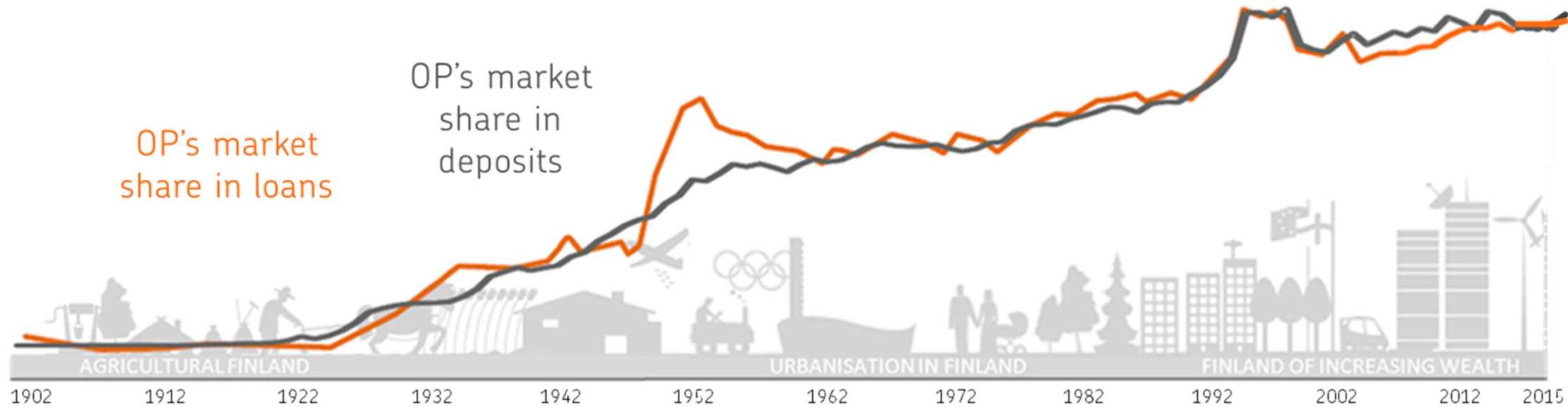


Debt Investor Presentation H1/2016

OP Financial Group and issuing entities
OP Corporate Bank plc and OP Mortgage Bank

www.pohjola.com > Investor Relations > Debt Investors

36.5%
35.1%
(YE2015)



Disclaimer

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. All forward-looking statements in this presentation expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the operating environment and the future financial performance of OP Financial Group and its various functions. No assurance can be given that such expectations will prove to have been correct. Accordingly, results may differ materially from those set out in the forward-looking statements as a result of various factors. OP Financial Group has used sources of information which it considers to be reliable, and the accuracy and reliability of which it has sought to establish to the best of its ability, but it can nevertheless not guarantee their accuracy or reliability.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in the presentations. Our financial reports also describe risks and factors that could affect our future performance and the industry in which we operate. Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial position or results of operations could materially differ from that presented as anticipated, believed, estimated or expected. The views and other information provided are current as of the date of when such information was provided and may be subject to change without notice. OP Financial Group does not undertake and is not under any obligation to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law or applicable stock exchange regulations.

Past performance is no guide to future performance. Persons needing advice should consult an independent financial, legal or tax adviser.

Contents

1. OP – Leading financial group in Finland
2. Finnish economy
3. OP Financial Group
 - Structure and joint liability
 - Competitive advantages and strategy
 - Market shares
 - Capitalisation
 - Financial performance
 - Asset quality
 - Credit ratings
 - Liquidity and funding
4. OP Mortgage Bank
5. OPMB cover asset pool characteristics and ECBC Harmonised Transparency Template
6. Debt IR contacts
7. Appendices





Leading financial group in Finland

Issuing entities: OP Corporate Bank plc and OP Mortgage Bank

€127 bn

Balance sheet total as of 30 June 2016

SOLID CAPITAL POSITION

19.4%

CET1 ratio as of 30 June 2016

FINNISH RISK EXPOSURE

95%

of retail and corporate exposures in Finland
as of 31 Dec. 2015

MARKET LEADER IN FINLAND

>35%

Market share in
loans and
deposits

>30%

Market share in
non-life
insurance

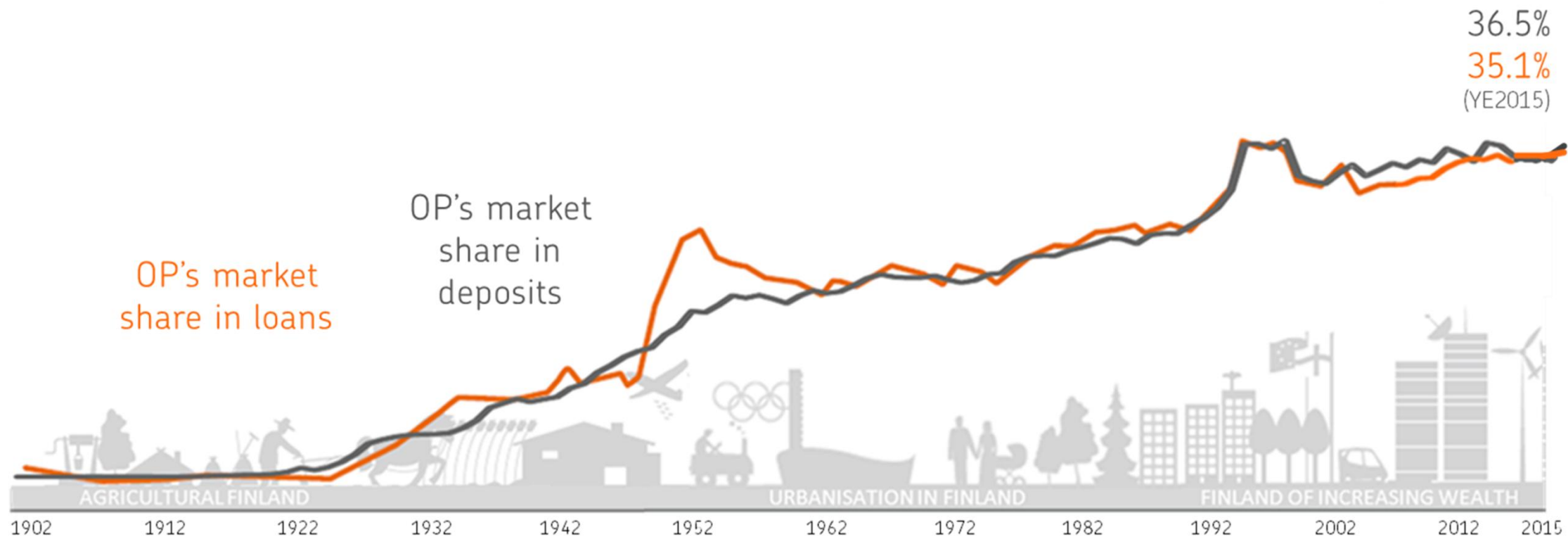
HIGH CREDIT RATINGS

**Moody's Aa3
S&P AA-**

OP Corporate Bank plc

**Moody's Aaa
S&P AAA**

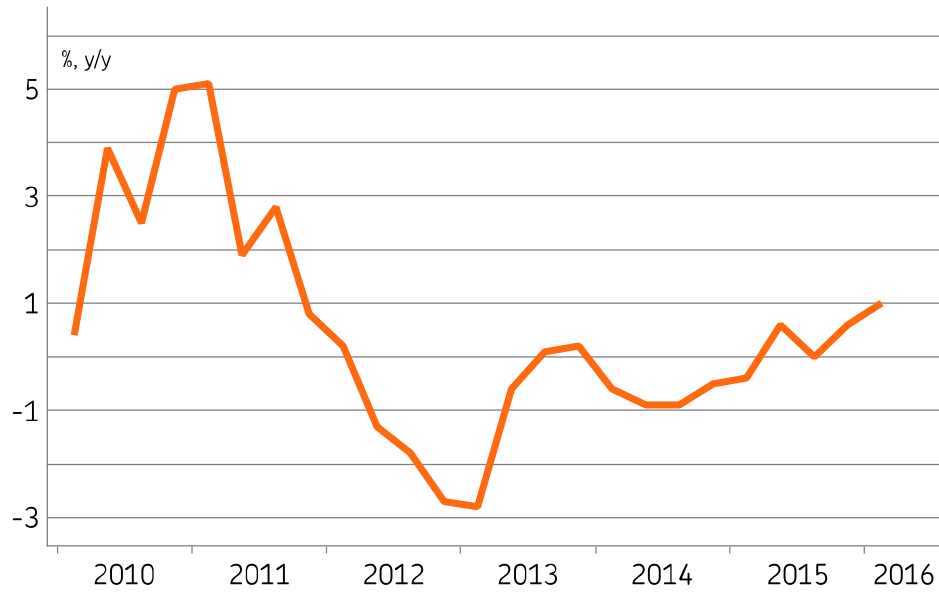
OP Mortgage Bank



Finnish economy

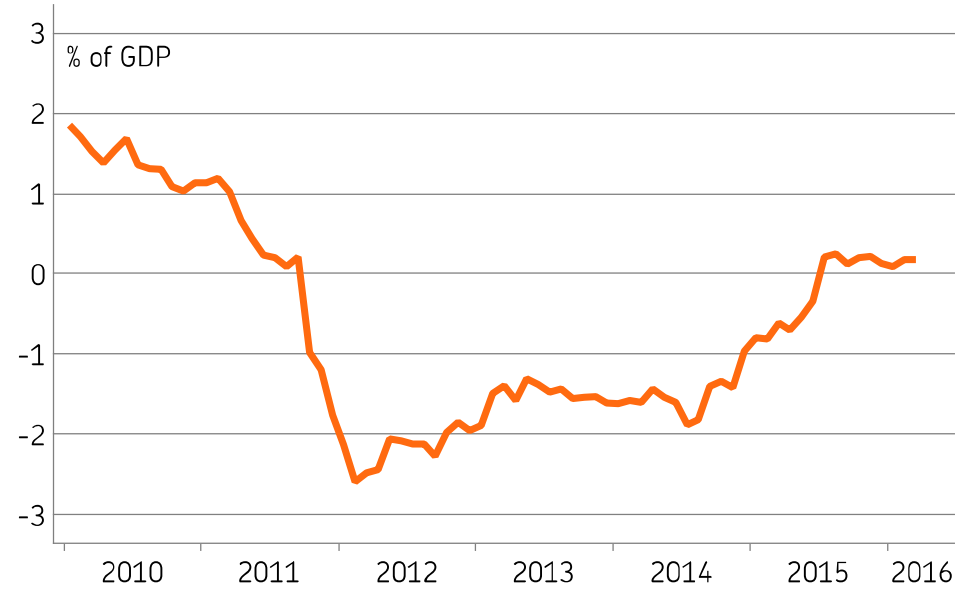
Sluggish growth but improving economic balance

GDP growth



Source: Macrobond, OP

Current account



Source: Macrobond, OP

Economic outlook for the Finnish economy

Forecasts for the Finnish economy

Published 17 May 2016

	2015 € bn	2014	2015	2016f	2017f
GDP	209,1	-0,7	0,2	1,1	1,4
Imports	77,5	-0,2	1,9	1,0	2,8
Exports	76,6	-1,7	-0,2	0,3	3,1
Consumption	166,7	0,3	1,1	0,9	0,8
Private consumption	115,7	0,6	1,5	1,2	1,1
Public consumption	51,0	-0,5	0,4	0,2	0,2
Fixed investment	42,7	-2,5	0,7	3,5	3,3

Finland is an exports-driven economy – around 40% of GDP derives from exports

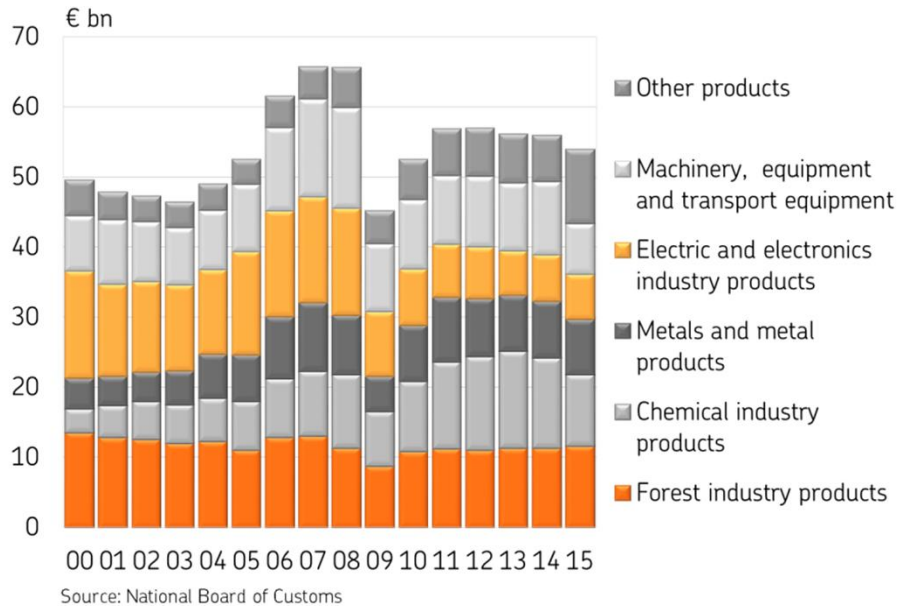
Other key indicators

	2014	2015	2016f	2017f
Consumer price index, % change y/y	1,0	-0,2	0,1	1,0
Unemployment rate, %	8,7	9,4	9,2	9,0
Current account balance, % of GDP	-0,9	0,1	0,4	0,3
General government debt, % of GDP	59,3	63,1	65,5	67,0
General government deficit, % of GDP	-3,2	-2,7	-2,5	-2,0

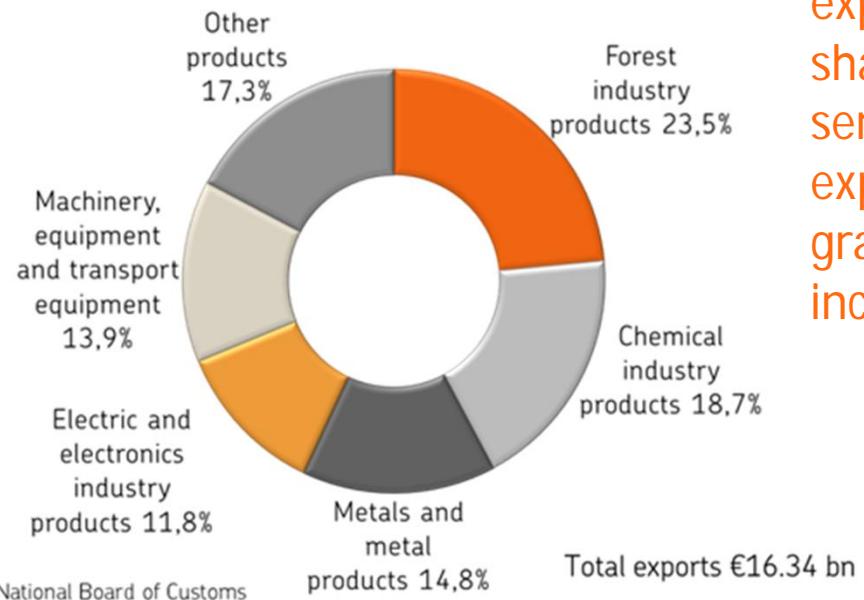
Sources: Statistics Finland and OP

Balanced goods exports structure by commodity group

Goods exports by commodity group 2000-15



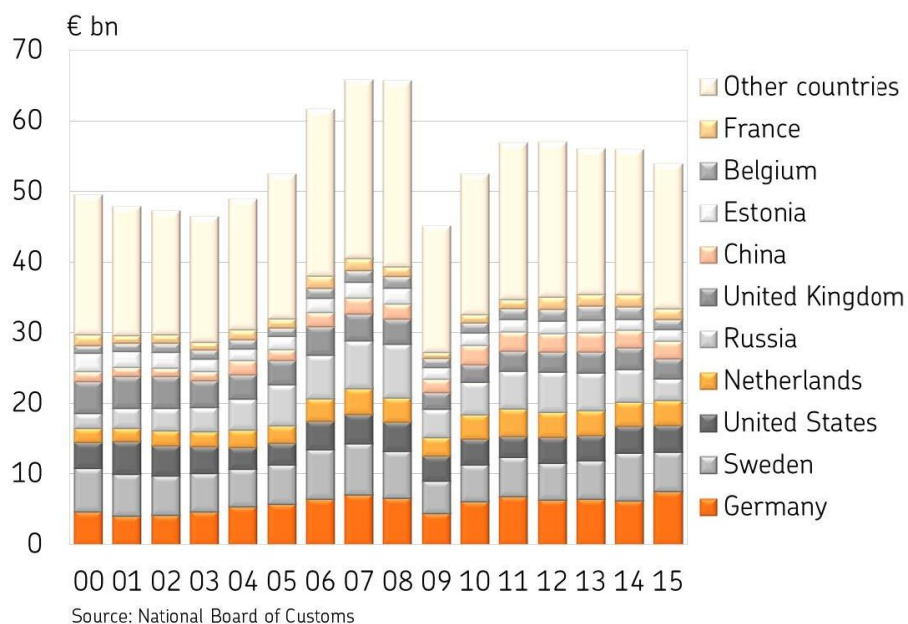
Goods exports by commodity group January–April 2016



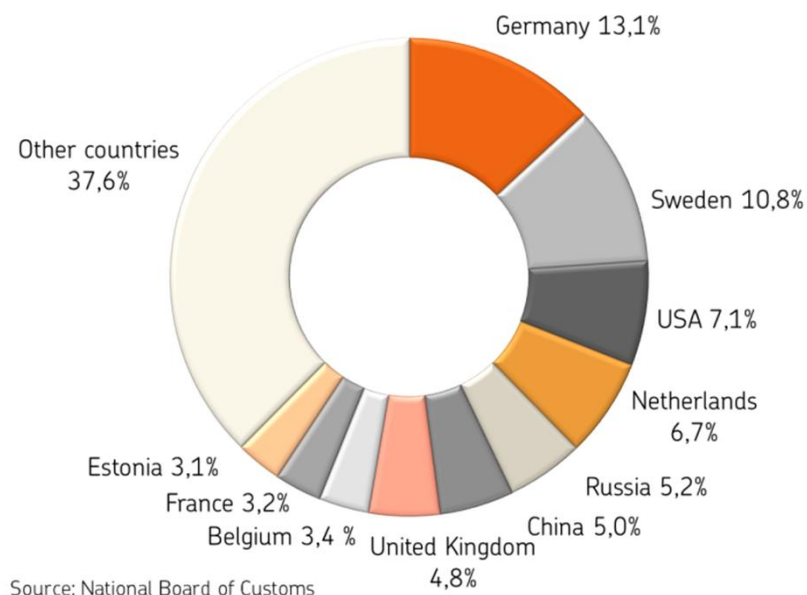
Goods exports 70% of total exports and share of service exports gradually increasing

Diversified goods exports structure by country

Finland's largest goods exports countries 2000-15



Goods exports by country* January–April 2016

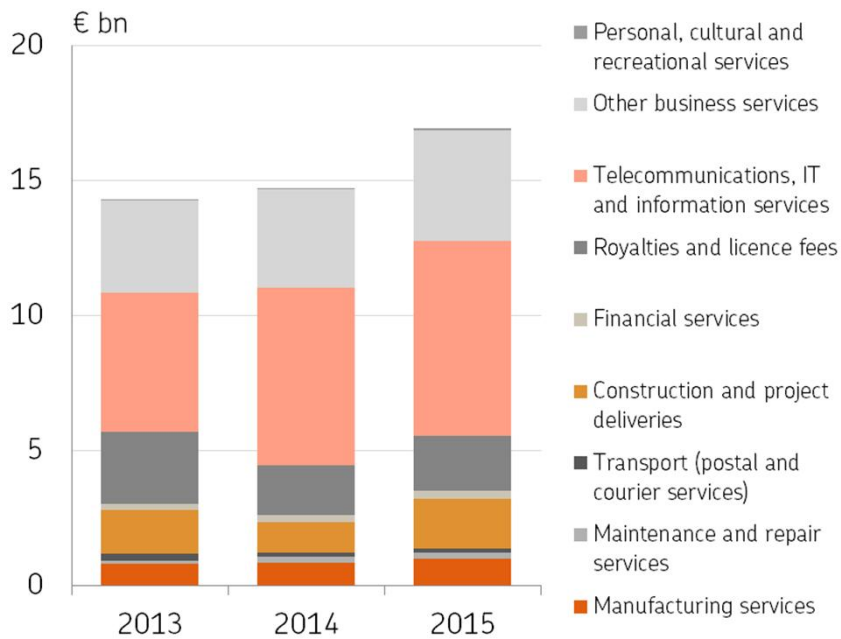


Goods exports to EU member countries' 59.8% and to Euro Area 37.8% in January-April 2016

* Other countries: Norway (3,1%), Poland (2,9%), Italy (2,8%), Spain (1,9%), Japan (1,9%), Denmark (1,8%), Turkey (1,8%), Switzerland (1,6%), South Korea (1,2%), Latvia (1,0%), India (1,0%) and diversified other countries with a share of less than 1,0%.

