

## ISSUER PROFILE

1 June 2017

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## OP Corporate Bank Plc

### Key Facts and Statistics - Q1 March 2017

#### Company Overview

OP Corporate Bank Plc (formerly, Pohjola Bank Plc) is part of the OP Financial Group - a leading Finnish financial services entity. As of 31 December 2016, the group had a market share of 37.8% in terms of corporate loans and 39.4% in terms of mortgage loans. As of the same date, it was the largest non-life insurer in Finland in terms of premiums written. As of 31 March 2017, OP Corporate Bank reported a total consolidated asset base of €63.6 billion.

OP Corporate Bank provides banking and non-life insurance services to individuals, businesses and institutions. For its private customers, the bank provides banking and insurance, while for corporate customers, it offers a much wider suite of products, including non-life insurance services; working capital and long-term financing; risk mitigation, and cash management services. The bank offers its banking products to private customers through its own customer distribution network in Finland and the Baltics, and through the local cooperative banks of OP Financial Group (31 December 2016: 173). Its non-life insurance services are delivered to private customers, mainly through local cooperative banks and car dealers, and to corporate clients by the bank's own personnel.

Pohjola Bank was established in 1902 as Osuuskassojen Keskuslainarahasto-Osakeyhtiö (OKO Bank). It was renamed Pohjola Bank Plc in March 2008 and currently forms part of OP Financial Group. In September 2014, OP Cooperative completed its public voluntary bid and became the owner of all Pohjola Bank plc shares, following a decision of the Arbitral Tribunal court. Since 7 October 2014, OP Cooperative has owned all shares in Pohjola Bank. Consequently, the bank's Series A shares ceased trading on 29 September 2014, and were delisted from the Helsinki Stock Exchange on 30 September 2014. In December 2015, Pohjola Bank's wealth management, property management and card operations were transferred to OP Cooperative. In April 2016, the bank was renamed OP Corporate Bank Plc.

*Source: Company Reports (interim report Q1 Mar 2017, financial statements bulletin Dec 2016 and Dec 2015, financial statements Dec 2014, debt investor presentation OP financial group Dec 2016), Company data, Moody's research*

## Financial Highlights

### Overview

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on OP Corporate Bank plc, please see <[OP Corporate Bank plc](#) page on moodys.com>.

Exhibit 1

#### Latest Full-Year Results

##### OP Corporate Bank Plc

(in € Million)	31-Dec-16	31-Dec-15	31-Dec-14	% Change 16/15	% Change 15/14
Total Assets	62,974	58,964	50,703	6.80	16.29
Total Shareholders' Equity	4,005	3,741	3,408	7.06	9.77
Shareholders' Equity excluding Minority Interest	3,896	3,636	3,316	7.15	9.65
Common Equity Tier 1 Capital	3,295	3,001	2,700	9.80	11.15
Common Equity Tier 1 Ratio (%)	14.90	14.10	12.40	80 bps	170 bps
Net Income	402	527	470	(23.72)	12.13
Net Income Attributable to Equity Holders	399	517	461	(22.82)	12.15

Note: Based on consolidated financial data

Source: Moody's research

Exhibit 2

#### Latest First-Quarter Results

##### OP Corporate Bank Plc

(in € Million)	31-Mar-17	31-Mar-16	% Change 17/16
Total Assets	63,587	59,553	6.77
Total Shareholders' Equity	3,912	3,661	6.86
Shareholders' Equity excluding Minority Interest	3,804	3,549	7.19
Common Equity Tier 1 Capital	3,321	3,102	7.06
Common Equity Tier 1 Ratio (%)	14.6	14.2	40 bps
Net Income	109	89	22.47
Net Income Attributable to Equity Holders	108	89	21.35

Note: Based on consolidated financial data

Source: Company Reports (interim report Q1 Mar 2017 and Mar 2016)

## Business Description

OP Corporate Bank Plc is part of the of the OP Financial Group, the leading financial services group in Finland. OP Corporate Bank Plc provides banking and non-life insurance products and services to corporate and institutional clients, and non-life insurance to private customers. The bank also manages the Group's liquidity and international operations.

