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OP Corporate Bank PLC

Primary Credit Analyst:
Salla von Steinaecker, Frankfurt (49) 69-33-999-164; salla.vonsteinaecker@spglobal.com

Secondary Contacts:
Olivia Fleischmann, Stockholm (46) 8-440-5904; olivia.fleischmann@spglobal.com
Anna Glennmar, Stockholm (46) 8-440-5922; anna.glennmar@spglobal.com

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OP Corporate Bank PLC

SACP	a+	
Anchor	a-	
Business Position	Strong	+1
Capital and Earnings	Strong	+1
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Adequate	

+

Support	+1
ALAC Support	+1
GRE Support	0
Group Support	0
Sovereign Support	0

+

Additional Factors	0

Issuer Credit Rating
AA-/Negative/A-1+

Major Rating Factors

Strengths:

- Successful bancassurance strategy and solid domestic franchise.
- Conservative capital policy, underpinned by sound earnings and strong capital position.
- Cooperative banking model with joint and several guarantee by all member banks.

Weaknesses:

- Geographic concentration in Finland.
- Weaker cost efficiency than Nordic peers', although improving.

Outlook: Negative

The negative outlook on Finland-based OP Corporate Bank PLC reflects S&P Global Ratings' view that Finland's weak economic recovery could hamper the banking sector's performance over the next two years. This could lead us to lower our 'a-' anchor for Finnish banks, including OP Corporate Bank.

We could revise the outlook to stable if we consider that the banking sector remains resilient to the economic environment and we do not observe a correction in asset prices, particularly in housing prices.

Rationale

The ratings on OP Corporate Bank (previously Pohjola Bank PLC) reflect the franchise and creditworthiness of the wider OP Financial Group, comprising some 180 member cooperative banks (as of June 30, 2016), 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 enterprises (SMEs) and 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 and several guarantee 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. That said, we understand that there are ongoing discussions to transfer the treasury and central bank operations from OP Corporate Bank to a separate company, but no decision has been made yet. Further changes in group structure include plans to transfer the non-life insurance segment from OP Corporate Bank to direct ownership of the central institution as was the case with the wealth-management segment at year-end 2015.

We believe the group will maintain its leading position within the Finnish market, where its business lines have market shares of 20%-35%. 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 ratio (RAC) in the range of 12.0%-12.5% in the next 12-18 months. Because of its strong loan-loss track record, which compares favorably with those of 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. We assess the group's funding as average and its liquidity as adequate. The group's funding mix is sound and dominated by customer deposit 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 buffer. The 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) 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 '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 a competitive and resilient economy with high education levels. However, the country depends on exports from cyclical industries linked to investments, and its economy is subject to sub-par growth due to the fragile recovery in Europe. Moreover, lack of reforms to increase competitiveness could put pressure on the economy. Low corporate and moderate household debt, and a very strong payment culture, contribute to sound leverage.

Diverse Nordic banking groups largely control Finland's concentrated banking industry, which in our view is underpinned by robust profitability and stability. Deposits dominate funding, but the sector is a net external debtor, reflecting significant loan growth over the past decade and the country's lack of a deep domestic debt market.

Table 1

OP Financial Group PLC Key Figures					
		--Year-ended Dec. 31--			
(Mil. €)	**2016***	**2015**	**2014**	**2013**	**2012**
Adjusted assets	117,196	105,825	94,060	86,266	85,784
Customer loans (gross)	77,477	75,686	71,166	68,704	65,574
Adjusted common equity	7,831	7,596	5,422	5,943	5,363
Operating revenues	1,516	2,894	2,783	2,502	2,353
Noninterest expenses	879	1,714	1,780	1,712	1,652
Core earnings	492	853	607	673	483

*Data as of June 30.

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 30%-35%. This is further supported by the group's life and non-life insurance operations enjoying strong market shares of 25% and 30%, respectively. For this reason, we assess OP Corporate Bank's business position as strong.