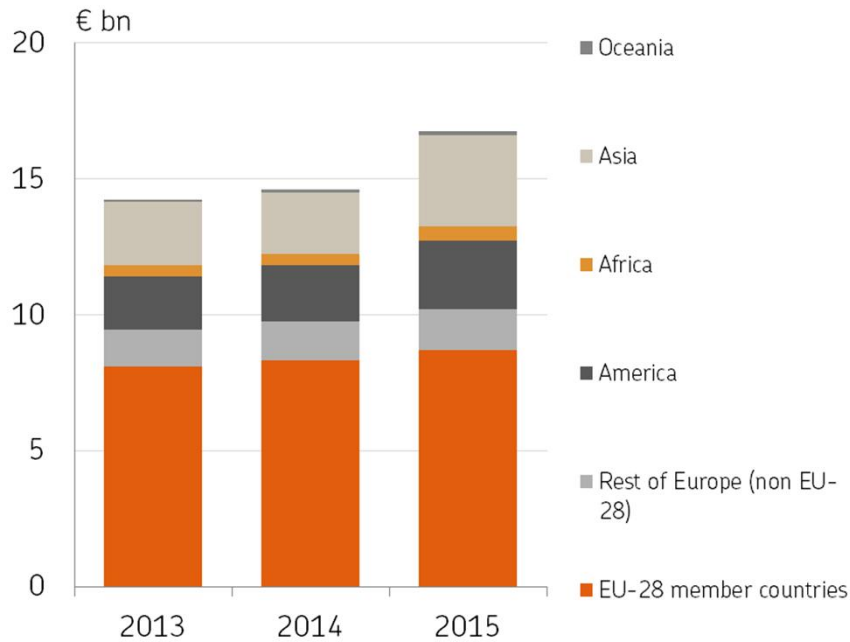
Service exports* up by 15% in 2015 to €16.9 bn

Service exports by service item
2013–15



Source: Statistics Finland, May 2016

Service exports by region
2013–15



Source: Statistics Finland, May 2016

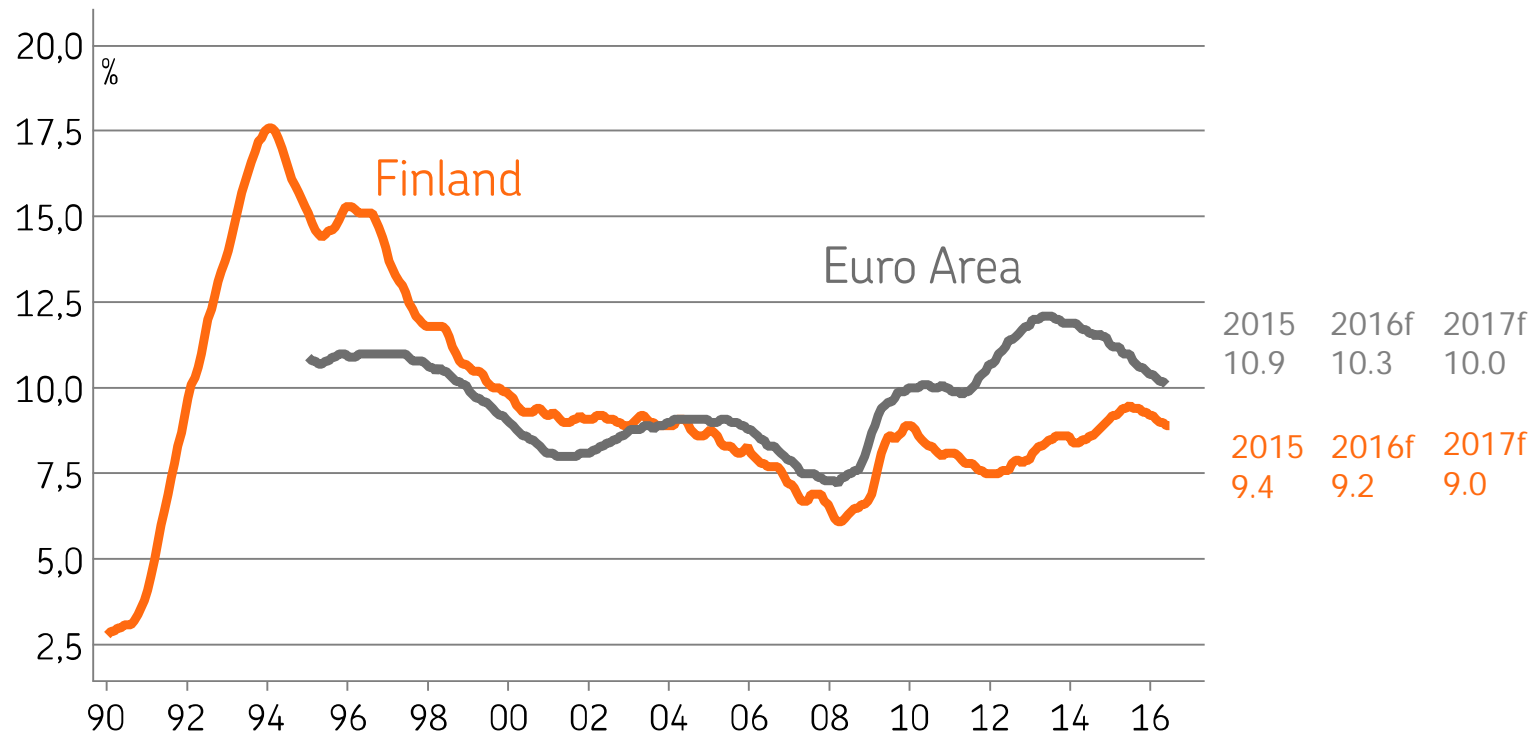
Service exports to EU member countries over 50% and to Europe 60%

Finland's TOP2 service exports countries:
1. Sweden
2. USA

* Service exports statistics exclude tourism services, transportation services, insurance services and indirect financial services

Unemployment rate to fall slightly

Unemployment rate in Finland and Euro area



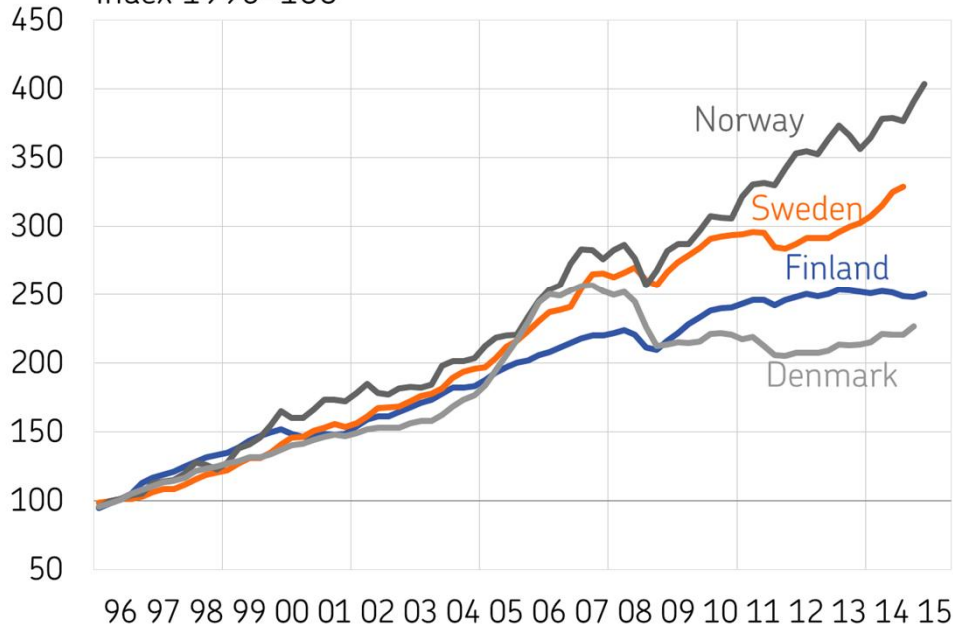
Lähde: Macrobond, OP

Source: Macrobond, OP

Average house prices and households' debt

Average house prices

Index 1996=100

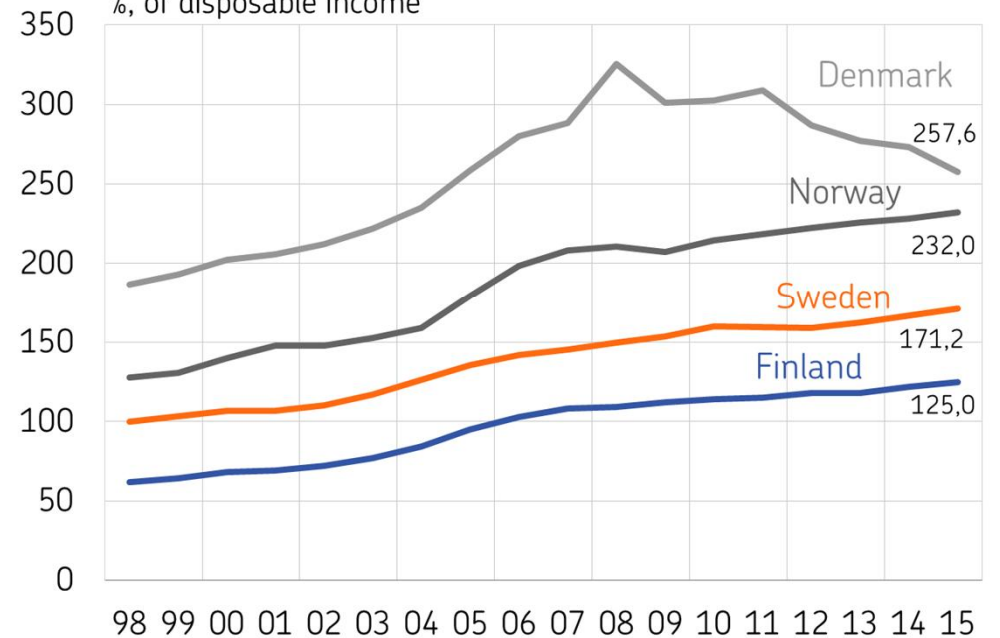


Sources: Macrobond, Statistics Sweden

Latest values: Finland and Norway Q2/2015, Denmark Q1/2015 and Sweden Q4/2014

Households' debt ratio

%, of disposable income



Sources: Central Banks, Statistics Finland

Latest values: 2015

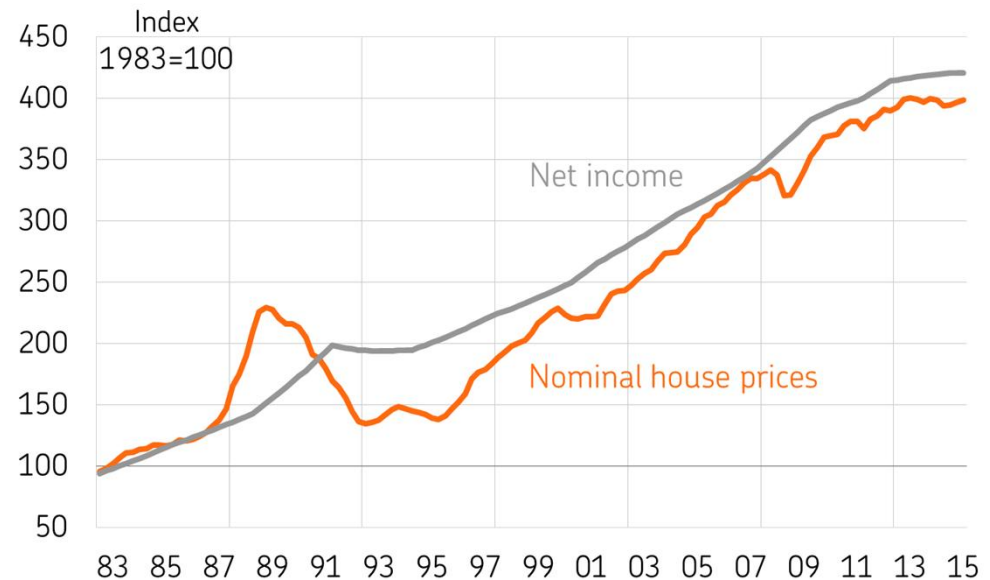
Finnish housing market is stable

Characteristics of Finnish housing market

- Ownership ratio of households around 69%
- Average size of homes 80.0 m²
- Typical maturity of new loans 19.0 years
- Variable interest rates: around 94% of loans to households
- Fully-amortizing market
- Interest relief in taxation (max. €3,600 / household)
- Capital gains tax-exempt after 2 years

Gentle rise in nominal house prices in relation to average net income

Changes in house prices and net income



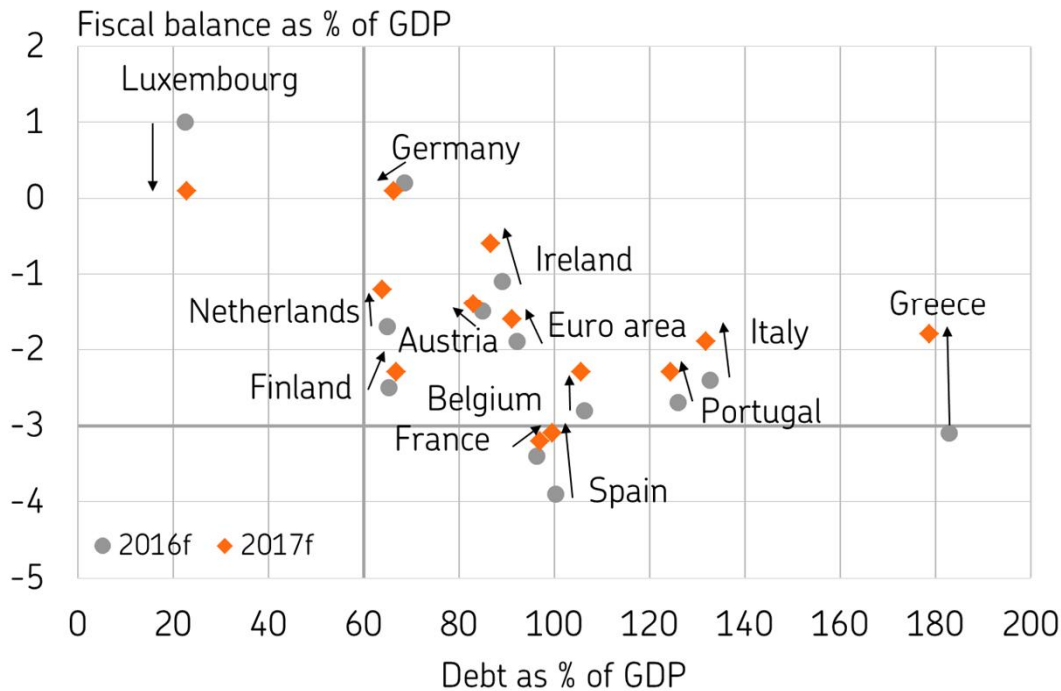
Source: Statistics Finland

As of 27 July 2016

Sources: Statistics Finland, Bank of Finland and Finnish Tax Administration

Finland is wealthy and balanced economy in European comparison

Fiscal Balance, Forecasts for 2016 and 2017



Sources: Statistics Finland, European Commission, May 2016

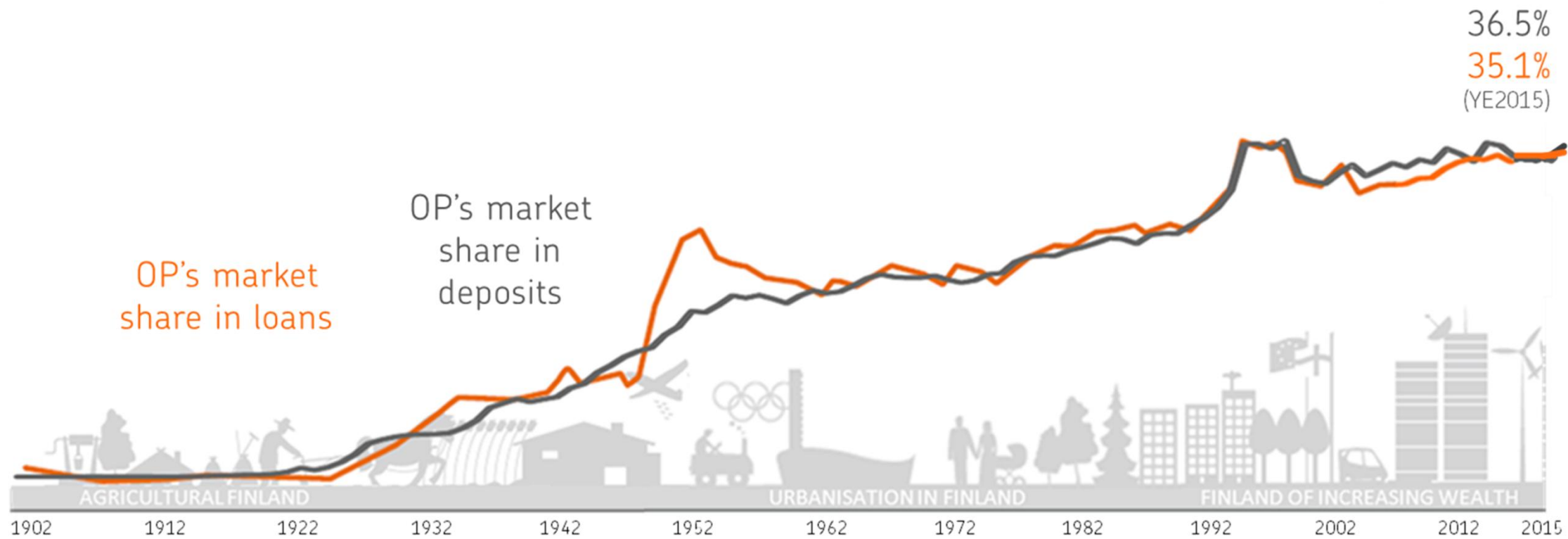
Long-term sovereign credit ratings for Euro area
27 July 2016

	Moody's	S&P	Fitch
Germany	Aaa	AAA	AAA
Luxembourg	Aaa	AAA	AAA
Netherlands	Aaa	AAA	AAA
Austria	Aa1	AA+	AA+
Finland	Aa1	AA+*	AA+
France	Aa2	AA*	AA
Belgium	Aa3	AA	AA*
Estonia	A1	AA-	A+
Slovakia	A2	A+	A+
Ireland	A3**	A+	A
Malta	A3	BBB+**	A
Latvia	A3	A-	A-
Lithuania	A3	A-	A-
Slovenia	Baa3	A	BBB+**
Spain	Baa2	BBB+	BBB+
Italy	Baa2	BBB-	BBB+
Portugal	Ba1	BB+	BB+
Cyprus	B1	BB-**	B+**
Greece	Caa3	B-	CCC

* Negative outlook
** Positive outlook

Sources: Rating agencies' websites

Finland's negative outlook from S&P is related to lack of economic recovery and potential inadequate progress on competitiveness-enhancing measures.



OP Financial Group



1.7 million owner customers, of which 90% households

178 OP Financial Group member cooperative banks

OP COOPERATIVE

Central institution of the Group in charge of overall supervision and steering

BANKING

(incl. OP Corporate Bank plc and OP Mortgage Bank)

- Retail banking
- Corporate banking
- Markets
- Baltic States
- Mortgage banking

NON-LIFE INSURANCE

- Private customers
- Corporate customers
- Baltic States
- Health & wellbeing

WEALTH MANAGEMENT

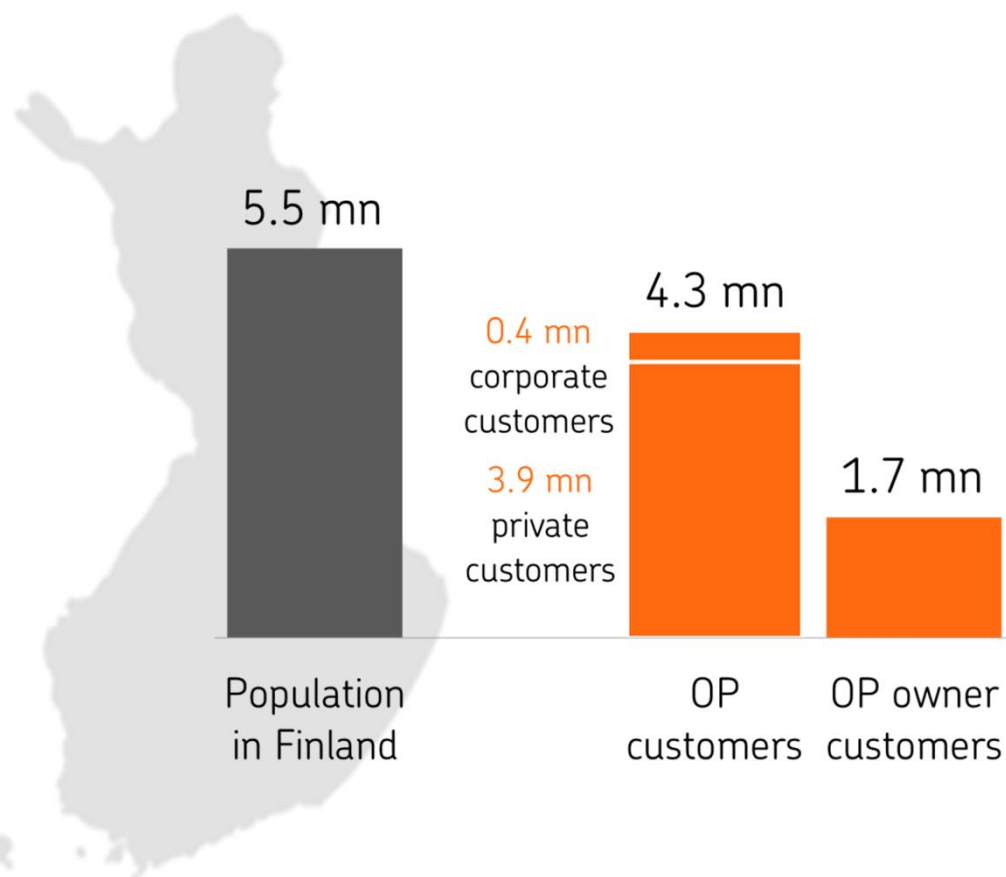
- Private banking
- Institutional asset management
- Life insurance
- Mutual fund management

- FINANCE & TREASURY (INCL. CENTRAL BANK)
- RISK MANAGEMENT
- GROUP STEERING
- ETC.

Joint liability within OP Financial Group

- Under the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä 599/2010), OP Cooperative and the member credit institutions are jointly liable for each others' debts.
- The member credit institutions include OP Corporate Bank plc, Helsinki Area Cooperative Bank, OP Mortgage Bank, OP Card Company Plc, OP Process-Services Ltd and the member cooperative banks. Insurance companies or other group entities do not fall within the scope of joint liability.
 - If a creditor has not received payment from a member credit institution on a due debt, the creditor may demand payment from OP Cooperative.
 - The member credit institutions must pay proportionate shares of the amount OP Cooperative has paid, and upon insolvency of OP Cooperative they have an unlimited liability to pay the debts of OP Cooperative.
 - OP Cooperative and the member credit institutions are under an obligation to take support actions to prevent a member credit institution's liquidation.
- Further information on the joint liability available in the Base Prospectuses.

