

OP Mortgage Bank:  
Interim Report  
1 January–31 March 2025





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# OP Mortgage Bank: Interim Report 1 January–31 March 2025

OP Mortgage Bank (OP MB) is the covered bond issuing entity of OP Financial Group. Together with OP Corporate Bank plc, its role is to raise funding for OP Financial Group from money and capital markets.

## Financial standing

The intermediary loans of OP MB totalled EUR 14,800 million (14,800)\* at the end of March. Bonds issued by OP MB totalled EUR 14,800 million (14,800) at the end of March.

OP MB's covered bonds after 8 July 2022 are issued under the Euro Medium Term Covered Bond (Premium) programme (EMTCB), pursuant to the Finnish Act on Mortgage Credit Banks and Covered Bonds (151/2022). The collateral is added to the EMTCB cover pool from the member cooperative banks' balance sheets via the intermediary loan process on the issue date of a new covered bond.

At the end of March, 79 OP cooperative banks had a total of EUR 14,800 million (14,800) in intermediary loans from OP MB.

Impairment loss on receivables related to loans in OP MB's balance sheet totalled EUR 0.0 million (0.0). Loss allowance was EUR 0.0 million (0.0) following the sale of the loan portfolio.

Operating profit was EUR 1.7 million (2.3). The company's financial standing remained stable throughout the reporting period.

\* The comparatives for 2024 are given in brackets. For income statement and other aggregated figures, January–March 2024 figures serve as comparatives. For balance-sheet and other cross-sectional figures, figures at the end of the previous financial year (31 December 2024) serve as comparatives.

## Collateralisation of bonds issued to the public

The European covered bonds (premium) issued under the EMTCB programme worth EUR 25 billion established on 11 October 2022, in accordance with the Act on Mortgage Credit Banks and Covered Bonds (151/2022), totalled EUR 6,250 million. The cover pool included a total of EUR 6,882 million in loans serving as collateral at the end of March. Overcollateralisation exceeded the minimum requirement under the Act (151/2022).

The covered bonds issued under the Euro Medium Term Covered Note programme worth EUR 20 billion established on 12 November 2010, in accordance with the Act on Mortgage Credit Banks (Laki kiinnitysluottopankkitoiminnasta, 688/2010), totalled EUR 8,550 million. The cover pool included a total of EUR 9,468 million in loans serving as collateral at the end of March. Overcollateralisation exceeded the minimum requirement under the Act (688/2010).



## Capital adequacy

OP MB's Common Equity Tier 1 (CET1) ratio stood at 372.0% (797.0) at the end of March. The ratio decreased due to an increase in total risk exposure amount based on a regulatory change. The changes in the EU Capital Requirements Regulation (CRR3), which entered into force on 1 January 2025, particularly affected the calculation of total risk exposure amount. The figures for the comparative period have been calculated based on the regulation in force in 2024. The minimum CET1 capital requirement is 4.5% and the requirement for the capital conservation buffer is 2.5%. The minimum total capital requirement is 8% (or 10.5% with the increased capital conservation buffer). OP MB fully covers its capital requirements with CET1 capital, which in practice means that it has a CET1 capital requirement of 10.5%. Estimated profit distribution has been subtracted from earnings for the reporting period.

The capital adequacy requirement for credit risk is measured using the Standardised Approach (SA).

OP MB belongs to OP Financial Group. As part of the Group, OP MB is supervised by the European Central Bank. OP Financial Group presents capital adequacy information in its financial statements bulletins and interim and half-year financial reports in accordance with the Act on the Amalgamation of Deposit Banks. OP Financial Group also publishes Pillar 3 disclosures.

## Own funds and capital adequacy

TEUR	31 Mar 2025	31 Dec 2024
Equity capital	365,998	368,122
<b>Common Equity Tier 1 (CET1) before deductions</b>	<b>365,998</b>	<b>368,122</b>
Excess funding of pension liability		
Proposed profit distribution	-1,341	-3,466
Share of unaudited profits		
Insufficient coverage for non-performing exposures		
<b>CET1 capital</b>	<b>364,657</b>	<b>364,656</b>
<b>Tier 1 capital (T1)</b>	<b>364,657</b>	<b>364,656</b>
<b>Tier 2 capital (T2)</b>		
<b>Total own funds</b>	<b>364,657</b>	<b>364,656</b>

## Total risk exposure amount

TEUR	31 Mar 2025	31 Dec 2024
Credit and counterparty risk	3,185	18,581
Operational risk (Standardised Approach)	94,841	26,636
Other risks*	7	538
<b>Total risk exposure amount</b>	<b>98,034</b>	<b>45,755</b>

\* Risks not otherwise covered.