OP Corporate Bank Plc operates through the following three reportable business segments: Banking, Non-life Insurance and Other operations. In December 2015, its card, wealth and property management activities were demerged and transferred to OP Cooperative. They were subsequently reported as discontinued operations. In the financial year ended 31 December 2016, the Non-life Insurance segment was the largest contributor to the bank's total income (53.7%).

**Banking:** This segment provides financing and financial management services to corporate and institutional clients both in Finland and internationally. It comprises one division:

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

- » Corporate Banking: This division offers financing, investment solutions, payment transfer facilities, cash management, loans, guarantees, leasing, factoring and financing services for foreign trade, as well as fixed income, derivatives and FX trading.

As of 31 December 2016, the Banking segment reported consolidated assets of €19.4 billion, and accounted for 42.5% of the bank's total income in 2016.

**Non-life Insurance:** This segment offers non-life insurance to private, corporate and institutional clients. It operates through the following group companies in Finland: OP Insurance Ltd., a general non-life insurance company; A-Insurance Ltd., which writes non-life insurance for commercial transport; Eurooppalainen Insurance Company Ltd., a provider of travel insurance; and Pohjola Health (formerly, Omasairaala Oy). This segment consists of the following four major divisions:

- » Private Customers: This division mainly offers household and motor liability, accident, medical expense and travel policies to private customers.
- » Corporate Customers: This division provides statutory and voluntary policies, risk-management solutions, employee pension insurance, and loss-prevention and safety-consultancy services to corporate and institutional clients.
- » Baltic States: This division offers insurance services in Estonia, Latvia and Lithuania through the group's Seesam subsidiary.
- » Health and Wellbeing: This division includes activities of treatment, diagnostics and occupational healthcare services.

As of 31 December 2016, this segment reported consolidated assets of €5.3 billion, and accounted for 53.7% of the bank's total income in 2016.

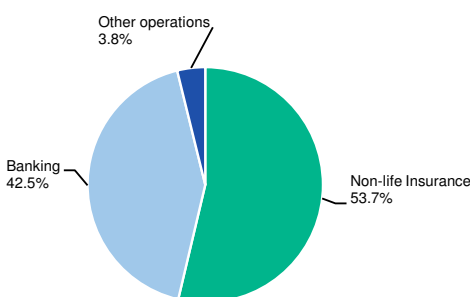
**Other operations:** This segment includes functions supporting OP Financial Group and its businesses, such as Group Treasury and liquidity buffer. As of 31 December 2016, this segment reported consolidated assets of €39.1 billion, and accounted for 3.8% of the bank's total income in 2016.

Source: Company Reports (financial statements Dec 2016, Dec 2015 and Dec 2014), Company data, Moody's research

Exhibit 3

### Business Segments

(% of Total Income, consolidated, for 2016)