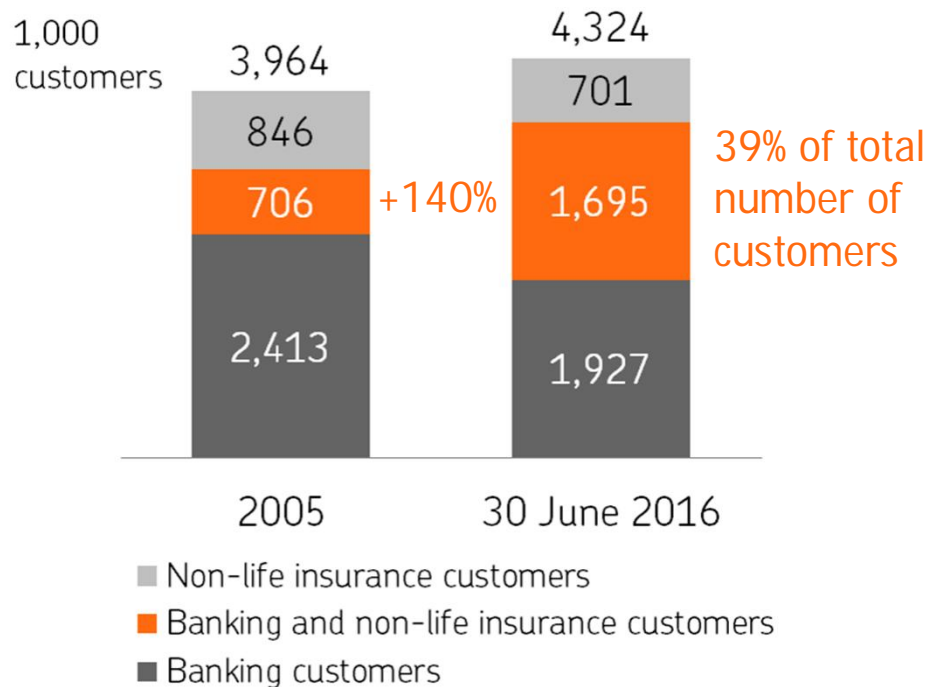
Customer-owned OP widely present among Finnish households and corporates



- ✓ Comprehensive financial services offering
- ✓ Strong and well-known OP brand
- ✓ Best loyalty benefits, OP bonuses
- ✓ Close to customers through the most extensive service network
- ✓ Significant customer potential in cross-selling

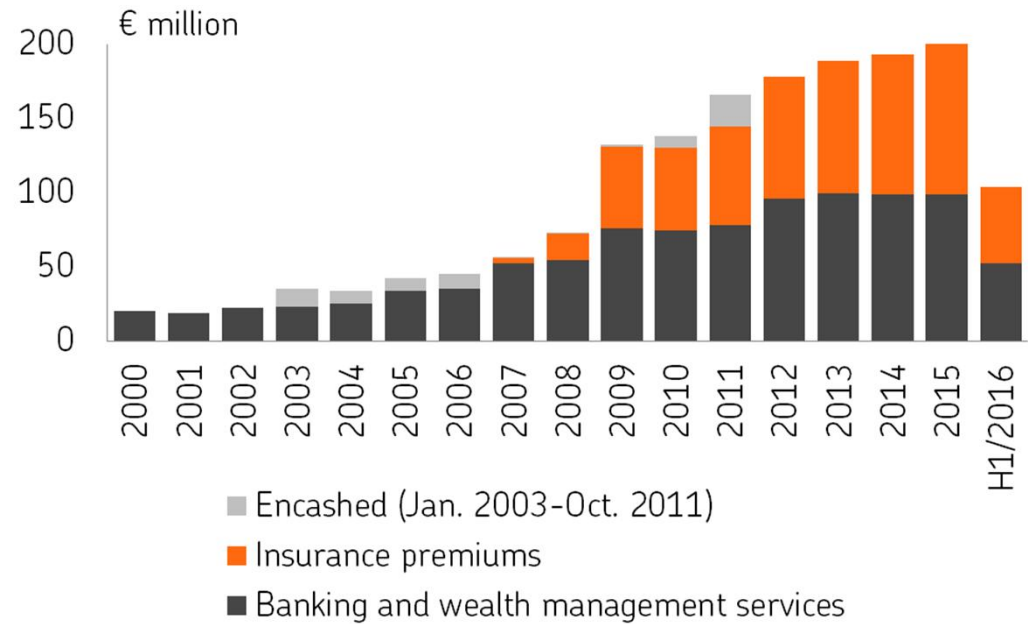
Significant customer potential through successful bancassurance business model

39,000 new combined banking and non-life customerships in H1/2016



Use of OP bonuses €104 mn in H1/2016

1,080,000 insurance premiums paid using OP bonuses, of which 142,000 insurance premiums paid in full using OP bonuses only



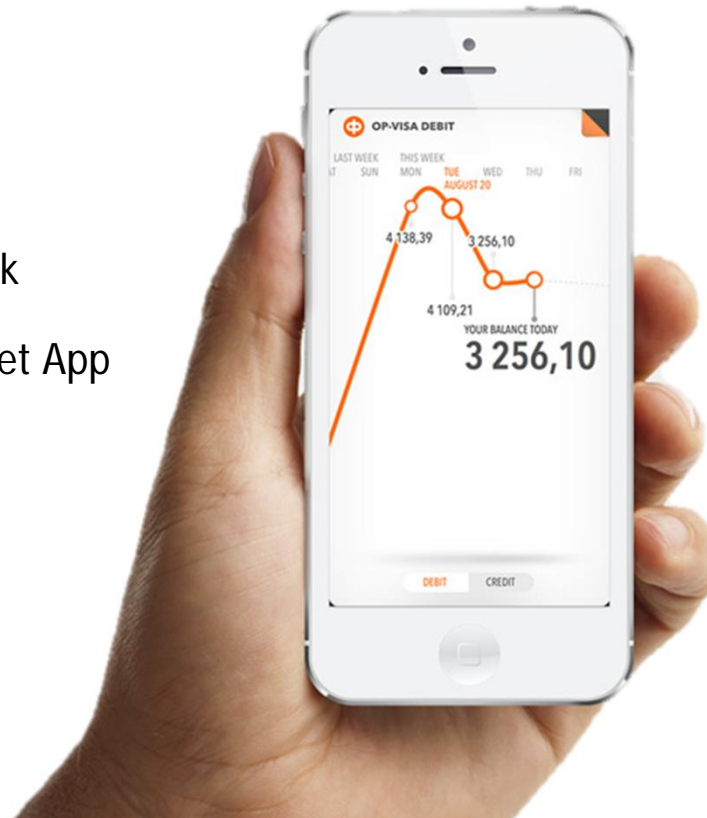
Digitisation requires investments in technology, customer experience and service design

Number of visits in digital channels in June 2016

11 mn OP Mobile App
(#1 channel for daily transactions)

10 mn Op.fi internet bank

1.6 mn Pivo Mobile Wallet App



New features in digital channels in 2015–16

OP Mobile App

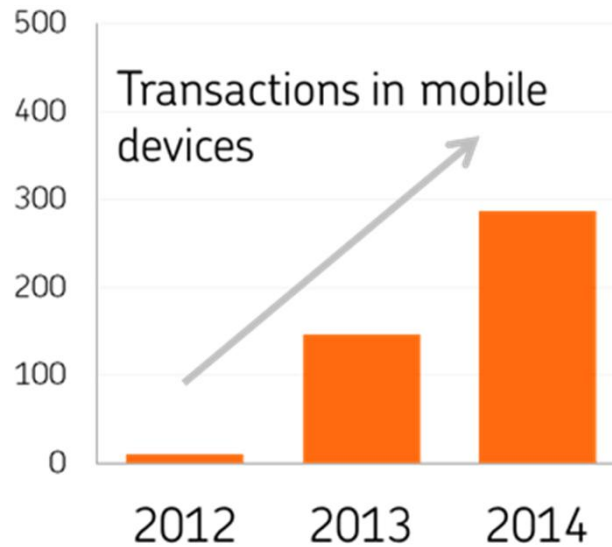
- Fingerprint authentication
- Non-life insurance loss reports
- Loan details and extra repayments
- Trading in equities on Stockholm and Copenhagen stock exchanges in addition to Helsinki stock exchange
- Wealth management investment reporting

Pivo Mobile Wallet App

- Contactless payment

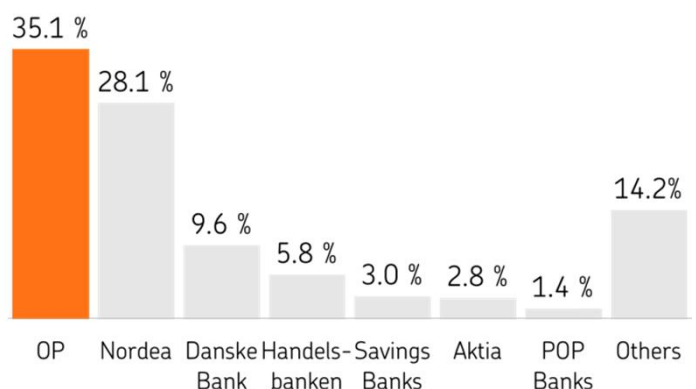
Pivo Cashier App and OP Business Mobile App for corporate customers

Providing financial services through local presence and digital channels



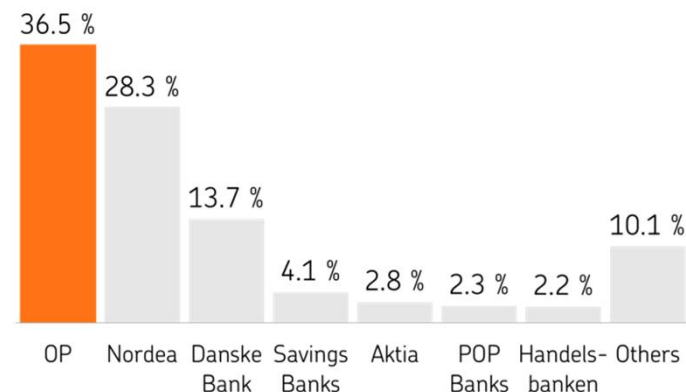
OP – Leading financial group in Finland

Loans 2015 (Finland: €212 bn)

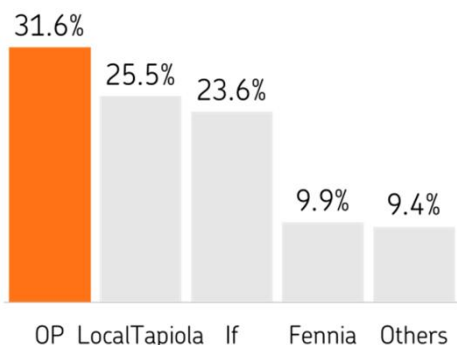


OP in June 2016:
 Home loans 38.8%
 Corporate loans 37.4%

Deposits 2015 (Finland: €144 bn)

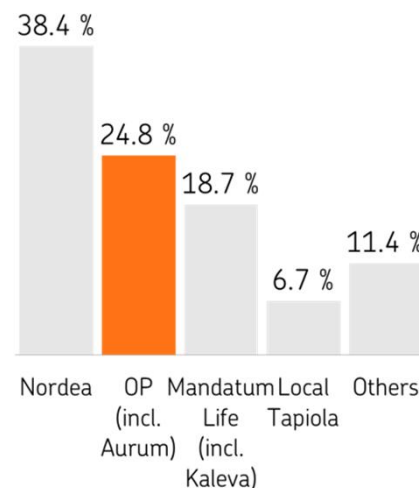


Non-life Insurance 2015 (Finland: €4.3 bn)



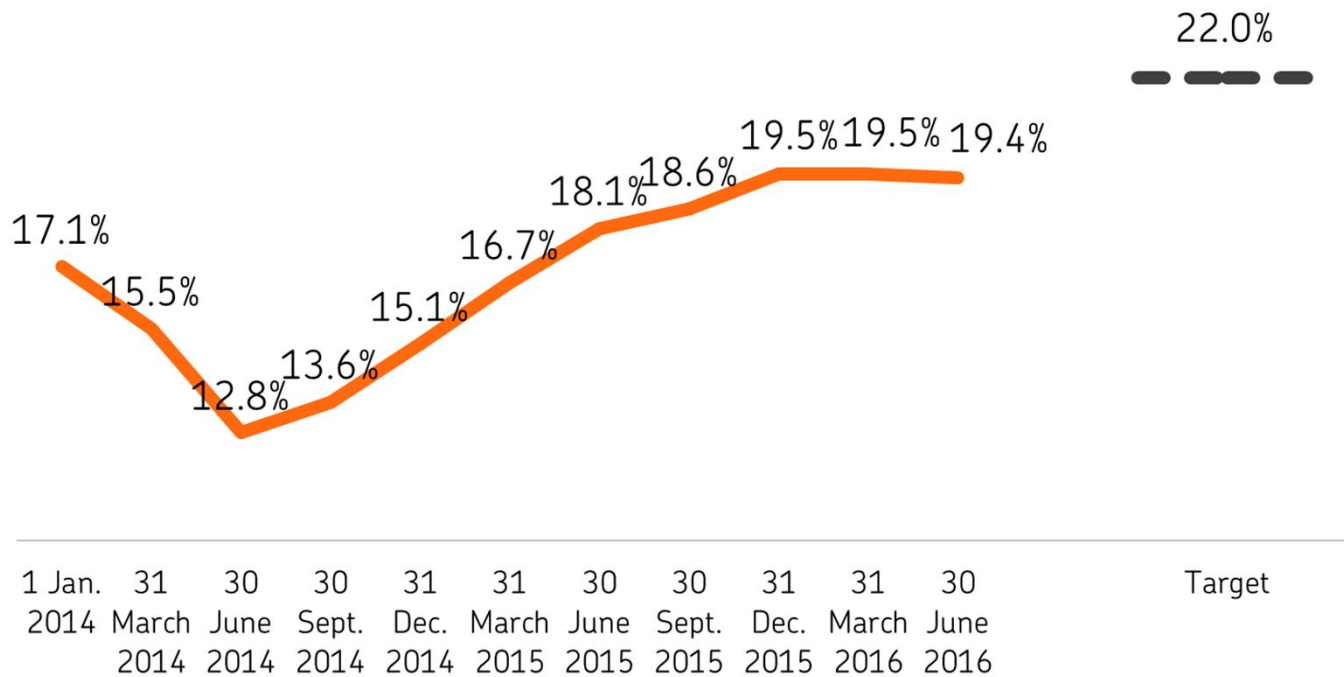
Market share of premiums written under Finnish direct insurance

Life Insurance 2015 (Finland: €6.3 bn)



Market share of gross premiums written

Actions to maintain strong CET1 ratio



PROFIT SHARES

- Conversions of old cooperative capital of €0.6 bn issued by member cooperative banks
- Member cooperative banks' €1.3 bn profit share issuances in 2014–15 and additional issuances of €0.4 bn March 2015 onwards
 - Issued profit shares €2.5 bn as of 30 June 2016

EARNINGS

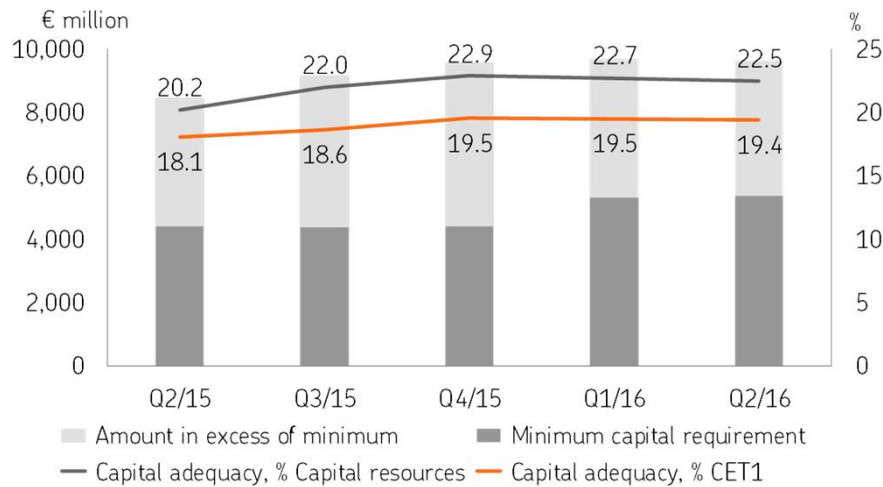
- Retained earnings 2014–16

RISK EXPOSURE AMOUNT (REA)

- Active management of REA growth in 2014–16

CET1 ratio 19.4% as of 30 June 2016

CAPITAL RESOURCES AND CAPITAL ADEQUACY



RISK EXPOSURE AMOUNT (REA) €42.9 bn as of 30 June 2016 (41.8)

AVERAGE RISK WEIGHTS

7.6% for personal customer exposures (AIRB) as of 30 June 2016 (7.4)

- Fin-FSA decided on 14 June 2016 to take measures to introduce a credit institution-specific minimum level of 10% for the average risk weight on housing loans of credit institutions that have adopted the IRBA. The minimum level would come into force on 1 July 2017 at the latest. Minimum RW of 10% on housing loans would lower OP's CET1 ratio by 0.9 pps. Average RW of OP's housing loans was 5.6% at YE2015 (6.1).

64.4% for corporate customer exposures (FIRB) as of 30 June 2016 (65.1)

REGULATORY CAPITAL BUFFERS

- Capital conservation buffer 2.5% of RWA (1 Jan. 2015)
- O-SII buffer 2.0% (7 Jan. 2016)
- Discretionary CET1 requirement as part of SREP 9.75% and incl. O-SII buffer 11.75%

LEVERAGE RATIO 7.2% as of 30 June 2016 (7.2)

- Minimum level in the draft regulations 3.0%

EBT €614 mn in H1/2016 (627)

Income down by 1% and expenses at the same level as year ago

BANKING		NON-LIFE INSURANCE		WEALTH MANAGEMENT		OTHER OPERATIONS	
EBT, € mn	295 (-17%) H1/15: 356	EBT, € mn	117 (-19%) H1/15: 144	EBT, € mn	141 (+10%) H1/15: 128	EBT***, € mn	62 H1/15: 5
Net interest income, € mn	561 (+4%) H1/15: 541	Insurance premium revenue, € mn	700 (+3%) H1/15: 682	Net commissions and fees, € mn	111 (-6%) H1/15: 118	Net interest income, € mn	-22 H1/15: -20
Net commissions and fees**, € mn	389 (+11%) H1/15: 349	Net insurance income, € mn	260 (+4%) H1/15: 250	Assets under management, € bn	68.8 (+4%) H1/15: 66.3	Net commissions and fees****, € mn	-37 H1/15: 10
Impairments of receivables, € mn	23 H1/15: 37	Operating combined ratio, %	88.2 H1/15: 87.8	Operating cost/income ratio, %	40.8 H1/15: 38.8	Net investment income****, € mn	74 (+26%) H1/15: 59
Loan portfolio, € bn	77.0 (+5%) H1/15: 73.3	Operating expense ratio, %	18.4 H1/15: 18.2	Return on investments at fair value within Life Insurance, %	3.1 H1/15: 1.2	Long-term bonds issued to the public, € bn	2.1 H1/15: 3.0
Deposits, € bn	53.8 (+5%) H1/15: 51.2	Return on investments at fair value, %	3.1 H1/15: 1.3	Solvency II ratio* within Life Insurance, %	134 YE2015: 149	Average margin of senior wholesale funding, bps	36 YE2015: 39
Operating cost/income ratio, %	57.0 H1/15: 52.0	Solvency II ratio*, %	145 YE2015: 139				

* According to the Solvency II draft (EU 138/2009), excluding transitional provision

** In H1/2016, increase in net commissions and fees was affected by the change in the Group's internal operating model, as a result of which EUR 42 million were recognised in commissions and fees.

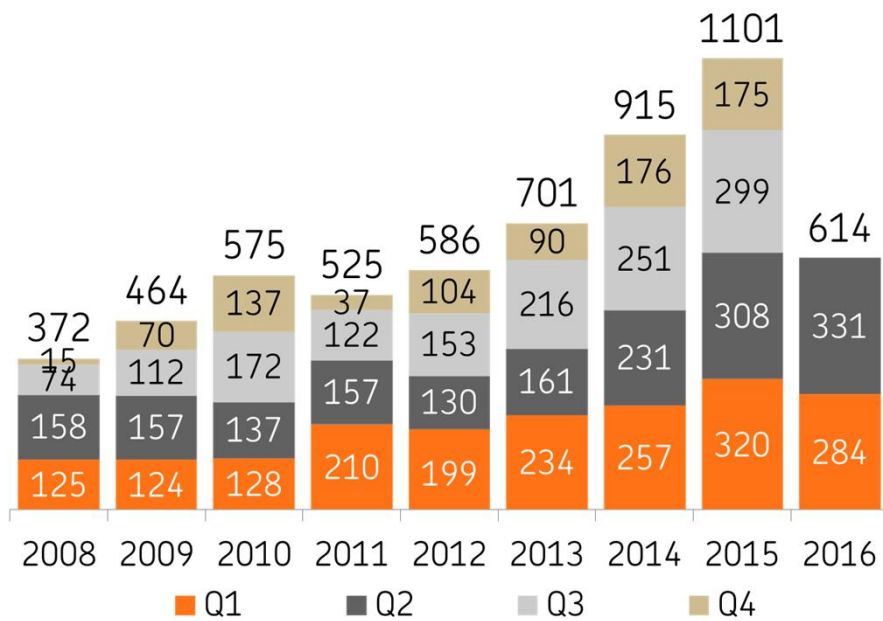
*** Other Operations recognised EUR 71 million in non-recurring gain under other operating income as a result of the acquisition of Visa Europe Ltd by Visa Inc.

**** Change in the Group's internal operating model added to net investment income reported by the Other Operations segment as a result of an increase in net income from securities trading and foreign exchange trading while decreasing net commissions and fees.

