

MOODY'S

INVESTORS SERVICE

CREDIT OPINION

16 July 2021

Update

✓ Rate this Research

RATINGS

OP Corporate Bank plc

Domicile	Helsinki, Finland
Long Term CRR	Aa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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OP Corporate Bank plc

Update following rating action and publication of new Banks Methodology

Summary

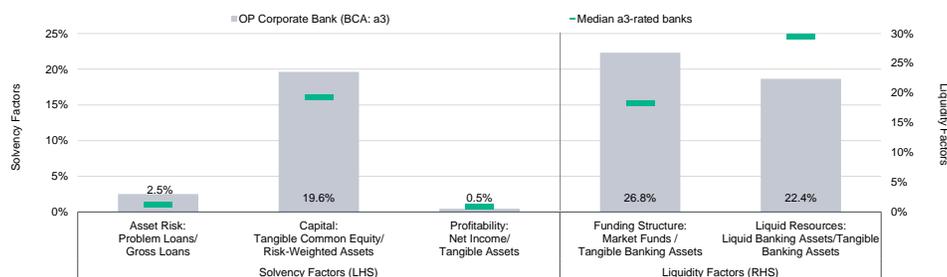
Moody's Aa3 rating on OP Corporate bank (OP) reflects its key role within the OP Financial Group (OPFG), which is an amalgamation of member banks, and credit institutions, bound by a joint liability. This credit opinion primarily reflects Moody's view on the creditworthiness of the OPFG, with OP Corporate bank being the unsecured debt issuing entity within the group and acting as the group's treasury.

OP Corporate Bank's BCA and adjusted BCA of a3 reflects the group's: 1) strong capitalization with a Tangible Common Equity (TCE) ratio of 19.6% at the end of March 2021, 2) low asset risk with a problem loan ratio at 2.5% at the end of March 2021; as well as 3) moderate earnings, under pressure from high IT investment pace and 4) modest reliance on market funding. The joint liability agreement effectively links the key credit institutions operating under the OPFG and align the BCA of the bank with that of the group.

OP Corporate Bank Plc's Aa3 deposit and senior unsecured debt ratings reflect: (1) the bank's standalone baseline credit assessment (BCA) and the adjusted BCA of a3, (2) the results from our Advanced Loss Given Failure (LGF) analysis, which takes into account the severity of loss faced by the different liability classes in resolution, and which leads to two notches of rating uplift for OP Corporate Bank's deposit and senior unsecured ratings, and (3) our assumption of moderate likelihood of support from the [Finnish Government](#) (Aa1, stable) in case of need, which results in one notch of additional uplift.

Exhibit 1

Rating Scorecard - Key Financial Ratios as of 31 March 2021



Note: The ratios represent the financials of OPFG. The group's problem loan and profitability ratios are the weaker out of the average of the latest three year-end ratios or the latest reported ratio. The capital ratio is the latest reported figure. The funding structure and liquid asset ratios are the latest year-end figures.

Source: Moody's Financial Metrics

Credit Strengths

- » High capitalisation, with strong leverage ratio of the OPFG and good capital position of the bank, although TCE and CET1 are trending downward due to prudential measures
- » The group is a market leader in Finland within both bank and insurance with successful cross-selling
- » The joint liability amongst OP Cooperative and member credit institutions ensures that OP corporate bank's obligations are backed by all other credit institutions of the group

Credit Challenges

- » Moderate efficiency with income under pressure from high IT investment
- » The group has a certain reliance on wholesale funding, although with extended maturity profile

Outlook

The stable outlook on the long-term ratings incorporate Moody's view that over the next 12 to 18 months, OP Financial group's fundamentals will remain overall stable.

Factors that Could Lead to an Upgrade

Factors that could lead to an upgrade of OP's BCA include a combination of: (1) sustained improvements in asset risk; (2) stronger recurring profitability; (3) reduction in the overall wholesale funding dependence in favour for a higher proportion of deposit funding for the group. The deposit and senior ratings could also be upgraded due to significant issuances of more junior obligations, resulting in additional buffers of loss absorbing liabilities in case of failure.