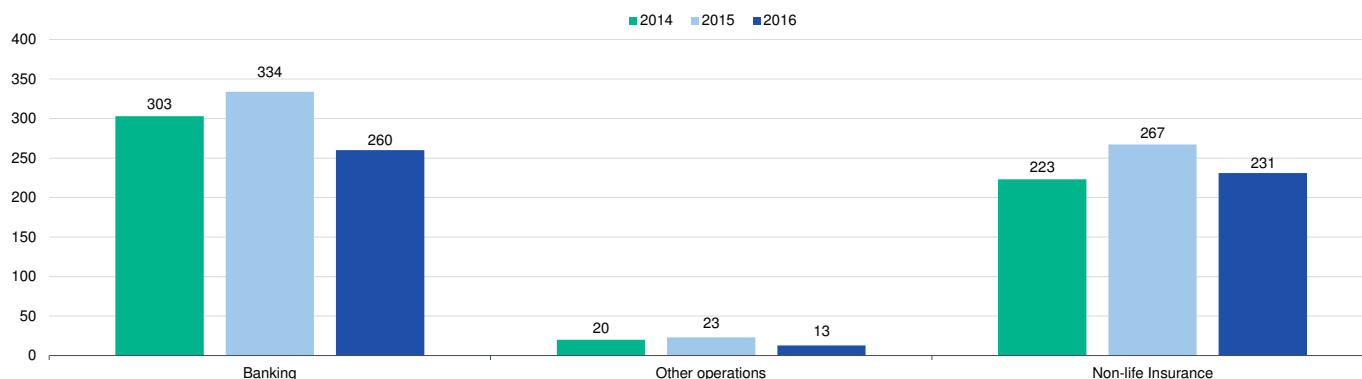


Note: Excluding Eliminations

Source: Company report (financial statements Dec 2016, Pg: 22)

Exhibit 4

### Earnings Before Tax per Business Segment (consolidated, in € Million)



Source: Company report (financial statements Dec 2016, Pg: 22) and Dec 2015, Pg: 23)

## Distribution Channels

OP Corporate Bank Plc. provides banking products to corporate customers through its own client service and marketing organisations in Finland and the Baltics, and 173 local cooperative banks of the OP Financial group, as of 31 December 2016. As of the same date, the group caters to 4.4 million customers, including 3.9 million retail customers.

The OP Financial group supports the banking and non-life insurance businesses of OP Corporate Bank Plc through its network of 450 branches in Finland, as of 31 December 2016. The bank also supplies its services through alternative distribution channels, including electronic banking facilities such as online foreign exchange trading; e-commerce; e-salary, insurance and electronic payment services; and cash management.

As of 31 December 2016, the bank maintained a representative office in St. Petersburg (Russia), a branch in Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania). Additionally, through its Seesam Insurance brand subsidiaries, OP Corporate Bank provides insurance products and services in Estonia, Latvia and Lithuania. The bank has also tie-ups with foreign banks through which it provides international services, such as payment transfers, needed by its domestic corporate customers.

As of 31 December 2016, OP Financial group held the largest share (31.6%) of the non-life insurance market in Finland in terms of premiums written. As of 31 December 2016, the group had a market share of 37.8% in terms of corporate loans and 39.4% in terms of mortgage loans.

Source: Company Reports (financial statements Dec 2016 and Dec 2015, debt investor presentation Dec 2016, annual report OP financial group Dec 2016), Company data, Moody's research

