Creditreform Bank Rating
OP Corporate Bank Plc (Group)

Creditreform Rating

Rating Object	Rating Information
OP Corporate Bank Plc (Group) Creditreform ID: 01999207	Long Term Issuer Rating / Outlook: **A+ / stable** Short Term: **L2** Type: Update / Unsolicited
Rating Date: **07 December 2023** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.2" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3" CRA "Institutional Protection Scheme Banks v1.0" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured (PSU): A+ Non-Preferred Senior Unsecured (NPS): A Tier 2 (T2): A- Additional Tier 1 (AT1): -

Rating Action

Creditreform Rating upgrade OP Corporate Bank Plc's (Group) Long-Term Issuer Rating to A+ (Outlook: stable)

Creditreform Rating (CRA) upgrades OP Corporate Bank Plc's (Group) Long-Term Issuer Rating to A+. The rating outlook is stable.

CRA upgrades OP Corporate Bank Plc's Preferred Senior Unsecured Debt to A+, Non-Preferred Senior Unsecured Debt to A and Tier 2 Capital to A-.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

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Key Rating Drivers

- Significant increase in profitability since ECB rate hikes
- Excellent capitalization
- Solid asset quality

Executive Summary

Quantitative:	Good
Earnings	Satisfactory
Assets	Good
Capital	Very Good
Liquidity	Very Good
Qualitative:	Very Good

The rating of OP Corporate Bank Plc is prepared on the basis of group (OP Financial Group) consolidated accounts.

OP Corporate Bank Plc's long-term issuer rating was upgraded by one notch from A to A+. OP Financial Group's inherent profitability has improved massively in the wake of the unprecedented interest rate hikes by central banks in response to high inflation. This hold especially true in the first nine months of 2023. With a moderate distribution policy, the bank also benefits from a significantly improved capitalization. While inflation and interest rate hikes are having a negative impact on the real economy, asset quality has not yet deteriorated significantly. The high capital buffer provides an additional layer of safety.

In the Institutional Support Assessment, Creditreform Rating comes to the conclusion that in the case of OP Corporate Bank Plc’s Long-Term Issuer Rating, there is a strong connection between OP Financial Group and OP Corporate Bank. Within the Group exists a mutual solidarity system, based on the *Act on the Amalgamation of Deposit Banks* in Finland. OP Cooperative and its member credit institutions are liable for each other's debts and commitments in accordance with this Amalgamations Act. A potential resolution strategy for OP Financial group would apply to OP Corporate Bank acting as a Single Point of Entry. In the opinion of Creditreform Rating, a stand-alone rating of OP Corporate Bank is thus not appropriate due to the structure of and function within OP Financial Group. The rating is thus prepared on the basis of consolidated accounts of OP Financial Group.

Company Overview

OP Corporate Bank Plc (Group) (hereafter: OPC or the bank) is the major entity and part of OP Financial Group (hereafter: OPF or the Group). OPF is a cooperative financial service group formed by independent cooperative banks and the Group's central cooperative (central institution) with its subsidiaries operating under the principle of joint and several liability. The Bank's and the Group's headquarters are located in Helsinki. The amalgamation of OPF is the second-largest financial conglomerate in Finland (in terms of total assets) with a market share of 38% in home loans, 38% in corporate loans and 32% in non-life insurance (as of year-end 2022). OPF consists of 108 member cooperative banks as of year-end 2022 and their central cooperative, OP Cooperative, with its subsidiaries and affiliates. With 12,999 employees at the end of 2022, OPF serves approximately 3.6 million customers (thereof 3.3 million private and 0.3 million corporate customers). Life and Non-Life Insurance serve 0.4 and 1.7 million customers each.

OP Financial Group comprises banking and insurance business activities in its three main business segments: Retail Banking (Private Banking and SME Customers), Corporate Banking (Corporate and Institutional Customers, primarily through OP Corporate Bank), and Insurance. OPC primarily represents OPF's corporate banking segment. In addition, the Group's operations, which support these segments, such as the activities of OP Co-operative as well as OP Corporate Bank Group's Treasury and the Markets division, are condensed into Other Operations.

OP Financial Group comprises the member cooperative banks and those non-amalgamation entities of which entities belonging to the amalgamation hold more than half of the total votes. The Group's member cooperative banks are independent, local deposit banks primarily engaged in retail banking, and provide their services to households, SME and public-sector entities. The central cooperative of OP Financial Group is OP Cooperative. The purpose of OP Cooperative is to equitably contribute to and support the development of the Group. Thereby, the central cooperative controls the Group's centralized services, develops the Group's business, manages the Group's strategic control and supervision duties. In addition, OP Cooperative acts as OPF's strategic owner institution.

The Group operates two major, fully owned entities. OP Corporate Bank plc (OP Yrityspankki Oyj), which is the corporate banking arm of OPF, acts as the Group's treasury and is responsible for the senior unsecured bond issues and OP Mortgage Bank PLC (OP-Asuntoluottopankki Oyj), which is responsible for the Group's secured funding by issuing mortgage-backed covered bonds.