Factors that Could Lead to a Downgrade

Factors that could lead to a downgrade of OP's BCA include: (1) a deterioration of the group's funding conditions; (2) a weakening of asset quality beyond our current expectations, with the problem loan ratio deteriorating to above 4%; and (3) a significant lower recurring profitability (4) permanent weakening of capitalisation, both in terms of risk-based capitalisation and leverage.

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

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

OP Corporate Bank plc (Consolidated Financials) [1]

	03-21 ²	12-20 ²	12-19 ²	12-18 ²	12-17 ²	CAGR/Avg. ³
Total Assets (EUR Million)	88,046.5	80,609.0	65,462.0	63,648.0	61,322.0	11.8 ⁴
Total Assets (USD Million)	103,480.6	98,629.6	73,481.0	72,758.9	73,635.3	11.0 ⁴
Tangible Common Equity (EUR Million)	4,702.0	3,923.0	3,523.0	3,358.0	3,148.0	13.1 ⁴
Tangible Common Equity (USD Million)	5,526.2	4,800.0	3,954.6	3,838.7	3,780.1	12.4 ⁴
Problem Loans / Gross Loans (%)	2.0	2.0	1.6	1.7	1.9	1.8 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	16.5	13.9	13.0	13.2	13.7	14.1 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	9.8	11.9	10.1	10.9	11.4	10.8 ⁵
Net Interest Margin (%)	0.4	0.4	0.5	0.4	0.5	0.4 ⁵
PPI / Average RWA (%)	2.1	1.8	2.1	1.9	2.4	2.0 ⁶
Net Income / Tangible Assets (%)	0.5	0.4	0.5	0.5	0.7	0.5 ⁵
Cost / Income Ratio (%)	58.7	56.0	52.9	57.5	49.9	55.0 ⁵
Market Funds / Tangible Banking Assets (%)	69.6	63.0	59.0	58.8	52.3	60.5 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	64.4	61.8	57.7	59.8	62.5	61.2 ⁵
Gross Loans / Due to Customers (%)	162.5	156.4	156.2	138.2	108.4	144.4 ⁵

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

OP Financial Group is Finland's second largest banking and insurance group by assets, and largest by Finnish market share. The products and services by the group include retail banking, corporate- and investment banking, asset management, insurance products, and health services to private individuals and corporate and institutional customers.

[As of 31 March 2021, OPFG held Finnish market shares of 35% in terms of loans and 38% in terms of deposits.](#) The bank mainly operates in Finland through a nationwide service network of 337 branches. As of 31 March 2021, the group reported a consolidated asset base of €166.1 billion.

The group originated in 1902 as the Central Lending Fund of the Cooperative Credit Societies Limited Company. In 1970, cooperative societies became cooperative banks. As of the end of March 2021, the OPFG comprised 133 independent cooperative banks, their central management body (OP Cooperative, or "the Central Cooperative") and its subsidiaries. As of that date, the cooperative member banks reported 2 million owner-customers, of which 90% households. Each member is entitled to one vote.

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

For further information on the bank's profile see [OPFG Key Facts and Statistics - H1 2020](#).

Recent developments

On 13 July 2021, OP Corporate Bank's junior senior unsecured ratings were upgraded to A3 from Baa1 following the update of the [Banks Methodology](#), published on 9 July.

In May the EU's Single Resolution Board (SRB), OPFG's resolution authority, updated OPFG's Minimum Requirement for own funds and Eligible Liabilities (MREL) to 10.1% of total liabilities and own funds, equivalent to 25.8% of the total risk exposure amount at the end of 2019.

The subordination requirement supplementing the MREL will account for 22% of the total risk exposure amount from the beginning of 2022 and for 10.11% of the leverage ratio exposure amount. From the beginning of 2024 the subordination requirement will account for 24% of the total risk exposure amount and for 10.12% of the leverage ratio exposure amount. The subordination can be fulfilled with capital and senior non-preferred debt.

OPFG currently comply with both requirements but will need to issue more senior non preferred debt before 2024 as the requirement increases. It has not yet communicated an updated funding plan to reflect the updated requirements.

Recovery solidifies in the US and Europe, while emerging markets face multiple risks. Disparities in controlling the COVID-19 pandemic and in levels of policy support are resulting in an asynchronous global economic recovery. Although we expect significantly stronger global economic activity this year than last year, the recovery is multispeed and diverging across and within advanced and emerging market countries. But the effects on individual businesses, sectors and regions continue to be uneven, and the COVID-19 crisis will endure as a challenge to the world's economies.

