

## CREDIT OPINION

4 August 2023

Update



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### 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

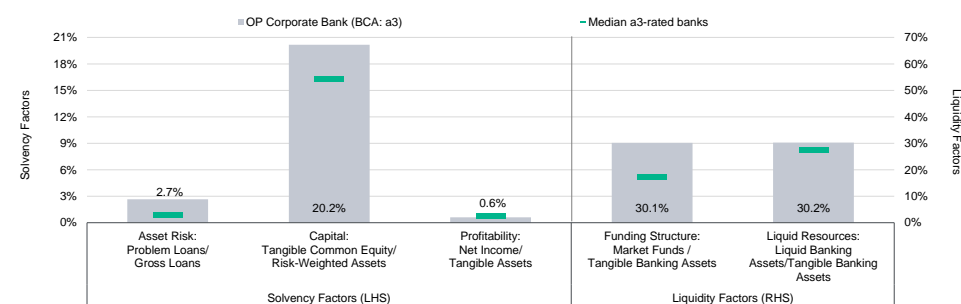
OP Corporate Bank plc's (OP) ratings reflect its key role within the OP Financial Group (OPFG), which is an amalgamation of member banks and credit institutions, bound by a joint liability. This Credit Opinion primarily reflects the creditworthiness of OPFG, with OP being the unsecured debt issuing entity within the group and acting as the group's treasury.

OP's Baseline Credit Assessment (BCA) and Adjusted BCA of a3 reflect the group's strong capitalisation with a tangible common equity (TCE) ratio of 20.2% as of the end of March 2023; low asset risk, with a problem loan ratio of 2.7% as of the end of March 2023; moderate earnings; and high reliance on market funding. The joint liability agreement effectively links the key credit institutions operating under OPFG and aligns the BCA of the bank with that of the group.

OP's Aa3 deposit and senior unsecured debt ratings reflect the bank's BCA and Adjusted BCA of a3; 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's deposit and senior unsecured ratings; and our assumption of a moderate likelihood of support from the [Government of Finland](#) (Aa1 stable) in case of need, which results in one additional notch of uplift.

#### Exhibit 1

#### Rating Scorecard - Key financial ratios



The ratios represent the financials of OPFG. The group's asset-risk 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

## Credit strengths

- » The group is a market leader in Finland in both banking and insurance with successful cross-selling
- » OP's has both high risk adjusted capitalisation and a strong leverage ratio
- » The joint liability among OP Cooperative and member credit institutions ensures that OP's obligations are backed by all other credit institutions of the group

## Credit challenges

- » Moderate efficiency, with income under pressure from high investments
- » High reliance on wholesale funding

## Outlook

The stable outlook on the long-term ratings reflects our view that OPFG's credit fundamentals will remain robust over the next 12-18 months.

## Factors that could lead to an upgrade

Factors that could lead to an upgrade of the BCA include a combination of sustained improvement in asset risk; stronger recurring profitability; and reduction in the overall wholesale funding dependence in favour of a higher proportion of deposit funding for the group. The deposit and senior ratings could also be upgraded in case of 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 the BCA include deterioration in the group's funding conditions; a weakening of asset quality, with a deteriorating problem loan ratio; significantly lower recurring profitability; or a sustained weakening of capitalisation, in terms of both risk-based capital and leverage.

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

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moodys.com> for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### OP Financial Group (Consolidated Financials) [1]