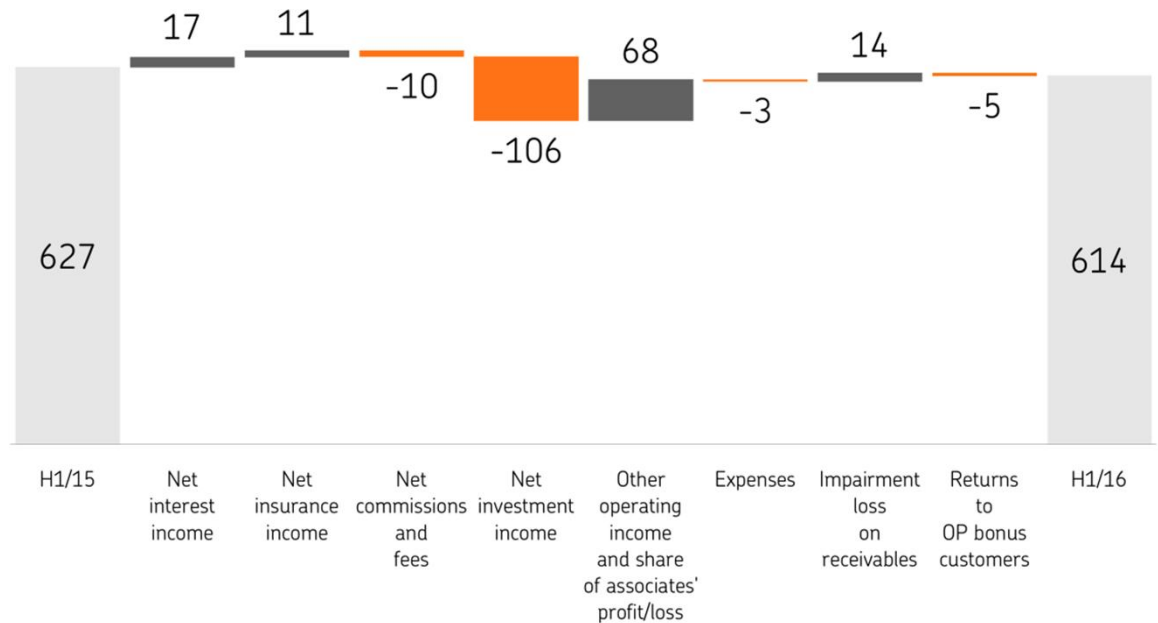
2016 EBT expected to be about the same size as in 2015

EBT in H1/2016 were the second best half-year earnings ever recorded

EBT by quarter 2008–16, € mn



EBT, y-o-y change by P&L line item*
H1/16 vs. H1/15, € mn

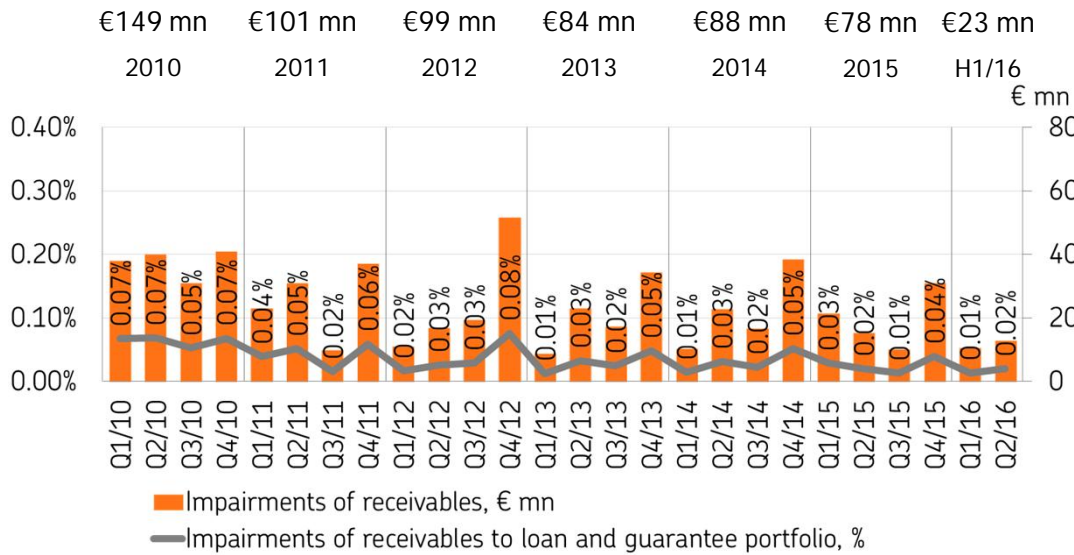


* Net insurance income includes net income from Non-life and Life insurance. Net investment income includes net trading income as well as net investment income from Non-life and Life insurance.

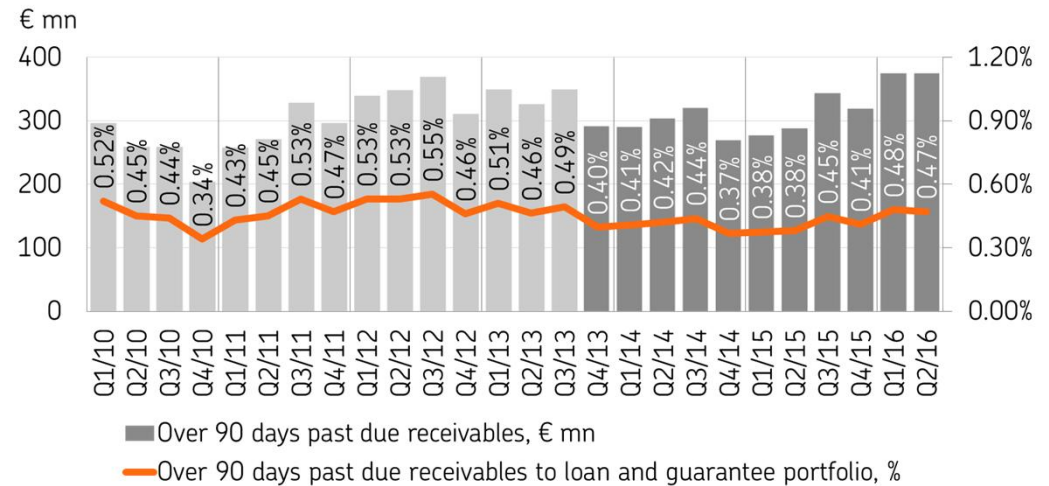
H1/16 impairment loss on receivables 0.06% to loan and guarantee portfolio (0.10)

Over 90 days past due receivables (€375 mn as of 30 June 2016) 0.47% to loan and guarantee portfolio (0.41)

Impairment loss on receivables



Over 90 days past due receivables*



* Until Q3/13 over 90 days past due receivables and zero interest receivables, since Q4/13 over 90 days past due receivables

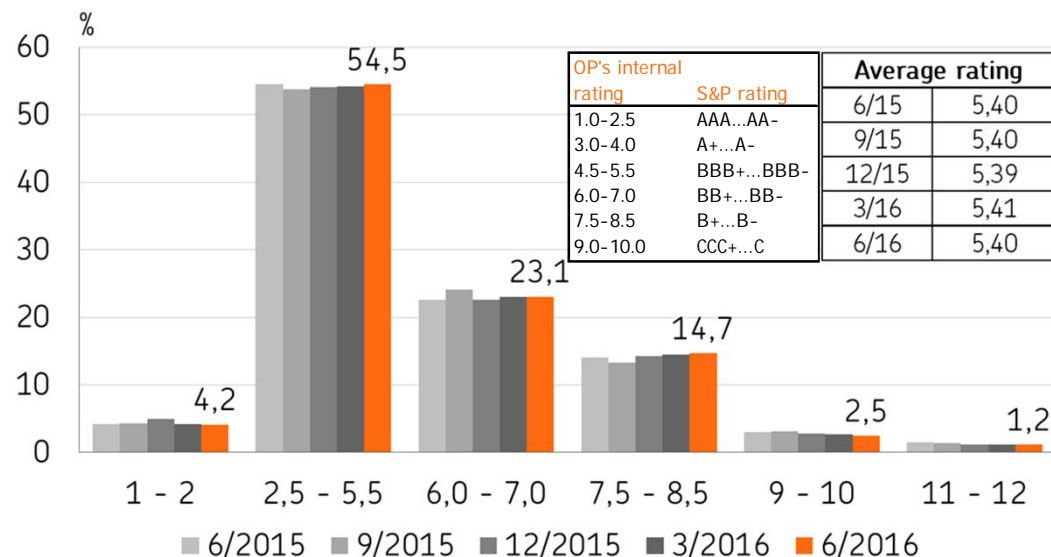
As of 30 June 2016, ratio of exposures individually assessed for impairment to doubtful receivables**

16.4% (17.3 at YE2015)

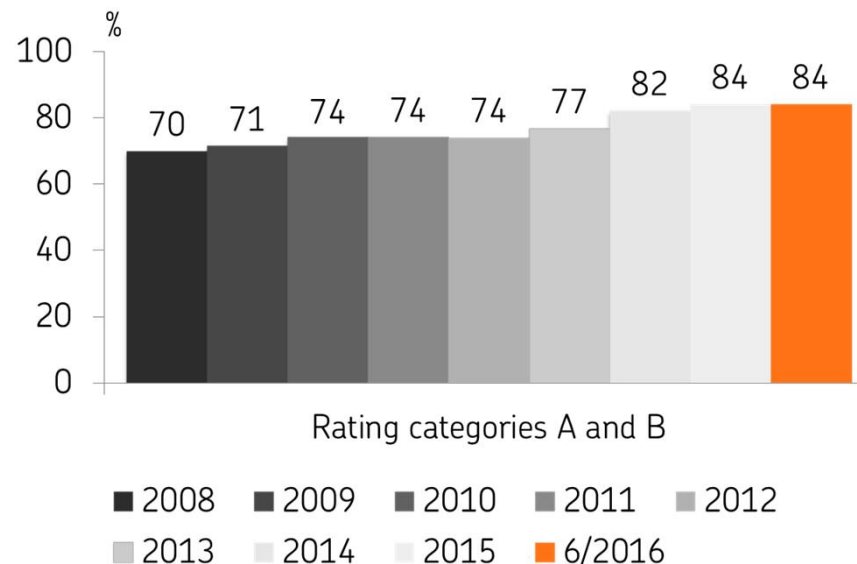
Exposures by credit rating category

IG (1.0-5.5) 59% of the exposure from Non-financial corporations and housing associations sector

Exposures from the Non-financial Corporations and Housing Associations Sector by credit rating category (total €36.7 bn as of 30 June 2016)



Private Customer exposures of credit rating categories A and B (total €48.8 bn as of 30 June 2016)



Largest single counterparty-related customer risk to Group's own funds covering customer risk at YE2015

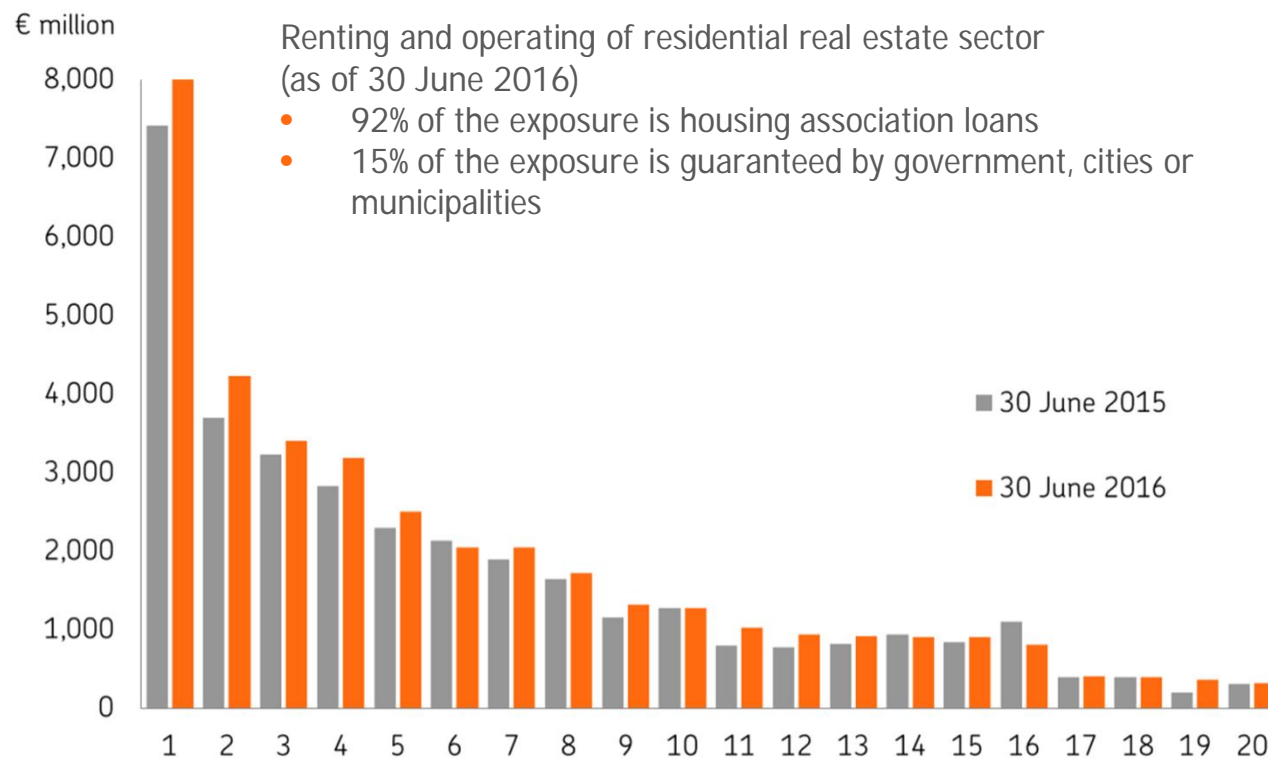
5.7% (6.6)

At end-June 2016, average PD of private customer exposures (Pillar III) with a credit rating of A and B a maximum of

0.1% (0.1)

Corporate loan portfolio well diversified by industry

Exposures from the Non-financial corporations and housing associations sector €36.7 bn as of 30 June 2016



	30 June 2015	30 June 2016
1 Renting and operating of residential real estate	21.7%	22.0%
2 Renting and operating of other real estate	10.8%	11.5%
3 Wholesale and retail trade	9.5%	9.3%
4 Energy	8.3%	8.7%
5 Services	6.7%	6.8%
6 Construction	6.2%	5.6%
7 Manufacture of machinery and equipment (incl. services)	5.5%	5.6%
8 Transportation and storage	4.8%	4.7%
9 Agriculture, forestry and fishing	3.4%	3.6%
10 Forest Industry	3.7%	3.5%
11 Metal Industry	2.3%	2.8%
12 Financial and insurance services	2.3%	2.5%
13 Chemical Industry	2.4%	2.5%
14 Food Industry	2.8%	2.4%
15 Information and communication	2.5%	2.4%
16 Real estate investments	3.2%	2.2%
17 Other manufacturing	1.1%	1.1%
18 Water supply, sewerage and waste management	1.2%	1.1%
19 Mining and quarrying	0.6%	1.0%
20 Other industries	0.9%	0.9%

Funding based on strong credit ratings

Rating target: AA rating affirmed by at least 2 credit rating agencies
(or at least at the main competitors' level)

	Moody's (Senior unsecured/LT issuer rating)	S&P (LT issuer credit rating)
OP Corporate Bank plc	Aa3	AA-*
Svenska Handelsbanken	Aa2	AA-*
Nordea Bank	Aa3	AA-*
Swedbank	Aa3	AA-*
SEB	Aa3	A+
DNB	Aa2*	A+*
Danske Bank	A2	A
OP Mortgage Bank***	Aaa	AAA
OP Insurance Ltd****	A3	A+*
If****	A2**	A+
Finnish government	Aa1	AA+*

* Negative outlook

** Positive outlook

*** Covered bond rating

**** Insurance financial strength rating

Updated: 28 July 2016

OP CORPORATE BANK PLC

- Moody's affirmed Aa3 rating with stable outlook on 29 June 2015
 - Uplifts from Loss-Given-Failure (+2 notches) and Government Support (+1 notch)
- S&P affirmed AA- rating with negative outlook in July 2016
 - Uplifts from Business Position (+1 notch), Capital and Earnings (+1 notch) and ALAC Support (+1 notch)

OP MORTGAGE BANK

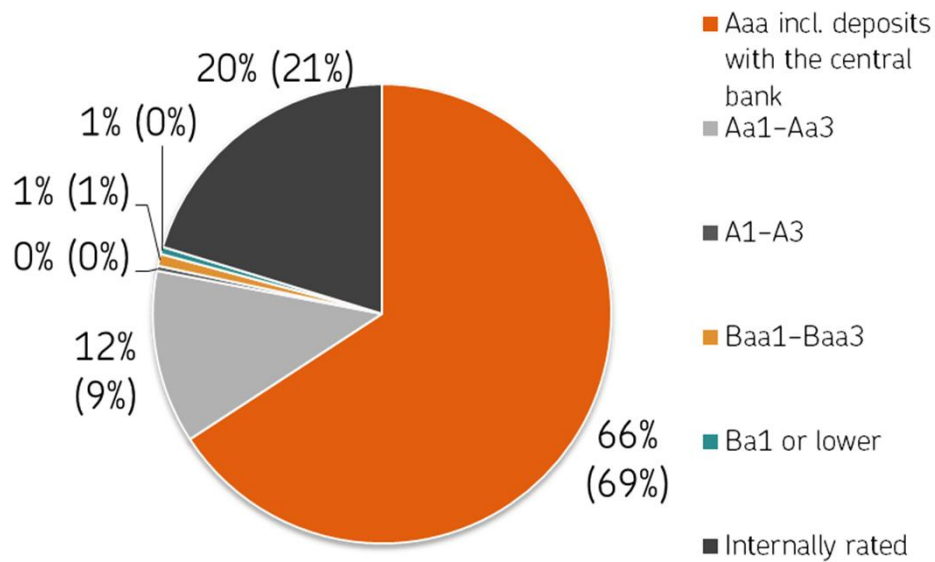
- Moody's affirmed Aaa rating with stable outlook in July 2016
 - TPI (Timely Payment Indicator) Leeway 5 notches
- S&P affirmed AAA rating with stable outlook in July 2016
 - 3 unused notches of jurisdictional support
 - 2 unused notches of collateral based uplift

OP INSURANCE LTD

- Moody's affirmed A3 rating with stable outlook on 15 May 2015
- S&P affirmed A+ rating with negative outlook in July 2016

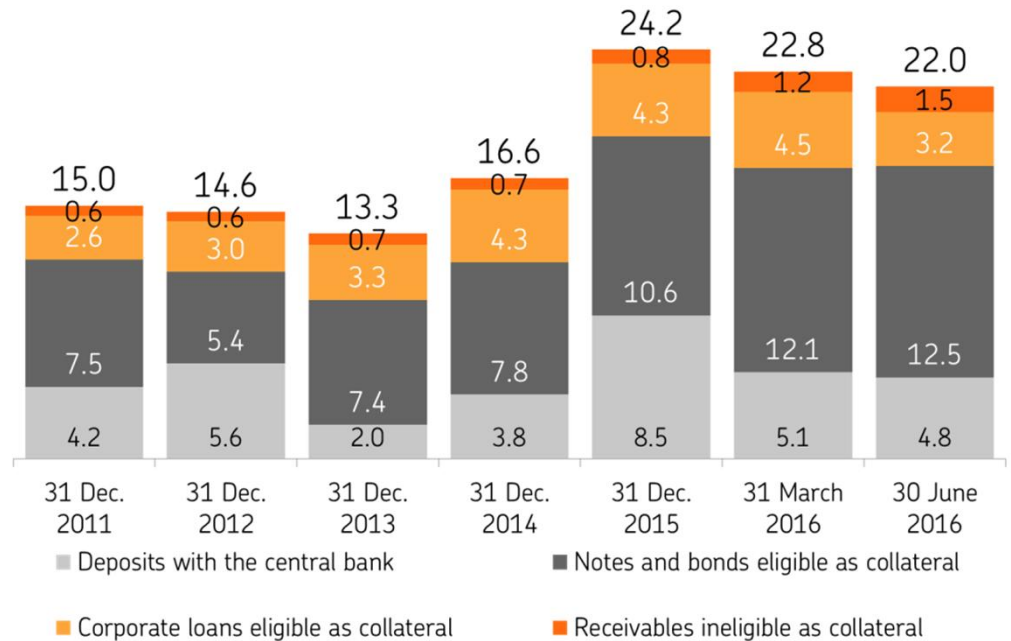
Liquidity buffer €22.0 bn at end-June

Liquidity buffer by credit rating* as of 30 June 2016 (31 Dec. 2015)



*) Internally rated: corporate loans 71% and the remainder externally non-rated notes and bonds issued by public-sector entities and companies, both eligible as ECB collateral.

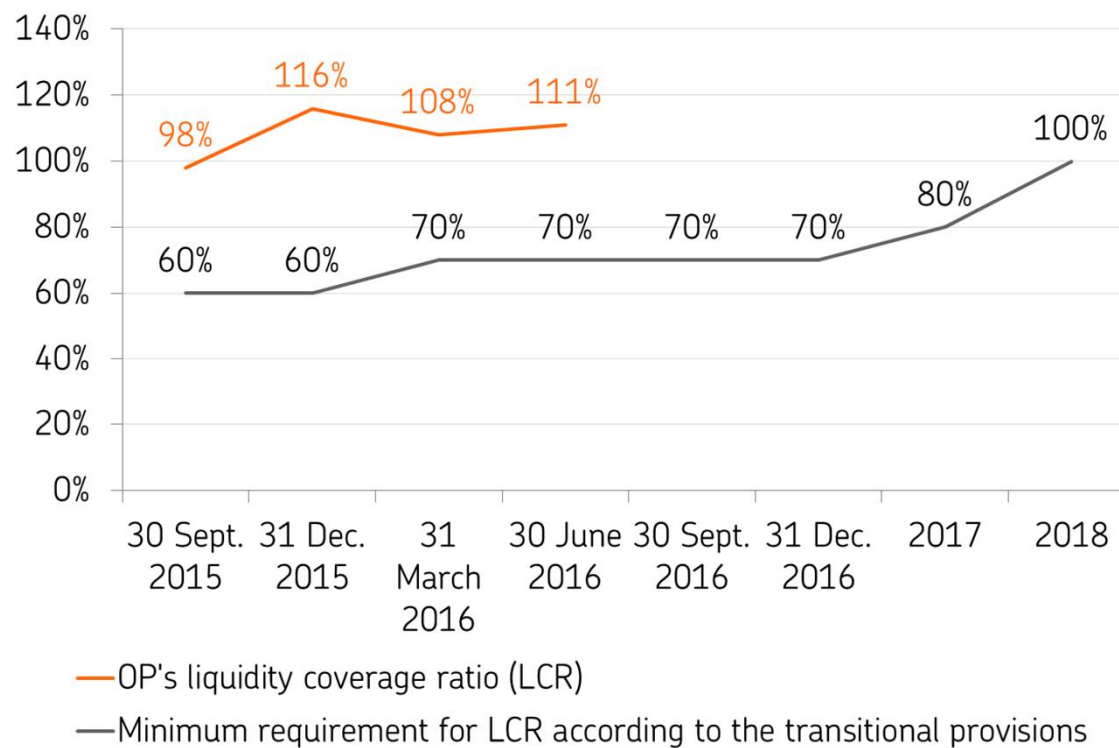
Liquidity buffer breakdown**, € bn



***) The liquidity buffer plus other items based on OP Financial Group's contingency funding plan can be used to cover maturing wholesale funding for at least 24 months.