OPF's current financial targets for 2025 seek an ROE (excluding bonuses) of 8% and a CET1 ratio in excess of 4 percentage points above the regulatory minimum. Per year-end 2022, OPF surpasses these targets handily.

In 2022, Pohjola Insurance Ltd. as part of OPF sold its hospital business. In addition, OPF sold five hopistal buildings in early 2022.

In the Institutional Support Assessment, Creditreform Rating comes to the conclusion that in the case of OP Corporate Bank Plc's Long-Term Issuer Rating, there is a strong connection between OP Financial Group (as technical parent company) and OP Corporate Bank. Within the Group exists a mutual solidarity system, based on the *Act on the Amalgamation of Deposit Banks* in Finland. OP Cooperative and its member credit institutions are liable for each other's debts and commitments in accordance with this Amalgamations Act. A potential resolution strategy for OP Financial group would apply to OP Corporate Bank acting as a Single Point of Entry. In the opinion of Creditreform Rating, a stand-alone rating of OP Corporate Bank Plc is possible, but not appropriate due the structure and divisions of functions that are inseparably intertwined with OP Financial Group. The rating is prepared on the basis of consolidated statements. These consolidated statements are a combination of the financial statements or consolidated financial statements of OP Cooperative and its member institutions.

Business Development

Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

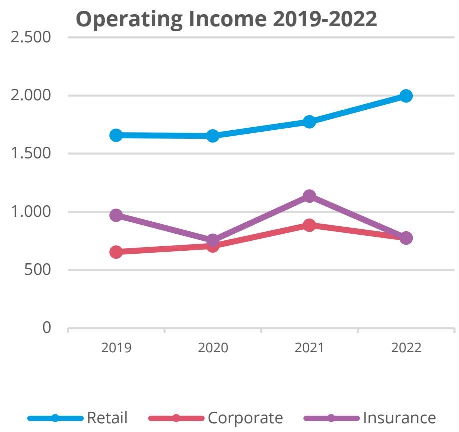
The rating of OP Corporate Bank Plc is prepared on the basis of group (OP Financial Group) consolidated accounts as a result of the institutional support assessment, based on the mutual solidarity mechanism. A stand-alone rating of OPC is thus not appropriate.

OPF achieved a solid increase in net profit in the 2022 reporting year. This was mainly due to cost savings and lower risk costs, with stable income overall.

In detail, operating income in the CRA presentation decreased slightly compared to the previous year. Like its competitors, OPF was able to take advantage of the new interest rate environment to generate higher interest income (by EUR 225mn to EUR 1.6bn). At the same time, this development led to strongly negative developments in the trading and fair value portfolio. A good third of the decline was attributable to the trading portfolio (derivatives) and a good two-thirds to fair value changes (bonds and equity instruments). Overall, the line item Net trading and fair value income decreased by EUR 1051mn to EUR -933mn. Insurance income developed in the opposite direction, mainly due to the positive development of interest provisions and other technical items in connection with the new interest rate environment. Net fee and commission income remained largely unchanged. Overall, operating income decreased slightly by EUR 45mn to EUR 3.6bn.

The operating income of the individual OPF segments has developed unevenly in recent years. The insurance business is volatile year-on-year, but stable on average. Following growth in previous years, Corporate Banking developed negatively in the 2022 reporting year. Only Retail Banking achieved almost continuous growth.

Chart 1: Segment operating income of OPF from 2019 to 2022 | Source: OPF



Operating expenses fell significantly compared to the previous year as a result of lower depreciation and amortization, lower personnel expenses and lower other expenses.

Personnel expenses decreased mainly due to lower variable remuneration. Depreciation and amortization decreased mainly due to lower depreciation of IT systems. Operating expenses decreased by a total of EUR 139mn to EUR 2.2bn.

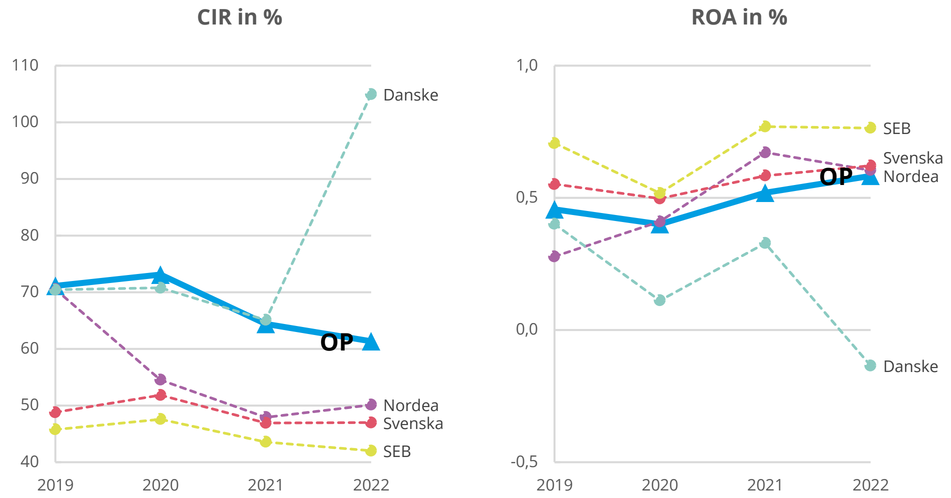
Risk costs fell to just EUR 115mn (previous year: EUR 158mn) despite indirect costs as a result of the war in Ukraine.