OP Financial Group--with total assets of €127.1 billion as of June 30, 2016--has a strong retail franchise with a countrywide branch network and about 3.9 million private customers and 438,000 corporate customers. In our view, the group's expected consistently strong and recurring revenue and average return on equity of about 8.2% over the past five years (10.3% in 2015), supported by its retail focus and coherent long-term strategy, will provide a stable operating platform. We expect the simplified organization structure, 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's revenues consist of interest income (35% of total income), fee and commission income (25% of total income), and net insurance income (about 20% of income)--a split that we expect will remain relatively unchanged in the coming years.

We consider that the stable cooperative ownership structure underpins the strengths and stability of the business model. All 180 member cooperative banks and OP Corporate Bank operate under a joint and several liability guarantee, defined by the Finnish Act on the Amalgamation of Deposit Banks. We think it will enable the group to better focus on the 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 1.7 million in June 2016 from about 700,000 in 2005.

Table 2

OP Financial Group Business Position					
		--Year-ended Dec. 31--			
(%)	2016*	2015	2014	2013	2012
Total revenues from business line (mil. €)	1,516	2,894	2,783	2,502	2,353
Commercial & retail banking/total revenues from business line	62.1	66.6	69.2	67.7	71.9
Insurance activities/total revenues from business line	18.5	19.4	21.4	21.3	19.5
Asset management/total revenues from business line	13.7	11.1	9.2	10.9	10.1
Other revenues/total revenues from business line	5.7	2.9	0.2	0.1	(1.4)
Return on equity	10.4	10.3	8.1	9.1	7.1

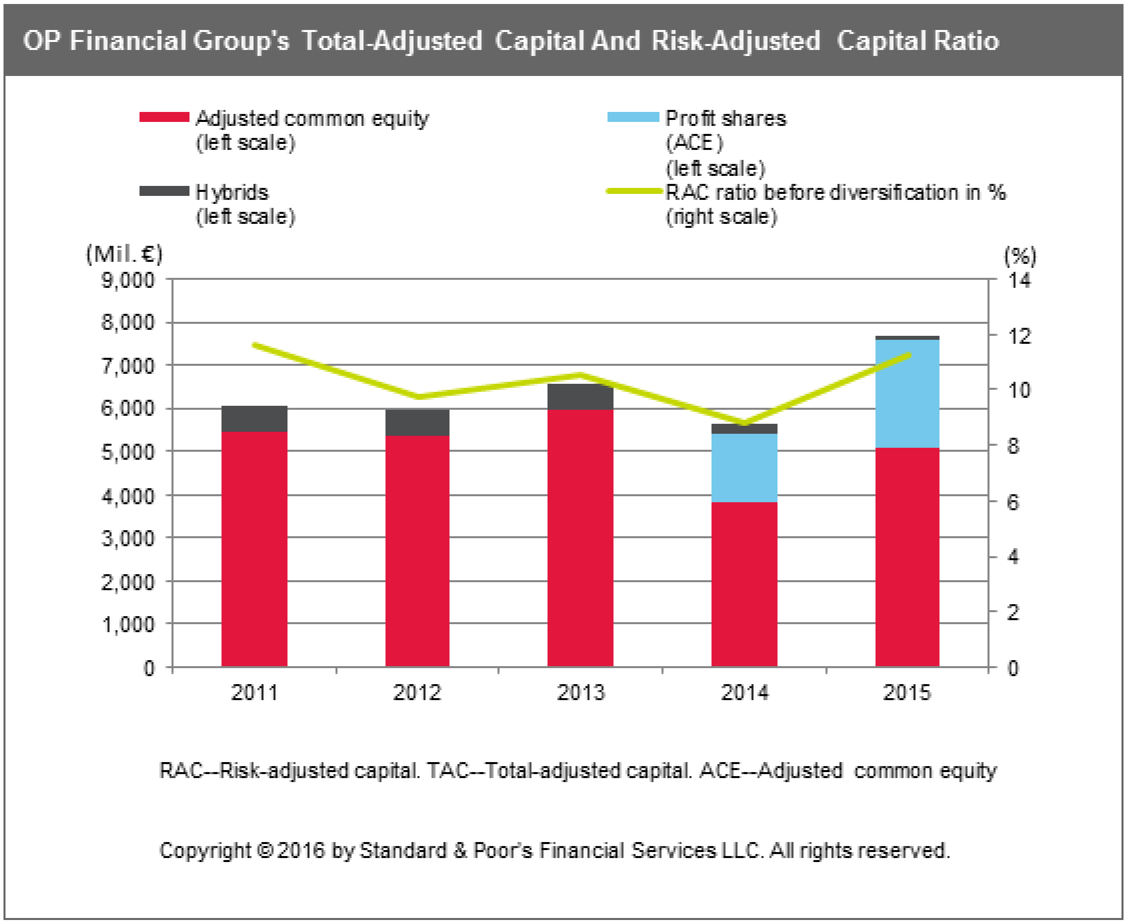
*Data as of June 30.