	03-23 <sup>2</sup>	12-22 <sup>2</sup>	12-21 <sup>2</sup>	12-20 <sup>2</sup>	12-19 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (EUR Million)	154,715.5	171,975.0	171,474.0	157,103.0	143,516.0	2.3 <sup>4</sup>
Total Assets (USD Million)	168,090.5	183,539.8	194,298.2	192,224.3	161,096.5	1.3 <sup>4</sup>
Tangible Common Equity (EUR Million)	14,692.0	14,437.0	13,290.0	12,065.0	11,538.0	7.7 <sup>4</sup>
Tangible Common Equity (USD Million)	15,962.1	15,407.8	15,059.0	14,762.2	12,951.4	6.6 <sup>4</sup>
Problem Loans / Gross Loans (%)	2.7	2.6	2.7	2.7	1.6	2.4 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	20.2	20.0	20.2	20.2	20.8	20.3 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.6	17.0	18.6	20.1	12.0	17.1 <sup>5</sup>
Net Interest Margin (%)	1.6	1.0	0.9	0.9	0.9	1.0 <sup>5</sup>
PPI / Average RWA (%)	2.8	1.7	2.2	1.5	2.0	2.0 <sup>6</sup>
Net Income / Tangible Assets (%)	1.0	0.6	0.5	0.4	0.5	0.6 <sup>5</sup>
Cost / Income Ratio (%)	49.4	64.9	61.8	70.2	66.4	62.6 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	23.4	30.1	28.9	26.8	25.7	27.0 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	21.1	30.2	30.2	25.4	18.5	25.1 <sup>5</sup>
Gross Loans / Due to Customers (%)	134.9	121.7	125.4	128.4	134.7	129.0 <sup>5</sup>

[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 (OPFG) is Finland's second-largest banking and insurance group by assets, and largest by market share in the country. The products and services provided by the group include retail banking, corporate and investment banking, asset management, and insurance products to private individuals and corporate and institutional customers.

As of 31 March 2023, OPFG held market shares of 35% in terms of loans and 38% in terms of deposits in Finland. The bank mainly operates in Finland through a nationwide service network of 296 branches. As of 31 March 2023, the group reported a consolidated asset base of €157.8 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 March 2023, OPFG comprised 106 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 2.1 million owner-customers, of which around 90% were households. Each member is entitled to one vote.

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

## Recent developments

Consolidation through mergers of OP Cooperative banks around Finland continues. This is credit positive as OPFG aims to increase its efficiency and become more competitive in growth areas.

In the beginning of 2023, OPFG received updated Minimum requirements for own funds and eligible liabilities (MREL) and subordination requirement. The MREL requirement is 26.30% of the total risk exposure, including a combined buffer requirement (CBR) of 4.00%, and 7.40% (previously 9.92%) of leverage ratio exposures. The updated subordination requirement was decreased to 18.66% of the total risk exposure amount including, a the CBR, and 7.40% of leverage ratio exposures. The new requirements were effective from 15 March 2023. From the beginning of 2024, the MREL will be 26.89% of the total risk exposure including a CBR of 4.00%, and 7.40% of leverage ratio exposures.

In June 2022, the Finnish Financial Supervisory Authority (FIN-FSA) launched a recommendation that the maximum sum of monthly amortisations of mortgages, housing company loans and other debt should not be more than 60% of the net income of a mortgagor. Banks took this recommendation into account in their mortgage negotiations as of January 2023.

In March 2023, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks. In connection with its macroprudential policy decision of June 2022, the FIN-FSA performed an annual review of banks' capital buffer requirements and decided to raise OPFG's Other Systemically Important Institutions (O-SII) buffer by 0.5 percentage points to 1.5%, effective from 1 January 2023.