Net profit for the year 2022 as a whole amounted to just over EUR 1bn.

The new interest rate environment will have a significant impact on earnings in 2023. As a retail and net interest income driven bank, OPF is benefiting enormously. In the first three quarters of 2023, the bank more than doubled its operating profit from EUR 766mn to EUR 1570mn (+105%), which is well above the full-year operating profit of the previous year (EUR 1120mn). Retail Banking almost tripled its profit (+174%), while Corporate Banking also almost halved its profit (+46%) compared to the same period last year. At +85%, net interest income was also well above the previous year's result and already well above the result for the full year 2002. Net investment income more than doubled (+112%), while net commissions and fees were slightly below last year's level (-3%). At EUR 170mn, impairment expenses were significantly higher than the previous year's figure of EUR 70mn, attributable to expected credit losses in the real estate and construction segments due to the sharp rise in interest rates. Net profit amounted to EUR 1.3bn in the first nine months of 2023, more than twice as much as in the same period of the previous year. For the year as a whole, the bank expects a pre-tax result above that of the previous year.

In terms of earnings, in 2022 OPF was able to keep up with the major players in the region, albeit at the lower end of the scale. OPF's CIR is below average compared to the peer group benchmark, but earnings in terms of assets (ROA) is comparable. It is expected that earnings will shift greatly with the new interest environment, as is already evident with OPF in the first nine months of 2023. The CIR to date is well below 50% and ROA exceeds 1%.

Chart 2: CIR & ROA of OPF in comparison to the peer group | Source: eValueRate / CRA



Asset Situation and Asset Quality

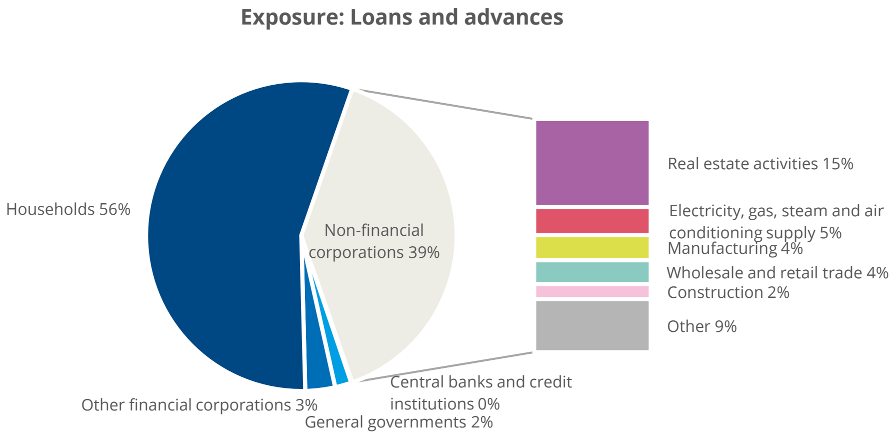
Total assets remained largely stable in 2022. Total assets increased slightly by EUR 1.4bn to EUR 175.5bn (+0.8%). Cash and balances with central banks and loans to customers both increased by EUR 2.2bn and 1.6bn, respectively, to EUR 35bn and EUR 98.6bn. Total securities, mainly debt securities, decreased by EUR 2bn.

There were major changes on the balance sheet in the first nine months of 2023. With the expiry of the special conditions of the TLTRO III program, the entire TLTRO III exposure (EUR 12bn) was reduced, which accounted for the majority of the decline in the cash equivalents item. Loans to customers decreased slightly. Loans to customers declined amid sluggish demand for home loans.

The on-balancesheet exposure is primarily focused on Finland, with 86.3% of total assets. The rest of EU, Nordics and Baltic states account for the grand majority of other exposures.

The loan book exposure is essentially divided into the sectors Households (56%) and Non-Financials corporations (39%). Commercial real estate accounts for more than a third of the non-financial exposure. Together with the high proportion of retail home loans, this results in valuation risks in a market influenced by sharply rising interest rates. Although impairment expenses were higher in Q3-23 than in the previous year, they were comparatively low in previous years.

