

Research

OP Corporate Bank PLC

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OP Corporate Bank PLC

SACP	a+		+	Support	+1	+	Additional Factors	0
Anchor	a-			ALAC Support	+1		Issuer Credit Rating AA-/Stable/A-1+	
Business Position	Strong	+1		GRE Support	0			
Capital and Earnings	Strong	+1		Group Support	0			
Risk Position	Adequate	0		Sovereign Support	0			
Funding	Average	0						
Liquidity	Adequate							

Major Rating Factors

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Successful bancassurance strategy and solid domestic retail and corporate franchise. • Conservative capital policy, underpinned by sound earnings. • Cooperative banking model with joint liability by all member banks. 	<ul style="list-style-type: none"> • Geographic concentration in Finland. • Weaker cost efficiency than peers', although improving.

Outlook : Stable

The stable outlook on Finland-based OP Corporate Bank reflects S&P Global Ratings' view that the group credit profile (GCP) of the wider OP Financial Group is unlikely to change over the next two years and that the support within the group--underpinned by the joint liability between members of amalgamation--remains unchanged. Owing to OP Financial Group's position as a leading bancassurance group, we expect it will benefit from the improving operating environment in Finland, which will translate into stable earnings and further capital build-up.

A positive or negative rating action is remote at this stage.

The stable outlook on OP Insurance Ltd. reflects that on its parent OP Corporate Bank.

Rationale

The ratings on OP Corporate Bank PLC reflect the franchise and creditworthiness of the wider OP Financial Group, comprising 168 member cooperative banks (as of June 30, 2017), OP Cooperative the group's central institution, OP Corporate Bank, and specialized institutions. OP Corporate Bank, a wholly owned subsidiary of OP Cooperative, acts as the cooperative's corporate bank for large clients and small and midsize enterprise (SME) customers and the central bank of the wider OP Financial Group. OP Financial Group also includes leading non-life and life insurance businesses as well as health care services.

All of the group's member cooperative banks, as well as OP Corporate Bank itself, have operated since 1997 as a single entity for regulatory purposes under a joint liability scheme, established under Finnish law. Given OP Corporate Bank's systemic importance and the full ownership by the OP Cooperative, we view the bank as integral to the group.

We believe the group will maintain its leading position within the Finnish market, where its business lines have market shares of 20%-40%. For this reason and because of the group's cooperative nature, we assess its business position as strong. We also assess the group's capital and earnings as strong, based on our expectation of a risk-adjusted capital (RAC) ratio in the range of 12.5%-13.5% in the next 24 months. Because of its diversified loan portfolio and strong loan-loss track record, which is in line with its Nordic peers', we consider the group's risk position to be adequate. This is partly offset by some concentration risk through exposure to the Finnish real estate sector, mainly income-producing real estate. We assess the group's funding as average and its liquidity as adequate. The group's funding mix is sound and dominated by customer deposits and the group has proven access to capital markets. The group has gradually increased its liquidity buffers, which now cover its maturing short-term wholesale debt with comfortable amount. The unsupported group credit profile (GCP) is 'a+'.

We believe that the prospect of extraordinary government support for the Finnish banking sector is uncertain, and we do not incorporate any uplift above the unsupported GCP for government support. However, our assessment of additional-loss absorbing capacity (ALAC) at OP Financial Group leads us to add one notch of uplift to the GCP. Consequently, the issuer credit rating on OP Corporate Bank is at the level of the 'aa-' supported GCP.

Anchor: Reflects Finland's cyclical but resilient economy and low debt

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating, under our bank criteria. Our anchor for a commercial bank operating only in Finland is 'a-', based on an economic risk score of '2' and an industry risk score of '3'.

We view Finland as an innovative and wealthy economy with high education levels. After a mild economic downturn in 2012-2014, we expect economic growth to gradually recover over the next two years, supported by private consumption and, from 2018, by recovery of exports. We believe that the risk of a house price correction is becoming more remote as economic prospects and consumer confidence improve. We expect banks' asset quality will remain strong in the next two years, based on the sound financial position of the household and corporate sectors, the banking sector's moderately conservative underwriting standards, and the persistent low-interest-rate environment.