## Ratios

Ratios, %	31 Mar 2025	31 Dec 2024
CET1 capital ratio	372.0	797.0
Tier 1 capital ratio	372.0	797.0
Capital adequacy ratio	372.0	797.0

## Capital requirement

Capital requirement, TEUR	31 Mar 2025	31 Dec 2024
Own funds	364,657	364,656
Capital requirement	10,294	4,804
Buffer for capital requirements	354,363	359,852



## Liabilities under the Resolution Act

Under regulation applied to the resolution of credit institutions and investment firms, the resolution authority is authorised to intervene in the terms and conditions of investment products issued by a bank in a way that affects an investor's position. The EU's Single Resolution Board (SRB) based in Brussels is OP Financial Group's resolution authority. The SRB has confirmed a resolution strategy for OP Financial Group whereby the resolution measures would focus on the OP amalgamation and on the new OP Corporate Bank that would be formed in case of resolution. According to the resolution strategy, OP Mortgage Bank would continue its operations as the new OP Corporate Bank's subsidiary.

The SRB has set a Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for OP MB. From March 2025, the MREL is 15,96% of the total risk exposure amount and 18,46% of the total risk exposure amount including a combined buffer requirement, and 5,99% of leverage ratio exposures. The requirement includes a Combined Buffer Requirement (CBR) of 2.5%.

OP MB's buffer for the MREL requirement was EUR 347 million. The buffer consists of own funds only. OP MB clearly exceeds the MREL requirement. OP MB's MREL ratio was 372% of the total risk exposure amount.

## Joint and several liability of amalgamation

Under the Act on the Amalgamation of Deposit Banks (599/2010), the amalgamation of cooperative banks comprises the organisation's central cooperative (OP Cooperative), the central cooperative's member credit institutions and the companies belonging to their consolidation groups, as well as credit and financial institutions and service companies in which the above together hold more than half of the total votes. This amalgamation is supervised on a consolidated basis. On 31 March 2025, OP Cooperative's member credit institutions comprised 79 OP cooperative banks, OP Corporate Bank plc, OP Mortgage Bank and OP Retail Customers plc.

The central cooperative is responsible for issuing instructions to its member credit institutions concerning their internal control and risk management, their procedures for securing liquidity and capital adequacy, and for compliance with harmonised accounting policies in the preparation of the amalgamation's consolidated financial statements.

As a support measure referred to in the Act on the Amalgamation of Deposit Banks, the central cooperative is liable to pay any of its member credit institutions the amount necessary to preventing the credit institution from being placed in liquidation. The central cooperative is also liable for the debts of a member credit institution which cannot be paid using the member credit institution's assets.

Each member bank is liable to pay a proportion of the amount which the central cooperative has paid to either another member bank as a support measure or to a creditor of such a member bank in payment of an overdue amount which the creditor has not received from the member bank. Furthermore, if the central cooperative defaults, a member bank has unlimited refinancing liability for the central cooperative's debts as referred to in the Co-operatives Act.

Each member bank's liability for the amount the central cooperative has paid to the creditor on behalf of a member bank is divided between the member banks in proportion to their last adopted balance sheets. OP Financial Group's insurance companies do not fall within the scope of joint and several liability.

According to section 25 of the Act on Mortgage Credit Banks (688/2010), which was valid at that time, the creditors of covered bonds issued prior to 8 July 2022 have the right to receive payment, before other claims, for the entire term of the bond, in accordance with the terms and conditions of the bond, out of the funds entered as collateral, without this being prevented by OP MB's liquidation or bankruptcy. A similar and equal priority also applies to derivative contracts entered in the register of bonds, and to marginal lending facilities referred to in section 26, subsection 4 of said Act. For mortgage-backed loans issued prior to 8 July 2022 and included in the total amount of collateral of covered bonds, the priority of the covered bond holders' payment right is limited to the amount of loan that, with respect to home loans, corresponds to 70% of the value of shares or property serving as security for the loan and entered in the bond register at the time of the issuer's liquidation or bankruptcy declaration.