Chart 3: Exposure Loans and Advances | Source: Pillar III (EU CR1, CQ5)

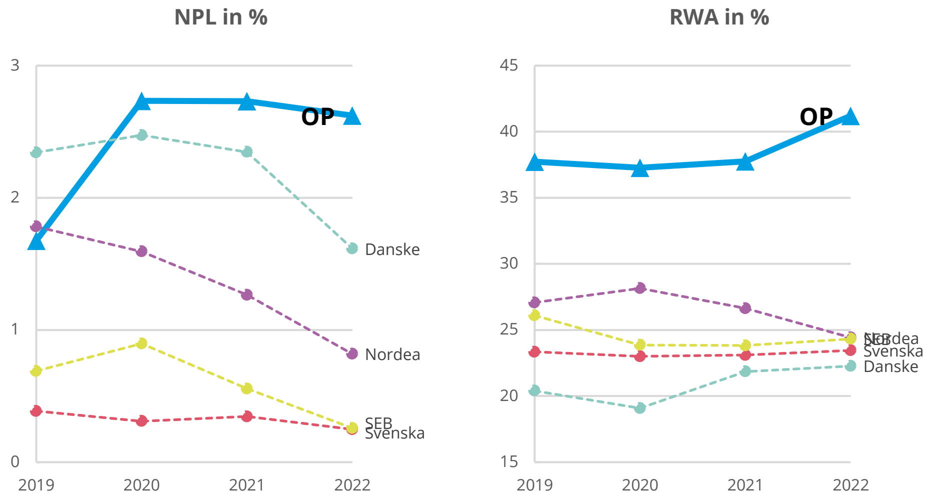


Asset quality did not change significantly in the 2022 reporting year. The NPL ratio decreased slightly, while the ratio of problem loan exposures (stage 2) increased slightly. Impairment expense fell despite the indirect effects of the war in Ukraine. With the implementation of an RWA floor in the first quarter of 2022 in light of enhanced regulatory requirements, the RWA ratio jumped more than three percentage points in 2022 compared to year-end 2021. Earlier predictions of a three percentage point decline in the CET1 ratio were conservative in hindsight, as the adoption led to a decrease of only one percentage point at the time of transition. A more detailed look at the development is to be found section *Refinancing, Capital Quality and Liquidity*.

In the first quarter of 2023, OPF adopted the standardized approach in its capital adequacy measurement and reporting. The adoption had no adverse effects on capital adequacy or risk profile. The total RWA did not materially increase from year-end 2022 to Q3 2023; the total risk exposure amount increased from EUR 72.3bn to EUR 73.3bn. Enhanced regulatory requirements were stated as reasons for the switch. In relative terms, the RWA ratio increased significantly again due to the sharp balance sheet reduction. The NPL ratio increased slightly, as did problem loans.

OPF's asset quality is clearly below average compared to its peer group. Competitor banks have significantly lower NPL ratios in most cases. The trend is also generally positive for the competition, while OPF's NPL ratio remains consistently elevated in comparison with the peer group. Likewise, the RWA ratio is significantly above that of competitors, especially with introduction of RWA floors. This necessitates a larger proportion of allocated capital, leading to potential competitive disadvantages.

Chart 4: NPL and RWA ratios of OPF in comparison to the peer group | Source: eValueRate / CRA



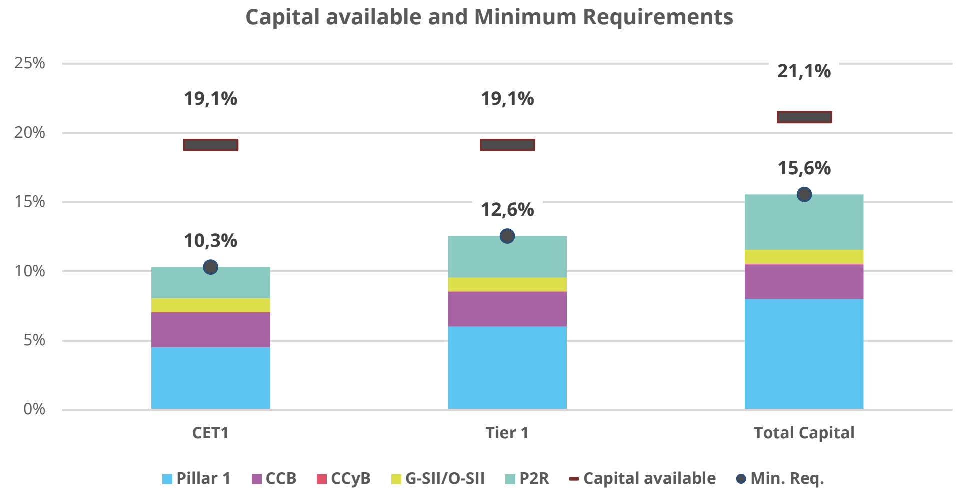
Refinancing, Capital Quality and Liquidity

On the liabilities side, the changes during the year were also only moderate. While bank deposits fell by EUR 4.3bn, the customer deposits (EUR +1.5bn) and total debt (EUR +1.9bn) items increased. The bank saw a high level of issuing activity in 2022; only a net EUR 0.6bn was raised in the previous year, while a net EUR 5.1bn (EUR 2.5bn after valuations) was raised on the capital markets in 2022. Despite the net profit for the year of over EUR 1bn, equity only increased by EUR 151mn compared to the previous year; this was mainly due to changes in the fair value reserved booked in comprehensive income, directly in equity.