We do not consider the banking sector's competitive landscape to be distorted, despite concentration stemming from

the presence of large pan-Nordic banks and the domestic cooperative banking group OP Financial Group. We also regard the sector's overall profitability and capitalization as resilient and expect banks will maintain their restrained risk appetite. That said, the sector remains highly interconnected with other Nordic banking systems, which results in potential spill-over risks for the Finnish economy from external events. We expect deposits will continue to dominate the banks' funding profiles and foresee that banks will rely moderately on external funding, given the limited size of domestic capital markets.

Table 1

OP Financial Group Key Figures					
	--Year ended Dec. 31--				
(Mil. €)	2017*	2016	2015	2014	2013
Adjusted assets	123,131	114,484	105,825	94,060	86,266
Customer loans (gross)	80,699	79,112	75,686	71,166	68,704
Adjusted common equity	8,842	7,397	7,596	5,422	5,943
Operating revenues	1,565	2,912	2,894	2,783	2,502
Noninterest expenses	959	1,773	1,714	1,780	1,712
Core earnings	477	854	853	607	673

*Data as of June.

Business position: Leading domestic franchise in banking and insurance

We believe OP Financial Group will maintain its leading position in the Finnish market, where its business lines in corporate and retail banking have market shares of 35%-40%. This is further supported by the group's life and non-life insurance operations enjoying strong market shares of 22% and 32%, respectively. For this reason, we assess OP Corporate Bank's business position as strong.

OP Financial Group--with total assets of €134.3 billion as of June 30, 2017--has a strong retail franchise, with a countrywide branch network, about 3.9 million private customers, and 0.4 million corporate customers. In our view, the group's expected consistently strong and recurring revenue, and average return on equity of about 8.7% over the past five years (reported 9.2% in first half of 2017), supported by its retail focus and coherent long-term strategy, will provide a stable operating platform. We expect the new group strategy focused on digitalization and the formation of a more broad based service company will support the group's successful cross-selling strategy between banking and insurance and, in future, health services in the rapidly evolving operating environment. OP Financial Group aims to transform into a fully digitalized group and follows a collaborative FinTech strategy.

OP Financial Group's revenues consist of interest income (35% of total income), fee and commission income (25-30% of total income), and net insurance income (about 20% of income)--a split that we expect will remain relatively unchanged in the coming two years.

We consider that the stable cooperative ownership structure underpins the strengths and stability of the business model. All 168 member cooperative banks and OP Corporate Bank operate under a joint liability guarantee, defined by the Finnish Act on the Amalgamation of Deposit Banks. We think the common strategy and risk principles will enable the group to better focus on long-term returns, and management to adhere to its strategy, providing the owners with stable returns.

These positive attributes are partly offset, in our view, by the OP Financial Group's concentrated geographic profile in Finland and inherently volatile insurance revenues. We do not expect its geographic concentration to change anytime soon. Positively, the group's revenue diversity through its banking and insurance operations is a strength in the relatively consolidated Finnish banking sector, and we think the group still has significant room to further exploit its cross-selling opportunities over the medium term. The group's efforts in this respect have been very successful and are reflected by a continuous increase in joint clients to about 1.8 million in June 2017 from about 700,000 in 2005.

Table 2

OP Financial Group Business Position					
(%)	--Year ended Dec. 31--				
	2017*	2016	2015	2014	2013
Loan market share in country of domicile	N/A	35.30	35.10	34.20	34.20
Deposit market share in country of domicile	N/A	37.50	36.50	36.40	36.20
Total revenues from business line (currency in millions)	1,565	2,988	2,894	2,783	2,502
Commercial & retail banking/total revenues from business line	59.94	64.39	66.59	69.24	67.75
Insurance activities/total revenues from business line	19.49	18.64	19.38	21.38	21.30
Asset management/total revenues from business line	14.25	12.22	11.09	9.20	10.87
Other revenues/total revenues from business line	6.33	4.75	2.94	0.18	0.08
Return on equity	9.18	9.42	10.31	8.08	N/A

*Data as of June. N/A--Not applicable.