Under section 20 of the Act on Mortgage Credit Banks and Covered Bonds (151/2022), which entered into force on 8 July 2022, the creditors of bonds issued after 8 July 2022, including the related management and clearing costs, have the right to receive payment from the collateral included in the cover pool, before other creditors of OP MB or the OP cooperative bank which is the debtor of an intermediary loan. A similar priority also applies to creditors of derivative contracts related to covered bonds, including the related



management and clearing costs. Interest and yield accruing on the collateral, and any substitute assets, fall within the scope of said priority.

Section 44, subsection 3 of the Act on Mortgage Credit Banks and Covered Bonds includes provisions on the creditor's priority claim regarding cover pool liquidity support. According to said subsection, the creditor has the right to receive payment against the funds contained in the cover pool after claims based on the principal and interest of covered bonds secured by the cover assets included in the cover pool, obligations based on derivatives contracts associated with covered bonds, as well as administration and liquidation costs.

### Sustainability and corporate responsibility

As of 2024, OP Financial Group has reported on its sustainability and corporate responsibility in accordance with the European Sustainability Reporting Standards (ESRS) under the EU's Corporate Sustainability Reporting Directive (CSRD).

Responsible business is one of OP Financial Group's strategic priorities. OP Financial Group's sustainability programme guides the Group's actions and is built around three themes: Climate and the environment, People and communities, and Corporate governance. Read more about the sustainability programme at [www.op.fi/en/op-financial-group/corporate-social-responsibility/corporate-social-responsibility-programme](http://www.op.fi/en/op-financial-group/corporate-social-responsibility/corporate-social-responsibility-programme).

At OP Financial Group, sustainability and corporate responsibility are guided by a number of principles and policies. OP Financial Group is committed to complying not only with all applicable laws and regulations, but also with a number of international initiatives that guide operations. The Group is committed to complying with the ten principles of the UN Global Compact initiative in the areas of human rights, labour rights, the environment and anti-corruption. OP Financial Group is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI). Furthermore, OP Financial Group is committed to complying with the UN Principles for Responsible Investment and the UN Principles for Sustainable Insurance.

OP Financial Group's biodiversity roadmap includes measures to promote biodiversity. OP Financial Group aims to grow its nature positive handprint by 2030. 'Nature positive' means that OP Financial Group's operations will have a net positive impact (NPI) on nature.

OP Financial Group has drawn up a Human Rights Statement and Human Rights Policy. The Group respects all recognised human rights. The Human Rights Statement includes the requirements and expectations that OP Financial Group has set for itself and actors in its value chains. OP Financial Group is committed to perform remediation actions if its operations have adverse human rights impacts.

In March 2025, OP MB published a Green Covered Bond Report on the allocation and impacts of Finland's first green covered bonds issued in March 2021 and April 2022. Under OP MB's Green Covered Bond Framework, proceeds from the bonds have been allocated to mortgages with energy-efficient residential buildings as collateral.

The environmental impacts allocated to the green covered bonds in 2024 were 58,000 MWh of energy use avoided per year and 5,500 tonnes of CO2-equivalent emissions avoided per year.

### Personnel

At the end of the reporting period, OP MB had six employees. OP MB has been digitising its operations and purchases all key support services from OP Cooperative and its subsidiaries, reducing the need for its own personnel.

### Governing body members

The Board composition is as follows:

Chair	Mikko Timonen	Chief Financial Officer, OP Cooperative
Members	Satu Nurmi	Business Lead, SME Financing, OP Retail Customers plc
	Mari Heikkilä	Head of Group Treasury & ALM, OP Corporate Bank plc

OP MB's Managing Director is Sanna Eriksson. The Deputy Managing Director is Tuomas Ruotsalainen, Senior Covered Bonds Manager at OP MB.



## Risk profile

OP MB has a strong capital base, capital buffers and risk-bearing capacity.