As previously mentioned in the section Asset situation and asset quality, fundamental changes were recorded in the first nine months of 2023 with the full repayment of TLTRO III funds. Likewise, a general decrease of deposits from customers and total debt drove balance sheet size down from a liabilities view point. The impressive performance during the year also increased equity considerably. The equity ratio increased by almost a quarter to 10.1%, reflecting both strong capital generation and a lower balance sheet total.

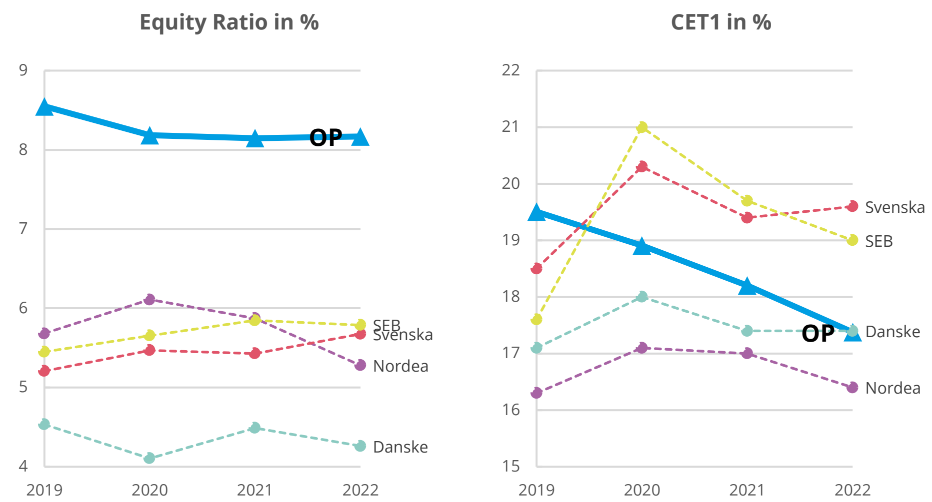
Capitalization remained essentially stable in 2022 for the third year in a row, with both the balance sheet equity ratio and the leverage ratio remaining stable compared to previous years. Due to the change in the calculation of RWA, however, the regulatory capital ratios fell quite sharply; despite this, the overall picture of capitalization can still be described as excellent. Both the absolute capitalization and regulatory buffers are considered to be very high. Despite higher buffer requirements in 2023, OPF was able to increase regulatory buffers through its impressive performance and capital generation to date.

Chart 5: Capitalization and Buffers of OPF as of Q3-23 | Source: Pillar III (EU KM1)



This statement also applies in particular with regard to the Nordic competition. The balance sheet capitalization is significantly higher than that of the peer banks. OPF is only average from a regulatory perspective, but this is mainly due to the significantly higher RWA. The observed negative trend is not supported by general capitalization is merely driven by regulatory and technical considerations.

Chart 6: Equity and CET1 ratios of OPF in comparison to the peer group | Source: eValueRate / CRA / Pillar III



Due to the upgrade of the Long-Term Issuer Rating by one notch, all debt and capital instrument ratings receive an upgrade of at least one notch. Due to OPF's bank capital and debt structure, as well as its status as an O-SII, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating and rated A+ (upgrade of one notch). Due to the seniority structure, OPF's Non-Preferred Senior Unsecured debt is rated A (upgrade of one notch). OPF's Tier 2 Capital is rated A- (upgrade of two notches) based on OPF's greatly strengthened capital structure and seniority in accordance with our rating methodology.

Environmental, Social and Governance (ESG) Score Card

OP Financial Group has one significant and two moderate ESG rating driver

Corporate Governance is identified as a significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to OPF's sustainable economic track record, the cooperative values and the widespread ESG policies.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating drivers. While Green Financing / Promoting is rated neutral due to relatively low amount of ESG linked-loans and green bonds, Corporate Behaviour is rated positive due the sustainable owner-customer structure and the exemplary conduct in accordance with the law without any significant legal disputes.

ESG Bank Score
3,9 / 5

Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook for OPF is stable. The new interest rate environment has led to a fundamentally improved assessment of OPF's earnings capacity overall. Nevertheless, the speed of interest rate adjustments is associated with macroeconomic risks, particularly in the construction and real estate sector as a whole. At the same time, geopolitical risks continue to play a major role in the immediate vicinity of Finland. In order to maintain the stable outlook, we presuppose no serious economic or political upheavals.

Best-case scenario: AA-

Worst-case scenario: A

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Scenario Analysis

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of AA- in the "Best-Case-Scenario" and a Long-Term Issuer Rating of A in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade OPF's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if OPF maintains or exceeds current profitability and improves asset quality significantly, while at least maintaining current levels of capitalization.