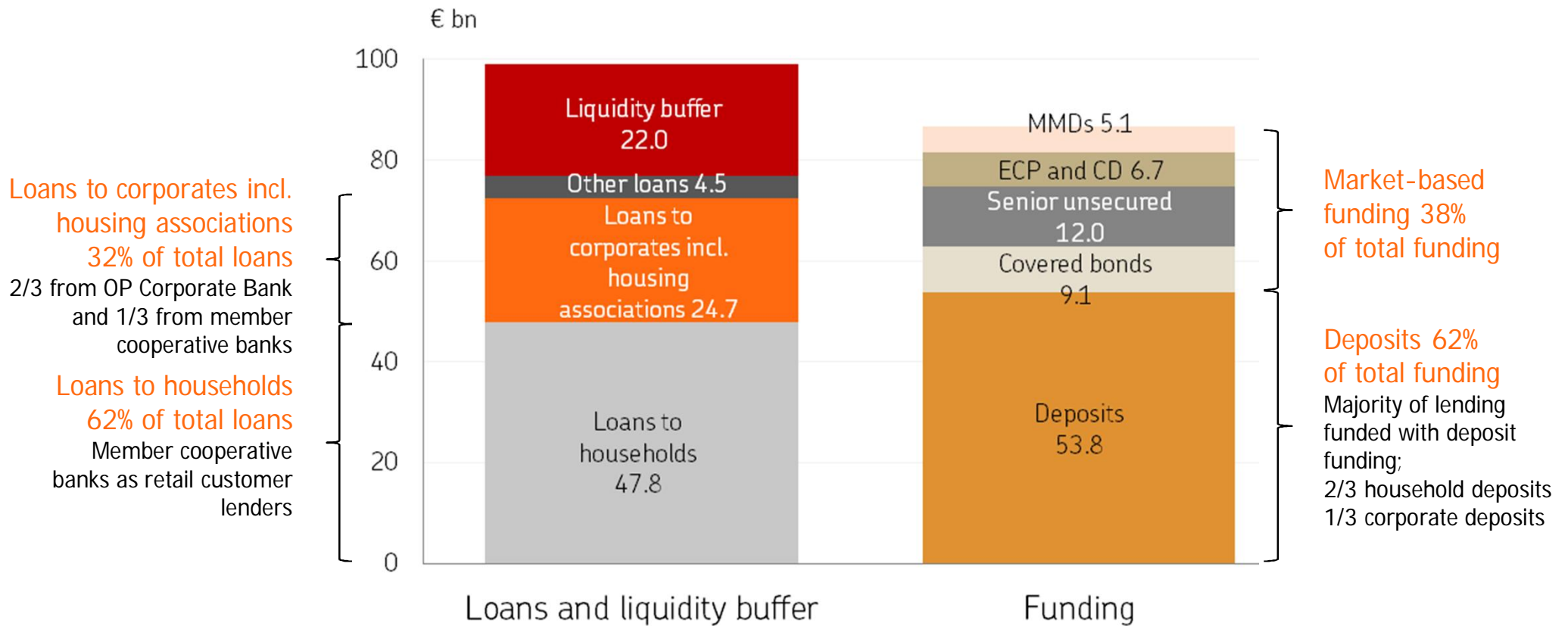
Liquidity coverage ratio improved to 111%

OP monitors its liquidity and the adequacy of its liquidity buffer using LCR. According to the transitional provisions, LCR must be at least 70% in 2016 and at least 100% from the beginning of 2018.



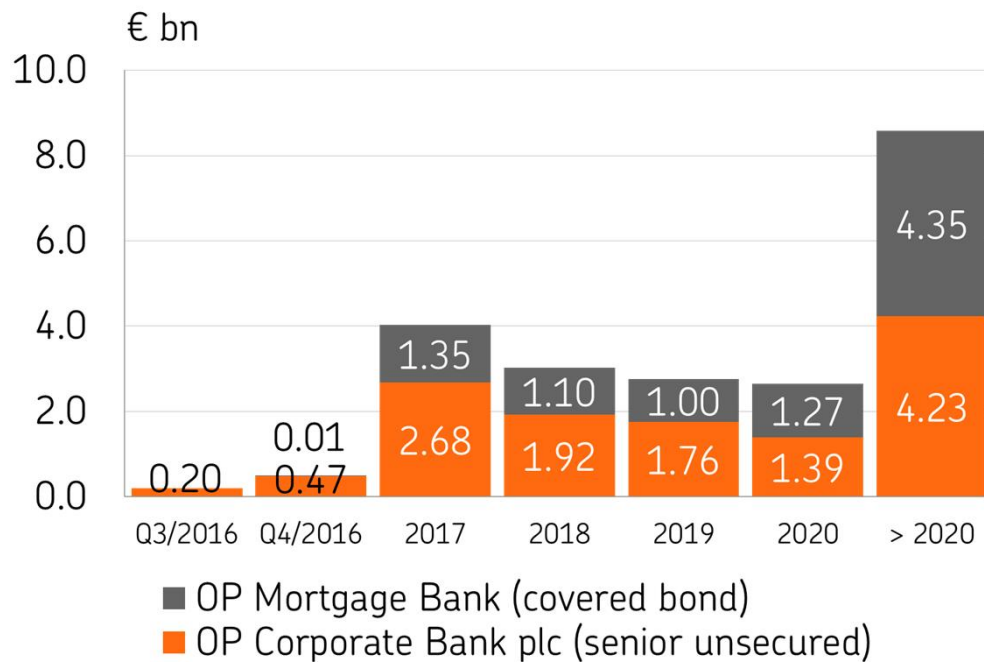
Loans, liquidity buffer and funding

30 June 2016

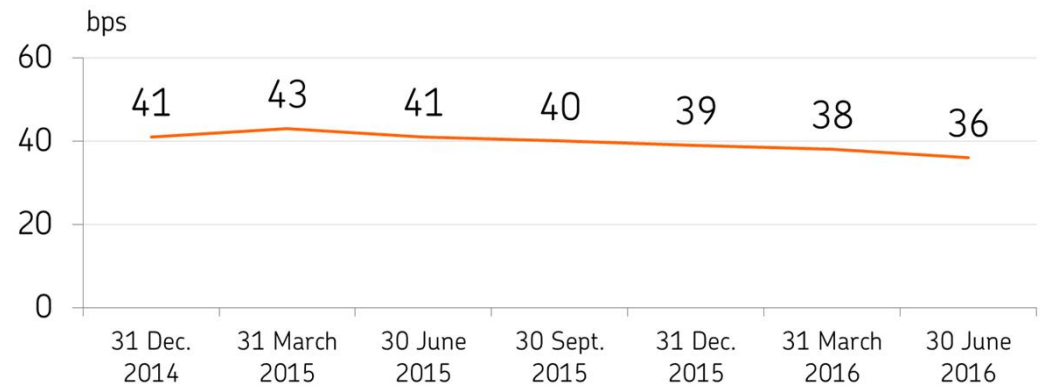


Maturity breakdown and average margin of senior wholesale funding

Issued senior unsecured and covered bonds by maturity, 30 June 2016



Average margin of senior wholesale funding, bps



OP issued long-term bonds worth €2.1 billion during H1/2016 (3.0). Additionally, OP participated in ECB's June 2016 TLTRO II refinancing operation with €1 billion.

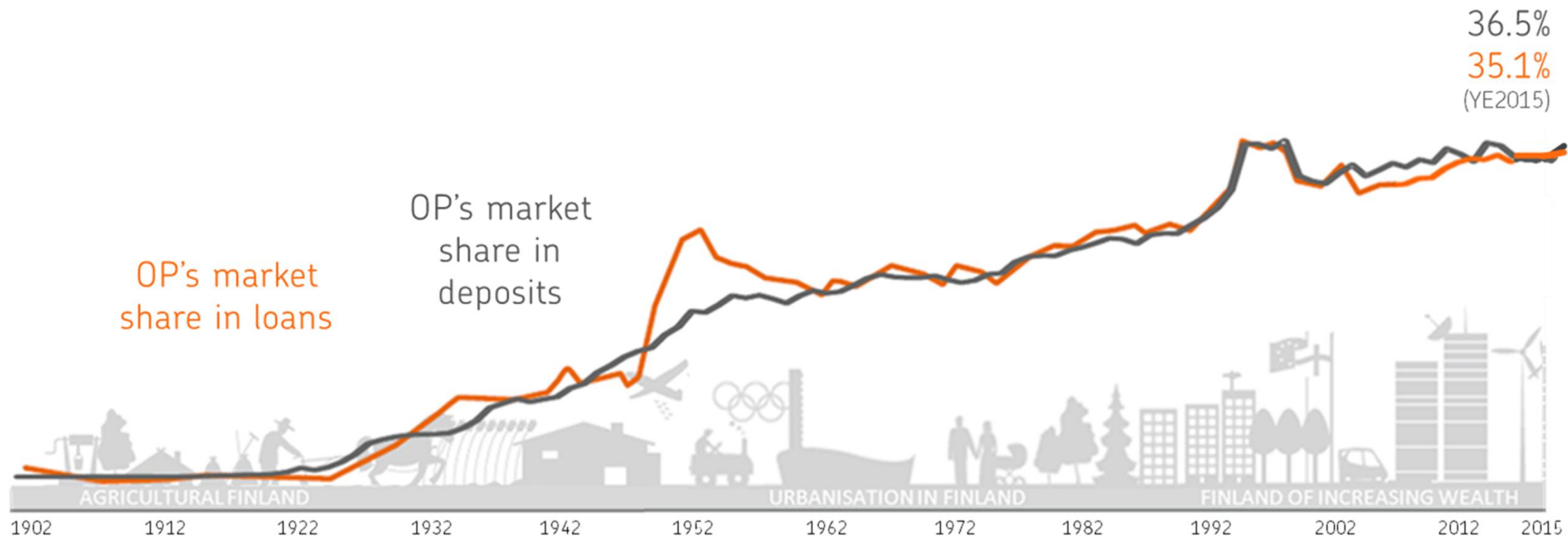
Issued senior unsecured and covered bonds

OP Corporate Bank plc's benchmark senior unsecured bonds 2014–16

Year	Month	Amount	Maturity	Interest rate
2016	January	€500 mn	5 yrs	m/s + 65 bps
2015	November	Total ¥30 bn (€228 mn), 2 issues	5 yrs (floating) & 5 yrs (fixed)	m/s + 59.9 bps & m/s + 66.1 bps
2015	May	GBP300 mn	3 yrs	Eb3 + 16 bps
2015	May	GBP400 mn	7 yrs	Eb3 + 58 bps
2015	March	€1 bn	7 yrs	m/s + 33 bps
2014	June	CHF300 mn	7 yrs	CHFm/s + 30 bps
2014	June	Total ¥60 bn (€432 mn), 2 issues	3 yrs (fixed) & 5 yrs (fixed)	m/s + 28.6 bps & m/s + 48.4 bps
2014	June	€750 mn	5 yrs	m/s + 48 bps
2014	March	€750 mn	7 yrs	m/s + 67 bps
2014	March	€750 mn	3 yrs	Eb3 + 36 bps

OP Mortgage Bank's benchmark covered bonds 2014–16

Year	Month	Amount	Maturity	Interest rate
2016	May	€1.25 bn	7 yrs	m/s + 4 bps
2015	November	€1.25 bn	5 yrs	m/s + 5 bps
2015	September	€1 bn	7 yrs	m/s - 1 bps
2014	November	€1 bn	10 yrs	m/s + 4 bps
2014	June	€1 bn	5 yrs	m/s + 5 bps
2014	March	€1 bn	7 yrs	m/s + 14 bps



OP Mortgage Bank

Highlights of the Act on Mortgage Credit Bank Operations

- Segregation of assets in Covered Register
- Tight LTV restrictions on eligible assets (70% LTV on housing loans)
- Over-collateralisation requirement of 2%
- Continuity of Cover Pool and Covered Bonds in the event of liquidation and bankruptcy of the issuer
- Regulated by Finnish FSA and ECB

OP Mortgage Bank (OPMB) in brief

- OP Mortgage Bank is a special-purpose bank operating under the Act on Mortgage Credit Bank Operations.
- OP Mortgage Bank's sole purpose is to raise funds for OP Financial Group member banks by issuing covered bonds with mortgage collateral.
- The outstanding covered bonds of OP Mortgage Bank are rated AAA by S&P and Aaa by Moody's.
- OP Mortgage Bank is a wholly-owned subsidiary of OP Cooperative.
- OP Mortgage Bank fully benefits from the joint liability based on the Act on the Amalgamation of Deposit Banks. However, since assets in its Cover Asset Pool are ring-fenced, the noteholders have the right to receive what is due to them before all other creditors.

OP Mortgage Bank's covered bond programme qualifies for the European Covered Bond Council's (ECBC) Covered Bond Label.



Read more about ECBC's covered bond label at www.coveredbondlabel.com

OP Mortgage Bank's rating buffers

Standard & Poor's: AAA (stable)

- 3 unused notches of jurisdictional support
- 2 unused notches of collateral based uplift
- Key scores (as of 31 March 2015)
 - Available Credit Enhancement: 22.29% (TCE* commensurate with AAA rating 3.96%)
 - WAFF** : 11.67%
 - WALS*** : 7.36%

Moody's: Aaa (stable)

- TPI*** Leeway 5 notches
- Key scores (as of 30 June 2016)
 - CR-A: Aa2(cr)
 - CB Anchor: CR-A + 1 notch = Aa1
 - TPI: Probable-High
 - Collateral score (post-haircut): 3.4% (cap 5.0%)

* Target credit enhancement

** Weighted-average foreclosure frequency

*** Weighted-average loss severity

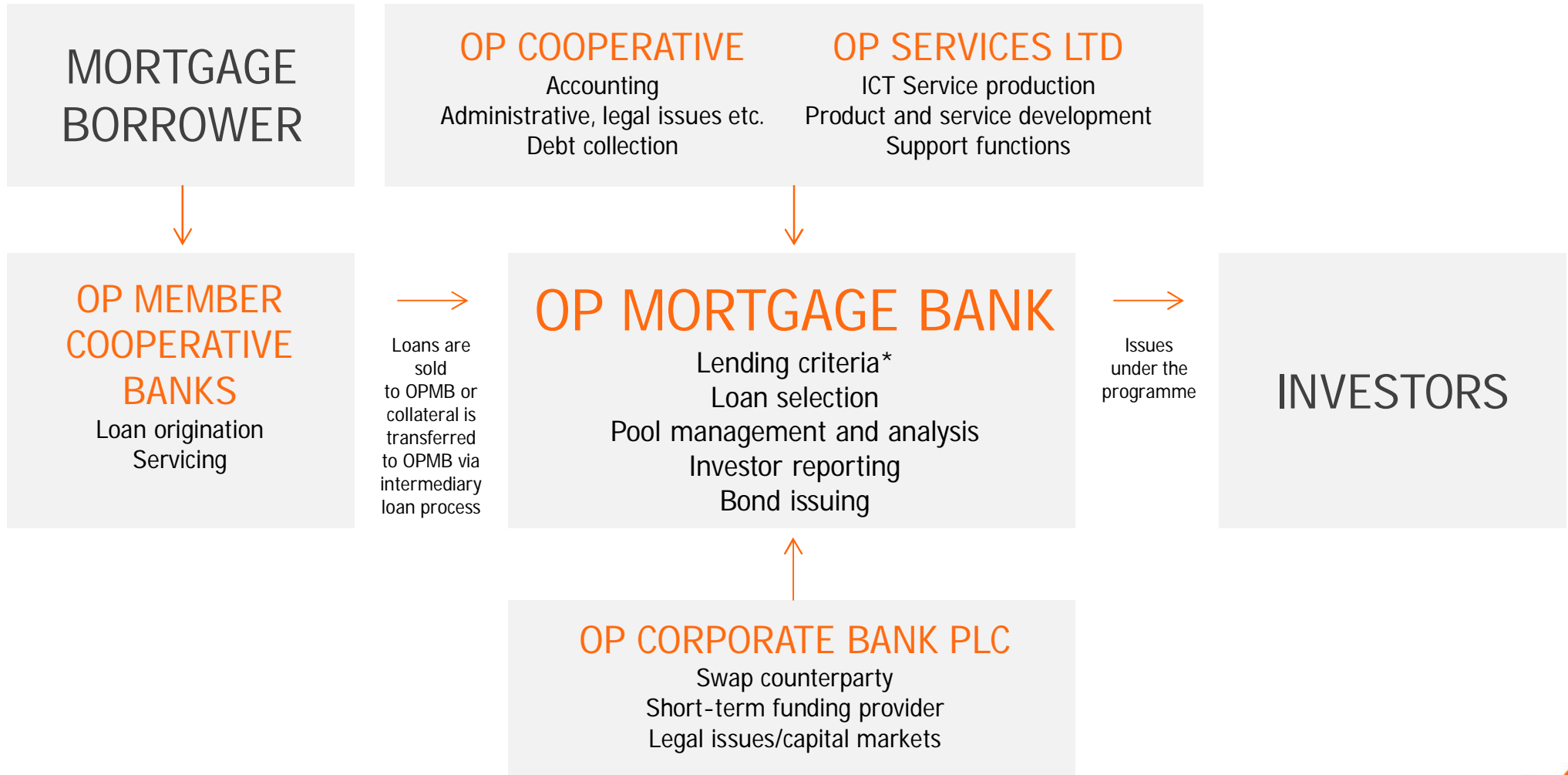
*** Timely payment indicator

**** Counterparty risk assessment

OPMB operating model

- OPMB is a funding vehicle for the member banks:
 - Subject to strict eligibility criteria:
 - Existing loans may be sold from member banks to OPMB.
 - Collateral may be transferred to OPMB via intermediary loan process.
 - Member cooperative banks may originate directly into OPMB's balance sheet acting as a broker agent.
- OPMB utilises the structure of OP Cooperative and outsources for example:
 - origination and servicing of assets to member cooperative banks
 - risk management, IT services, accounting etc. to OP Cooperative
 - has organised interest rate risk management in cooperation with OP Corporate Bank plc

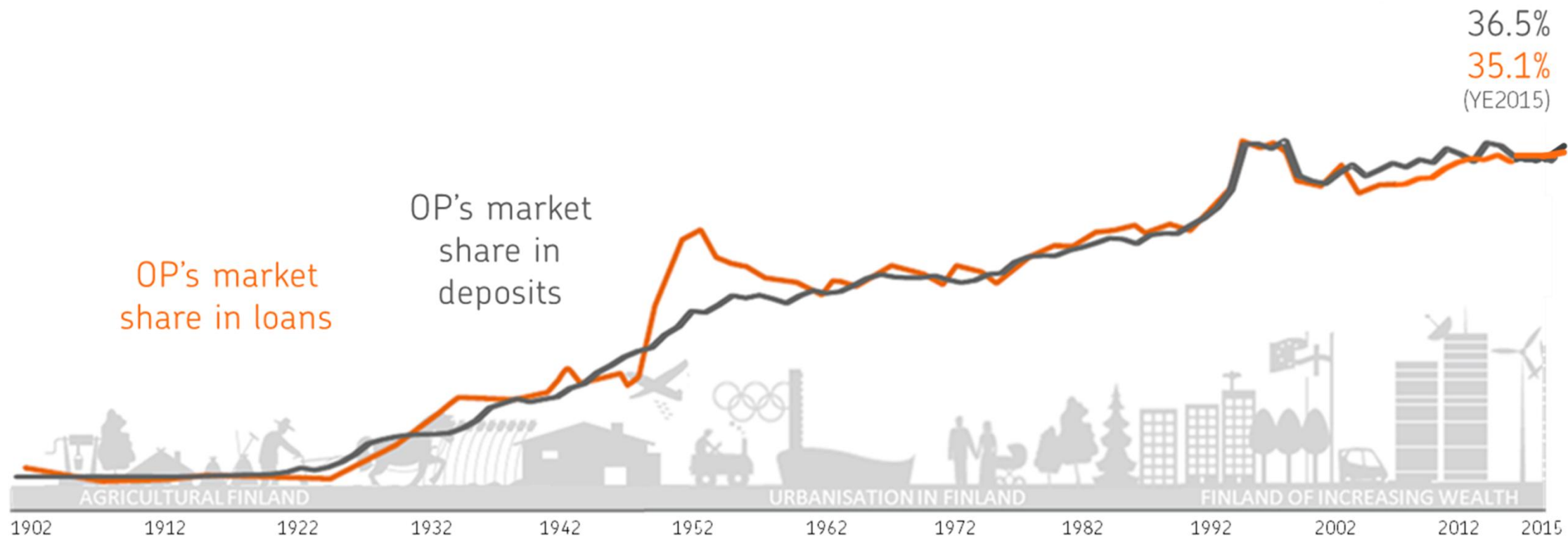
Operating model and roles



*) Basic lending criteria for the Group are set by OP Cooperative. OP Mortgage Bank can set additional limits.