Capital and earnings: Strong prospective capitalization supported by sound earnings and issuance of profit share

Our assessment of OP Corporate Bank's capital and earnings as strong reflects primarily our expectation that its capitalization, as measured by our projected RAC ratio before diversification adjustments will be in the range of 12.5%-13.5% over the next 18-24 months, compared with 12.7% as of year-end 2016, according to our updated bank capital criteria. Furthermore, we expect OP Financial Group's stable earnings generation and conservative capital policy in the cooperative network will not change.

The total adjusted capital, our measure for loss-absorbing capital, has increased steadily since 2014 as a combined result of increased core earnings and the issuance of member profit shares to its retail clients totaling €2.8 billion as of June 30, 2017. In 2014, the group started to issue profit shares to its retail owner-members, through the member cooperative banks, as an integral part of recapitalizing the group. We consider the profit shares to be part of total adjusted capital, as we do for other European cooperative banking groups, because the regulator includes them as common equity Tier 1 capital and they are accounted for as equity under International Financial Reporting Standards.

Chart 1

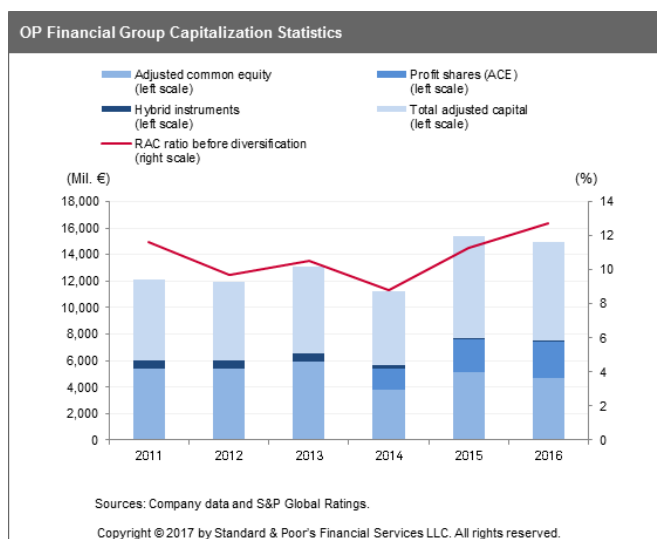
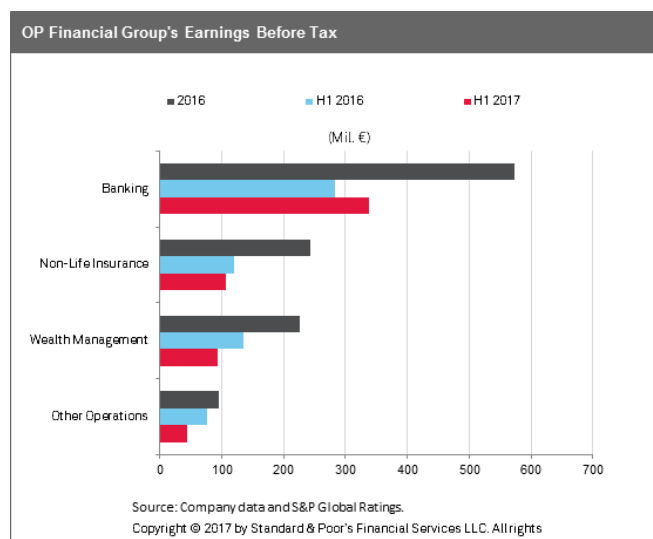


Chart 2



Our RAC projection for the next 18-24 months incorporates the following assumptions:

- The group generating stable operating revenues of €2.9 billion–€3.0 billion (€2.9 billion in 2016), supported by all business lines.
- Sound cost efficiency, allowing continuous investment in the digitalization and service improvements (reported cost-to-income ratio of 52% in 2016).
- Loan impairments remaining at their current low levels of 10 basis points (bps).
- Capital position supported by further issuance of profit shares by Helsinki Area Cooperative Bank (OP Helsinki) and other group member cooperative banks, and distributions for profit shares that we estimate at about €80 million annually in 2017-2018.
- Sound loan growth of 4%-5%, translating into a moderate increase in our risk-weighted assets (RWA) figure.
- OP Financial Group's insurance activities showing appropriate capitalization in an 'A' stress scenario, with small impact on our RWA figure.