## Ownership Structure

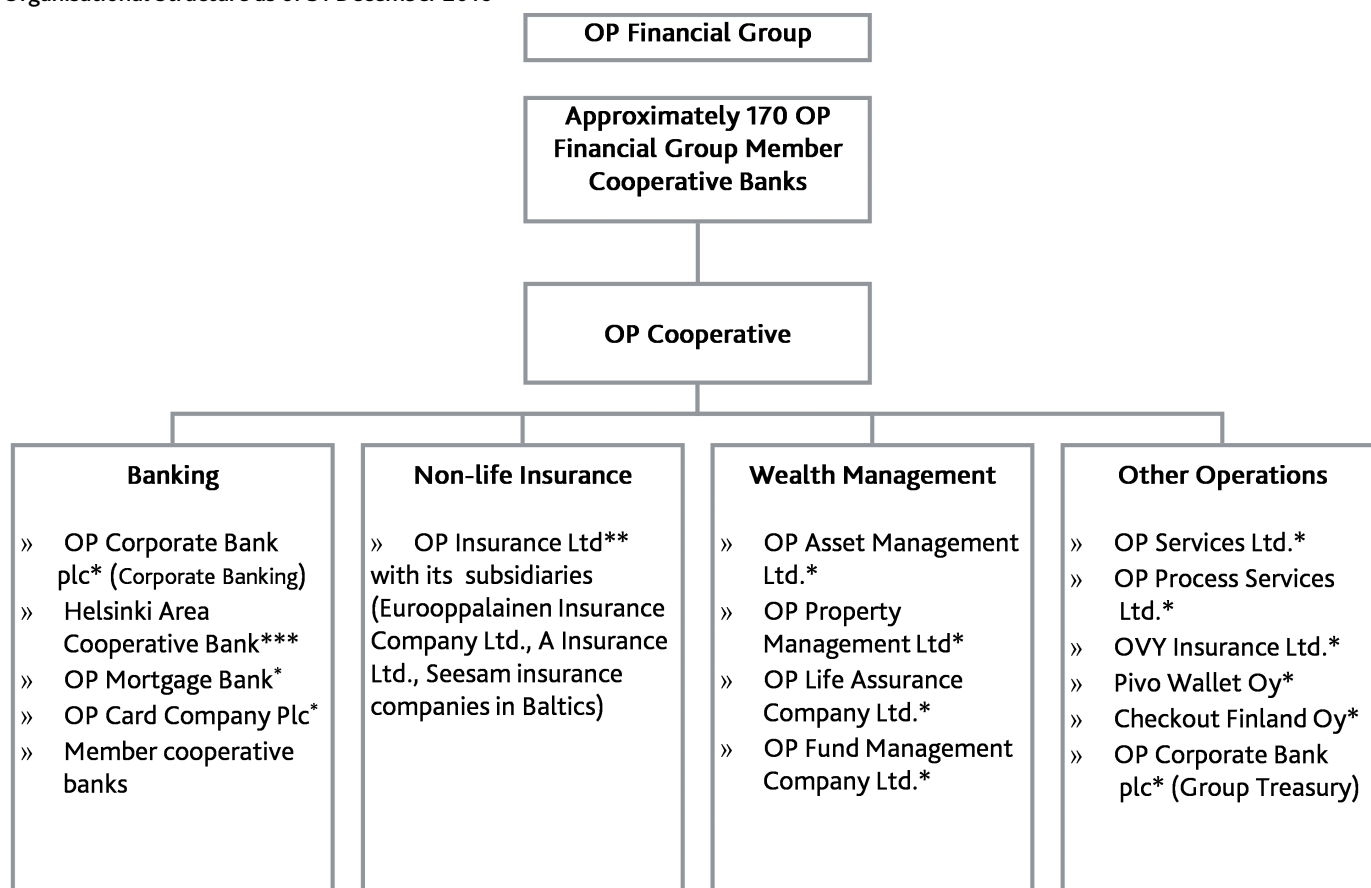
OP Corporate Bank Plc is a wholly owned subsidiary of OP Cooperative acting as OP Financial Group's central cooperative, and a member credit institution. In terms of operations and ownership, OP Corporate Bank Plc belongs to the OP Financial Group.

In September 2014, OP Cooperative completed its public voluntary bid and secured ownership of all Pohjola Bank shares. Consequently, Pohjola Bank's Series A shares ceased trading on the Helsinki Stock Exchange on 29 September 2014, and were delisted on 30 September 2014. As of 7 October 2014, OP Cooperative was the sole shareholder in Pohjola Bank. On 28 November 2014, its Series A and Series K shares were combined to form a single series, and the bank's shares were removed from the book-entry system.

Previously, Pohjola Bank's shares were classified as either Series A or Series K. Each category had different rights and characteristics, with Series A more liquid but with limited voting rights (one vote per share), and Series K subject to restricted ownership but with greater voting rights (five votes per share). Series A shares were held by the general public and were tradable, while Series K shares could only be owned by member banks, member bank companies and entities forming part of OP Financial Group, each of which regarded its holdings as strategic investments.