Intermediary loans

- The Finnish Covered Bond Act (2010) enables granting intermediary loans
 - The member cooperative banks are granted the opportunity to indirectly participate in the issuing of a covered bond
 - Intermediary loans are the third way for the member banks to utilize OPMB along with selling loans and granting loans from OPMB
- The intermediary loan contract is made between the member cooperative bank and 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 bank commits to preserving adequate intermediary loan worthy loan portfolio for the maturity of the intermediary loan, and accepts that OPMB subscribes the loans as collateral in the cover pool
 - OPMB monitor's the adequacy of the loans daily
 - The OC is provided by OPMB
- Once the mortgage loans are registered in the covered register, whether they are entered via intermediary loan process or true sales, they serve as collateral for the covered bonds for the benefit of the noteholders.



OPMB Cover Asset Pool Characteristics

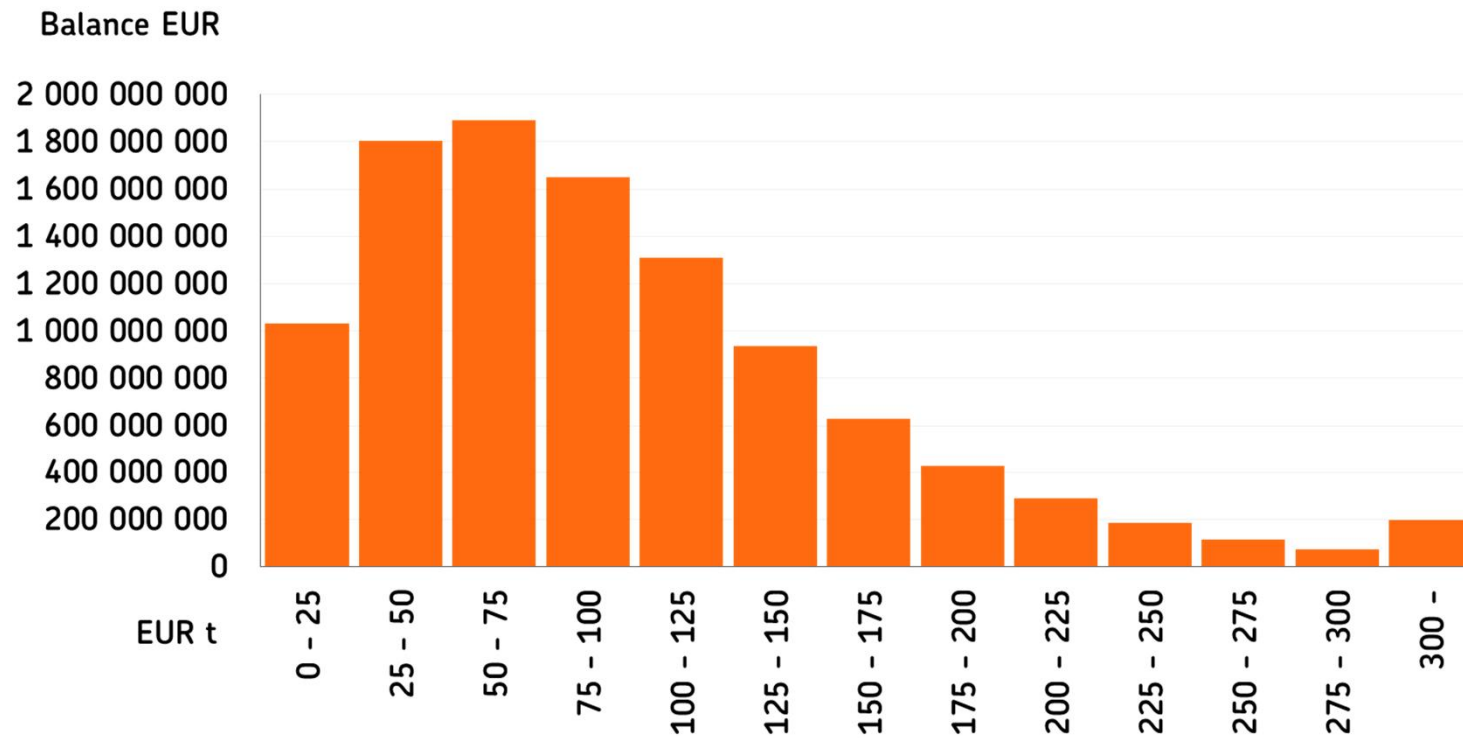
Covered bonds issued after 1 Aug. 2010,
under the Finnish Act on Mortgage Credit Banks 680/2010

Main Features of OP Mortgage Bank's Cover Asset Pool as of 30 June 2016

- Collateralized by Finnish mortgages
- Current balance EUR 10.5 billion
- Weighted Average indexed LTV of 45%
- Average loan size of approximately EUR 50,180
- No loans over 90 days in arrears ongoing
- Variable interest rates: over 95% of all loans
- Hedging agreements in place in order to mitigate interest rate risk
- Total amount of covered bonds issued EUR 9.095 billion

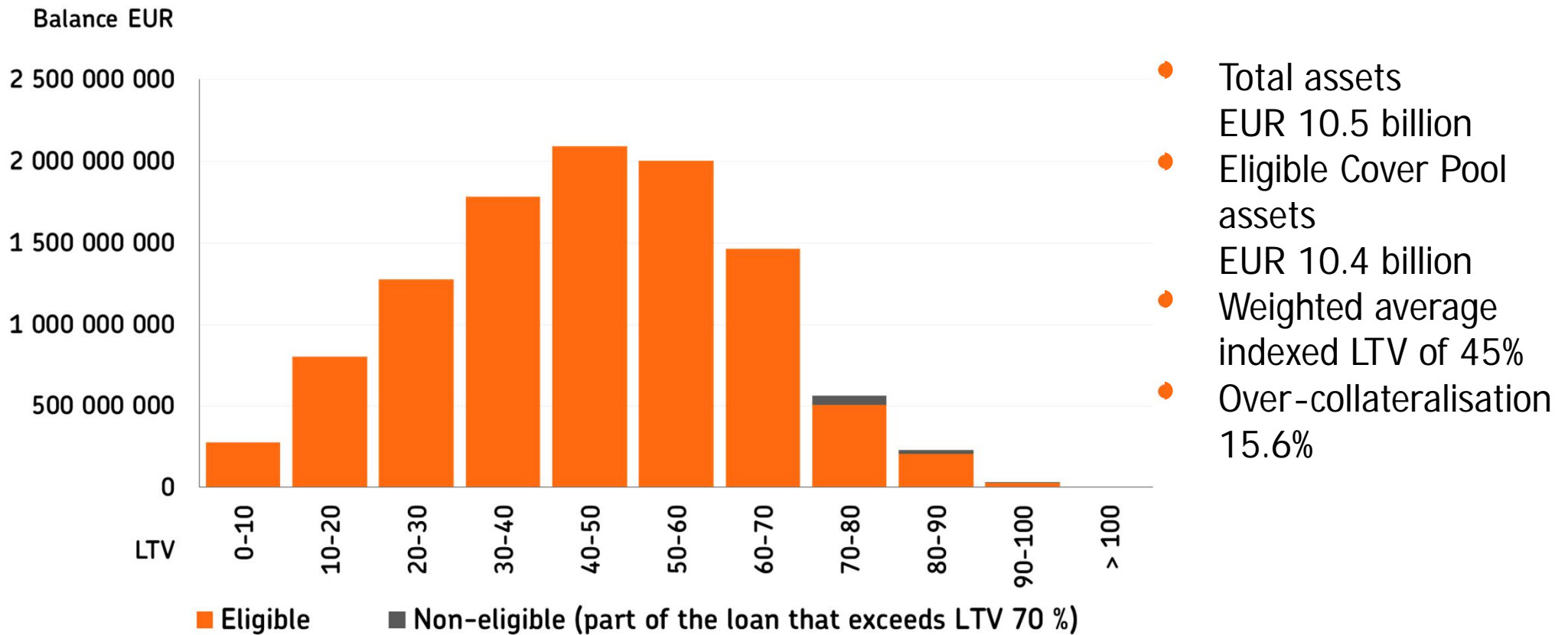
OPMB Cover Asset Pool Characteristics

Loans by size



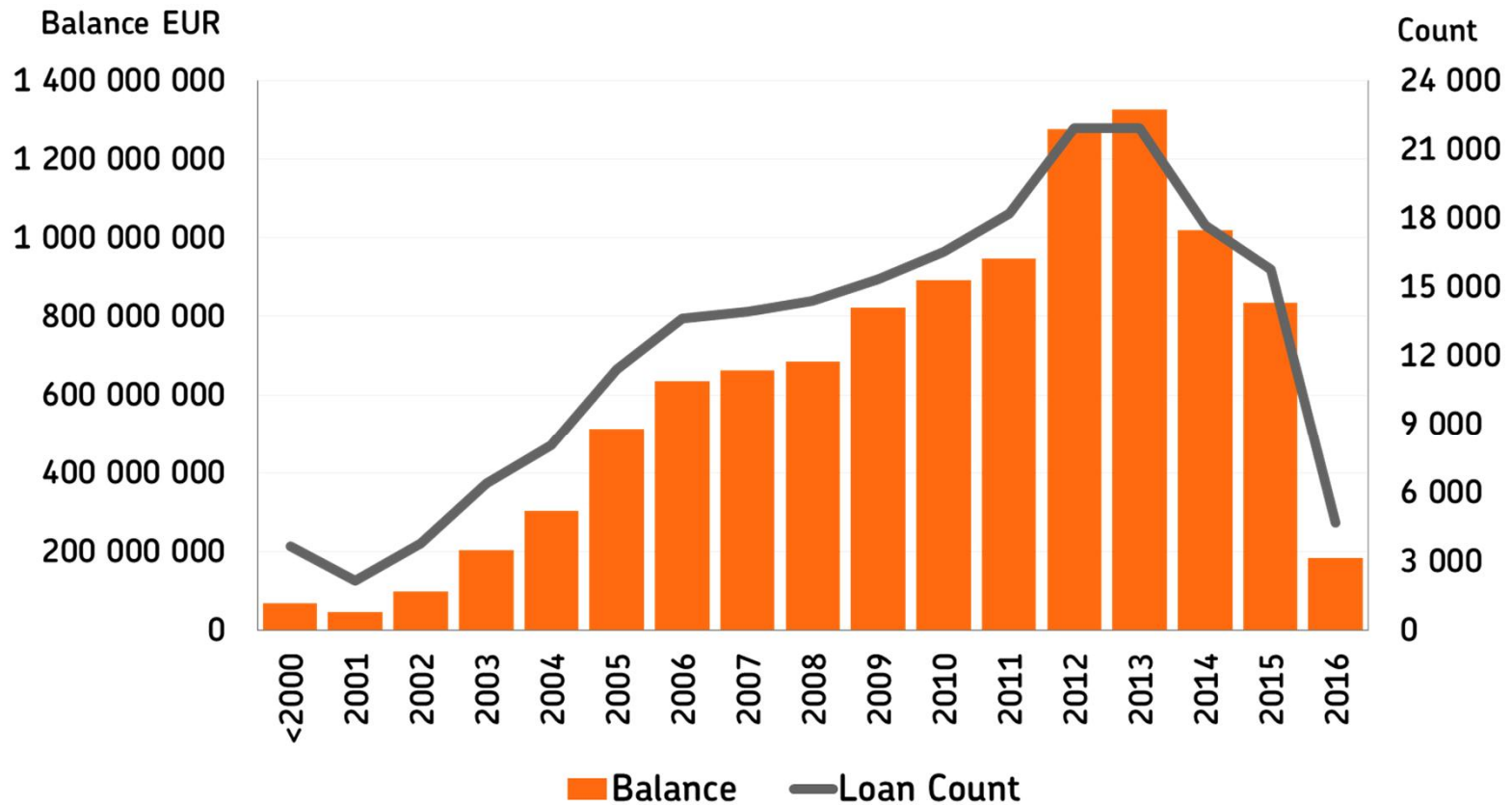
OPMB Cover Asset Pool Characteristics

Loans by LTV



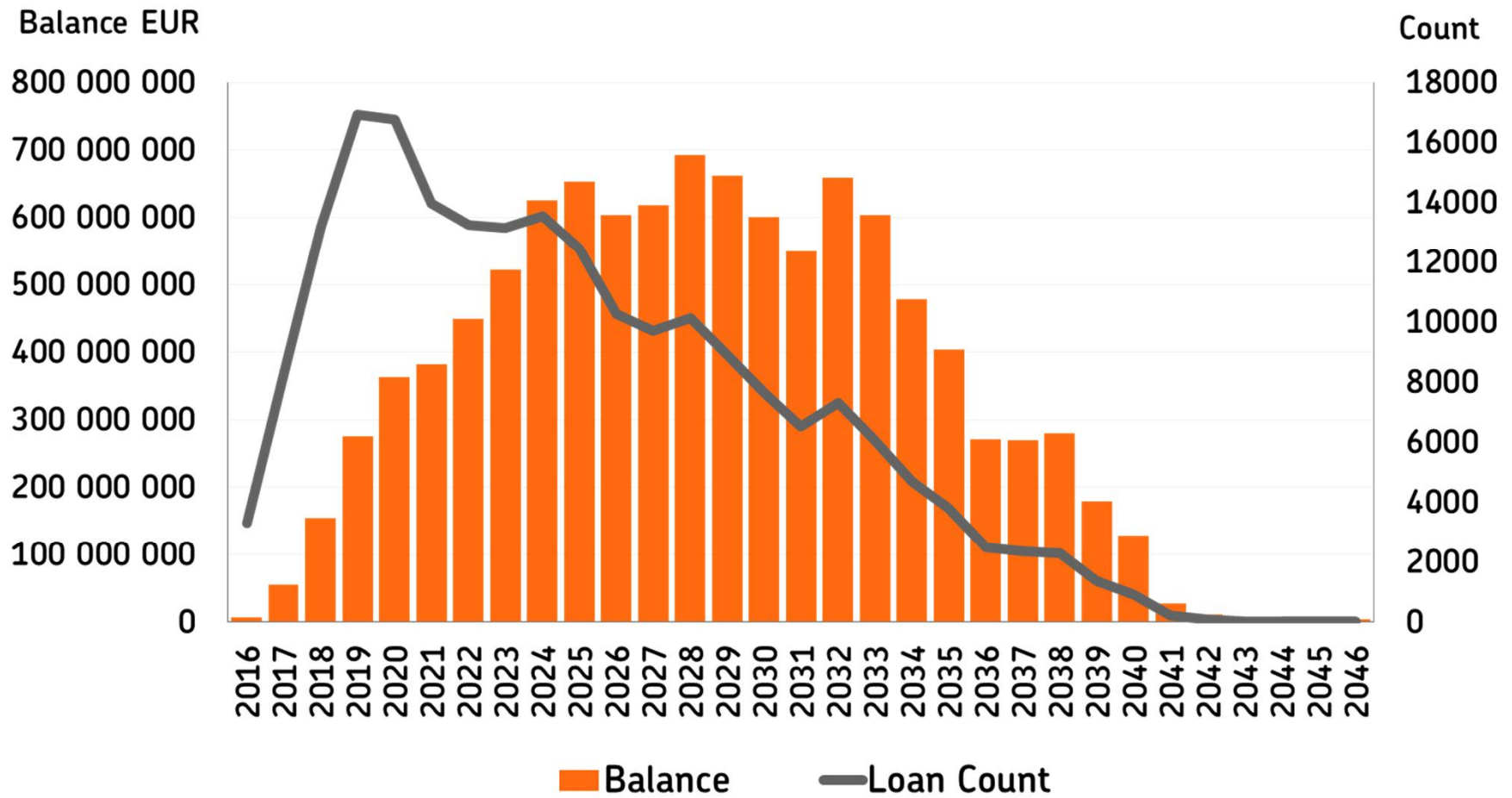
OPMB Cover Asset Pool Characteristics

Loans by origination year



OPMB Cover Asset Pool Characteristics

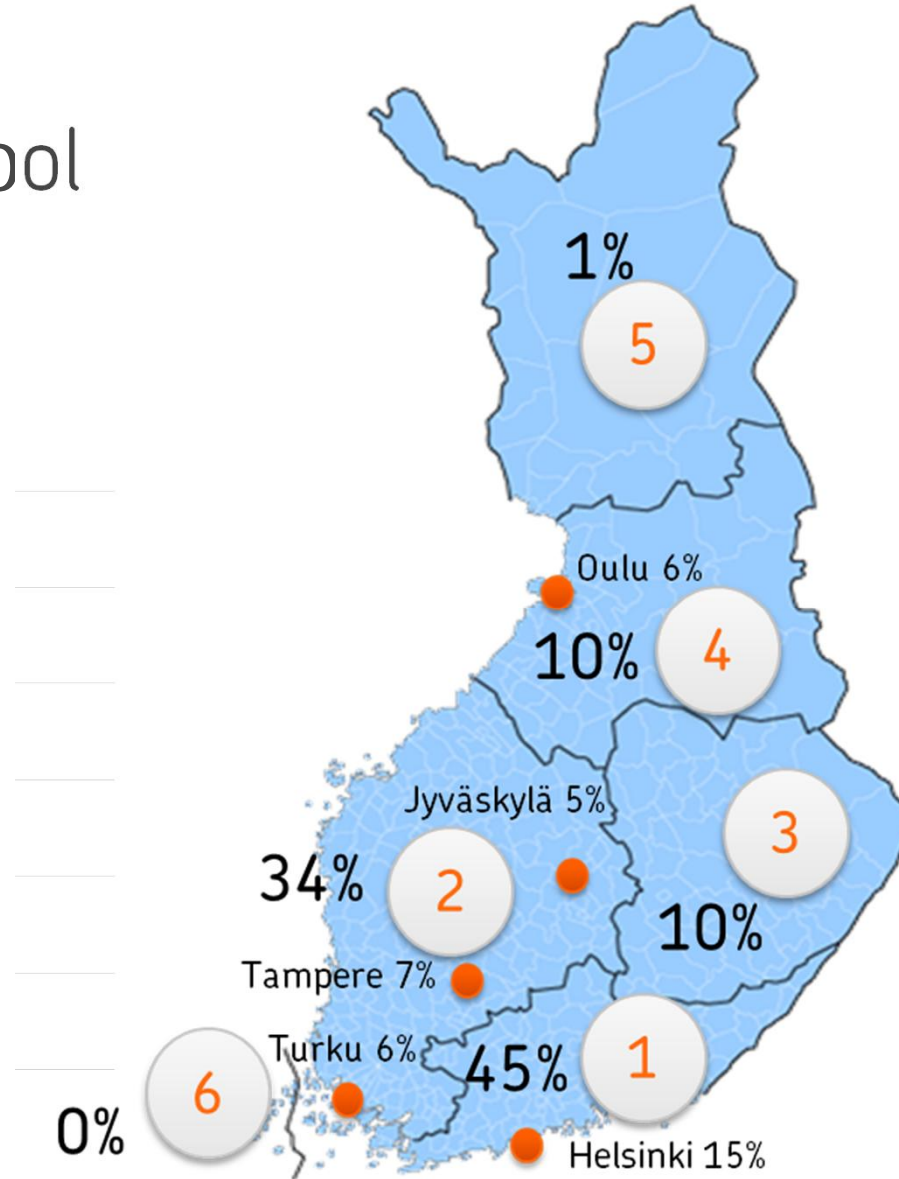
Loans by maturity



OPMB Cover Asset Pool Characteristics

Geographical distribution

- 1 Southern Finland
- 2 Western Finland
- 3 Eastern Finland
- 4 Oulu region
- 5 Lapland
- 6 Åland



OPMB Cover Asset Pool

A. Harmonised Transparency Template - General Information

Reporting in Domestic Currency		EUR			
CONTENT OF TAB A					
1. Basic Facts					
2. Regulatory Summary					
3. General Cover Pool / Covered Bond Information					
4. References to Capital Requirements Regulation (CRR) 129(7)					
5. References to Capital Requirements Regulation (CRR) 129(1)					
6. Other relevant information					
Field Number	1. Basic Facts				
G.1.11	Country	Finland			
G.1.12	Issuer Name	OP Mortgage Bank			
G.1.13	Link to Issuer's Website	https://www.pohjola.fi/pohjola/investor-relations/debt-investors/op-mortgage-bank?ids=334200&scopl=8&kielikood=en			
G.1.14	Cut-off date	30/06/2016			
2. Regulatory Summary					
G.2.11	UCITS Compliance (Y/N)	Y			
G.2.12	CRR Compliance (Y/N)	Y			
G.2.13	LCR status	https://www.coveredbondlabel.com/issuer/6/			
3. General Cover Pool / Covered Bond Information					
1. General Information		Nominal (mn)			
G.3.1.1	Cover Pool Size	10,512.47			
G.3.1.2	Outstanding Covered Bonds	9,095.00			
2. Over-collateralisation (OC)		Legal		Actual	Minimum Committed
G.3.2.1	OC (%)	2%		14.70	ND1
3. Cover Pool Composition		Nominal (mn)		% Cover Pool	
G.3.3.1	Mortgages	10,508.92		99.97%	
G.3.3.2	Public Sector	0.00		0.00%	
G.3.3.3	Shipping	0.00		0.00%	
G.3.3.4	Substitute Assets	0.00		0.00%	
G.3.3.5	Other	3.54		0.03%	
G.3.3.6	Total	10,512.47		100%	
4. Cover Pool Amortisation Profile		Contractual (mn)		Expected Upon Prepayments (mn)	% Total Contractual
G.3.4.1	Weighted Average life (in years)	6.10		ND3	
By buckets:					
G.3.4.2	0 - 1Y	1,695.92		ND3	16.13%
G.3.4.3	1 - 2Y	1,093.94		ND3	10.41%
G.3.4.4	2 - 3Y	985.85		ND3	9.38%
G.3.4.5	3 - 4Y	886.84		ND3	8.44%
G.3.4.6	4 - 5Y	796.28		ND3	7.57%
G.3.4.7	5 - 10Y	2,842.16		ND3	27.04%
G.3.4.8	10+Y	2,211.47		ND3	21.04%
G.3.4.9	Total	10,512.47		0	100%

Source: OP Mortgage Bank Cover Asset Pool, ECBC Harmonised Transparency Template (HTT) as of 30 June 2016