## Detailed credit considerations

### OPFG benefits from a joint liability among member credit institutions

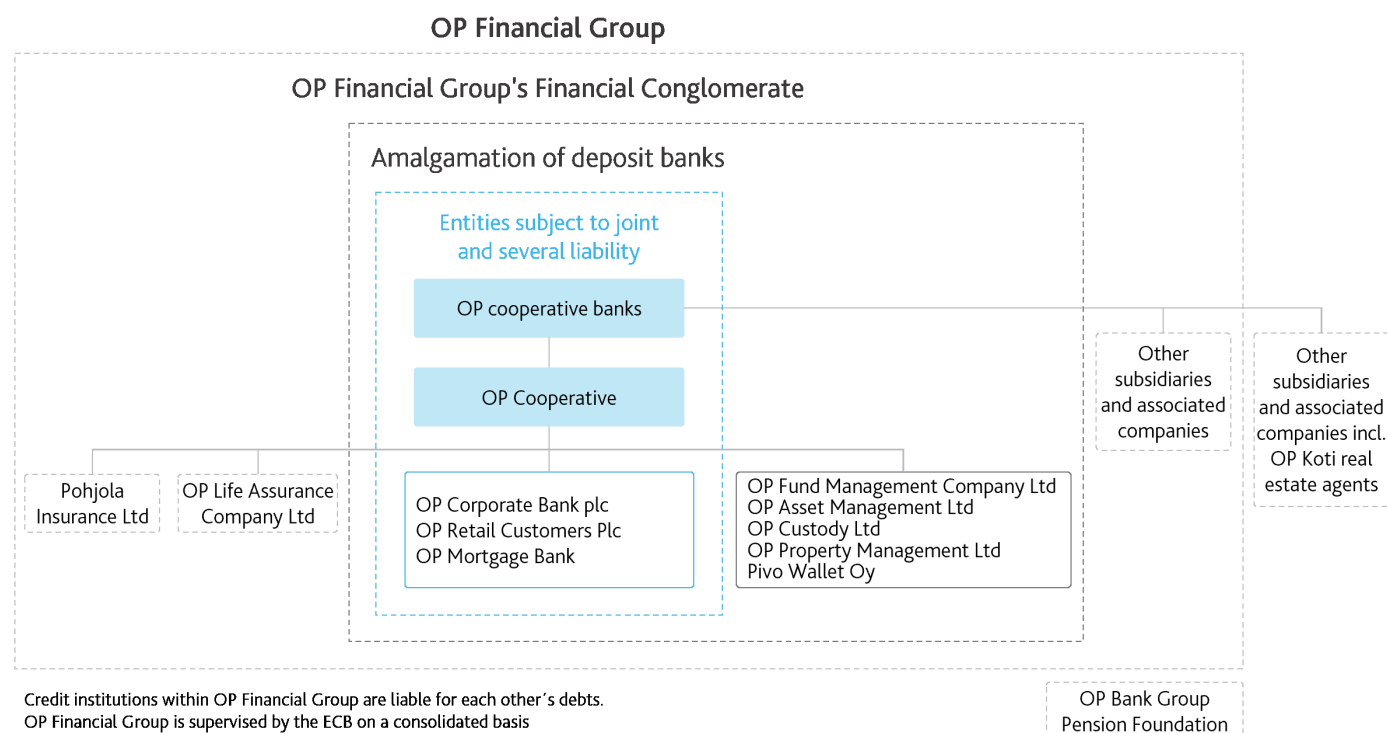
Under Finland's Cooperative Bank Act, the OP Cooperative, OP, Helsinki Area Cooperative Bank, OP Retail Customers Plc, OP Mortgage Bank and the member cooperative banks (combined, the bulk of OPFG's member credit institutions excluding insurance companies and other group entities) are jointly responsible 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 debt of the central cooperative if the latter is unable to do so independently.

The central cooperative is under an obligation to supervise its member credit institutions, and 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.

As OP and other member credit institutions of OPFG are responsible for each other's liabilities, OP can issue debt at more advantageous interest rates, a credit positive.

Exhibit 3

### Structure of OPFG and the scope of the joint liability as of the end of March 2023 The group structure has changed since September 2021



\*OP Corporate Bank plc is the rated entity.  
Sources: OPFG and Moody's Investors Service

### Continued stable asset quality

We expect OPFG's asset risk to remain broadly stable over the next 12-18 months, as the Finnish economy benefits from comparatively strong social safety nets.