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 12.0%-12.5% over the next 18-24 months, compared with 11.2% as of year-end 2015. Furthermore, we expect OP Financial Group's stable earnings generation and conservative capital policy in the cooperative network will not change.

In line with our expectations, OP Financial Group reached its pre-share buyback level capitalization by the year-end 2015 as a combined result of increased core earnings and the issuance of member profit shares to its retail clients in the amount of €2.5 billion by the end of June 2016 (see Chart 1). The group started in March 2014 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 our total adjusted capital, as we do for other European cooperative banking groups. The shares are included by the regulator as common equity Tier 1 capital and accounted for as equity under International Financial Reporting Standards (IFRS).

Chart 1



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

- The group generating stable operating revenues in the range of €2.8 billion-€2.9 billion (€2.9 billion in 2015), supported by all business lines.
- Improving cost efficiency allowing continuous investment in the digitalization and service improvements (reported cost-to-income ratio of 53.8% in 2015).
- Loan impairments remaining at their current low levels of 8-10 basis points (bps).
- Capital position being 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 €75 million annually in 2016-2017.
- Sound loan growth of about 5% translating into a moderate increase in S&P Global Ratings' risk-weighted assets.

We positively note that all business segments contributed to the €1,101 million record pre-tax earnings in 2015 (€614 million as of June 30, 2016). The majority, namely €642 million or 58% of pre-tax earnings, was generated in the banking business, which benefitted from increased net interest income and lower operating expenses. Pretax earnings from non-life insurance and wealth management (including life insurance) reached €472 million in 2015 or 42% to OP Financial Group's pretax profits. The improved profitability in insurance activities was mainly due to strong annual 12% growth of assets under management and a continued favorable claims development for its non-life operations (combined ratio of 89%). 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 on OP Corporate Bank, which measures the capacity of a bank to cover its normalized losses, will be in the range of 100-105 bps and support the group's buildup of capital. However, even if we observe an improvement in OP Financial group's cost efficiency, it still lags behind its large Nordic peers, with a reported cost-to-income ratio of 53.8% in 2015 (57% as of June 30, 2016). We expect the group will be able to maintain its cost efficiency as combination of improved cost efficiency in operation (including further consolidation among the cooperative's regional banks and optimization of branch network) and continuous investments in digitalization and service capacity in the range of €300 million-€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 19.4% and its total capital ratio of 22.5% as of June 30, 2016, both comfortably met the regulatory requirements of at least 9.0% and 12.5%, respectively. The group recently increased its CET1 target to 22%.

The non-life and life insurance operations have capital targets of 120% and 130%, respectively, (without transitional measures) of the Solvency Capital Requirement (SCR) under Solvency II, with any excess capital to continue being upstreamed to the ultimate parent, OP Financial Group.