By contrast, a downgrade of OPF's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt might be in order if OPF cannot maintain the current level of profitability and asset quality materially deteriorates in light of the drastically changed interest environment with associated impairment expenses and higher NPL figures. A downgrade may also happen if capitalization were to deteriorate significantly.

Appendix

Bank ratings OP Corporate Bank Plc

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A+ / L2 / stable**

Bank Capital and Debt Instruments Ratings OP Corporate Bank Plc

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU): **A+**
Non-Preferred Senior Unsecured (NPS): **A**
Tier 2 (T2): **A-**
Additional Tier 1 (AT1): **-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initial Rating	04.12.2018	A+ / stable / L2
Rating Update	17.09.2019	A+ / stable / L2
Monitoring	24.03.2020	A+ / NEW / L2
Rating Update	31.08.2020	A / stable / L2
Rating Update	03.09.2021	A / stable / L2
Rating Update	20.05.2022	A / stable / L2
Rating Update	07.12.2023	A+ / stable / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 (Initial)	04.12.2018	A+ / A-
PSU / NPS / T2	17.09.2019	A+ / A / A-
PSU / NPS / T2	24.03.2020	A+ / A / A- (NEW)
PSU / NPS / T2	31.08.2020	A / A- / BBB+
PSU / NPS / T2	03.09.2021	A / A- / BBB
PSU / NPS / T2	20.05.2022	A / A- / BBB
PSU / NPS / T2	07.12.2023	A+ / A / A-

Tables OP Financial Group

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	1.632	+16,0	1.407	1.286	1.250
Net Fee & Commission Income	1.005	-2,8	1.034	931	936
Net Insurance Income	1.518	+78,8	849	310	7
Net Trading & Fair Value Income	-933	< -100	118	476	915
Equity Accounted Results	25	-7,4	27	-	3
Dividends from Equity Instruments	100	+22,0	82	-	-
Other Income	223	> +100	98	33	64
Operating Income	**3.570**	**-1,2**	**3.615**	**3.036**	**3.175**
Expense					
Depreciation and Amortisation	213	-24,5	282	273	277
Personnel Expense	894	-2,2	914	811	781
Tech & Communications Expense	413	+4,3	396	431	390
Marketing and Promotion Expense	39	+25,8	31	30	39
Other Provisions	-	-	-	-	-
Other Expense	631	-10,6	706	675	771
Operating Expense	**2.190**	**-6,0**	**2.329**	**2.220**	**2.258**
Operating Profit & Impairment					
Operating Profit	**1.380**	**+7,3**	**1.286**	**816**	**917**
Cost of Risk / Impairment	115	-27,2	158	225	87
Net Income					
Non-Recurring Income	-	-	-	194	8
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**1.265**	**+12,1**	**1.128**	**785**	**838**
Income Tax Expense	242	+8,0	224	144	168
Discontinued Operations	-	-	-	-	-
Net Profit	**1.023**	**+13,2**	**904**	**641**	**670**
Attributable to minority interest (non-controlling interest)	9	> +100	4	-	6
Attributable to owners of the parent	1.014	+12,7	900	641	663

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	61,34	-3,08	64,43	73,12	71,12
Cost Income Ratio ex. Trading (CIRex)	48,63	-17,97	66,60	86,72	99,91
Return on Assets (ROA)	0,58	+0,06	0,52	0,40	0,46
Return on Equity (ROE)	7,14	+0,76	6,37	4,89	5,33
Return on Assets before Taxes (ROAbT)	0,72	+0,07	0,65	0,49	0,57
Return on Equity before Taxes (ROEbT)	8,82	+0,87	7,95	5,99	6,67
Return on Risk-Weighted Assets (RORWA)	1,41	+0,04	1,38	1,07	1,21
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,75	+0,03	1,72	1,31	1,51
Net Financial Margin (NFM)	0,44	-0,54	0,98	1,23	1,65
Pre-Impairment Operating Profit / Assets	0,79	+0,05	0,74	0,51	0,62