Downside risks to our forecasts for advanced economies have receded but timing and pace of expansion is closely tied to policy support and continued progress with vaccinations. Progress of vaccinations in Finland, broadly in line with the EU, appears close to breaking the cycle of infections, notwithstanding risks of new variants.

We have changed our [outlook](#) for the Finnish banking system to stable from negative. This reflects our expectation that business closures designed to contain the coronavirus outbreak resulted to 2.8% contraction in 2020 which compares favorably with the wider euro area decrease of 7.1%. In 2021 we project rebound in Finland's economy of 2.6% which will support profitability and will help stabilize problem loans after a moderate pandemic-related deterioration in 2020. The Finnish government's policy response has been comprehensive, encompassing financial support for the self-employed, as well as businesses and their employees.

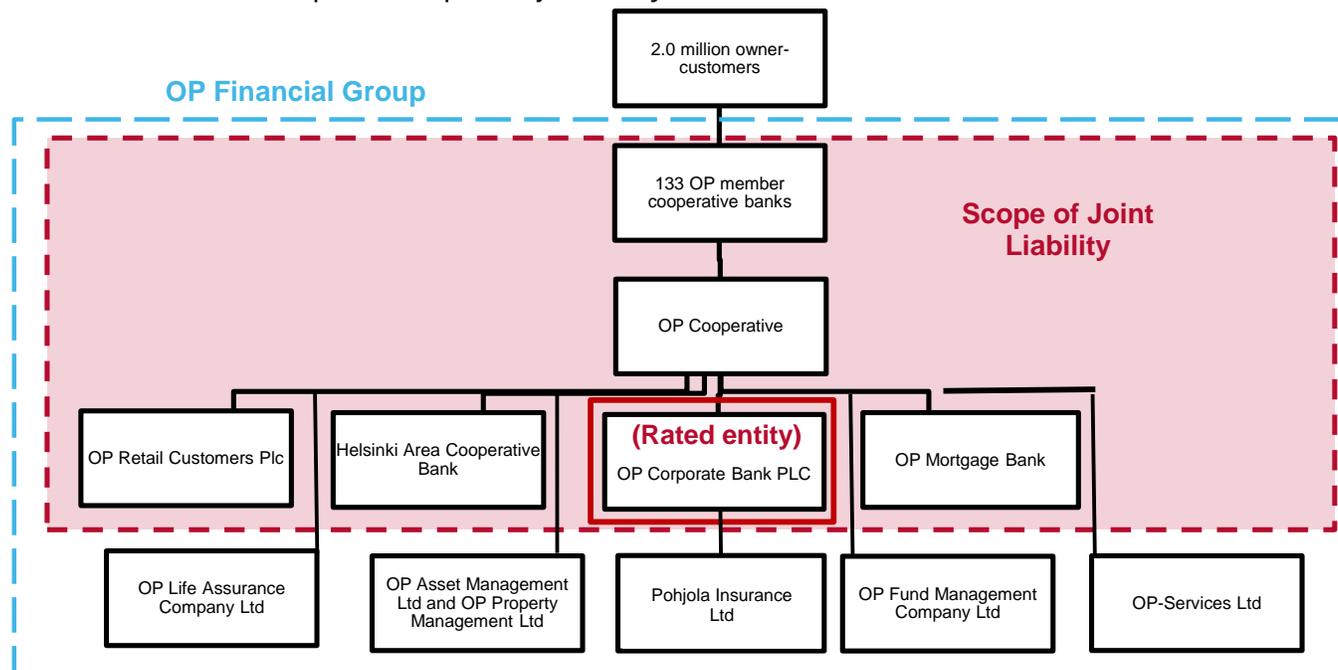
Detailed Credit Considerations

OP Financial Group benefits from a joint liability amongst member credit institutions

Under Finland's Cooperative Bank Act, the OP Cooperative, OP Corporate Bank, Helsinki Area Cooperative Bank, OP Retail Customers Plc, OP Mortgage Bank and the member cooperative banks (combined, the bulk of OPFG's member credit institutions excluding insurance companies and other Group entities) are jointly responsible for each other's liabilities. Creditors can claim payment from the central cooperative if any member institution is unable to pay. Each member institution has an unlimited obligation to pay the debts of the central cooperative if the latter is unable to do so independently.

