issuing Senior non-preferred debt. The deadline for fulfilling MREL has been moved by the SRB to 1 January 2024. We anticipate that OP will remain fully compliant with MREL. Furthermore, the resolution strategy for OP Financial Group states that OP Corporate Bank is the going concern entity, and is the Single Point of Entry for the group.

ESG considerations

We consider OPFG to have a low exposure to Environmental risks in line with how we view the banking sector. See our Environmental risks Environmental heatmap for further information.

The most relevant Social risks for banks arise when they interact with their customers. Social risks are particularly high in the area of data security and customer privacy which is partly mitigated by sizeable technology investments. Fines and reputational damage due to product mis-selling or other types of misconduct is a further social risk. Societal trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, increasing information technology cost, aging population concerns, which is relevant to Finland, impacting demand for financial services or socially driven policy agendas that may translate into regulation that affects banks' revenue base.

We regard the coronavirus outbreak as a social risk under our ESG framework, given substantial implications for public health and safety. The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, and asset price declines are creating a severe and extensive credit shock across the banking system in Finland. Overall, we consider banks, including OPFG, to face moderate social risks. See our Social risks Social heatmap for further information.

Governance is highly relevant to OPFG's creditworthiness. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven. We do not have any particular concern around OPFG's corporate governance, which is influenced by its profile as co-operative bank.

Notching Considerations

Loss Given Failure

Finland is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. In line with large European banks, we assume 26% of deposits are junior. These are in line with our standard assumptions.

Our advanced LGF analysis is based on the balance sheet of the entire OP Financial Group (excluding insurance assets), because all member credit institutions in OP Financial Group (excluding insurance companies and some other group companies) are liable for each other's obligations, in accordance with the Amalgamations Act.

Our LGF analysis, incorporating MREL requirements, results in a Preliminary Rating Assessment (PRA) of a1 for the deposits and senior unsecured debt, two notches above the Adjusted BCA, reflecting a very low loss-given failure.

For senior non-preferred and Tier 2 obligations issued by OP Corporate Bank, our advanced LGF analysis indicates a high loss-given failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity, resulting in a PRA of baa1 in the junior senior and dated subordinated debt ratings.

Government Support

Following the introduction of BRRD, we believe the probability of government support for OP Corporate Bank's long-term and deposits ratings to be moderate, translating into one notch of uplift from its unsupported rating level, reflecting OP Corporate Bank's profile as one of the leading financial institutions in Finland. This results in one notch of uplift for the deposit and senior unsecured debt ratings to Aa3.

For senior non-preferred, Tier 2 debt securities and AT1 debt, we continue to assume that potential government support is low and as such these ratings do not include any related uplift. As a result, we assign a junior senior unsecured Baa1 rating on the bank's senior for the bank's debt and junior subordinated debt and Baa3(hyb) for the preference shares. The ratings are one and three notches, respectively below the bank's adjusted BCA of a3.

For a foreign and local currency long-term junior senior unsecured MTN ratings of (P)Baa1, Moody's assumes a low probability of government support for this new instrument, resulting in no additional uplift.

Counterparty Risk Assessment

Counterparty Risk (CR) Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

OP Corporate Bank's CR Assessment is positioned at Aa2(cr)/P-1(cr).

The CR Assessment of OP Corporate Bank is positioned at Aa2(cr)/Prime-1(cr), three notches above the adjusted BCA of a3, based on the cushion against default provided to the senior obligations. In addition, the moderate probability of government support results in one notch uplift.

Counterparty risk ratings

CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralized portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

OP Corporate Bank's CRR is positioned at Aa2/P-1.

The counterparty risk rating of Aa2 reflects the adjusted BCA of a3, three notches of uplift reflecting the extremely low loss-given failure from the high volume of instruments that are subordinated to CRR liabilities and one notch of uplift due to moderate probability of government support. The short-term CRR is P-1.