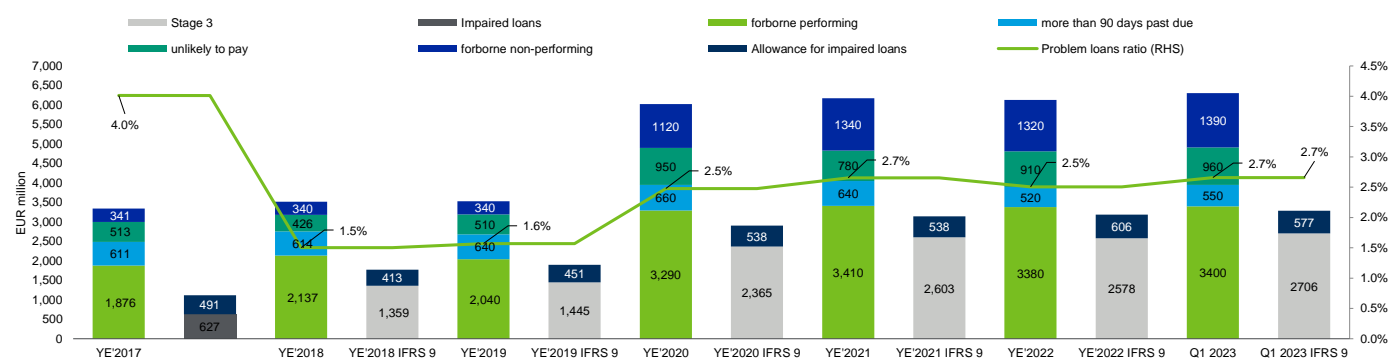
There is still uncertainty around the amount of expected credit losses arising from the effects of the increased geopolitical risks stemming from the war in Ukraine. OPFG has taken lower loan loss provisions, €23 million during the first three months of 2023 compared with €83 million during the year earlier period. As of the end of March 2023, OPFG reported Stage 3 loans (on and off balance sheet) as 2.7% of gross loans, slightly up from 2.6% as of year-end 2022. In 2020, both loans loss provisions and Stage 3 loans were also affected somewhat negatively by the implementation of a new definition of default.

Since the implementation of IFRS 9 on 1 January 2018, the problem loan-to-gross loan ratio is based on Stage 3 exposures to increase peer comparability. Prior to IFRS9 we included forbore performing loans in our problem loans calculation in addition to non performing loans, which resulted in higher problem loans ratio in years prior to 2018 (4% as of year-end 2017). The comparable figure as of the end of March 2023 would have been 6.2%.

The group has relatively low coverage with loan loss reserves/problem loans of 26.5% as of the end of March 2023. However, the group has a large portfolio of housing loans (43% of loans) that we consider to be well covered by collateral.

Exhibit 4

#### Problem loans decreased primarily because of a decline in performing forbore loans



Sources: OPFG and Moody's Investors Service

The group is exposed to some concentration risks mainly because of its large corporate lending book, which also includes more volatile sectors. Exposure to the construction, renting and operating of residential or other real estate accounted for 23.9% of all corporate exposures as of March 2023. 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.

The assigned Asset Risk score of a3 incorporates the above-mentioned constraints and sector concentration. An a3 score is equivalent to a problem loan ratio of less than 4% under [Finland's macro profile of Strong+](#).

### OPFG has the strongest Tier 1 leverage ratio among Nordic peers

The bank's tangible common equity (TCE)/risk-weighted assets (RWA) was 20.2% as of March 2023, and we expect OPFG to remain well capitalised over next 12-18 months. The bank reported a solid Common Equity Tier 1 (CET1) capital ratio of 18.3% as of the end of March 2023 (the CET1 ratio captures the capitalisation of the amalgamation of credit institutions, excluding equity in the insurance companies). In addition, the group maintained a very strong reported Tier 1 leverage ratio of 9.1% as of March 2023, the highest among its Nordic peers.

As of the end of March 2022, the bank decided to apply an RWA floor based on the standardised approach in the calculation of its capital adequacy ratios. The application of the floor decreased the CET1 ratio by one percentage point. We expect the buffers to remain prudently high, a reflection of the cooperative nature of the group. OP Cooperative's board of directors has decided that the group's

long-term CET1 ratio target should be at least the regulatory CET1 capital requirement including a 400-basis-point management buffer, which was 16.3% as of the end of March 2023.