OPMB Cover Asset Pool

5. Maturity of Covered Bonds		Initial Maturity (mn)	Extended Maturity (mn)	% Total Initial Maturity	% Total Extended Maturity
G.3.5.1	Weighted Average life (in years)	4.43	5.48		
G.3.5.2	By buckets:				
G.3.5.3	0 - 1Y	1,360.00	10.00	14.95%	0.11%
G.3.5.4	1 - 2Y	1,100.00	1,350.00	12.03%	14.84%
G.3.5.5	2 - 3Y	1,000.00	1,100.00	11.00%	12.03%
G.3.5.6	3 - 4Y	1,270.00	1,000.00	13.96%	11.00%
G.3.5.7	4 - 5Y	1,000.00	1,270.00	11.00%	13.96%
G.3.5.8	5 - 10Y	3,365.00	4,365.00	37.00%	47.93%
G.3.5.9	10+Y	0.00	0.00	0.00%	0.00%
G.3.5.10	Total	9,095.00	9,095.00	100%	100%
6. Covered Assets - Currency		Nominal [before hedging] (mn)	Nominal [after hedging] (mn)	% Total [before]	% Total [after]
G.3.6.1	EUR	0.00	0.00		
G.3.6.2	USD	0.00	0.00		
G.3.6.3	GBP	0.00	0.00		
G.3.6.4	NOK	0.00	0.00		
G.3.6.5	CHF	0.00	0.00		
G.3.6.6	AUD	0.00	0.00		
G.3.6.7	CAD	0.00	0.00		
G.3.6.8	BRL	0.00	0.00		
G.3.6.9	CZK	0.00	0.00		
G.3.6.10	DKK	0.00	0.00		
G.3.6.11	HKD	0.00	0.00		
G.3.6.12	KRW	0.00	0.00		
G.3.6.13	SEK	0.00	0.00		
G.3.6.14	SGD	0.00	0.00		
G.3.6.15	Other	0.00	0.00		
G.3.6.16	Total	0.00	0.00	0%	0%
7. Covered Bonds - Currency		Nominal [before hedging] (mn)	Nominal [after hedging] (mn)	% Total [before]	% Total [after]
G.3.7.1	EUR	9,095.00	9,095.00	100.00%	
G.3.7.2	USD	0.00	0.00	0.00%	
G.3.7.3	GBP	0.00	0.00	0.00%	
G.3.7.4	NOK	0.00	0.00	0.00%	
G.3.7.5	CHF	0.00	0.00	0.00%	
G.3.7.6	AUD	0.00	0.00	0.00%	
G.3.7.7	CAD	0.00	0.00	0.00%	
G.3.7.8	BRL	0.00	0.00	0.00%	
G.3.7.9	CZK	0.00	0.00	0.00%	
G.3.7.10	DKK	0.00	0.00	0.00%	
G.3.7.11	HKD	0.00	0.00	0.00%	
G.3.7.12	KRW	0.00	0.00	0.00%	
G.3.7.13	SEK	0.00	0.00	0.00%	
G.3.7.14	SGD	0.00	0.00	0.00%	
G.3.7.15	Other	0.00	0.00	0.00%	
G.3.7.16	Total	9,095.00	9,095.00	100%	0%
8. Covered Bonds - Breakdown by interest rate		Nominal (mn)		% Covered Bonds	
G.3.8.1	Fixed coupon	8,835.00		98%	
G.3.8.2	Floating coupon	200.00		2%	
G.3.8.3	Other	0.00		0%	
G.3.8.4	Total	9,095.00		100%	

OPMB Cover Asset Pool

9. Substitute Assets - Type		Nominal (mn)	% Substitute Assets	
G.3.9.1	Cash	0.00		
G.3.9.2	Exposures to/guaranteed by governments or quasi governments	0.00		
G.3.9.3	Exposures to central banks	0.00		
G.3.9.4	Exposures to credit institutions	0.00		
G.3.9.5	Other	0.00		
G.3.9.6	Total	0.00	0%	
10. Substitute Assets - Country		Nominal (mn)	% Substitute Assets	
G.3.10.1	Domestic (Country of Issuer)	0.00		
G.3.10.2	Eurozone	0.00		
G.3.10.3	Rest of European Union (EU)	0.00		
G.3.10.4	European Economic Area (not member of EU)	0.00		
G.3.10.5	Switzerland	0.00		
G.3.10.6	Australia	0.00		
G.3.10.7	Brazil	0.00		
G.3.10.8	Canada	0.00		
G.3.10.9	Japan	0.00		
G.3.10.10	Korea	0.00		
G.3.10.11	New Zealand	0.00		
G.3.10.12	Singapore	0.00		
G.3.10.13	US	0.00		
G.3.10.14	Other	0.00		
G.3.10.15	Total EU	0.00		
G.3.10.16	Total	0.00	0%	
11. Liquid Assets		Nominal (mn)	% Cover Pool	% Covered Bonds
G.3.11.1	Substitute and other marketable assets	10,512.47	100.00%	100.00%
G.3.11.2	Central bank eligible assets	0.00	0.00%	0.00%
G.3.11.3	Other	0.00	0.00%	0.00%
G.3.11.4	Total	10,512.47	100%	100%
12. Bond List				
G.3.12.1	Bond list	https://www.coveredbondlabel.com/issuer/6/		
13. Derivatives & Swaps				
G.3.13.1	Derivatives in the cover pool (notional) (mn)	8,797.60		
G.3.13.2	Type of interest rate swaps (intra-group, external or both)	intra-group		
G.3.13.3	Type of currency rate swaps (intra-group, external or both)	ND2		
4. References to Capital Requirements Regulation (CRR) 129(7)		Row	Row	
<p><i>The issuer believes that, at the time of its issuance and based on transparency data made publicly available by the issuer, these covered bonds would satisfy the eligibility criteria for Article 129(7) of the Capital Requirements Regulation (EU) 648/2012. It should be noted, however, that whether or not exposures in the form of covered bonds are eligible to preferential treatment under Regulation (EU) 648/2012 is ultimately a matter to be determined by a relevant investor institution and its relevant supervisory authority and the issuer does not accept any responsibility in this regard.</i></p>				
G.4.1.1	(i) Value of the cover pool outstanding covered bonds:	38		
G.4.1.2	(ii) Value of covered bonds:	39		
G.4.1.3	(iii) Geographical distribution:	43 for Mortgage Assets	#VITTAUS!	
G.4.1.4	(iii) Type of cover assets:	52		
G.4.1.5	(iii) Loan size:	156 for Residential Mortgage Assets	240 for Commercial Mortgage Assets	#VITTAUS!
G.4.1.6	(iii) Interest rate risk - cover pool:	119 for Mortgage Assets	161	#VITTAUS!
G.4.1.7	(iii) Currency risk - cover pool:	109		
G.4.1.8	(iii) Interest rate risk - covered bond:	161		
G.4.1.9	(iii) Currency risk - covered bond:	135		
G.4.1.10	(Please refer to "Tab D. HTT Harmonised Glossary" for hedging strategy)	17 for Harmonised Glossary		
G.4.1.11	(iii) Maturity structure of cover assets:	65		
G.4.1.12	(iii) Maturity structure of covered bonds:	67		
G.4.1.13	(iv) Percentage of loans more than ninety days past due:	143 for Mortgage Assets	#VITTAUS!	
5. References to Capital Requirements Regulation (CRR) 129(1)				
G.5.1.1	Exposure to credit institute credit quality step 1 & 2	171		
6. Other relevant information				

OPMB Cover Asset Pool

B1. Harmonised Transparency Template - Mortgage Assets

Reporting in Domestic Currency		EUR	
CONTENT OF TAB B1			
7. Mortgage Assets			
7.A Residential Cover Pool			
7.B Commercial Cover Pool			
Field Number	7. Mortgage Assets		
1. Property Type Information			
		Nominal (mn)	% Total Mortgages
M.7.11	Residential	10,508.92	100.00%
M.7.12	Commercial	0.00	0.00%
M.7.13	Other	0.00	0.00%
M.7.14	Total	10,508.92	100%
2. General Information			
		Residential Loans	Commercial Loans
M.7.21	Number of mortgage loans	209424	0
			Total Mortgages
			209424
3. Concentration Risks			
		% Residential Loans	% Commercial Loans
M.7.31	10 largest exposures	0.09	0.00
			% Total Mortgages
			0.09
4. Breakdown by Geography			
		% Residential Loans	% Commercial Loans
M.7.41	European Union	100	0
M.7.42	Austria		
M.7.43	Belgium		
M.7.44	Bulgaria		
M.7.45	Croatia		
M.7.46	Cyprus		
M.7.47	Czech Republic		
M.7.48	Denmark		
M.7.49	Estonia		
M.7.4.10	Finland	100	
M.7.4.11	France		
M.7.4.12	Germany		
M.7.4.13	Greece		
M.7.4.14	Netherlands		
M.7.4.15	Hungary		
M.7.4.16	Ireland		
M.7.4.17	Italy		
M.7.4.18	Latvia		
M.7.4.19	Lithuania		
M.7.4.20	Luxembourg		
M.7.4.21	Malta		
M.7.4.22	Poland		
M.7.4.23	Portugal		
M.7.4.24	Romania		
M.7.4.25	Slovakia		
M.7.4.26	Slovenia		
M.7.4.27	Spain		
M.7.4.28	Sweden		
M.7.4.29	United Kingdom		
M.7.4.30	European Economic Area (not member of EU)	0	0
M.7.4.31	Iceland		
M.7.4.32	Liechtenstein		
M.7.4.33	Norway		
M.7.4.34	Other	0	0
M.7.4.35	Switzerland		
M.7.4.36	Australia		
M.7.4.37	Brazil		
M.7.4.38	Canada		
M.7.4.39	Japan		
M.7.4.40	Korea		
M.7.4.41	New Zealand		
M.7.4.42	Singapore		
M.7.4.43	US		
M.7.4.44	Other		

OPMB Cover Asset Pool

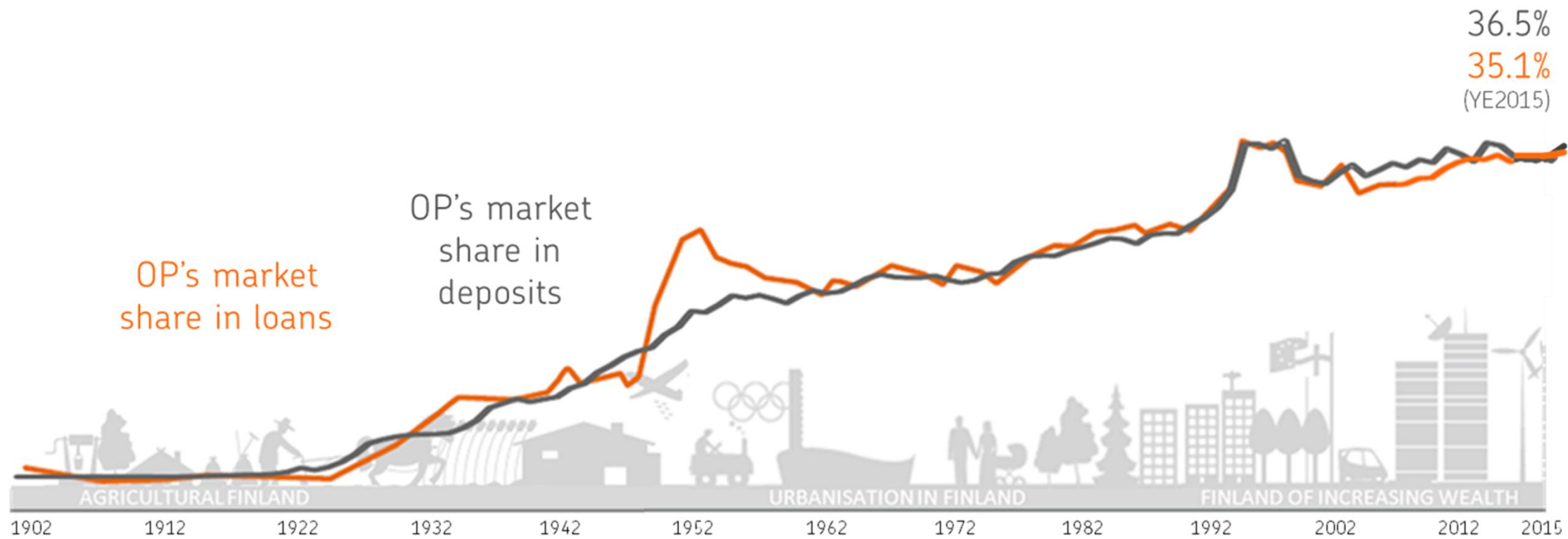
5. Breakdown by domestic regions		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.5.1	Aland Islands	0.16		0.16
M.7.5.2	Central Finland	5.19		5.19
M.7.5.3	Central Ostrobothnia	1.11		1.11
M.7.5.4	Etela-Savo	2.24		2.24
M.7.5.5	Ita-Uusimaa	2.23		2.23
M.7.5.6	Kainuu	0.68		0.68
M.7.5.7	Kanta-Hame	5.08		5.08
M.7.5.8	Kymerlaakso	2.95		2.95
M.7.5.9	Lapland	1.45		1.45
M.7.5.10	North Karelia	2.55		2.55
M.7.5.11	North Ostrobothnia	8.67		8.67
M.7.5.12	Ostrobothnia	1.86		1.86
M.7.5.13	Pajjat-Hame	3.30		3.30
M.7.5.14	Pirkanmaa	9.58		9.58
M.7.5.15	Pohjois-Savo	4.85		4.85
M.7.5.16	Satakunta	3.82		3.82
M.7.5.17	South Karelia	2.62		2.62
M.7.5.18	South Ostrobothnia	2.29		2.29
M.7.5.19	Uusimaa	29.04		29.04
M.7.5.20	Varsinais-Suomi	10.32		10.32
6. Breakdown by Interest Rate		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.6.1	Fixed rate	1.11		1.11
M.7.6.2	Floating rate	98.89		98.89
M.7.6.3	Other			
7. Breakdown by Repayment Type		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.7.1	Bullet / interest only			
M.7.7.2	Amortising	100.00		100.00
M.7.7.3	Other			
8. Loan Seasoning		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.8.1	Up to 12months	6.26		6.26
M.7.8.2	≥ 12 - ≤ 24 months	9.30		9.30
M.7.8.3	≥ 24 - ≤ 36 months	11.09		11.09
M.7.8.4	≥ 36 - ≤ 60 months	22.91		22.91
M.7.8.5	≥ 60 months	50.43		50.43
9. Non-Performing Loans (NPLs)		% Residential Loans	% Commercial Loans	% Total Mortgages
M.7.9.1	% NPLs	0.00		0.00

OPMB Cover Asset Pool

7.A Residential Cover Pool					
10. Loan Size Information		Nominal	Number of Loans	% Residential Loans	% No. of Loans
M.7A.10.1	Average loan size (000s)	50.18			
	By buckets (mn):				
M.7A.10.2	0 - 0,025000	1,032.67	82323	9.83%	39.31%
M.7A.10.3	0,025001 - 0,050000	1,802.69	49437	17.15%	23.61%
M.7A.10.4	0,050001 - 0,100000	3,532.85	49640	33.62%	23.70%
M.7A.10.5	0,100001 - 0,150000	2,240.63	18544	21.32%	8.85%
M.7A.10.6	0,150001 - 0,200 000	1,049.46	6149	9.99%	2.94%
M.7A.10.7	0,200001 - 0,250000	471.11	2135	4.48%	1.02%
M.7A.10.8	0,250001 - 0,300000	185.63	685	1.77%	0.33%
M.7A.10.9	0,300001 -	193.88	511	1.84%	0.24%
M.7A.10.26	Total	10,508.92	209424	100.00%	100.00%
11. Loan to Value (LTV) Information -		Nominal	Number of Loans	% Residential Loans	% No. of Loans
M.7A.11.1	Weighted Average LTV (%)	50.85			
	By LTV buckets (mn):				
M.7A.11.2	>0 - <=40 %	8,146.61	209424	77.52%	44.20%
M.7A.11.3	>40 - <=50 %	1,065.41	100802	10.14%	21.28%
M.7A.11.4	>50 - <=60 %	727.71	76525	6.92%	16.15%
M.7A.11.5	>60 - <=70 %	441.19	56658	4.20%	11.96%
M.7A.11.6	>70 - <=80 %	113.39	25729	1.08%	5.43%
M.7A.11.7	>80 - <=90 %	13.21	4055	0.13%	0.86%
M.7A.11.8	>90 - <=100 %	1.23	510	0.01%	0.11%
M.7A.11.9	>100%	0.17	58	0.00%	0.01%
M.7A.11.10	Total	10,508.92	473761	100.00%	100.00%
12. Loan to Value (LTV) Information - INDEXED		Nominal	Number of Loans	% Residential Loans	% No. of Loans
M.7A.12.1	Weighted Average LTV (%)	44.89			
	By LTV buckets (mn):				
M.7A.12.2	>0 - <=40 %	8,794.08	209424	83.68%	57.71%
M.7A.12.3	>40 - <=50 %	925.27	75104	8.80%	20.70%
M.7A.12.4	>50 - <=60 %	505.28	45260	4.81%	12.47%
M.7A.12.5	>60 - <=70 %	204.94	22241	1.95%	6.13%
M.7A.12.6	>70 - <=80 %	65.20	7932	0.62%	2.19%
M.7A.12.7	>80 - <=90 %	12.83	2528	0.12%	0.70%
M.7A.12.8	>90 - <=100 %	1.32	372	0.01%	0.10%
M.7A.12.9	>100%	0.00	0	0.00%	0.00%
M.7A.12.10	Total	10,508.92	362861	100%	100%
13. Breakdown by type		% Residential Loans			
M.7A.13.1	Owner occupied	97.09			
M.7A.13.2	Second home/Holiday houses	1.24			
M.7A.13.3	Buy-to-let/Non-owner occupied	1.66			
M.7A.13.4	Other				
14. Loan by Ranking		% Residential Loans			
M.7A.14.1	1st lien	100.00			
M.7A.14.2	Guaranteed	0.00			
M.7A.14.3	Other	0.00			

OPMB Cover Asset Pool

7B Commercial Cover Pool					
15. Loan Size Information					
		Nominal	Number of Loans	% Commercial Loans	% No. of Loans
M.7B.15.1	Average loan size (000s)				
	By buckets (mn):				
M.7B.15.2	0 - 0,100000	0	0		
M.7B.15.3	0,100001 - 0,200000	0	0		
M.7B.15.4	0,200001 - 0,300000	0	0		
M.7B.15.5	0,300001 - 0,400000	0	0		
M.7B.15.6	0,400001 - 0,500000	0	0		
M.7B.15.7	0,500001 - 0,600000	0	0		
M.7B.15.8	0,600001 - 0,700000	0	0		
M.7B.15.9	0,700001 - 0,800000	0	0		
M.7B.15.10	0,800001 - 0,900000	0	0		
M.7B.15.11	0,900001 - 1,000000	0	0		
M.7B.15.12	1,000001 -	0	0		
M.7B.15.26	Total	0	0	0%	0%
16. Loan to Value (LTV) Information -					
		Nominal	Number of Loans	% Commercial Loans	% No. of Loans
M.7B.16.1	Weighted Average LTV (%)				
	By LTV buckets (mn):				
M.7B.16.2	>0 - <=40 %	0	0		
M.7B.16.3	>40 - <=50 %	0	0		
M.7B.16.4	>50 - <=60 %	0	0		
M.7B.16.5	>60 - <=70 %	0	0		
M.7B.16.6	>70 - <=80 %	0	0		
M.7B.16.7	>80 - <=90 %	0	0		
M.7B.16.8	>90 - <=100 %	0	0		
M.7B.16.9	>100%	0	0		
M.7B.16.10	Total	0	0	0%	0%
17. Loan to Value (LTV) Information - INDEXED					
		Nominal	Number of Loans	% Commercial Loans	% No. of Loans
M.7B.17.1	Weighted Average LTV (%)				
	By LTV buckets (mn):				
M.7B.17.2	>0 - <=40 %	0	0		
M.7B.17.3	>40 - <=50 %	0	0		
M.7B.17.4	>50 - <=60 %	0	0		
M.7B.17.5	>60 - <=70 %	0	0		
M.7B.17.6	>70 - <=80 %	0	0		
M.7B.17.7	>80 - <=90 %	0	0		
M.7B.17.8	>90 - <=100 %	0	0		
M.7B.17.9	>100%	0	0		
M.7B.17.10	Total	0	0	0%	0%
18. Breakdown by Type					
		% Commercial loans			
M.7B.18.1	Retail				
M.7B.18.2	Office				
M.7B.18.3	Hotel/Tourism				
M.7B.18.4	Shopping malls				
M.7B.18.5	Industry				
M.7B.18.6	Agriculture				
M.7B.18.7	Other commercially used				
M.7B.18.8	Land				
M.7B.18.9	Property developers / Bulding under construction				
M.7B.18.10	Other				



Debt IR contacts

Debt IR contacts



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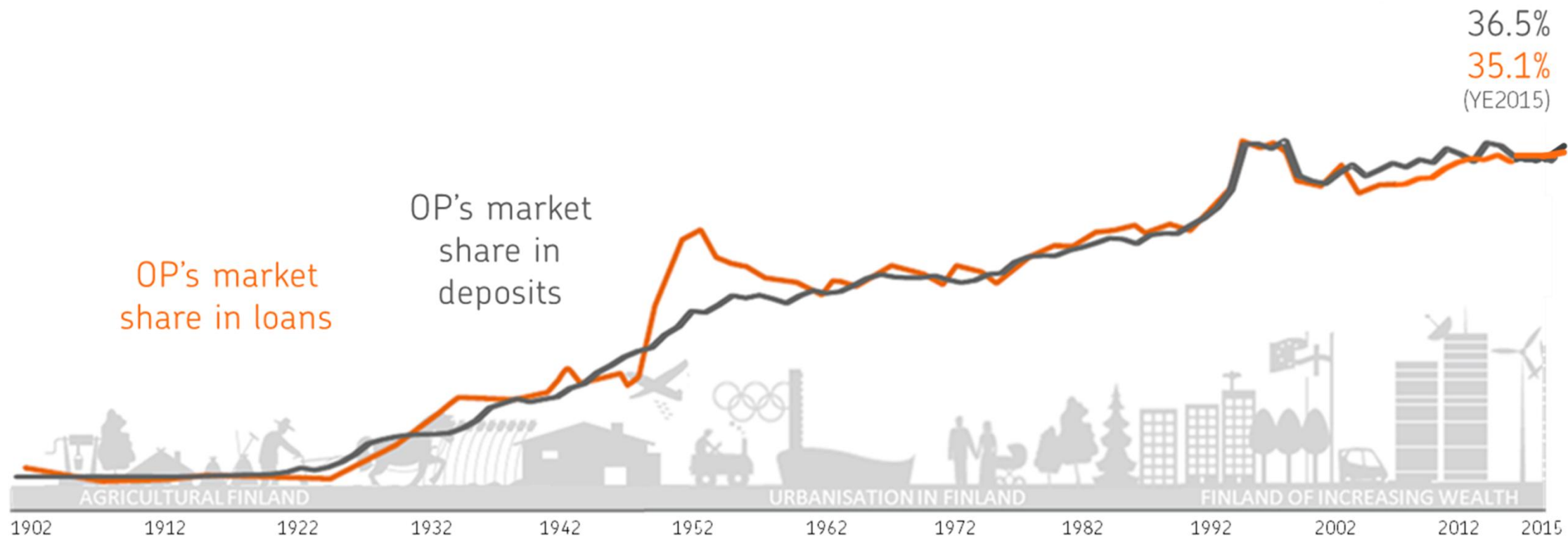
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Financial reports and background material online

- OP Financial Group: www.op.fi (English) > OP Financial Group > Media > Material service > OP Financial Group publications
- OP Corporate Bank plc: www.pohjola.com > Media > Material Service
- OP Mortgage Bank: www.op.fi (English) > OP Financial Group > Media > Material service > Subsidiaries' publications



Appendices

Bioeconomy as one of the new growth areas

- Branch of the economy using biological natural resources to create variety of products in the field of chemical, pharmaceutical, textile, packaging, food, energy and construction industries.
- Clean, environment saving technologies and efficient recycling are typical to bioeconomy.
- The significance of the forestry sector in Finland has been and will be great, as over one half of Finland's bioeconomy today relies on forests.
- The objective of the Bioeconomy Strategy is to push bioeconomy output up to €100 bn by 2025 and to create 100,000 new jobs.