Change in %Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	35.004	+6,6	32.846	21.827	11.988
Net Loans to Banks	798	+47,5	541	306	246
Net Loans to Customers	98.546	+1,6	96.947	93.644	91.463
Total Securities	19.999	-9,1	22.008	22.776	22.575
Total Derivative Assets	4.118	+18,8	3.467	5.216	4.824
Other Financial Assets	46	-8,0	50	-	-
Financial Assets	**158.511**	**+1,7**	**155.859**	**143.769**	**131.096**
Equity Accounted Investments	148	-9,2	163	163	220
Other Investments	561	-22,5	724	623	714
Insurance Assets	12.125	-10,2	13.499	11.770	11.300
Non-current Assets & Discontinued Ops	0	-100,0	8	-	314
Tangible and Intangible Assets	1.576	-4,9	1.658	1.944	1.929
Tax Assets	303	> +100	142	188	234
Total Other Assets	2.292	+11,4	2.057	1.750	1.217
Total Assets	**175.516**	**+0,8**	**174.110**	**160.207**	**147.024**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	56,15	+0,46	55,68	58,45	62,21
Risk-weighted Assets[1] / Assets	46,24	+5,03	41,21	37,75	37,28
NPL[2]/ Loans to Customers[3]	2,62	-0,11	2,73	2,73	1,68
NPL[2]/ Risk-weighted Assets[1]	3,56	-0,41	3,97	4,22	2,72
Potential Problem Loans[4]/ Loans to Customers[3]	10,88	+1,65	9,23	8,51	9,17
Reserves[5]/ NPL[2]	92,80	+0,54	92,26	91,42	98,28
Cost of Risk / Loans to Customers[3]	0,12	-0,05	0,17	0,24	0,10
Cost of Risk / Risk-weighted Assets[1]	0,16	-0,08	0,24	0,38	0,16
Cost of Risk / Total Assets	0,07	-0,03	0,09	0,14	0,06

Change in %Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	12.292	-25,8	16.571	8.086	2.632
Total Deposits from Customers	77.121	+2,0	75.612	70.940	63.998
Total Debt	38.822	+5,3	36.877	36.967	35.659
Derivative Liabilities	4.428	+95,3	2.267	3.423	3.316
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	4.357	+84,1	2.367	2.482	4.291
Total Financial Liabilities	**137.020**	**+2,5**	**133.694**	**121.898**	**109.896**
Insurance Liabilities	19.534	-12,1	22.212	20.770	20.410
Non-current Liabilities & Discontinued Ops	0	-100,0	8	-	6
Tax Liabilities	1.008	-9,1	1.109	1.069	1.050
Provisions	35	+25,0	28	32	33
Total Other Liabilities	3.584	+24,7	2.875	3.326	3.059
Total Liabilities	**161.181**	**+0,8**	**159.926**	**147.095**	**134.454**
Total Equity	**14.335**	**+1,1**	**14.184**	**13.112**	**12.570**
Total Liabilities and Equity	**175.516**	**+0,8**	**174.110**	**160.207**	**147.024**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	8,17	+0,02	8,15	8,18	8,55
Leverage Ratio[1]	7,60	+0,20	7,40	7,80	8,30
Common Equity Tier 1 Ratio (CET1)[2]	17,38	-0,82	18,20	18,91	19,51
Tier 1 Ratio (CET1 + AT1)[2]	17,38	-0,82	18,20	18,98	19,61
Total Capital Ratio (CET1 + AT1 + T2)[2]	19,31	-1,09	20,41	21,66	21,07
CET1 Minimum Capital Requirements[1]	10,30	+0,25	10,05	9,69	10,13
Net Stable Funding Ratio (NSFR)[1]	128,21	-1,95	130,17	na	-
Liquidity Coverage Ratio (LCR)[1]	218,00	-11,70	229,70	186,00	154,00

Change in %Points
1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

Tables OP Corporate Bank Plc

Figure 8: Income statement of OP Corporate Bank Plc | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	413	-1,0	417	323	294
Net Fee & Commission Income	19	-38,7	31	23	-28
Net Insurance Income	-	-	-	-	374
Net Trading & Fair Value Income	101	-37,3	161	142	373
Equity Accounted Results	-	-	-	-	1
Dividends from Equity Instruments	-	-	3	6	32
Other Income	31	-38,0	50	29	54
Operating Income	**564**	**-14,8**	**662**	**523**	**1.100**
Expense					
Depreciation and Amortisation	9	-30,8	13	14	63
Personnel Expense	76	+5,6	72	62	184
Tech & Communications Expense	93	-1,1	94	88	10
Marketing and Promotion Expense	2	+0,0	2	2	13
Other Provisions	-	-	-	-	-
Other Expense	101	-27,9	140	76	368
Operating Expense	**281**	**-12,5**	**321**	**242**	**638**
Operating Profit & Impairment					
Operating Profit	**283**	**-17,0**	**341**	**281**	**462**
Cost of Risk / Impairment	18	-75,7	74	53	51
Net Income					
Non-Recurring Income	-	-	-	-	-
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**265**	**-0,7**	**267**	**228**	**411**
Income Tax Expense	54	+3,8	52	46	79
Discontinued Operations	-	-	-	-	-
Net Profit	**211**	**-1,9**	**215**	**182**	**332**
Attributable to minority interest (non-controlling interest)	-	-	-	-	5
Attributable to owners of the parent	-	-	-	-	328