As OP Corporate Bank and other member credit institutions of OPFG are responsible for each other's liabilities, as outlined in the Act on the Amalgamation of Deposit Banks, OP Corporate Bank can issue debt at more advantageous interest rates, a credit positive.

Exhibit 3

Structure of OP Financial Group and the scope of the joint liability.

Source: OP Financial Group, Moody's Investors Service

Asset risk deteriorated moderately due to coronavirus

As expected, the OPFG's asset risk deteriorated moderately over the last year due to the contraction in the Finnish economy during 2020 caused by the coronavirus' pandemic was mitigated by generous support packages launched by the government.

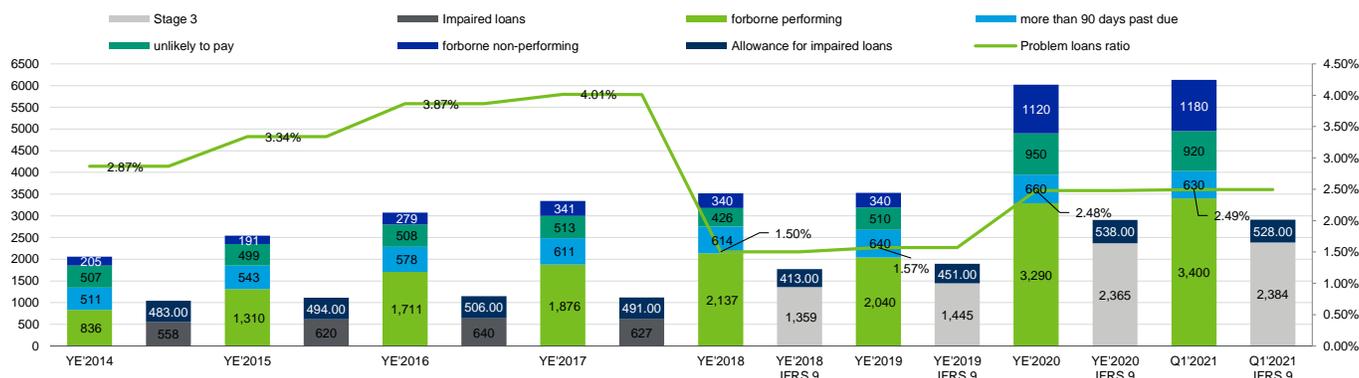
OPGF has taken lower loan loss provisions, €22 million during the first three months of 2021 compared to €105 million a year earlier (which included a provision of €44 million due to the adoption of the new definition of default). As of the end of March 2021 OPFG reported Stage 3 loans (on and off balance sheet) increased to 2.5% of gross loans compared to 1.9% as of end March 2020 (year-end 2020: 2.7%).

Since the implementation of IFRS 9 on 1 January 2018, the problem loan to gross loan ratio is based on Stage 3 exposures in order to increase peer comparability. We previously included the forborne performing loans in our asset risk ratio calculation, explaining the difference to the higher problem loan ratio in previous years (4.0% as of end of year 2017). The comparable figure at end of March 2021 was 6.4%.

The Group has a relatively low coverage with loan loss reserves over problem loans of 27.5% as of end of March 2021. However, the group has a large portfolio of housing loans (43% of loans) that we consider to be well covered by collateral.

We keep the assigned asset risk score at a3 to incorporate an expected moderate deterioration in asset risk. An a3 score refers to a problem loan ratio of below 4% under the [Finnish macro profile](#) of Strong +.

Exhibit 4

Problem loan increase is primarily due to increase in performing forborne loans

Source: OPFG, Moody's Investors Service

The group is exposed to some concentration risks mainly owing to its large corporate lending book, which includes more volatile sectors. Exposure to the construction, renting and operating of residential or other real estate accounted for 35.5% of all corporate exposures as of December 2020, which is broadly in line with last year's contribution. As a mitigating factor, we note the group's conservative borrower concentration limits which are well below regulatory requirements that no single customer exceeds 10% of the group's capital base after allowances and other credit risk mitigation. OP's Asset Risk at a3 score reflects the above-mentioned constraints and sector concentration.