We regard as positive that all business segments contributed to the €1,138 million record pre-tax earnings in 2016. The majority, namely €574 million or 50% of pretax earnings (restated), was generated in the banking business, which benefitted from increased net interest income and net fee and commission income, and lower operating expenses. Pretax earnings from non-life insurance and wealth management (including life insurance) reached €470 million in 2016 or 41% to OP Financial Group's pretax profits. The improved profitability in insurance activities was mainly due to strong annual 9% growth of assets under management and a continued favorable claims development for the non-life operations (an operating combined ratio of 87.6%). Investment risk has declined significantly over the past three years, and we expect the trend will continue leading to more stable earnings from insurance operations.

We expect our earnings buffer metric for OP Financial Group, which measures the capacity of a bank to cover its normalized losses, will be sound at 1.30%, supporting the group's buildup of capital (an earnings buffer of about 1.0% indicates adequate earnings capacity). We expect the group will be able to maintain its cost efficiency, owing to cost containment (including further consolidation among the cooperative's regional banks and optimization of branch network), and continuous investments in digitalization and service capacity of €400 million annually over the next five

years, as outlined in the new strategy.

We note that OP Financial Group's common equity Tier 1 (CET1) ratio of 19.1% and its total capital ratio of 21.7% as of June 30, 2017, both comfortably met the regulatory requirements of at least 10.75% and 14.25%, respectively. The group's CET1 target is 22% by year-end 2019.

The non-life and life insurance operations have higher solvency capital targets than the requirements under Solvency II, with any excess capital upstreamed to the ultimate parent, OP Financial Group. Under our insurance capital model we consider that OP Financial Group's insurance companies show slight undercapitalization at the 'A' stress level, which we incorporate into our RAC measure. We do not expect volatility in capitalization levels because annual profits will be upstreamed as dividends to the parent group. Because capital is managed at the group level, we believe the central cooperative has the financial capacity and willingness to support the insurance subsidiaries' capital position without delay, if needed.

Table 3

OP Financial Group Capital And Earnings					
	--Year ended Dec. 31--				
(%)	2017*	2016	2015	2014	2013
Tier 1 capital ratio	19.30	20.30	19.90	15.50	17.30
S&P RAC ratio before diversification §	N/A	12.72	11.25	8.78	10.55
S&P RAC ratio after diversification §	N/A	12.07	11.82	9.24	11.14
Adjusted common equity/total adjusted capital	99.21	98.97	98.62	96.58	90.75
Net interest income/operating revenues	33.87	36.33	35.38	37.26	36.09
Fee income/operating revenues	29.27	29.50	24.33	26.12	24.98
Market-sensitive income/operating revenues	15.97	21.05	6.70	5.82	7.19
Noninterest expenses/operating revenues	61.28	60.89	59.23	63.96	68.43
Preprovision operating income/average assets	0.90	0.88	1.00	0.95	N/A
Core earnings/average managed assets	0.71	0.66	0.72	0.57	N/A

*Data as of June. §2016 based on "Risk-Adjusted Capital Framework," published July 20, 2017. N/A--Not applicable.