Exhibit 5

Organisational Structure as of 31 December 2016



\*OP Cooperative's ownership 100%

\*\*Planned to be transferred to OP Cooperative's direct ownership in the future as a result of the completion of OP Cooperative's public voluntary bid for all OP Corporate Bank plc shares

\*\*\*OP Cooperative's control 2/3

Source: Company Reports (debt investor presentation OP financial group Dec 2016, financial statements Dec 2014), Company data, Moody's research

As of 31 December 2016, OP Corporate Bank Plc had the following consolidated subsidiaries:

Exhibit 6

#### OP Corporate Bank Plc

Subsidiary	Location	% of Shareholding	% of votes
A-Insurance Ltd	Helsinki	100	100
Pohjola Health Ltd	Helsinki	100	100
OP Finance AS	Estonia	100	100
OP Finance SIA	Latvia	100	100
OP Insurance Ltd	Helsinki	100	100
Seesam Insurance AS	Estonia	100	100
UAB OP Finance	Lithuania	100	100
Eurooppalainen Insurance Company Ltd	Helsinki	100	100

Source: (OP Financial Group financial statements Dec 2016)

## Company Management

Exhibit 7

#### OP Corporate Bank Plc

Management Board	Affiliation
Jouko Pölonen	OP Corporate Bank Plc: Chief Executive Officer and President; OP Financial Group: Executive Vice President, Banking; Helsinki Area Cooperative Bank: Managing Director; Unico Banking Group: Member of the Board

As of 20 Apr 2017

Source: Company data

Exhibit 8

#### OP Corporate Bank Plc

Board of Directors	Affiliation
Reijo Karhinen	OP Corporate Bank Plc: Chairman of the Board of Directors; OP Financial Group: Executive Chairman and President; OP Cooperative: Chief Executive Officer; Foundation for Economic Education: Chair of the Board of Directors; Savonlinna Opera Festival Patrons' Association and Maanpuolustuksen Tukiry: Chair of the Board of Trustees; New Children's Hospital Foundation: Vice Chair of the Board of Trustees; HelsinkiMissio: Chair of the Delegation; Unico Banking Group: Board Member; Service Sector Employers Palta: Board Member and Member of its Executive Committee
Tony Vepsäläinen	OP Corporate Bank Plc: Member of the Board of Directors; OP Financial Group: Executive Vice President, Operations and Deputy to President and Executive Chairman; Housing Fair Finland Co-op: Member of the Supervisory Board; Automatia Pankkiautomaatit Oy: Vice Chair of the Board of Directors
Harri Luhtala	OP Corporate Bank Plc: Member of the Board of Directors; OP Financial Group: Chief Financial Officer; VTS Fund: Chair of the Board of Directors; Financial Stability Fund: Member of the Board of Directors
Jari Himanen	OP Corporate Bank Plc: Member of the Board of Directors; OP Financial Group: Executive Vice President, Group Steering and Customer Relationships

As of 20 Apr 2017

Source: Company data

## Company History

Pohjola Bank was established in 1902 as Osuuskassojen Keskuslainarahasto-Osakeyhtiö (OKO Bank). Initially, the bank financed cooperative credit societies. In 1915, OKO Bank was authorised to extend loans to cooperative enterprises, while in 1920, it was licensed to accept deposits from the general public. The bank began to provide mortgages in 1941 and loans to small industrial companies in 1955. In 1970, it was made subject to the Commercial Banking Act and began to focus on commercial banking activities.

In 1977, Unico Banking Group (London) was established by OKO Bank and five other European cooperative central banks. The bank also began to offer mutual funds (1987), was listed on the Helsinki Stock Exchange (1989) and commenced investment banking activities (1990). Since 1997, OKO Bank has been a subsidiary of OP Bank Group Central Cooperative.

In January 2006, OKO Bank acquired the non-life insurance business of Pohjola Group Plc, as well as the asset management subsidiary Pohjola Asset Management Ltd. At the same time, OP Bank Group Central Cooperative bought Pohjola Life Assurance Company. To partly finance the acquisition of Pohjola, OKO Bank sold its retail banking subsidiary Okopankki Oyj (which operated in the Greater Helsinki area) to the group's Central Cooperative (now Helsinki Area Cooperative Bank).