OP Financial Group has the strongest Tier 1 leverage ratio among Nordic peers

We expect OPFG to remain well capitalized but with a downward trend in risk adjusted capital due to higher risk weights. The bank reported a solid CET1 of 18.1% at the end of March 2021 (the CET1 ratio captures the capitalisation of the amalgamation of credit institutions, excluding equity in the insurance companies) and a tangible common equity (TCE) of 19.6%. The reported total capital ratio was 20.7%. In addition the group maintained a very strong reported Tier 1 leverage ratio of 7.5% as of end-March 2021, the highest among its Nordic peers.

While capital ratios will fall due to regulatory changes to risk weights we expect the buffers to remain prudently high, a reflection of the co-operative nature of the group. Since March 2020 the Finnish Financial Supervisory Authority (FIN-FSA) has set a 0% systemic risk buffer on OP Financial Group and an O-SII buffer requirement at 1%. Current minimum regulatory CET1 ratio is 9.7%, including a Pillar 2 requirement of 1.7% set by the European Central Bank (ECB) and the Total Capital requirement is 13.8% including a Pillar 2 requirement of 2.25%.

In 2020 and Q1 2021 several regulatory changes decreased OPFG's capital ratios due to increased risk weights. There are still a few upcoming changes, expected to be implemented in Q2 2021, which will further reduce the CET1 ratio with approximately 1%-point.

OP Cooperative's Board of Directors has decided that the group's long-term CET1 ratio target should be at least CET1 capital adequacy requirement plus 4%. The CET1 target calculated by applying the end March 2021 capital adequacy requirement was 13.7%.

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

Lower profitability as increasing revenues due to business growth are shadowed by increased expenses as IT investments continue

OPFG has a track record of consistent profitability, although we expect that returns will be lower in 2020 than in 2019, primarily due to higher loan loss provisions. Efforts to reduce costs and reprice loan portfolios will partly offset continued high IT investments.

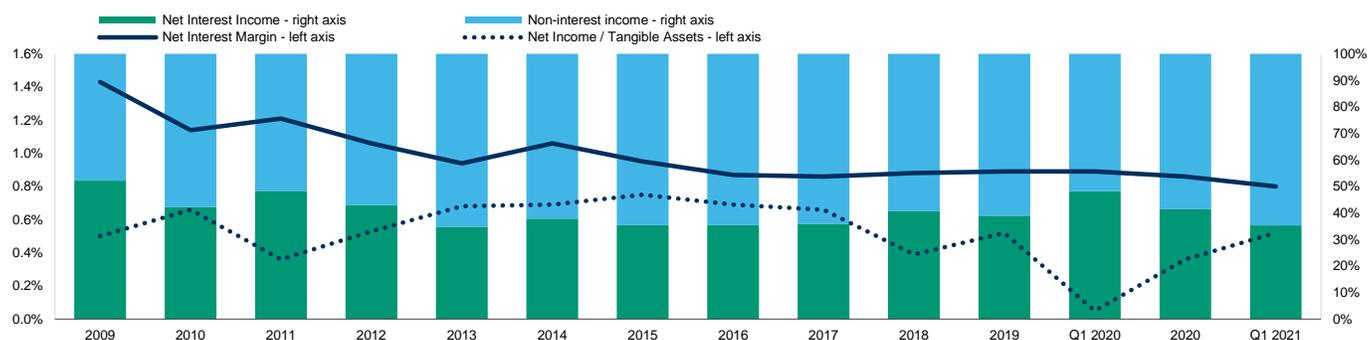
The group's net income to tangible assets ratio was 0.52% during the first three months of 2021, compared to 0.05% during the same period a year earlier, due primarily to lower loan loss provisions and higher net investment income which increased to €146 million compared to loss of €140 million a year earlier.

Total expenses decreased by 2% to €0.5 billion as of 31 March 2021 due to a year ago registered on-off IT costs, IT depreciation and amortisation, and charges by financial authorities. Cost efficiency efforts, such as staff reductions at central functions and consolidating the number of branches, which will help to protect earnings. We expect the group's efficiency efforts and IT developments to be successful and eventually to lead to an improvement in OPFG's profitability. However, in 2021 and 2022 we expect the net income to tangible assets ratio remain between 0.5% and 0.75%.