Table 3

OP Financial Group Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2016***	**2015**	**2014**	**2013**	**2012**
Tier 1 capital ratio	19.6	19.9	15.5	17.3	14.1
S&P Global Ratings RAC ratio before diversification	N.M.	11.25	8.78	10.55	9.71
S&P Global Ratings RAC ratio after diversification	N.M.	11.82	9.24	11.14	10.07
Adjusted common equity/total adjusted capital	98.7	98.6	96.6	90.7	89.6
Net interest income/operating revenues	34.8	35.4	37.3	36.1	41.8
Fee income/operating revenues	28.8	24.3	26.1	25.0	24.8
Market-sensitive income/operating revenues	29.2	6.7	5.8	7.2	5.7
Noninterest expenses/operating revenues	58.0	59.2	64.0	68.4	70.2
Preprovision operating income/average assets	1.0	1.0	0.9	0.8	0.7
Core earnings/average managed assets	0.8	0.7	0.6	0.7	0.5

*Data as of June 30. N.M.--Not meaningful. RAC--Risk-adjusted capital.

Table 4

OP Financial Group Risk-Adjusted Capital Framework Data

(€)	**Exposure***	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	15,482,914,108	27,002,122	0	491,562,560	3
Institutions	7,480,287,058	1,163,280,173	16	1,232,371,285	16

Table 4

OP Financial Group Risk-Adjusted Capital Framework Data (cont.)

Corporate	34,217,975,404	21,168,914,046	62	22,749,392,807	66
Retail	50,104,866,064	4,831,591,716	10	14,903,236,965	30
Of which mortgage	39,667,026,876	1,935,828,724	5	9,247,224,117	23
Securitization§	358,310,863	46,412,691	13	121,111,065	34
Other assets	1,313,112,077	1,570,867,563	120	1,299,059,947	99
Total credit risk	108,957,465,574	28,808,068,311	26	40,796,734,628	37
Market risk					
Equity in the banking book†	266,374,983	887,004,994	333	2,087,143,588	784
Trading book market risk	--	1,449,640,243	--	2,174,460,364	--
Total market risk	--	2,336,645,236	--	4,261,603,952	--
Insurance risk					
Total insurance risk	--	--	--	18,401,728,325	--
Operational risk					
Total operational risk	--	3,477,460,563	--	5,021,446,298	--

		Basel III RWA		S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification		35,012,389,396		68,481,513,203	100
Total diversification/concentration adjustments		--		(3,345,389,734)	(5)
RWA after diversification		35,012,389,396		65,136,123,469	95

		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		8,048,958,060	19.9	7,702,000,000	11.2
Capital ratio after adjustments‡		8,048,958,060	19.9	7,702,000,000	11.8

*Exposure at default. §Securitization Exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Exposure and Standard & Poor's risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡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, 2015, Standard & Poor's.