Table 4

OP Financial Group RACF [Risk-Adjusted Capital Framework] Data					
	Exposure*	Basel III RWA	Average Basel III RW (%)	S&P Global RWA	Average S&P Global RW (%)
Credit risk					
Government and central banks	16,971,170,005	39,367,582	0	266,180,288	2
Institutions and CCPs	8,654,765,020	1,178,749,574	14	1,405,775,620	16
Corporate	36,363,781,494	22,505,728,352	62	24,140,234,809	66
Retail	51,567,864,082	5,737,068,247	11	15,045,841,867	29
Of which mortgage	40,868,931,043	2,568,688,014	6	9,229,754,654	23
Securitization§	596,567,657	63,324,753	11	166,668,532	28
Other assets†	2,059,380,783	1,723,392,500	84	2,497,626,119	121
Total credit risk	116,213,529,041	31,247,631,008	27	43,522,327,235	37

Table 4

OP Financial Group RACF [Risk-Adjusted Capital Framework] Data (cont.)					
Credit valuation adjustment					
Total credit valuation adjustment	--	253,100,507	--	883,995,704	--
Market risk					
Equity in the banking book	715,860,971	1,147,813,600	160	6,595,504,568	921
Trading book market risk	--	1,328,924,898	--	1,993,387,347	--
Total market risk	--	2,476,738,498	--	8,588,891,915	--
Operational risk					
Total operational risk	--	4,454,313,223	--	5,665,456,889	--
		Basel III RWA		S&P Global RWA	% of S&P Global RWA
Diversification adjustments					
RWA before diversification		38,431,783,236		58,660,671,743	100
Total Diversification/Concentration Adjustments		--		2,959,119,043	5
RWA after diversification		38,431,783,236		61,619,790,786	105
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		8,953,783,011	23.3	7,474,321,961	12.7
Capital ratio after adjustments†		8,953,783,011	20.3	7,474,321,961	12.1

*Exposure at default. §Securitisation Exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2016, S&P Global.

Risk position: A low-risk retail profile concentrated in Finland

We view OP Corporate Bank's risk position as adequate, reflecting our opinion that the group's RAC ratio adequately captures its different risks, including risk related to the group's insurance business.

The group's gross loan book, which amounted to €80.2 billion as of June 30, 2017 is dominated by granular retail loans (61% of total loans). Healthy growth has mainly come from retail mortgage loans, which make up the majority of retail loans (75% of retail portfolio). OP Financial Group has maintained sound underwriting standards with adequate collateralization in terms of loan to value. In our view, the bank's amortization-holiday campaign in 2015 has not translated into weaker asset quality, since the free-of-charge grace periods were predominantly extended to about 95,000 high-quality customers.

OP Financial Group's corporate loan book, including housing associations, makes up about 33% of the total loan portfolio and is predominantly held at OP Corporate Bank (one-third booked by member banks). The group's strong loan-loss record is offset by some concentration risk arising from exposure to Finland's real estate sector (27% of the corporate exposures). However, this exposure is mostly related to income-producing real estate (65% in residential rental housing), and we therefore consider it to be of moderate risk and in line with our RAC framework's risk weights. OP Corporate Bank's energy exposures (9% of corporate exposures) show good asset quality. Overall, single-name

concentrations are gradually decreasing and are generally to highly rated corporate groups.

Consequently, we expect OP Financial Group's asset quality will remain sound, with gross nonperforming loans (over 90 days due, classified as defaulted and on forbearance) amounting to 1.8% of the loan portfolio on June 30, 2017. Loan losses have averaged 13 bps of the loan book over the past five years, but decreased to 10 bps in 2016 and to 6 bps as of June 30, 2017. These levels are in line with the bank's Nordic peers' and compare favorably with our expectations of the group's normalized losses. In our base-case scenario, we expect the group will maintain its impairments at around 10 bps in 2017-2018, owing to the benign economic recovery in Finland.

Investment risk at the insurance subsidiaries has declined because the group has decreased equity investments and steered life insurance business toward less-capital intensive, unit-linked products instead of guaranteed solutions (93% of new business at year-end 2016 was unit linked).