In March 2006, the asset management business of OKO Bank's investment banking subsidiary Opstock Ltd. was renamed OKO Asset Management Ltd. and transferred to Pohjola Asset Management Ltd.

In April 2006, Opstock Ltd.'s Corporate Finance operations were transferred to the bank's wholly owned subsidiary OKO Corporate Finance Ltd.,

In September 2006, Opstock Ltd. merged with the bank. OKO Bank acquired Opstock Ltd.'s operations, including its securities brokerage and investment analysis activities. In December 2006, Pohjola Group Plc merged with OKO Bank to streamline the bank's corporate structure. In 2007, OP Bank Group was renamed OP-Pohjola Group. In March 2008, OKO Bank was renamed Pohjola Bank plc. In 2008, Pohjola Bank acquired K-Finance Ltd. (now Pohjola Finance Ltd.) for approximately €30 million. It merged with Pohjola Bank in September 2009.

In May 2011, Suomi Mutual Life Assurance Company sold all its Pohjola Bank Series A shares, comprising 7.26% of equity and 3.91% of voting rights, to OP-Pohjola Group Central Cooperative, whose stake in Pohjola increased to 37.24% of shares and 60.96% of voting rights, as of 31 December 2011.

In 2011, OP-Pohjola Group reorganised its central structure, with OP-Pohjola Group Central Cooperative split into two entities: the first continued to trade as OP-Pohjola Group Central Cooperative, and remained responsible for the control and supervision of group business; the second, OP-Services Ltd. (established January 2011), a service company separate from the central institution, was tasked with the development and production of centralised services of OP-Pohjola Group and its member cooperative banks.

In February 2014, OP Cooperative announced a public voluntary bid for all Pohjola Bank shares that it did not already own. In September 2014, OP Cooperative gained complete ownership of Pohjola Bank following a decision of the Arbitral Tribunal court. As a result, the bank's Series A shares ceased trading on 29 September 2014, and were delisted from the Helsinki Stock Exchange on 30 September 2014. On 7 October 2014, OP Cooperative was reported as the only shareholder in the bank. On 30 October 2014, Pohjola Health Ltd. merged with Pohjola Insurance Ltd.

In January 2015, OP-Pohjola Group was renamed OP Financial Group. In March 2015, the bank decided to convert Helsinki OP Bank Plc from a limited liability company to a cooperative bank in 2016.

On 30 December 2015, Pohjola Bank announced the execution of its demerger plan, by which group treasury, corporate bank activities, equities and non-life insurance will remain with OP Corporate Bank Plc, while all the other operations – namely wealth management, card and property management – were transferred to OP Cooperative.

In April 2016, Pohjola Bank was renamed OP Corporate Bank plc, while Helsinki OP Bank Ltd. was renamed as Helsinki Area Cooperative Bank and Pohjola Asset Management to OP Asset Management Ltd. Following the completion of OP Cooperative's public voluntary bid for all Pohjola Bank shares, OP Insurance Ltd. and its subsidiaries are planned to be transferred to OP Cooperative's direct ownership.

Sources: Company reports (annual reviews Dec 2011 and Dec 2008, financial statements Dec 2014, debt investor presentation OP financial group Dec 2016 and Dec 2015), Company data, Moody's research

## Subsidiaries Rated by Moody's

- » [OP Insurance Ltd.](#)

## Peer Group

- » [Danske Bank Plc \(formerly Sampo Bank\)](#)
- » [Nordea Bank AB](#)
- » [Svenska Handelsbanken AB](#)
- » [DZ Bank AG](#)

## Related Websites and Information Sources

For additional information, please see:

### The company's website

- » [OP Corporate Bank Plc](#)

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## Moody's Related Research

### Issuer Page on Moodys.com

- » [OP Corporate Bank Plc](#)

### Credit Opinion

- » [OP Corporate Bank Plc](#)

### Industry Outlook

- » [Banking, December 2016 \(1047131\)](#)

### Rating Methodology

- » [Banks, January 2016 \(186998\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.



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