Since March 2020, the FIN-FSA has set a 0% systemic risk buffer on OPFG. The O-SII buffer requirement was increased by 0.5 percentage points to 1.5% as of 1 January 2023. In March 2023, the FIN-FSA reiterated its decision not to impose a countercyclical capital buffer requirement on banks. The current regulatory CET1 requirement is 12.3% and the total capital requirement is 14.3%, including a Pillar 2 requirement of 2.25% set by the European Central Bank (ECB).

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

### Improved profitability in 2022 as the effects of the pandemic eased; higher interest rates are expected to support profitability in 2023

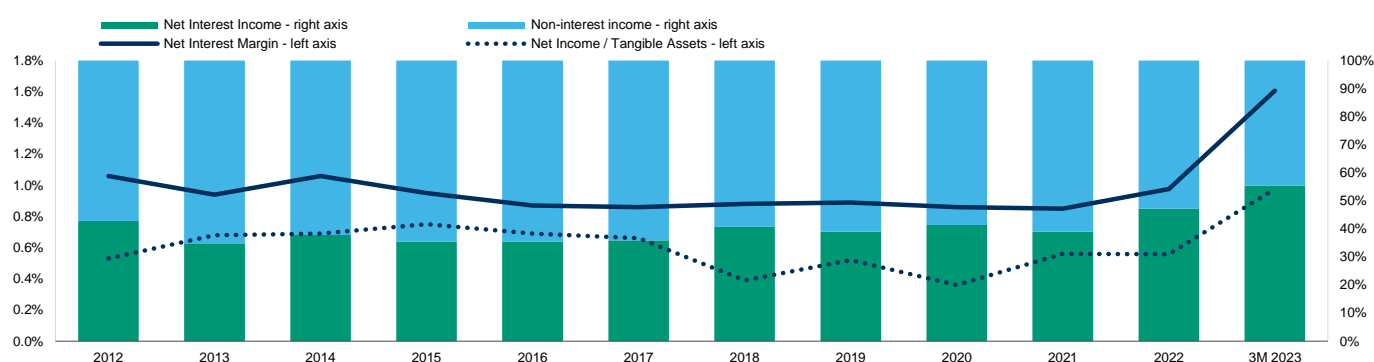
OPFG has a track record of consistent profitability — 2021 and 2022 were strong years in terms of improvements in profitability and cost efficiency, compared with 2020 when the expectation of a spike in pandemic-related credit losses drove a surge in loan loss provisions, straining profitability. In 2023, we expect OPFG's net interest income (NII) to be supported by higher interest rates. Efforts to reduce costs and the repricing of loan portfolios will partly offset continued high investment needs.

The group's net income/tangible assets improved to 1.00% for the first three months of 2023, from 0.30% during the year-earlier period, primarily driven by an improvement in NII as a result of rapidly rising interest rates. NII increased by 84.1% to €615 million in the first three months of 2023 from €334 million a year earlier, while net investment income increased to €128 million from €70 million a year earlier. The increase was driven mostly by higher stability in financial markets than a year earlier and an increase in the value of the investment portfolio. Furthermore, lower loan loss provisions had a positive impact on net result. Net commission and fee income, which is an important revenue driver, remained relatively stable. We expect income to improve strongly in 2023 compared to 2022.

OPFG has well-diversified income streams, and has successfully increased the contribution of non-interest income from its insurance operations and asset management to the overall total income (see Exhibit 5).

Exhibit 5

#### Non-interest income is a large contributor to the total income of OPFG



Sources: OPFG and Moody's Investors Service

Total expenses increased to €553 million for the first three months of 2023 from €514 million in the year-earlier period because of higher ICT and personnel costs and other operating expenses. The bank's cost-to-income ratio decreased to 49% for the first three months of 2023, from 76% in the year-earlier period.