Table 5

OP Financial Group Risk Position	--Year ended Dec. 31--				
	2017*	2016	2015	2014	2013
(%)					
Growth in customer loans	4.01	4.53	6.35	3.58	N.M.
Total diversification adjustment / S&P RWA before diversification §	N/A	5.39	(4.89)	(4.96)	(5.32)
Total managed assets/adjusted common equity (x)	15.19	18.08	16.48	20.37	16.99
New loan loss provisions/average customer loans	0.06	0.10	0.11	0.13	N/A
Net charge-offs/average customer loans	0.09	0.08	0.09	0.08	N/A
Gross nonperforming assets/customer loans + other real estate owned	1.82	1.73	1.63	1.72	1.40
Loan loss reserves/gross nonperforming assets	33.83	37.22	40.06	39.49	46.82

*Data as of June. §2016 based on "Risk-Adjusted Capital Framework," published July 20, 2017. N/A--Not applicable. N.M.--Not meaningful.

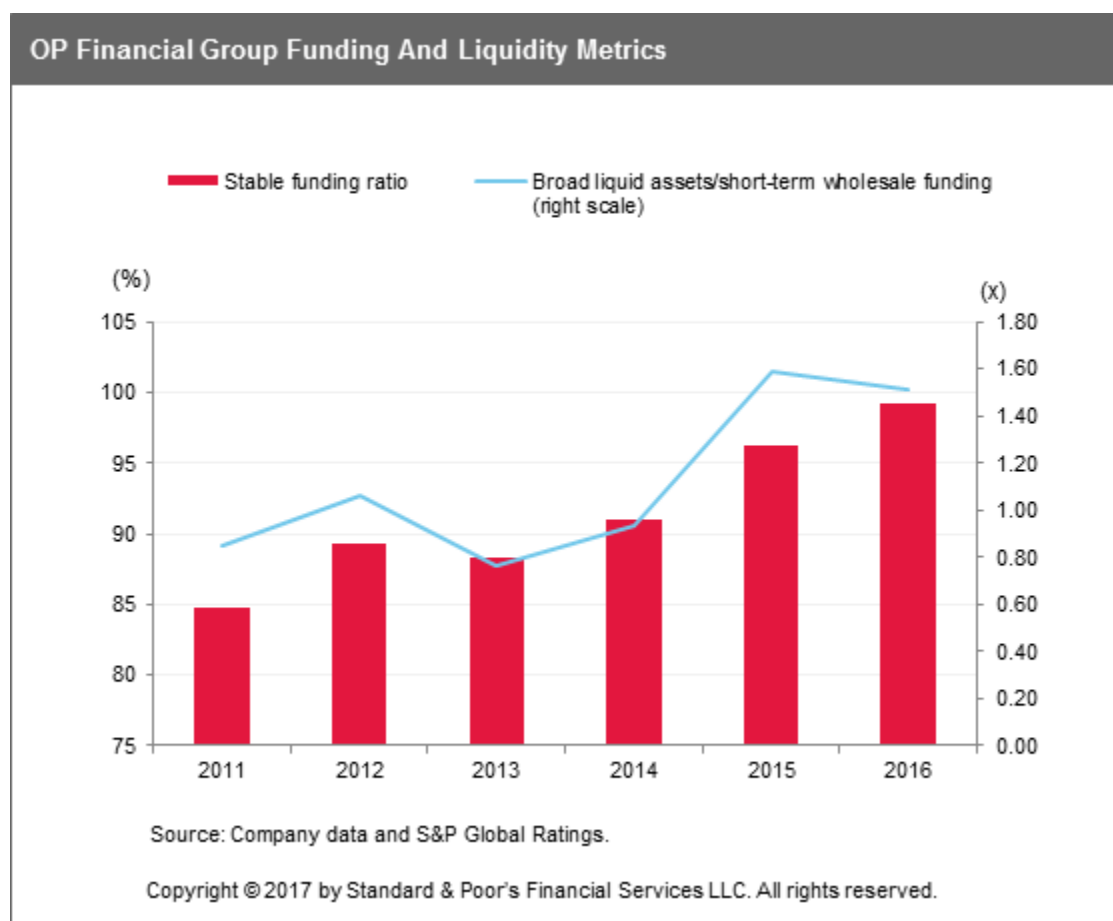
Funding and liquidity: A balanced funding profile dominated by customer deposits

We consider OP Corporate Bank's funding average and its liquidity adequate. Our view is based on the group's sound franchise and proximity to customers through the local member banks, which should continue to provide the bank with stable and granular customer deposits. Furthermore, our view incorporates the group's wholesale funding profile and its sound liquidity position.