OP MB's most significant risks are related to the quality of collateral and to structural liquidity and interest rate risks on the balance sheet, for which limits have been set in the Banking Risk Policy. The key credit risk indicators in use show that OP MB's credit risk exposure is stable. OP MB has used interest rate swaps to hedge against its interest rate risk. Interest rate swaps have been used to swap home loan interest, intermediary loan interest and interest on issued bonds onto the same basis rate. OP MB has concluded all derivative contracts for hedging purposes, applying fair value hedges which have OP Corporate Bank plc as their counterparty. OP MB's interest risk exposure is under control and has been within the set limit.

The liquidity buffer for OP Financial Group is centrally managed by OP Corporate Bank and therefore exploitable by OP MB. At the end of the reporting period, OP Financial Group's Liquidity Coverage Ratio (LCR) was 202% and the Net Stable Funding Ratio (NSFR) was 129%. OP MB monitors its cash flows on a daily basis to secure funding liquidity and its structural funding risk on a regular basis as part of the company's internal capital adequacy assessment process (ICAAP).

An analysis of OP MB's risk exposure should always take account of OP Financial Group's risk exposure, which is based on the joint and several liability of all its member credit institutions. The member credit institutions are jointly liable for each other's debts. All member banks must participate in support measures, as referred to in the Act on the Amalgamation of Deposit Banks, to support each other's capital adequacy.

OP Financial Group analyses the business environment as part of its ongoing risk assessment activities and strategy process. Megatrends and worldviews behind OP Financial Group's strategy reflect driving forces that affect the daily activities, conditions and future of the Group and its customers. Factors currently shaping the business environment include climate, biodiversity loss, scientific and technological innovations, polarisation, demography and geopolitics. External business environment factors are considered thoroughly, so that their effects on customers' future success are understood. OP Financial Group provides advice and makes business decisions that promote the sustainable financial success, security and wellbeing of its owner-customers and operating region while managing the Group's risk profile on a longer-term basis. Advice for

customers, risk-based service sizing, contract lifecycle management, decision-making, management and reporting are based on correct and comprehensive information.

## Events after the reporting period

In April, OP MB issued its first covered bond of the year in the international capital market. The fixed-rate covered bond worth EUR 1 billion has a maturity of five years and three months. All proceeds of the bond were intermediated to 38 OP cooperative banks in the form of intermediary loans.

The terms of issue are available on the op.fi website, under Debt investors: <https://www.op.fi/en/op-financial-group/debt-investors/issuers/op-mortgage-bank/emtcb-debt-programme-documentation>.

## Outlook

The global economic outlook has weakened due to increased tariffs and a higher level of uncertainty. The Finnish economy is likely to grow less than previously expected and the outlook is exceptionally uncertain. The escalation of geopolitical crises or a rise in trade barriers may affect capital markets and the economic environment of OP Financial Group and its customers.

OP MB's capital adequacy is expected to remain strong and its risk exposure favourable. This enables issuance of covered bonds in the future.





# Alternative performance measures

Key figures and ratios	Q1/2025	Q1/2024
Return on equity (ROE), %	1.5	2.2
Cost/income ratio, %	41	47

The alternative performance measures are presented to illustrate the financial performance of business operations and to improve comparability between reporting periods. Formulas for the alternative performance measures used are presented below.

Key figure or ratio	Formula		Description
Return on equity (ROE), %	$\frac{\text{Financial performance for the reporting period} \times (\text{days of financial year/days of reporting period})}{\text{Equity capital (average at beginning and end of period)}}$	$\times 100$	The ratio describes how much return is generated on equity capital as a percentage of equity during the reporting period.
Cost/income ratio, %	$\frac{\text{Total expenses}}{\text{Total income}}$	$\times 100$	The ratio describes the ratio of expenses to income. The lower that ratio, the better.