Risk position: Low risk retail profile concentrated in Finland

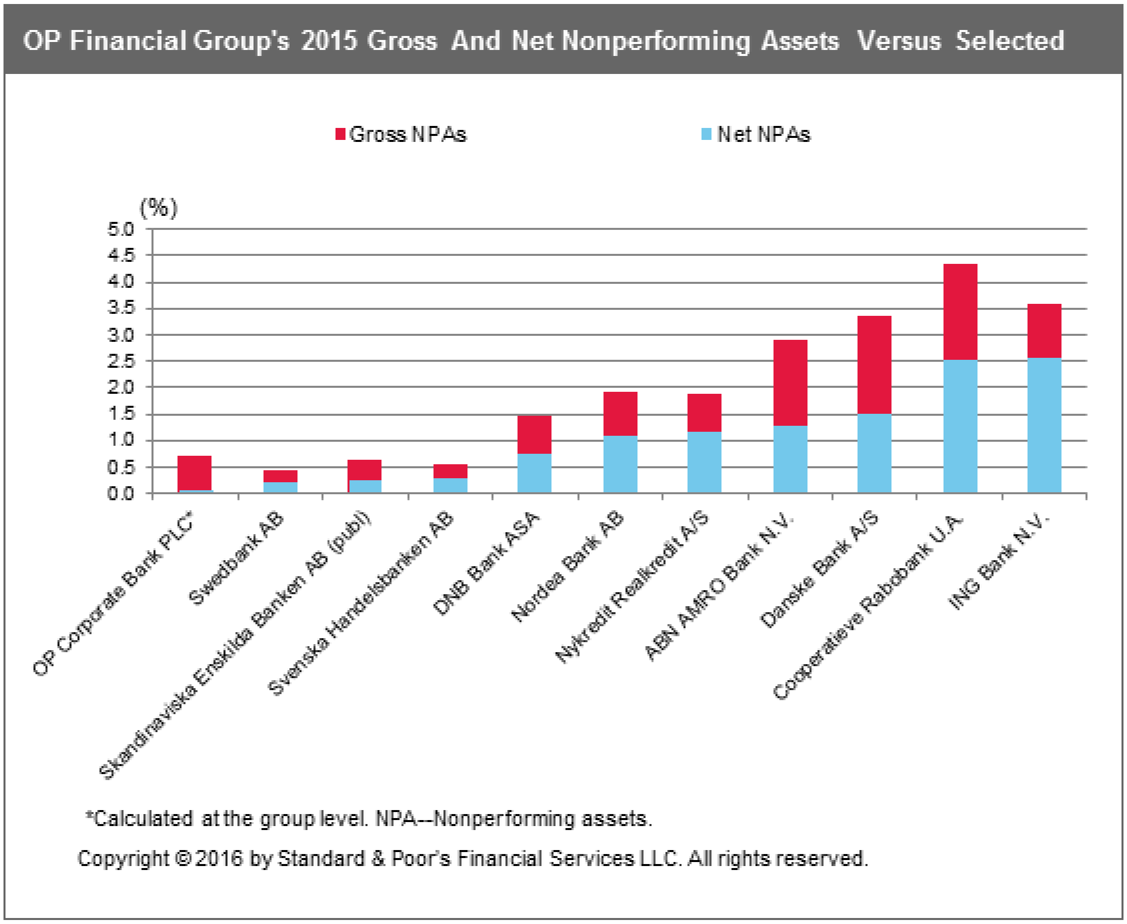
We view OP Corporate Bank's risk position as adequate, reflecting our opinion that the group's RAC ratio adequately captures its different risks, including risk related to the group's insurance business.

The group's gross loan book amounting to €77.4 billion as of June 30, 2016 is dominated by granular retail loans (62% of total loans), and the sound growth has mainly been driven by the retail mortgage loans which make the major part of the retail loans (77% of retail portfolio). OP Financial Group has maintained sound underwriting standards with adequate collateralization, as demonstrated by the average loan-to-value (LTV) ratio of 45% at OP Mortgage Bank as of June 30, 2015. We do not expect the amortization holiday campaign offered to OP Financial Group's customers in 2015 will translate into any meaningful weakening in asset quality, since the free-of-charge grace periods on mortgage loans were predominantly extended to some 95,000 highly scored customers but the impact on asset quality is likely to be seen with a certain delay.

OP Financial Group's corporate loan book incl. housing associations makes about 32% of the total loan portfolio and is predominantly housed at OP Corporate Bank (one third booked in member banks). The group's strong loan-loss record is offset by some concentration risk arising from exposure to Finland's commercial real estate sector (31% of the corporate exposures). However, this exposure is mostly related to income-producing real estate (two-thirds residential rental housing), and we therefore consider it to be of moderate risk and in line with our RAC framework risk weights. OP Corporate Bank's energy exposures (8% of corporate exposures) represent a good asset quality while the oil industry exposures are minor (less than 1% of corporate exposures). The single name concentrations are gradually decreasing and are in general to well-rated corporate customer groups.

Consequently, we expect OP Financial Group's asset quality will remain sound, with nonperforming loans amounting to 0.7% of the loan portfolio as of year-end 2015 (0.7% on June 30, 2016), which is in line with those of large Nordic peers (see Chart 2). Loan losses have averaged 13 bps of the loan book over the past five years and decreased to 11 bps in 2015 (6 bps as of June 30, 2016). These levels compare favorably with those of large Nordic peers and with our expectations of its normalized losses. In our base-case scenario, we expect the group will maintain its impairments around 10 bps in 2016-2017. Despite the Finnish economy's muted growth, we anticipate no significant credit losses in its mortgage portfolio over the near term, provided interest rates do not increase sharply. However, a dampening in consumption could hurt the corporate sector and SMEs, in particular.

