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# OP Mortgage Bank Cover Asset Pool Characteristics

# OP Mortgage Bank (OPMB)

- 100% owned subsidiary of OP Cooperative
- Covered bond issuing entity of OP Financial Group
- Special-purpose bank and a funding vehicle for the OP member cooperative banks
- EMTCN programme of €20 bn qualifies for the ECBC Covered Bond Label

## Joint liability

OPMB fully benefits from the joint liability among OP Cooperative and the member credit institutions, based on the Act on the Amalgamation of Deposit Banks. However, since assets in OPMB's Cover Asset Pools are ring-fenced, the covered bondholders have the right to receive what is due to them before all other creditors

## Covered bond ratings

Moody's  
**Aaa**

S&P  
**AAA**

## Harmonised transparency template

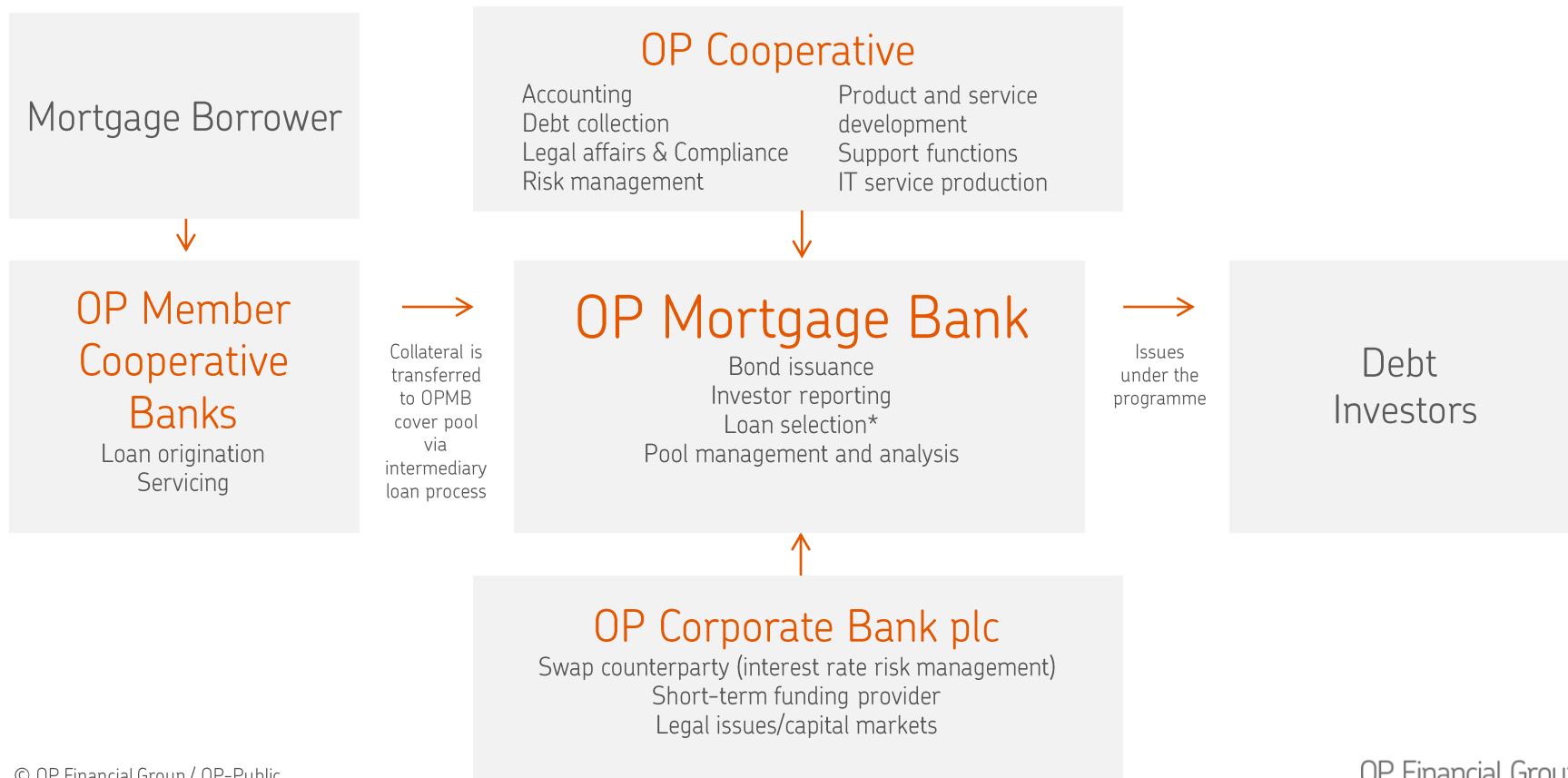


COVERED BOND  
· LABEL ·

<https://www.op.fi/op-financial-group/debt-investors/issuers/op-mortgage-bank/cover-asset-pool>

<https://www.coveredbondlabel.com/issuer/6/>

# Operating model and roles



# Overview of OPMB cover asset pool

<p><b>€16.5 bn</b> Current balance</p>	<p><b>€15 bn</b> Total amount of covered bonds, out of which <b>€1.75 bn</b> is green</p>	<p><b>€58,000</b> Average loan size</p>
<p><b>&gt;98%</b> Tied to floating interest rate</p>	<p><b>51%</b> Weighted Average indexed LTV</p>	<p><b>10%</b> Over-collateralisation</p>

## Geographical loan distribution

1	Southern Finland Helsinki	46% 18%*
2	Western Finland Tampere Turku Jyväskylä	35% 7% 5% 4%
3	Eastern Finland	8%
4	Oulu region Oulu	9% 5%
5	Lapland	2%