16% of the total Finnish economy (i.e. turnover of €60 bn)

13% of total employment in Finland (i.e. 300,000 persons)

26% of total Finnish exports (i.e. €14 bn)

Structure of OP Financial Group incl. OP Cooperative's main subsidiaries

1.7 million owner-customers, of which 90% households



178 OP Financial Group member cooperative banks

OP COOPERATIVE

BANKING

- OP Corporate Bank plc*
- Helsinki Area Cooperative Bank*** (OP Helsinki)
- OP Mortgage Bank*
- OP Card Company Plc*
- Member cooperative banks

NON-LIFE INSURANCE

- OP Insurance Ltd** with its subsidiaries

WEALTH MANAGEMENT

- OP Asset Management Ltd*
- OP Life Assurance Company Ltd*
- OP Fund Management Company Ltd*

- Finance & Treasury
- Risk Management
- Group Steering
- etc.

* OP Cooperative's ownership 100%

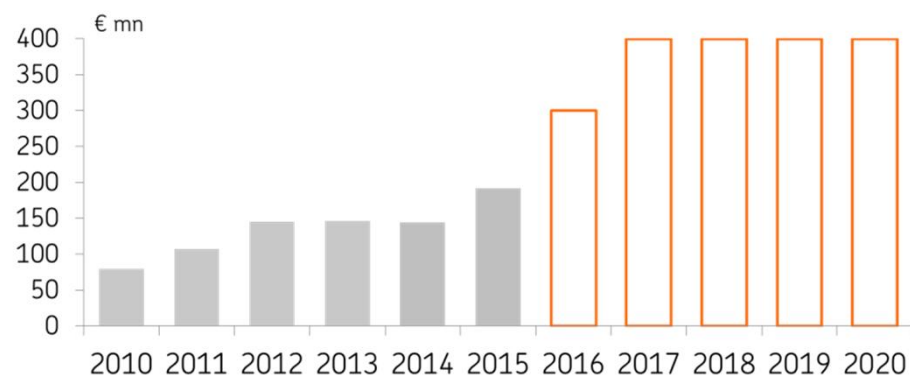
** Planned to be transferred to OP Cooperative's direct ownership in the future as a result of the completion of OP Cooperative's public voluntary bid for all OP Corporate Bank plc shares

*** OP Cooperative's control 2/3

OP adjusts to changing operating environment

New strategy aims to change OP from a plain financial services provider to a diversified services company of the digital era

OP's development expenditure, illustrative plan



OP's new strategy, published 10 June 2016, highlights **customer experience enhancement** by digitising services and processes.

Significant **investments of up to €2 bn** will be made in developing digital services **during next 5 years**.

Health and wellbeing services to become OP's fourth business line*

2013: ESTABLISHING PHASE

First Pohjola Hospital (Omasairaala Hospital until end-July 2016) was opened in Helsinki

- New innovative services in the field of specialised medicine and occupational health in addition to orthopaedics, rehabilitation units, comprehensive diagnostic and laboratory services
- Faster clinical pathway and more efficient claims handling process resulting to incomparable customer satisfaction (NPS 96 in H1/2016)

2016–2019: EXPANSION TO UNIVERSITY HOSPITAL CITIES

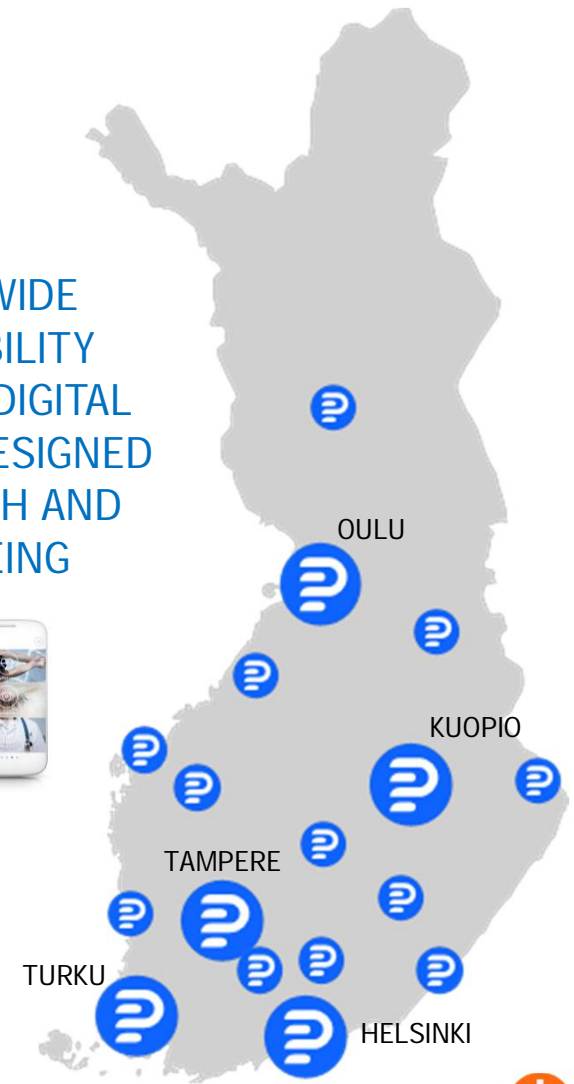
Pohjola Hospital in Tampere was opened in August 2016 and 3 new Pohjola Hospitals are under construction in Oulu (April 2017), Kuopio (August 2017) and Turku (January 2018)

2017–2019: NATION-WIDE MEDICAL CENTRE NETWORK

New Pohjola Medical Centres to be opened across Finland to supplement the Pohjola Hospitals based in university hospital cities to create as nationwide health and wellbeing service network

- General practitioner and specialist services as well as diagnostics services
- Pohjola Medical Centres to provide referrals to Pohjola Hospitals

NATIONWIDE
ACCESSIBILITY
THROUGH DIGITAL
SERVICES DESIGNED
FOR HEALTH AND
WELLBEING



* Reported as part of Non-life Insurance segment until further announcement

OP's new group-level strategic targets (new strategy published 10 June 2016)

INDICATOR	TARGET	H1/2016
CET1 ratio	22%	19.4%
Return on economic capital (12-month rolling)	22%	22.4%
Expenses of present-day business (12-month rolling)	Expenses in 2019 lower than in 2015	€1,499 mn
Owner-customers	2.1 mn (by 2019)	1.7 mn
Customer experience	Target to be confirmed in H2/2016	-

OP's long-term financial targets (previous strategy)

OP achieved all of its key financial targets set for the previous strategy period at the end of the reporting period, except for growth difference between Banking income and expenses

	Target	H1/2016	2015	2014	2013	2012
Group level						
Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates****, %	≥ 160	163	191	189	219*	190
Common Equity Tier 1 ratio (CET1), %	18.0 by the end of 2016	19.4	19.5	15.1	17.1*	14.1**
Return on economic capital, %****	20.0	22.4	21.5	16.5	15.2	14.7
Growth differential between income and expenses, pps***	> 0	16.7	21.1	14.0	-2.8	-4.2****
Rating: AA rating affirmed by 2 credit rating agencies (or ratings at least at the main competitors' level)	2	2	2	2	2	2
Banking						
Growth differential between income and expenses, pps****	> 0	-4.8	4.1	9.6		
Wealth Management						
Growth differential between income and expenses, pps****	> 0	12.6	18.6	18.6		
Non-life Insurance						
Operating combined ratio, %	< 92	88.2	87.3	89.4	86.9	90.5

* As of 1 Jan. 2014

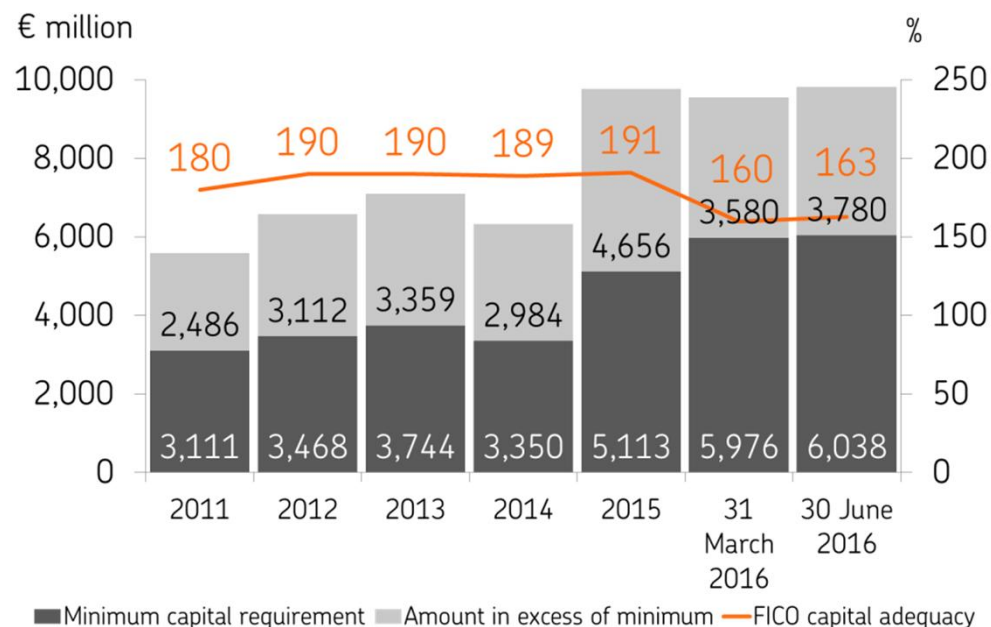
** Core Tier 1 capital adequacy

*** During 3 years

**** 12 mth rolling

**** Calculated under Solvency II transitional provisions since 2015

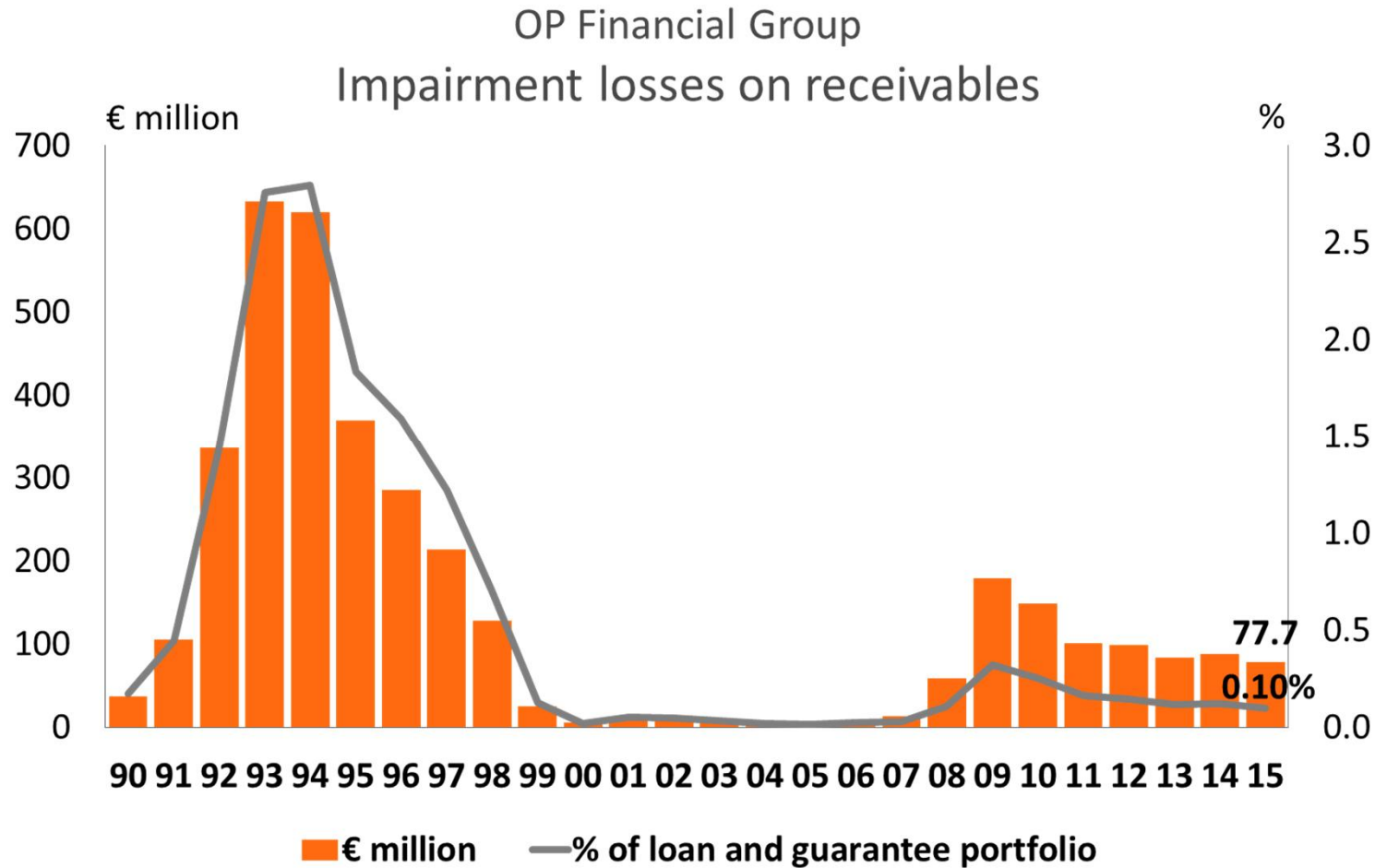
Capital Adequacy under the Act on the Supervision of Financial and Insurance Conglomerates



Statutory minimum requirement 100%, whereas OP's minimum target 160%

- In H1/2016, capital adequacy buffer was
 - increased by earnings
 - decreased by 22 pps by 2% capital conservation buffer of the Other Systemically Important Institution (O-SII) adopted at the beginning of 2016 and a decline in insurance business valuation differences
- 2% O-SII buffer increased the consolidated capital adequacy requirement from 10.5% to 12.5%, calculated as percentage of RWA
- Since the beginning of 2016, insurance-sector solvency has been calculated in compliance with Solvency II and the FICO capital adequacy figures since then have been presented in view of the transitional provisions
- Fin-FSA decided on 14 June 2016 to take measures to introduce a credit institution-specific minimum level of 10% for the average risk weight on housing loans of credit institutions that have adopted the IRBA. The minimum level would come into force on 1 July 2017 at the latest. Minimum RW of 10% on housing loans would lower OP's FICO capital adequacy by 7 pps.

Impairment losses at a very moderate level



CSR is an integral part of OP's business and strategy

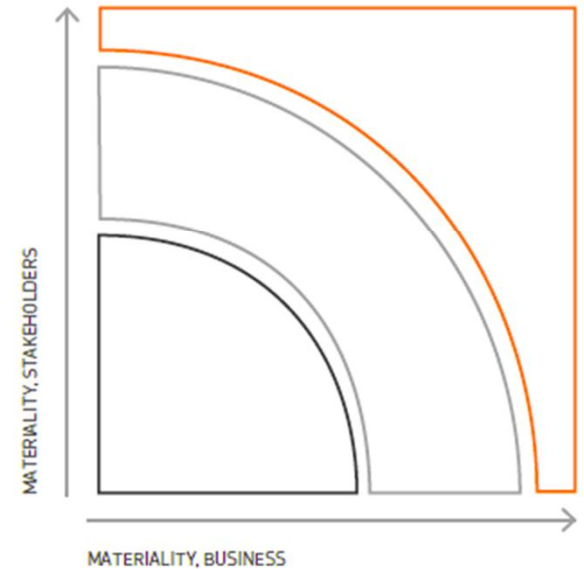
CSR activities take economic, social and environmental responsibility into consideration

CSR MATERIALITY ANALYSIS



CODE OF BUSINESS ETHICS

By the beginning of 2016, 80% of OP's employees had completed the designated online course and committed to following the Code



OP aims to be a pioneer in CSR within the Finnish financial sector

INTERNATIONAL CSR COMMITMENTS



OP Financial Group signed the UN Global Compact initiative in 2011, becoming committed to the initiative's ten principles on human rights, labour standards, environment and anti-corruption.



OP Asset Management Ltd and OP Fund Management Company Ltd signed the UN Principles for Responsible Investment (UNPRI) in 2009, among the first Finnish asset managers.



OP signed the Montréal Carbon Pledge in 2015 and thereby committed to measure the carbon footprint of its funds.

PARTICIPATION IN CSR ORGANISATIONS

- OP is one of the founding members of Finland's Sustainable Investment Forum (FINSIF)
- OP is involved in Finnish FIBS CR Network, the Corporate Social Responsibility and Co-operative Affairs Working Group of the European Association of Co-operative Banks (EACB) as well as the Communication and CSR Committee of Unico Banking Group

CSR REPORTING

OP Financial Group has prepared its Corporate Social Responsibility Report in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.



Since FY2015, OP's CSR Report has been assured with KPMG, a firm of authorised public accountants, performing the assurance. CSR Report is integrated with the Group's Annual Report.

OP's and its issuing entities' performance in CSR indices

OP Financial Group



OP Corporate Bank



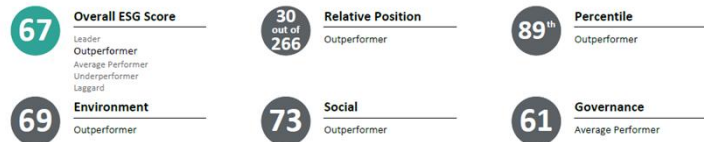
OP Financial Group



Industry: **Diversified Financials** Marketcap.: Employees: **12,130**
Domicile: **Finland** Ticker:

ESG Summary

Overall Performance



OP's survey score 2015:
91/100
(2014: 85/100)

OP Mortgage Bank



OP Financial Group's earnings analysis

€ million	H1/2016	H1/2015	2015
Net interest income	528	511	1 026
Net insurance income	272	261	532
Net commissions and fees	437	447	855
Net investment income	182	288	432
Other operating income	94	25	46
Share of associates' profit/loss	4	4	9
Total income	1 517	1 537	2 898
Personnel costs	395	401	781
Depreciation/amortisation and impairment loss	75	82	162
Other operating expenses	309	293	582
Total expenses	779	776	1 524
Impairment loss on receivables	23	37	78
New OP bonuses accrued to owner-customers	102	97	197
Earnings before tax	614	627	1 101

OP Financial Group's key figures

	30 June 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Total assets, € million	127 055	125 145	110 427	100 991	99 769	91 905	83 969
Receivables from customers, € million	76 978	75 192	70 683	68 142	65 161	60 331	56 834
Liabilities to customers, € million	58 154	58 220	51 163	50 157	49 650	41 304	36 443
Equity capital, € million	9 637	9 324	7 213	7 724	7 134	6 242	6 726
CET1 ratio, %	19.4	19.5	15.1	17.1 ^a	14.1 ^b	14.0 ^b	12.6 ^b
Capital adequacy ratio, %	22.5	22.9	17.3	19.8 ^a	14.1	14.0	12.8
Over 90 days past due receivables*, € million	375	319	270	292	311	296	204
Ratio of over 90 days past due receivables* to loan and guarantee portfolio, %	0.47	0.41	0.37	0.40	0.46	0.47	0.34
Loan and guarantee portfolio, € billion	79.6	77.8	73.6	71.0	67.7	62.8	59.4
Impairment loss on receivables, € million	23 ^d	78 ^c	88 ^c	84 ^c	99 ^c	101 ^c	149 ^c
Impairment loss on receivables / loan and guarantee portfolio, %	0.06 ^d	0.10 ^c	0.12 ^c	0.12 ^c	0.15 ^c	0.16 ^c	0.25 ^c
Personnel	12 423	12 130	12 356	12 856	13 290	13 229	12 504

a) As of 1 January 2014

b) Core Tier 1 ratio

c) January-December

d) January-June

OP Financial Group's key ratios

	H1/2016	2015	2014	2013	2012	2011	2010
Average corporate loan margin, % ^a	1.35	1.38	1.44	1.57	1.52	1.34	1.36
Cost/income ratio, %	51	53	56	62	63	63	59
Return on equity (ROE), %	10.4	10.3	8.1	8.9	7.0	6.8	6.9
Return on assets (ROA), %	0.8	0.7	0.6	0.7	0.5	0.5	0.5

a) OP Corporate Bank's corporate loan portfolio