# TABLES

## Income statement

TEUR	Note	Q1/2025	Q1/2024
Interest income		113,911	182,758
Interest expenses		-111,074	-174,747
Net interest income	2	2,837	8,011
Impairment loss on receivables	3	0	-31
Commission income			24
Commission expenses			-3,569
Net commissions and fees	4		-3,545
Other operating income		0	
Personnel costs		-169	-165
Other operating expenses		-992	-1,932
Operating profit (loss)		1,676	2,338
Income tax		-335	-468
Profit for the period		1,341	1,870

## Statement of comprehensive income

TEUR	Note	Q1/2025	Q1/2024
Profit for the period		1,341	1,870
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans			
Income tax			
On gains/(losses) arising from remeasurement of defined benefit plans			
Total comprehensive income for the period		1,341	1,870



## Balance sheet

TEUR	Note	31 Mar 2025	31 Dec 2024
Cash and cash equivalents		343,172	343,002
Receivables from member credit institutions	6	14,932,160	14,956,610
Derivative contracts	7	94,172	114,221
Other assets		42	41
Deferred tax assets		1,140	1,476
<b>Total assets</b>		<b>15,370,686</b>	<b>15,415,350</b>
Derivative contracts	7	562,900	589,194
Debt securities issued to the public		14,441,356	14,457,644
Provisions and other liabilities		433	390
<b>Total liabilities</b>		<b>15,004,689</b>	<b>15,047,227</b>
<b>Equity capital</b>			
Share capital		60,000	60,000
Reserve for invested unrestricted equity		245,000	245,000
Retained earnings		60,998	63,122
<b>Total equity</b>		<b>365,998</b>	<b>368,122</b>
<b>Total liabilities and equity</b>		<b>15,370,686</b>	<b>15,415,350</b>



## Statement of changes in equity

TEUR	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity capital 1 January 2025	60,000	245,000	63,122	368,122
Profit for the period			1,341	1,341
Dividends			-3,466	-3,466
Equity capital 31 March 2025	60,000	245,000	60,998	365,998

  

TEUR	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity capital on 1 January 2024	60,000	245,000	67,160	372,160
Profit for the period			1,870	1,870
Equity capital on 31 March 2024	60,000	245,000	69,030	374,030



## Cash flow statement

TEUR	Q1/2025	Q1/2024
<b>Cash flow from operating activities</b>		
Profit for the period	1,341	1,870
Adjustments to profit for the period		
Expected credit losses		36
Accruals of derivatives and hedge accounting	-2	-777
Income tax	335	468
Amortisation of effective interest rate	1,953	2,162
Other		-24
Total adjustments	2,287	1,864
<b>Increase (-) or decrease (+) in operating assets</b>	<b>43,182</b>	<b>113,744</b>
Receivables from member credit institutions, increases		-1,000,000
Receivables from member credit institutions, decreases	18,891	1,000,000
Receivables from customers		116,492
Derivative contracts	24,291	
Other assets	-1	-2,749
<b>Increase (+) or decrease (-) in operating liabilities</b>	<b>-43,173</b>	<b>-83,982</b>
Liabilities to member credit institutions		-100,000
Derivative contracts	-26,294	14,445
Provisions and other liabilities	-16,880	1,573
Income tax paid		-291
<b>A. Net cash from operating activities</b>	<b>3,636</b>	<b>33,205</b>
<b>Cash flow from financing activities</b>		
Increases in debt securities issued to the public		996,870
Decreases in debt securities issued to the public		-1,000,000
Dividends	-3,466	
<b>B. Net cash used in financing activities</b>	<b>-3,466</b>	<b>-3,130</b>



TEUR	Q1/2025	Q1/2024
Net change in cash and cash equivalents (A+B)	170	30,075
Cash and cash equivalents at period start	343,002	291,681
Cash and cash equivalents at period end	343,172	321,755
Interest received	156,950	178,667
Interest paid	-152,196	-159,041



# Notes

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## Note 1. Accounting policies and highlights

The Interim Report 1 January–31 March 2025 has been prepared in accordance with IAS 34 (Interim Financial Reporting). This Interim Report applies IAS 34 Interim Financial Reporting and the accounting policies presented in the 2024 financial statements. The Interim Report should be read with the audited 2024 financial statements.

This Interim Report is based on unaudited figures. Given that all figures have been rounded, the sum total of individual figures may deviate from the presented sums.

The Interim Report is available in Finnish and English. The Finnish version is official and will be used if there is any discrepancy between the language versions.