We expect the group's efficiency efforts, such as staff reductions at central functions and consolidation of the number of branches and IT developments combined with higher NII and investment income to result in improved profitability at OPFG and help it remain well above 0.75% of banking assets both in 2023 and 2024.

### High reliance on wholesale funding, although mitigated by liquidity buffer

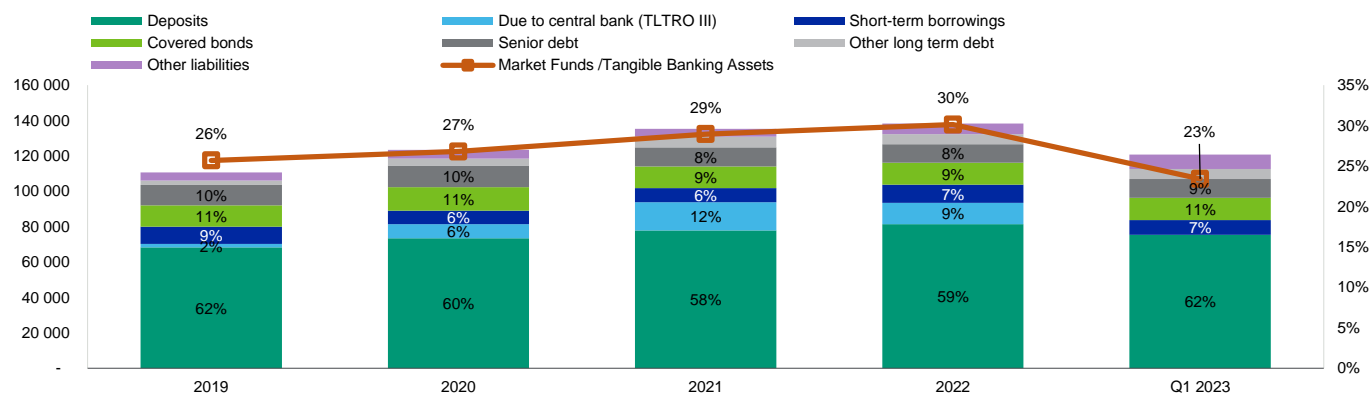
OP currently plays the role of central treasury for OPFG. Among other things, the bank is responsible for issuing senior unsecured debt and short-term debt, and managing the group's liquidity buffer.

The group continues to rely on market funding, which exposes it to swings in investor sentiment. Market funding of the group amounted to around 23.4% of tangible banking assets as of the end of March 2023. Covered bonds, which are a stable source of funding, issued via OP Mortgage Bank (a specialised group subsidiary), accounted for around 31% of all issued debt securities. The high proportion of covered bonds and conservative maturity profile contributed to a strong net stable funding ratio of 127% as of March 2023.

Exhibit 6

#### A well-diversified funding profile driven by deposits

Funding in € million (LHS), market funding ratio (RHS)



Note: Moody's adjusted figures - insurance segment liabilities are excluded.

Source: Moody's Investors Service and company reports

In the beginning of 2023, OPFG received updated MREL and subordination requirements (see recent developments above). The updated subordination requirement was decreased to 18.66% of the total risk exposure amount and 7.40% of leverage ratio exposures. The new requirements entered into force on 15 March 2023. From the beginning of 2024, the MREL will be 26.89% of the total risk exposure and 7.40% of leverage ratio exposures. The requirements include a CBR of 4.00%. OPFG currently complies with both current and future requirements with high buffers.