We recognise that OPFG has a well-diversified stream of income, and has successfully increased the contribution of non-interest income (mostly from its insurance operations) to the overall total income. However, high investment levels in IT has resulted in lower net income to tangible assets (see Exhibit 5).

Exhibit 5

Non-interest income is a large contributor for the total income of OP Financial Group



Source: OPFG, Moody's Investors Service

High reliance on wholesale funding, although mitigated by liquidity buffer

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

The group continues to be reliant on market funding, which expose them to swings in investor sentiment. Market funding of the group amounted to approximately 29.1% of tangible banking assets at end of March 2021. Covered bonds, which we deem a stable source of funding, issued via OP Mortgage Bank (a specialised group subsidiary), accounted for approximately 36% of all issued debt securities.

OPFG's liquidity buffer at market value and after collateral haircuts amounted to €31.7 billion at end of March 2021, and was sufficient to cover the short-term funding needs and predictable payment flows in a liquidity stressed scenario. We calculate the liquid assets to tangible assets at 25.7% as of the end of March 2021. OPFG monitors its liquidity and the adequacy of its liquidity buffer using the LCR (Liquidity Coverage Ratio) and on end-March 2021, OPFG's LCR stood at 218%.

The central cooperative is under an obligation to supervise its member credit institutions, issue instructions to them on risk management, good corporate governance, and internal control to secure liquidity and capital adequacy, as well as instructions on compliance with standardised accounting policies in the preparation of the consolidated financial statements. Thus we assess that it is very unlikely that a single entity within the joint liability would default on a payment before the group.

ESG considerations

We consider OPFG to have a low exposure to Environmental risks in line with how we view the banking sector. See our Environmental risks [Environmental heatmap](#) for further information.

The most relevant Social risks for banks arise when they interact with their customers. Social risks are particularly high in the area of data security and customer privacy which is partly mitigated by sizeable technology investments. Fines and reputational damage due to product mis-selling or other types of misconduct is a further social risk. Societal trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, increasing information technology cost, aging population concerns, which is relevant to Finland, impacting demand for financial services or socially driven policy agendas that may translate into regulation that affects banks' revenue base.

We regard the coronavirus outbreak as a social risk under our ESG framework, given substantial implications for public health and safety. The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, and asset price declines are creating a severe and extensive credit shock across the banking system in Finland. Overall, we consider banks, including OPFG, to face moderate social risks. See our Social risks [Social heatmap](#) for further information.

Governance is highly relevant to OPFG's creditworthiness. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven. We do not have any particular concern around OPFG's corporate governance, which is influenced by its profile as co-operative bank.

Notching Considerations

Loss Given Failure

Finland is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. In line with large European banks, we assume 26% of deposits are junior. These are in line with our standard assumptions.

Our advanced LGF analysis is based on the balance sheet of the entire OP Financial Group (excluding insurance assets), because all member credit institutions in OP Financial Group (excluding insurance companies and some other group companies) are liable for each other's obligations, in accordance with the Amalgamations Act.

Our LGF analysis, incorporating MREL requirements, results in a Preliminary Rating Assessment (PRA) of a1 for the deposits and senior unsecured debt, two notches above the Adjusted BCA, reflecting a very low loss-given failure. For the bank's junior senior debt our advanced LGF analysis result in a PRA of A3, in line with the adjusted BCA, reflecting a moderate loss-given failure.

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

Government Support

Following the introduction of BRRD, we believe the probability of government support for OP Corporate Bank's long-term and deposits ratings to be moderate, translating into one notch of uplift from its unsupported rating level, reflecting OP Corporate Bank's profile as one of the leading financial institutions in Finland. This results in one notch of uplift for the deposit and senior unsecured debt ratings to Aa3.

For senior non-preferred, Tier 2 debt securities, and AT1 debt, we assume that potential government support is low and as such these ratings do not include any related uplift.

Counterparty Risk (CR) Assessment

OP Corporate Bank's CR Assessment is positioned at Aa2(cr)/P-1(cr).

The CR Assessment of OP Corporate Bank is positioned at Aa2(cr)/Prime-1(cr). Three of the notches above the adjusted BCA of a3 is based on the cushion against default provided to the senior obligations. In addition, the moderate probability of government support results in one notch uplift.

Counterparty risk ratings (CRRs)

OP Corporate Bank's CRRs are Aa2/P-1.