About Moody's Bank Scorecard

Our Scorecard is designed to capture, express and explain in summary form our rating committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 6

OP Financial Group

MACRO FACTORS							
WEIGHTED MACRO PROFILE	STRONG +	100%					

FACTOR	HISTORIC RATIO	INITIAL SCORE	EXPECTED TREND	ASSIGNED SCORE	KEY DRIVER #1	KEY DRIVER #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.3%	a2	↔	a3	Quality of assets	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.5%	aa2	↔	aa2	Expected trend	Nominal leverage
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↔	baa3	Expected trend	
Combined Solvency Score		a2		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	25.7%	baa2	↔	baa2	Extent of market funding reliance	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	16.2%	baa2	↔	baa2	Stock of liquid assets	
Combined Liquidity Score		baa2		baa2		
Financial Profile				a3		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa1		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		

BALANCE SHEET	IN-SCOPE (EUR MILLION)	% IN-SCOPE	AT-FAILURE (EUR MILLION)	% AT-FAILURE
Other liabilities	40,507	31.0%	47,747	36.5%
Deposits	70,979	54.2%	63,739	48.7%
Preferred deposits	52,524	40.1%	49,898	38.1%
Junior deposits	18,455	14.1%	13,841	10.6%
Senior unsecured bank debt	11,910	9.1%	11,910	9.1%
Junior senior unsecured bank debt	1,685	1.3%	1,685	1.3%
Dated subordinated bank debt	1,765	1.3%	1,765	1.3%
Preference shares (bank)	90	0.1%	90	0.1%
Equity	3,926	3.0%	3,926	3.0%
Total Tangible Banking Assets	130,862	100.0%	130,862	100.0%

DEBT CLASS	DE JURE WATERFALL		DE FACTO WATERFALL		NOTCHING		LGF NOTCHING GUIDANCE VS. ADJUSTED BCA	ASSIGNED LGF NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT
	INSTRUMENT VOLUME + SUBORDINATION	SUB-ORDINATION	INSTRUMENT VOLUME + SUBORDINATION	SUB-ORDINATION	DE JURE	DE FACTO				
Counterparty Risk Rating	25.4%	25.4%	25.4%	25.4%	3	3	3	3	0	aa3
Counterparty Risk Assessment	25.4%	25.4%	25.4%	25.4%	3	3	3	3	0	aa3 (cr)
Deposits	25.4%	5.7%	25.4%	14.8%	2	3	2	2	0	a1
Senior unsecured bank debt	25.4%	5.7%	14.8%	5.7%	2	1	2	2	0	a1
Junior senior unsecured bank debt	5.7%	4.4%	5.7%	4.4%	-1	-1	-1	-1	0	baa1
Dated subordinated bank debt	4.4%	3.1%	4.4%	3.1%	-1	-1	-1	-1	0	baa1
Non-cumulative bank preference shares	3.1%	3.0%	3.1%	3.0%	-1	-1	-1	-1	-2	baa3

INSTRUMENT CLASS	LOSS GIVEN FAILURE NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT	GOVERNMENT SUPPORT NOTCHING	LOCAL CURRENCY RATING	FOREIGN CURRENCY RATING
Counterparty Risk Rating	3	0	aa3	1	Aa2	Aa2
Counterparty Risk Assessment	3	0	aa3 (cr)	1	Aa2(cr)	
Deposits	2	0	a1	1	Aa3	Aa3
Senior unsecured bank debt	2	0	a1	1	Aa3	Aa3
Junior senior unsecured bank debt	-1	0	baa1	0	Baa1	Baa1
Dated subordinated bank debt	-1	0	baa1	0	Baa1	Baa1
Non-cumulative bank preference shares	-1	-2	baa3	0	Baa3 (hyb)	Baa3 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 7

Category	Moody's Rating
OP CORPORATE BANK PLC	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa3
Senior Unsecured	Aa3
Junior Senior Unsecured	Baa1
Junior Senior Unsecured MTN	(P)Baa1
Subordinate	Baa1
Pref. Stock Non-cumulative	Baa3 (hyb)
Commercial Paper	P-1

Source: Moody's Investors Service

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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