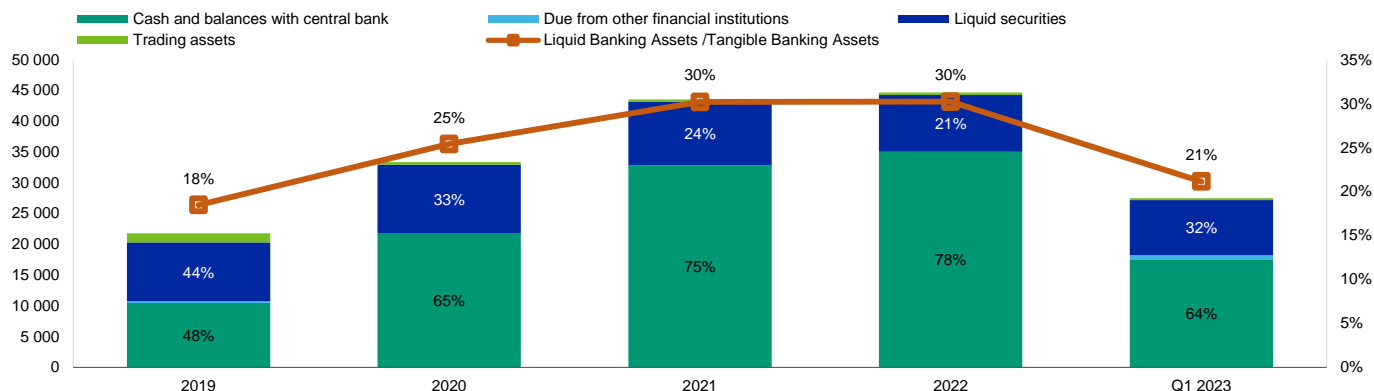
OPFG's liquidity buffer at market value and after collateral haircuts amounted to €32.5 billion as of the end of March 2023, and was sufficient to cover the short-term funding needs and predictable payment flows in a liquidity stress scenario. We calculate the liquid banking assets/tangible assets at 21.1% as of the end of March 2023. OPFG monitors its liquidity and the adequacy of its liquidity buffer using the liquidity coverage ratio (LCR), and as of 31 March 2023, OPFG's LCR was 217%.

In the first quarter of 2023, OPFG repaid the outstanding €12 billion Targeted longer-term refinancing operations (TLTRO) loans. This resulted in a reduction in our calculated market funding and liquidity ratios for March 2023 compared with year-end 2022 values.

Exhibit 7

**A well-balanced liquidity profile between cash and liquid securities**

Liquid assets in € million (LHS), liquid assets ratio (RHS)



Note: Moody's adjusted figures - insurance segment assets are excluded.

Source: Moody's Investors Service and company reports

**ESG considerations**

**OP Corporate Bank plc's ESG Credit Impact Score is Neutral-to-Low CIS-2**

Exhibit 8

**ESG Credit Impact Score**

**CIS-2**

**Neutral-to-Low**



For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

OP's ESG Credit Impact Score (CIS) is 2. This reflects the limited credit impact of environmental and social risk factors on the rating to date, and the low governance risks. The bank's corporate governance framework is good, but there is some complexity in the group's structure that is mitigated by a low risk appetite and a good track record.

Exhibit 9

**ESG Issuer Profile Scores**

ENVIRONMENTAL

**E-3**

Moderately Negative



SOCIAL

**S-3**

Moderately Negative



GOVERNANCE

**G-2**

Neutral-to-Low



Source: Moody's Investors Service



### Environmental

OP faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified banking group. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, the bank is developing its climate risk and portfolio management capabilities.

### Social

OP faces social risks related to regulatory and litigation risks, requiring high compliance standards. The exposure to customer relation risks is lower than that of its peers, given the bank's untarnished customer conduct track record. Cyber and personal data risks are mitigated by a strong IT and cyber framework, supported by good cooperation with other domestic and Nordic organisations.

### Governance

OP has low governance risks. OP has a strong compliance and risk management function with generally conservative financial policies and a favorable track record. However, the group's cooperative structure is more complex than those of its peers, which creates opacity that makes oversight more difficult.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Notching considerations

### Loss Given Failure (LGF) analysis

Finland is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual TCE 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 OPFG (excluding insurance assets) because all member credit institutions in OPFG (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 (PR) Assessment of a1 for deposits and senior unsecured debt, two notches above the Adjusted BCA, reflecting a very low loss given failure. For the bank's junior senior debt, our Advanced LGF analysis results in a PR Assessment of a3, in line with the Adjusted BCA, reflecting a moderate loss given failure.