Chart 2



Investment risk in 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. Under our RAC framework, we convert equity invested in and subordinated debt held in the life and non-life subsidiaries into risk-weighted assets with a 1.250% risk weighting. We believe this to be commensurate with the risk level in the insurance businesses (see "Credit FAQ: Treatment Of Banks' Insurance Subsidiaries In The Risk-Adjusted Capital Framework," published May 23, 2014, on RatingsDirect).

Table 5

OP Financial Group Risk Position

		--Year-ended Dec. 31--			
(%)	2016*	2015	2014	2013	2012
Growth in customer loans	4.7	6.4	3.6	4.8	8.0
Total diversification adjustment/S&P Global Ratings RWA before diversification	N.M.	(4.89)	(4.96)	(5.32)	(3.53)
Total managed assets/adjusted common equity (x)	16.2	16.5	20.4	17.0	18.6
New loan loss provisions/average customer loans	0.1	0.1	0.1	0.1	0.2
Net charge-offs/average customer loans	0.1	0.1	0.1	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.7	0.7	0.9	1.4	1.4

Table 5

OP Financial Group Risk Position (cont.)

		--Year-ended Dec. 31--			
(%)	**2016***	**2015**	**2014**	**2013**	**2012**
Loan loss reserves/gross nonperforming assets	94.0	91.0	72.4	46.8	45.7

*Data as of June 30. N/A--Not applicable. N.M.--Not meaningful. RWA--Risk-weighted assets.

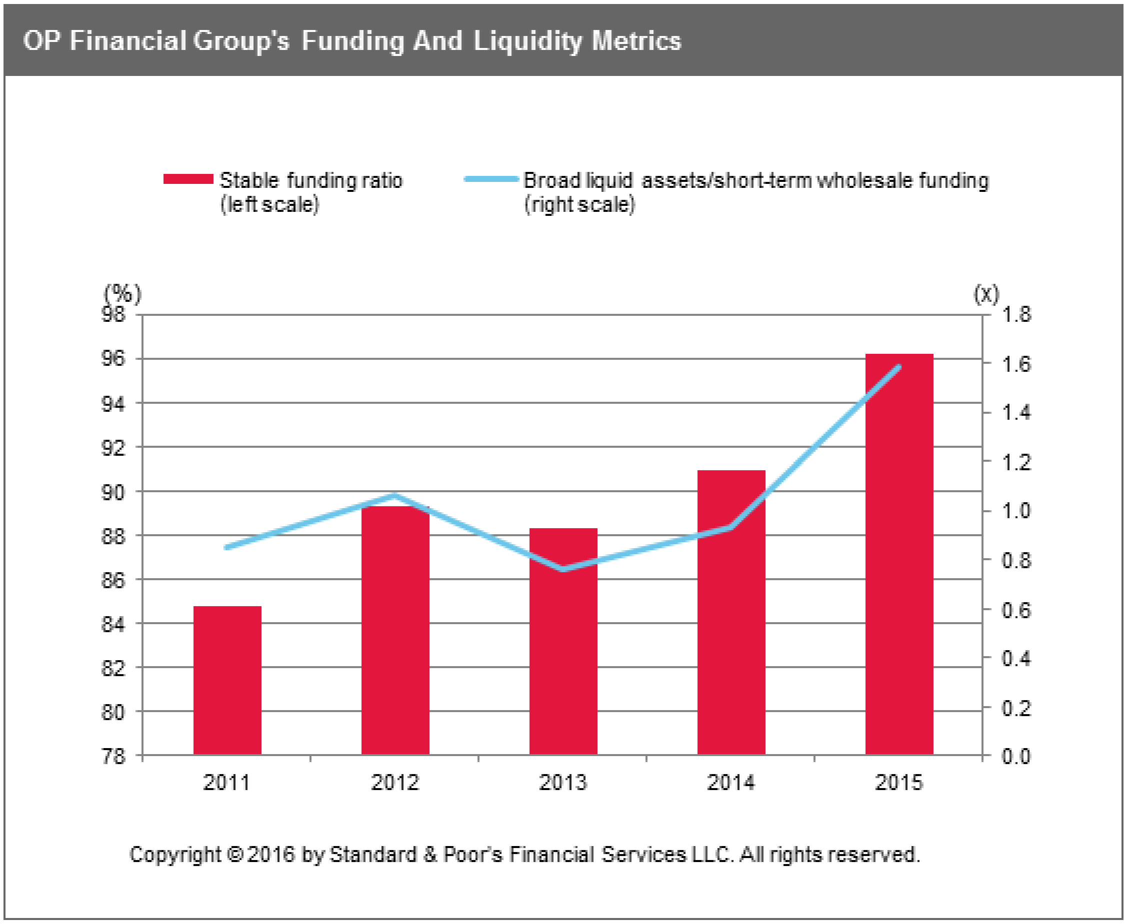
Funding and liquidity: Balanced funding profile dominated by customer deposits