### Events after the reporting period

In April, OP MB issued its first covered bond of the year in the international capital market. The fixed-rate covered bond worth EUR 1 billion has a maturity of five years and three months. All proceeds of the bond were intermediated to 38 OP cooperative banks in the form of intermediary loans.

The terms of issue are available on the op.fi website, under Debt investors: <https://www.op.fi/en/op-financial-group/debt-investors/issuers/op-mortgage-bank/emtcb-debt-programme-documentation>





## Note 2. Net interest income

TEUR	Q1/2025	Q1/2024
<b>Interest income calculated using the effective interest method</b>		
From receivables from member credit institutions	113,910	156,666
From receivables from customers		24,130
Interest from derivatives hedging financial assets		1,180
Change in hedge accounting adjustment		
Change in the fair value of hedged risk	-5,559	-3,591
Other adjustments		758
Change in the fair value of hedging derivatives	5,559	3,591
Other interest income	1	24
<b>Total</b>	<b>113,911</b>	<b>182,758</b>
<b>Interest expenses</b>		
From liabilities to member credit institutions		-20,001
From debt securities issued to the public		
Interest amounts	-57,663	-54,900
Change in the fair value of hedged risk	1,318	57,034
From derivatives subject to hedge accounting		
Change in fair value	-1,317	-57,015
Interest amounts	-53,413	-99,865
<b>Total</b>	<b>-111,074</b>	<b>-174,747</b>
<b>Net interest income</b>	<b>2,837</b>	<b>8,011</b>

Net interest income was EUR 2.8 million (8.0). Net interest income decreased following the sale of the loan portfolio in 2024. OP MB has used interest rate swaps to hedge against its interest rate risk. Interest rate swaps have been used to swap intermediary loan interest and interest on issued bonds onto the same basis rate.



## Note 3. Impairment loss on receivables

Impairment loss on receivables, TEUR	Q1/2025	Q1/2024
Receivables written down as loan losses		-40
Recoveries of receivables written down	0	5
Expected credit losses (ECL) on receivables from customers		5
<b>Total impairment loss on receivables</b>	<b>0</b>	<b>-31</b>

Impairment loss on receivables related to loans in OP MB's balance sheet totalled EUR 0.0 million (0.0). Loss allowance was EUR 0.0 million (0.0). Expected credit losses are calculated from the balance sheet item Receivables from customers. Loss allowance was removed as a result of the sale of OP MB's on-balance-sheet loan portfolio. Expected credit losses are not recognised on receivables from intermediary loans.

### Expected credit losses on receivables from member credit institutions

As a support measure referred to in the Act on the Amalgamation of Deposit Banks, the central cooperative is liable to pay any of its member credit institutions the amount necessary to preventing the credit institution from being placed in liquidation. The central cooperative is also liable for the debts of a member credit institution which cannot be paid using the member credit institution's assets. Each member bank is liable to pay a proportion of the amount which the central cooperative has paid to either another member bank as a support measure or to a creditor of such a member bank in payment of an overdue amount which the creditor has not received from the member bank. Furthermore, if the central cooperative defaults, a member bank has unlimited refinancing liability for the central cooperative's debts as referred to in the Co-operatives Act. Each member bank's liability for the amount the central cooperative has paid to the creditor on behalf of a member bank is divided between the member banks in proportion to their last adopted balance sheets. OP Financial Group's insurance companies do not fall within the scope of joint and several liability.

Expected credit losses are measured using modelled risk parameters with the formula probability of default (PD) x loss given default (LGD) x exposure at default (EAD) for majority of portfolios per contract, and they reflect expectations of future credit losses at the end of December. PD describes the probability of default according to the definition of default.

Since OP Financial Group is assessed as a whole based on the principle of joint and several liability under the Act on the Amalgamation of Deposit Banks, expected credit loss cannot be separately calculated for an individual member credit institution. The probability of default applied to OP Financial Group's internal loans, including intermediary loans, is zero due to the joint and several liability. LGD describes the share of an asset if a borrower defaults. It is affected, for example, by the quantity and type of collateral securities and various financial guarantees. The amalgamation's joint and several liability guarantees all expected losses of the member credit institution, so the LGD component too in OP Financial Group's internal loans is zero. This is affected by OP Financial Group's current strong financial standing, which is expected to remain so in the foreseeable future too. EAD describes the exposure amount at default, including exposure in the balance sheet (capital and accrued interest), and expected use of off-balance-sheet items at default.