The counterparty risk rating of Aa2 reflects the adjusted BCA of a3, three notches of uplift reflecting the extremely low loss-given failure from the high volume of instruments that are subordinated to CRR liabilities and one notch of uplift due to moderate probability of government support. The short-term CRR is P-1.

About Moody's Bank Scorecard

Our Scorecard is designed to capture, express and explain in summary form our rating committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 6

OP Financial Group

MACRO FACTORS						
WEIGHTED MACRO PROFILE	STRONG +	100%				
FACTOR	HISTORIC RATIO	INITIAL SCORE	EXPECTED TREND	ASSIGNED SCORE	KEY DRIVER #1	KEY DRIVER #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.5%	a2	↔	a3	Quality of assets	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.6%	aa2	↓	aa2	Expected trend	
Profitability						
Net Income / Tangible Assets	0.4%	ba1	↑	baa2	Expected trend	
Combined Solvency Score		a2		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	26.8%	baa2	↔	baa2	Extent of market funding reliance	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	22.4%	baa1	↔	baa1	Stock of liquid assets	
Combined Liquidity Score		baa2		baa2		
Financial Profile						
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa1		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		
BALANCE SHEET						
		IN-SCOPE (EUR MILLION)	% IN-SCOPE	AT-FAILURE (EUR MILLION)	% AT-FAILURE	
Other liabilities		44,861	32.6%	52,146	37.9%	
Deposits		71,419	52.0%	64,134	46.7%	
Preferred deposits		52,850	38.5%	50,208	36.5%	
Junior deposits		18,569	13.5%	13,927	10.1%	
Senior unsecured bank debt		12,313	9.0%	12,313	9.0%	
Junior senior unsecured bank debt		2,472	1.8%	2,472	1.8%	
Dated subordinated bank debt		2,152	1.6%	2,152	1.6%	
Preference shares (bank)		90	0.1%	90	0.1%	
Equity		4,123	3.0%	4,123	3.0%	
Total Tangible Banking Assets		137,430	100.0%	137,430	100.0%	

DEBT CLASS	DE JURE WATERFALL		DE FACTO WATERFALL		NOTCHING		LGF NOTCHING VS. ADJUSTED BCA	ASSIGNED LGF NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT
	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	DE JURE	DE FACTO				
Counterparty Risk Rating	25.5%	25.5%	25.5%	25.5%	3	3	3	3	0	aa3
Counterparty Risk Assessment	25.5%	25.5%	25.5%	25.5%	3	3	3	3	0	aa3 (cr)
Deposits	25.5%	6.4%	25.5%	15.4%	2	3	2	2	0	a1
Senior unsecured bank debt	25.5%	6.4%	15.4%	6.4%	2	2	2	2	0	a1
Junior senior unsecured bank debt	6.4%	4.6%	6.4%	4.6%	0	0	0	0	0	a3
Dated subordinated bank debt	4.6%	3.1%	4.6%	3.1%	-1	-1	-1	-1	0	baa1
Non-cumulative bank preference shares	3.1%	3.0%	3.1%	3.0%	-1	-1	-1	-1	-2	baa3

INSTRUMENT CLASS	LOSS GIVEN FAILURE NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT	GOVERNMENT SUPPORT NOTCHING	LOCAL CURRENCY RATING	FOREIGN CURRENCY RATING
Counterparty Risk Assessment	3	0	aa3 (cr)	1	Aa2(cr)	
Deposits	2	0	a1	1	Aa3	Aa3
Senior unsecured bank debt	2	0	a1	1	Aa3	Aa3
Junior senior unsecured bank debt	0	0	a3	0	A3	A3
Dated subordinated bank debt	-1	0	baa1	0	Baa1	Baa1
Non-cumulative bank preference shares	-1	-2	baa3	0	Baa3 (hyb)	Baa3 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 7

Category	Moody's Rating
OP CORPORATE BANK PLC	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa3
Senior Unsecured	Aa3
Junior Senior Unsecured	A3
Junior Senior Unsecured MTN	(P)A3
Subordinate	Baa1
Pref. Stock Non-cumulative	Baa3 (hyb)
Commercial Paper	P-1
OP INSURANCE LTD	
Outlook	Stable
Insurance Financial Strength	A2

Source: Moody's Investors Service

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