The group has one of the highest deposit funding ratios among large Nordic banks--61% as of June 30, 2017. The deposit base's structure is well balanced between corporate and institutions (one-third of total deposits) and retail clients (two-thirds), and does not show any single-name concentration risk. We note that almost 60% of the deposits are covered by the Finnish Deposit Guarantee Fund.

The funding profile is complemented by issuance of both covered bonds and senior unsecured instruments. The group's diversified funding profile (by source and maturity) is underpinned by OP Financial Group's stable funding ratio of 99.2% on Dec. 31, 2016, and we expect the ratio will be close to 100% in the next two years (see chart 3). OP Financial Group's asset-encumbrance level was at about 10% as of June 30, 2017, one of the lowest among Nordic peers', and there is ample room for further covered bond issuance. Most investors in the group's debt are based abroad (mainly in the eurozone), given Finland's small domestic debt market.

Chart 3



OP Financial Group's one-year liquidity ratio (our measure: broad liquid assets to short-term wholesale funding) strengthened substantially to 1.5x as of Dec. 31, 2016, from 0.8x at year-end 2013, owing to a robust liquidity position of €9.5 billion with the central bank and €11.4 billion of adjusted liquid securities eligible as collateral. Moreover, its net liquid assets (after short-term wholesale funding) covered almost 12% of customer deposits. We believe the group might reduce its liquidity buffers when credit growth picks up again; therefore this current ratio might not be sustainable. Therefore we consider the group's liquidity position as adequate.

Positively, we understand that OP Financial Group comfortably fulfils regulatory requirements on liquidity, with the liquidity coverage ratio (LCR) at 132% as of June 30, 2017 (transitional requirement of 80% in Finland). We note that the member cooperative banks have no individual regulatory LCR requirements, but the central cooperative body closely monitors their liquidity situation.

Table 6

OP Financial Group Funding And Liquidity					
	--Year ended Dec. 31--				
(%)	2017*	2016	2015	2014	2013
Core deposits/funding base	64.45	61.44	62.65	63.73	67.00

Table 6

OP Financial Group Funding And Liquidity (cont.)					
	--Year ended Dec. 31--				
(%)	2017*	2016	2015	2014	2013
Customer loans (net)/customer deposits	130.61	143.38	144.77	144.92	144.15
Long term funding ratio	87.18	86.10	87.39	85.00	84.67
Stable funding ratio	105.36	99.17	96.24	90.96	88.36
Short-term wholesale funding/funding base	14.07	15.28	13.84	16.19	16.84
Broad liquid assets/short-term wholesale funding (x)	1.57	1.51	1.59	0.93	0.76
Net broad liquid assets/short-term customer deposits	11.49	11.71	11.83	(1.63)	(5.80)
Short-term wholesale funding/total wholesale funding	39.49	39.53	36.92	44.33	49.75
Narrow liquid assets/3-month wholesale funding (x)	2.23	2.15	2.24	1.72	1.33

*Data as of June 30.

Support: One notch of uplift for ALAC support

We believe the prospect of extraordinary government support for Finnish banks is now uncertain, following the full implementation of the EU Bank Recovery and Resolution Directive (BRRD), including bail-in powers. We therefore classify Finland's tendency to support private-sector commercial banks as uncertain.

We view the Finnish resolution regime as effective under our ALAC criteria because, among other factors, we believe it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities.