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 ratios of deposit funding among large Nordic banks--65% as of June 30, 2016. The deposit base's structure is well balanced between corporate and institutionals (one-third of total deposits) and retail clients (two-thirds of total deposits), and does not show single-name concentration risk. We note that almost 60% of the deposits are covered by Finnish Deposit Guarantee Fund.

Over the past couple of years, the group has optimized its long-term funding position by issuing both covered bonds and senior unsecured instruments. The group's diversified funding profile (by source and maturity) is underpinned in OP Financial Group's stable funding ratio of 96% at year-end of 2015, and we expect the ratio will hover close to 100% in the next two years (see Chart 3).

Chart 3



Relative to its Nordic peers, OP Financial Group's asset encumbrance level at about 10% as of year-end 2015 is among the lowest and there is ample room for further covered bond issuance. Most investors in the group's debt are based abroad given the small domestic debt market in Finland, and we consider this a weakness. Still, the bank's funding profile is in line with our systemwide assessment in Finland.

By our measures, OP Financial Group's one-year liquidity ratio (broad liquid assets to short-term wholesale funding) has strengthened considerably to 1.6x as of Dec. 31, 2015 (0.76x at year-end 2013) owing to a high liquidity position held with the central bank and €10 billion of adjusted liquid securities eligible as collateral. This is commensurate with our assessment of the group's liquidity position as adequate. Positively, we understand that the group already comfortably fulfils the regulatory requirements on liquidity with liquidity coverage ratio of 116% as of year-end 2015.

Table 6

OP Financial Group Funding And Liquidity

	--Year-ended Dec. 31--				
(%)	**2016***	**2015**	**2014**	**2013**	**2012**
Core deposits/funding base	64.7	62.6	63.7	67.0	66.8
Customer loans (net)/customer deposits	132.4	144.8	144.9	144.1	144.8
Long-term funding ratio	87.5	87.4	85.0	84.7	86.3

Table 6

OP Financial Group Funding And Liquidity (cont.)

		--Year-ended Dec. 31--			
(%)	**2016***	**2015**	**2014**	**2013**	**2012**
Stable funding ratio	97.7	96.2	91.0	88.4	89.3
Short-term wholesale funding/funding base	13.7	13.8	16.2	16.8	15.0
Broad liquid assets/short-term wholesale funding (x)	1.9	1.6	0.9	0.8	1.1
Net broad liquid assets/short-term customer deposits	17.8	11.8	(1.6)	(5.8)	1.4
Short-term wholesale funding/total wholesale funding	38.6	36.9	44.3	49.7	44.0
Narrow liquid assets/3-month wholesale funding (x)	2.7	2.2	1.7	1.3	1.5

*Data as of June 30.