Figure 9: Key earnings figures of OP Corporate Bank Plc | Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	49,82	+1,33	48,49	46,27	58,00
Cost Income Ratio ex. Trading (CIRex)	60,69	-3,38	64,07	63,52	87,76
Return on Assets (ROA)	0,21	-0,01	0,23	0,23	0,48
Return on Equity (ROE)	4,84	-0,17	5,00	4,53	7,59
Return on Assets before Taxes (ROAbT)	0,27	-0,02	0,28	0,29	0,59
Return on Equity before Taxes (ROEbT)	6,07	-0,14	6,22	5,67	9,40
Return on Risk-Weighted Assets (RORWA)	0,29	-0,04	0,33	0,30	0,60
Return on Risk-Weighted Assets before Taxes (RORWAbT)	0,37	-0,04	0,41	0,38	0,74
Net Financial Margin (NFM)	0,52	-0,10	0,62	0,59	1,00
Pre-Impairment Operating Profit / Assets	0,28	-0,08	0,36	0,35	0,67

Change in %Points

Figure 10: Development of assets of OP Corporate Bank Plc | Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	34.951	+6,6	32.789	21.764	11.914
Net Loans to Banks	12.978	-3,3	13.419	11.248	9.126
Net Loans to Customers	28.178	+7,4	26.236	24.461	23.829
Total Securities	16.404	-5,6	17.373	14.810	16.692
Total Derivative Assets	5.782	+55,8	3.712	5.352	4.875
Other Financial Assets	-	-	-	1.024	59
Financial Assets	**98.293**	**+5,1**	**93.529**	**78.659**	**66.495**
Equity Accounted Investments	-	-	-	-	84
Other Investments	-	-	-	-	339
Insurance Assets	-	-	-	-	438
Non-current Assets & Discontinued Ops	-	-	-	-	-
Tangible and Intangible Assets	8	-52,9	17	28	823
Tax Assets	-	-	-	27	51
Total Other Assets	1.132	-11,1	1.274	1.095	896
Total Assets	**99.433**	**+4,9**	**94.820**	**79.809**	**69.126**

Figure 11: Development of asset quality of OP Corporate Bank Plc | Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	28,34	+0,67	27,67	30,65	34,47
Risk-weighted Assets[1] / Assets	72,74	+3,42	69,32	74,83	0,00
NPL[2]/ Loans to Customers[3]	2,62	-0,11	2,73	2,73	1,68
NPL[2]/ Risk-weighted Assets[1]	3,56	-0,41	3,97	4,22	2,72
Potential Problem Loans[4]/ Loans to Customers[3]	10,88	+1,65	9,23	8,51	9,17
Reserves[5]/ NPL[2]	92,80	+0,54	92,26	91,42	98,28
Cost of Risk / Loans to Customers[3]	0,02	-0,06	0,08	0,06	0,06
Cost of Risk / Risk-weighted Assets[1]	0,02	-0,09	0,11	0,09	0,09
Cost of Risk / Total Assets	0,02	-0,06	0,08	0,07	0,07

Change in % Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 12: Development of refinancing and capital adequacy of OP Corporate Bank Plc | Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	40.899	-4,1	42.660	28.888	15.334
Total Deposits from Customers	19.014	+3,6	18.357	16.403	11.103
Total Debt	26.593	+8,0	24.624	24.240	24.200
Derivative Liabilities	5.738	> +100	2.669	4.273	3.882
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	4.400
Total Financial Liabilities	**92.244**	**+4,5**	**88.310**	**73.804**	**58.919**
Insurance Liabilities	-	-	-	-	3.304
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	316	-6,8	339	330	452
Provisions	35	+34,6	26	33	20
Total Other Liabilities	2.474	+33,8	1.849	1.622	2.057
Total Liabilities	**95.069**	**+5,0**	**90.524**	**75.789**	**64.752**
Total Equity	**4.364**	**+1,6**	**4.296**	**4.020**	**4.374**
Total Liabilities and Equity	**99.433**	**+4,9**	**94.820**	**79.809**	**69.126**

Figure 13: Development of capital and liquidity ratios of OP Corporate Bank Plc | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	4,39	-0,14	4,53	5,04	6,33
Leverage Ratio[1]	-	-	-	-	-
Common Equity Tier 1 Ratio (CET1)[2]	17,38	-0,82	18,20	18,91	19,51
Tier 1 Ratio (CET1 + AT1)[2]	17,38	-0,82	18,20	18,98	19,61
Total Capital Ratio (CET1 + AT1 + T2)[2]	19,31	-1,09	20,41	21,66	21,07
CET1 Minimum Capital Requirements[1]	10,30	+0,25	10,05	9,69	10,13
Net Stable Funding Ratio (NSFR)[1]	128,21	-1,95	130,17	-	-
Liquidity Coverage Ratio (LCR)[1]	218,00	-11,70	229,70	186,00	154,00

Change in %Points

1 Pillar 3 EU KM1

2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.2)
- Rating of bank capital and unsecured debt instruments (v2.1)
- Institutional Protection Scheme Banks (v1.0)
- Environmental, Social and Governance Score for Banks (v1.0)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 07 December 2023, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to OP Corporate Bank Plc, and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

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To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

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6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

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The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

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