We have added one notch of uplift within the GCP, which is therefore included in the long-term rating on OP Corporate Bank, because we consider that the entity will be subject to a group resolution and is likely to increase its ALAC over the next two years. We estimate that the ALAC buffer equaled 5.0% of our risk-weighted assets figure for the group at year-end 2016 and project that it will increase to 5.2% by the end of 2018, thereby exceeding our 5% threshold for a one-notch uplift. This reflects our expectation that:

- The group's strong earnings will support a further capital buildup reflected in the excess amount of total adjusted capital in the GCP (with the RAC ratio above the 10% that signifies strong capital and earnings);
- The group will gradually replace maturing capital instruments with ALAC-eligible instruments; and
- Future regulatory requirements would lead the group to maintain or maybe moderately increase its ALAC buffer.

We include in our ALAC assessment all capital instruments issued by OP Financial Group and OP Corporate Bank, apart from those we expect will be called within the next 12 months. This is because we believe these instruments have the capacity to absorb losses without triggering a default of OP Corporate Bank's senior obligations.

Although we expect the insurance activities will be outside the scope of any eventual resolution, we no longer adjust the applicable threshold downward. This is because, under our amended RAC framework, we no longer apply a risk weight to the insurance operations apart from potential undercapitalization; therefore the denominator of ALAC buffer ratio is no longer inflated by substantial insurance operations.

Additional rating factors:

No additional factors affect the ratings.

Issue ratings on hybrid instruments

We rate OP Corporate Bank's nondeferrable subordinated debt instruments two notches below the 'a+' unsupported GCP, reflecting the debt's contractual subordination as Tier 2 instruments and our view that the BRRD creates the equivalent of a contractual write-down clause. The starting point for the notching is the unsupported GCP because we expect group support will also apply to OP Corporate Bank's hybrid capital instruments.

Core subsidiary: OP Insurance Ltd.

Although we regard OP Insurance Ltd. as a core group entity, we believe the Finnish resolution framework will exclude insurance activities from a bail-in process of OP Financial Group. For this reason, we equalize our long-term ratings on OP Insurance with our 'a+' assessment of OP Financial Group's unsupported GCP. The stable outlook reflects our view that OP Insurance will remain integral to the enlarged group's strategy, and that the group will maintain an above-average business profile, strong earnings capacity, and an adequate capital and risk profile.

OP Insurance again delivered strong underwriting earnings in non-life insurance with a combined ratio of 89.3% in 2016 after 89.4% in 2015. This results from ongoing risk-adequate pricing and efficient management of claims expenses. In addition, OP Financial Group is constantly modernizing its insurance business in terms of claims handling processes and digitalization to maintain its market leading position. Therefore, we expect OP Insurance Ltd. will post sound and stable underwriting profitability and sustainable growth in the non-life segment over the next two years.

Related Criteria

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- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
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- Criteria - Financial Institutions - Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

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- Nordic Banks Improve Their Capital Thanks To Steady Retained Earnings And Hybrid Issuance, July 12, 2017

- Nordic Banking Regulation Compared, July 10, 2017
- Banking Industry Country Risk Assessment: Finland, Jan. 30, 2017
- Various Positive Rating Actions On Finnish Banks On Improved Economic Conditions, Nov. 17, 2016

Anchor Matrix										
Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of November 27, 2017)

OP Corporate Bank PLC

Counterparty Credit Rating	AA-/Stable/A-1+
Commercial Paper	
<i>Local Currency</i>	A-1+
Senior Unsecured	AA-
Short-Term Debt	A-1+
Subordinated	A-

Counterparty Credit Ratings History

17-Nov-2016	AA-/Stable/A-1+
30-May-2014	AA-/Negative/A-1+
06-Feb-2014	AA-/Watch Neg/A-1+

Sovereign Rating

Finland (Republic of)	AA+/Stable/A-1+
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Related Entities

OP Insurance Ltd

Financial Strength Rating	
<i>Local Currency</i>	A+/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	A+/Stable/--

OP Mortgage Bank

Senior Secured	AAA/Stable
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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Financial Institutions Ratings Europe; FIG_Europe@spglobal.com

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