Support: One notch of ALAC support

Owing to its 35.1% market share of customer loans and 36.5% share of customer deposits, OP Financial Group has high systemic importance in Finland, in our view. 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 non-viable 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 and so the long-term ratings on OP Corporate Bank, because we consider that the group is likely to increase its ALAC over the next two years. We estimate that the ALAC buffer equaled 3.2% of S&P Global Ratings' risk-weighted assets at year-end 2015 and project that it will grow to 5.2% by end-2017 thus above our adjusted threshold of 4.0% for 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 TAC included in the GCP; the group will gradually replace maturing capital instruments with ALAC-eligible instruments; and that future regulatory requirements would lead the group to maintain or maybe moderately increase its existing buffer of loss-absorbing capacity.

We include in our ALAC assessment all capital instruments issued by OP Financial Group and OP Corporate Bank (apart from those we expect to be called within the next 12 months) because we believe they have capacity to absorb losses without triggering a default on OP Corporate Bank's senior obligations. We adjust the applicable threshold downwards by 100 bps to 4.0% due to the significant share of insurance activities that we expect will be outside the scope of eventual resolution.

Additional rating factors: None

No additional factors affect this rating.

Core subsidiary: OP Insurance Ltd.

We view OP Corporate Bank's fully owned subsidiary OP Insurance Ltd. to be a core subsidiary of the group.

However, we believe that as an insurance subsidiary OP Insurance would not benefit from the bank's ALAC. We expect that any eventual resolution of OP Insurance would be separate from that of the bank, meaning that any outstanding ALAC instruments at the bank would not be available for the insurance operations. Therefore, we rate OP Insurance at the level of the unsupported GCP.

Ratings on hybrid instruments

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

Related Criteria And Research

Related Criteria

- National And Regional Scale Credit Ratings, September 22, 2014
- S&P Global Ratings' National And Regional Scale Mapping Tables, June 01, 2016
- Group Rating Methodology, November 19, 2013
- Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, January 29, 2015
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, November 09, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, November 09, 2011
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- Methodology For Mapping Short- And Long-Term Issuer Credit Ratings For Banks, May 04, 2010
- Commercial Paper I: Banks, March 23, 2004
- General Criteria: Use Of CreditWatch And Outlooks, September 14, 2009

Related Research

- Nordic Bank's Capital Growth Tapers Off, Aug. 2, 2016
- Banking Industry Country Risk Assessment Update: August 2016, August 10, 2016
- Banking Industry Country Risk Assessment: Finland, Jan. 25, 2016
- Pohjola Bank 'AA-/A-1+' Ratings Affirmed On Government Support And ALAC Review; Outlook Negative, Dec. 2, 2015
- Pohjola Bank Ratings Affirmed At 'AA-/A-1+' Following Sovereign Rating Action; Outlook Negative, Sept. 29, 2015
- Capital Continues To Drive Improvements in Nordic Banks' Credit Profiles, July 27, 2015
- Nordic Banks Face Credit Pressures From Bail-In Regulations And Economic Risks, March 9, 2015
- Credit FAQ: Treatment Of Banks' Insurance Subsidiaries In The Risk-Adjusted Capital Framework, May 23, 2014

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 August 17, 2016)

OP Corporate Bank PLC	
Counterparty Credit Rating	AA-/Negative/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured	
Greater China Regional Scale	cnAAA
Senior Unsecured	AA-
Short-Term Debt	A-1+
Subordinated	A-
Counterparty Credit Ratings History	
30-May-2014	AA-/Negative/A-1+
06-Feb-2014	AA-/Watch Neg/A-1+
20-Nov-2012	AA-/Negative/A-1+
Sovereign Rating	
Finland (Republic of)	AA+/Negative/A-1+
Related Entities	
OP Insurance Ltd	
Financial Strength Rating	
Local Currency	A+/Negative/--
Issuer Credit Rating	
Local Currency	A+/Negative/--
OP Mortgage Bank	
Senior Secured	AAA
Senior Secured	AAA/Stable

*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.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@spglobal.com