For junior securities issued by OPFG, our LGF analysis confirms a high loss given failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity. We also incorporate additional notching for junior subordinated instruments, reflecting the coupon suspension risk ahead of a potential failure.

### Government support

Following the introduction of BRRD, we believe the probability of government support for OP's senior unsecured debt and deposit ratings to be moderate, translating into one notch of uplift from its PR Assessment, reflecting OP'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 assume that potential government support is low and as such these ratings do not include any related uplift.

### Counterparty Risk (CR) Assessment

#### OP's CR Assessment is Aa2(cr)/P-1(cr)

The CR Assessment of OP is Aa2(cr)/Prime-1(cr). The CR Assessment is four notches above the BCA of a3, based on the substantial buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments, along with one notch of government support. The main difference with our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than expected loss; therefore, we focus purely on subordination and take no account of the volume of the instrument class.

### Counterparty Risk Ratings (CRRs)

#### OP's CRRs are Aa2/P-1

The CRR of Aa2 is four notches above the bank's a3 Adjusted BCA, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities, along with one notch 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 judgement. When read in conjunction with our research, a fulsome presentation of our judgement 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 10

### 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	2.7%	a2	↔	a3	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	20.2%	aa1	↔	aa2	Access to capital	
Profitability						
Net Income / Tangible Assets	0.6%	baa2	↔	baa2	Return on assets	
Combined Solvency Score		a1		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	30.1%	ba1	↑↑	baa2	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	30.2%	a2	↓↓	baa1	Expected trend	
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		35 630	27.4%	43 193	33.2%	
Deposits		74 147	57.0%	66 584	51.2%	
Preferred deposits		54 869	42.2%	52 125	40.1%	
Junior deposits		19 278	14.8%	14 459	11.1%	
Senior unsecured bank debt		10 578	8.1%	10 578	8.1%	
Junior senior unsecured bank debt		4 314	3.3%	4 314	3.3%	
Dated subordinated bank debt		1 458	1.1%	1 458	1.1%	
Equity		3 901	3.0%	3 901	3.0%	
Total Tangible Banking Assets		130 028	100.0%	130 028	100.0%	

DEBT CLASS	DE JURE WATERFALL		DE FACTO WATERFALL		NOTCHING		LGF NOTCHING VS. ADJUSTED BCA	LGF NOTCHING	ASSIGNED ADDITIONAL PRELIMINARY RATING ASSESSMENT	
	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	DE JURE	DE FACTO				
Counterparty Risk Rating	26.7%	26.7%	26.7%	26.7%	3	3	3	3	0	aa3
Counterparty Risk Assessment	26.7%	26.7%	26.7%	26.7%	3	3	3	3	0	aa3 (cr)
Deposits	26.7%	7.4%	26.7%	15.6%	2	3	2	2	0	a1
Senior unsecured bank debt	26.7%	7.4%	15.6%	7.4%	2	2	2	2	0	a1
Junior senior unsecured bank debt	7.4%	4.1%	7.4%	4.1%	0	0	0	0	0	a3
Dated subordinated bank debt	4.1%	3.0%	4.1%	3.0%	-1	-1	-1	-1	0	baa1
Non-cumulative bank preference shares	3.0%	3.0%	3.0%	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
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	0	0	a3	0	A3	A3
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 11

Category	Moody's Rating
<b>OP CORPORATE BANK PLC</b>	
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	A3
Junior Senior Unsecured MTN	(P)A3
Subordinate	Baa1
Pref. Stock Non-cumulative	Baa3 (hyb)
Commercial Paper	P-1
<b>POHJOLA INSURANCE LTD</b>	
Outlook	Stable
Insurance Financial Strength	A2

Source: Moody's Investors Service

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