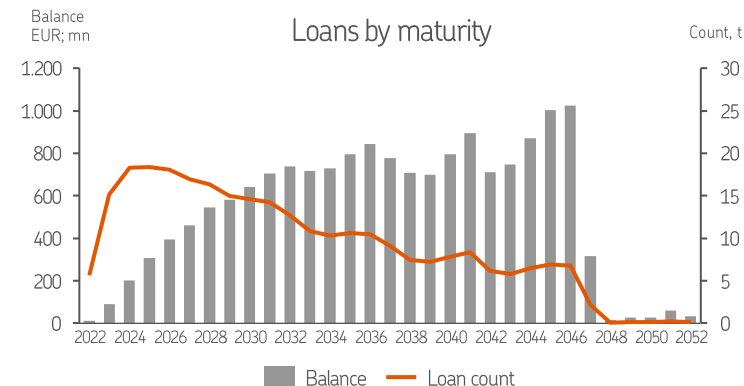
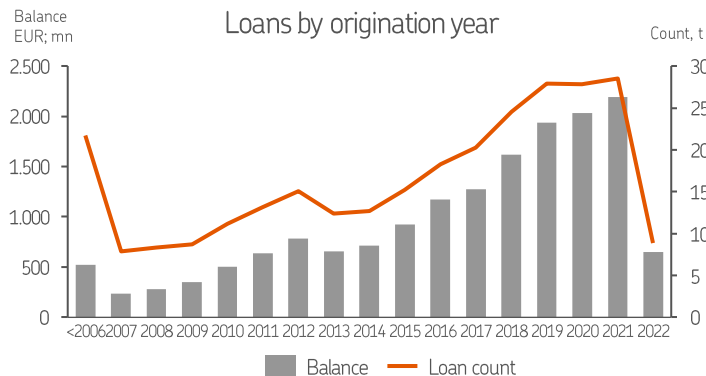
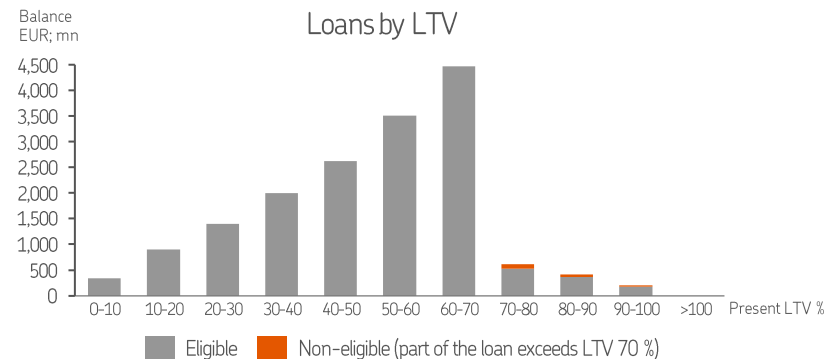


\*City-specific figures are percentages of the whole of Finland

# OPMB cover asset pool

€2.5 bn

Eligible green mortgages  
in the cover pool  
in December 2021



# Intermediary loan process

- Finnish Act on Mortgage Credit Bank Operations (688/2010) enables granting intermediary loans
  - The member cooperative banks are granted the opportunity to indirectly participate in the covered bond issuance process
- The intermediary loan contract is made between the member cooperative bank and OPMB
  - Intermediary loans are the way for the member cooperative banks to utilize OPMB
  - The amount of loan, interest margin/fixed interest rate and maturity of the loan are indicative during the contracting phase of the intermediary loan
  - The member cooperative bank commits to preserving adequate intermediary loan eligible loan portfolio for the maturity of the intermediary loans, and accepts that OPMB marks the mortgage loans as collateral in the cover pool
  - OPMB monitors the adequacy of the loans daily
- Once the mortgage loans are registered in the OPMB Covered Bond Register via intermediary loan process and they serve as collateral for the covered bonds for the benefit of the noteholders until the intermediary loan expires

# Covered bonds under Finnish legislation

The new Act came into force 8 July, 2022

## Act on Mortgage Credit Bank Operations (688/2010)

- The Act will remain applicable to bonds that have been issued before 8th of July 2022
- All covered bonds that are issued in accordance with the Act will qualify as “EEA Grandfathered – CRR compliant”
- Regulated by the Finnish Financial Supervisory Authority (FIN-FSA) and ECB
- Enables granting intermediary loans
- Segregation of assets in Covered Register
- LTV restrictions on eligible assets (70% LTV on residential mortgages)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pools and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Assets that must be booked as non-performing (over 90 days in arrears), according to the FIN-FSA regulations, shall not be included in the Cover Pool
  - At OPMB, non-performing loans were €56 mn as at Q2/2022 (€62 mn at YE2021).

## Act on Mortgage Credit Banks and Covered Bonds (151/2022)

- The new Act on Mortgage Credit Banks and Covered Bonds came into force on 8th of July 2022 and repealed the old Act on Mortgage Credit Banks
- The FIN-FSA has granted OPMB a license to issue covered bonds under the new Act. Issuers must report, among other things, the position of the cover pool to the FIN-FSA quarterly or at the request of the FIN-FSA
- Enables granting intermediary loans
- All future issuances of OPMB will be done under the new Act and under the updated programme of OPMB
- All covered bonds that are issued in accordance with the new Act will qualify as “European Covered Bond (Premium)”
- OPMB will have separate cover pools for bonds issued under the old and the new Acts