## Note 4. Net commissions and fees

Net commissions and fees, TEUR	Q1/2025	Q1/2024
Commission income		
Lending		24
Total		24
Commission expenses, TEUR		
Loan management fee to OP cooperative banks		-3,548
Issue of bonds		-17
Other		-4
Total		-3,569
Net commissions and fees		-3,545

In November 2024, OP MB sold its entire on-balance-sheet loan portfolio back to 85 OP cooperative banks. Prior to the sale of the loans, OP MB's balance sheet included receivables from customers; the customer relationships related to these are managed by OP cooperative banks. OP MB refunded OP cooperative banks the amount of the returns paid by customers on loans managed by the banks, as management fees agreed in the fee model. Management fees paid to OP cooperative banks were shown as commission expenses under net commissions and fees. Interest paid by customers was recognised in interest income using the effective interest method.



## Note 5. Classification of financial assets and liabilities

Assets 31 March 2025, TEUR	Amortised cost	Recognised at fair value through profit or loss	Recognised at fair value through other comprehensive income	Total carrying amount
Cash and cash equivalents	343,172			343,172
Receivables from member credit institutions	14,932,160			14,932,160
Derivative contracts		94,172		94,172
Other financial assets			40	40
<b>Total financial assets</b>	<b>15,275,332</b>	<b>94,172</b>	<b>40</b>	<b>15,369,544</b>

Liabilities 31 March 2025, TEUR	Amortised cost	Recognised at fair value through profit or loss	Recognised at fair value through other comprehensive income	Total carrying amount
Derivative contracts			562,900	562,900
Debt securities issued to the public		14,441,356		14,441,356
Other financial liabilities		67		67
<b>Total financial liabilities</b>		<b>14,441,422</b>	<b>562,900</b>	<b>15,004,323</b>

Assets 31 December 2024, TEUR	Amortised cost	Recognised at fair value through profit or loss	Recognised at fair value through other comprehensive income	Total carrying amount
Cash and cash equivalents	343,002			343,002
Receivables from member credit institutions	14,956,610			14,956,610
Derivative contracts		114,221		114,221
Other financial assets			40	40
<b>Total financial assets</b>	<b>15,299,612</b>	<b>114,221</b>	<b>40</b>	<b>15,413,873</b>



Liabilities 31 December 2024, TEUR	Amortised cost	Recognised at fair value through profit or loss	Total carrying amount
Derivative contracts		589,194	589,194
Debt securities issued to the public	14,457,644		14,457,644
Other financial liabilities	50		50
<b>Total financial liabilities</b>	<b>14,457,694</b>	<b>589,194</b>	<b>15,046,888</b>

Debt securities issued to the public are carried at amortised cost, including a negative valuation of EUR 442,487 thousand (441,169 thousand) caused by risk to be hedged. The fair value of these debt instruments was assessed based on price quote information available in markets and by employing commonly used valuation techniques, amounting to EUR 14,283,200 thousand (14,259,981 thousand) at the end of March.

Receivables from member credit institutions are carried at amortised cost, including a negative valuation of EUR 7,130 thousand (1,570 thousand) caused by risk to be hedged.

The largest item carried at amortised cost is receivables from member credit institutions, which consists of intermediary loans granted to OP cooperative banks. These are mainly tied to a floating interest rate, and their credit risk is zero due to joint and several liability (for a description of the joint and several liability, see Note 3, Impairment loss on receivables). The carrying amount of these loans is reasonably close to their fair value at the end of March.



## Note 6. Receivables from member credit institutions

TEUR	31 Mar 2025	31 Dec 2024
Receivables from intermediary loans	14,931,462	14,954,957
Other	698	1,654
Total	14,932,160	14,956,610

### Receivables from intermediary loans

OP MB is responsible for secured wholesale funding for OP Financial Group. In its operations, OP MB applies an intermediary loan model complying with the Act on Mortgage Credit Banks and Covered Bonds (151/2022, chapter 7). OP MB issues covered bonds for which mortgage-backed loan receivables are tagged as collateral from the balance sheets of OP cooperative banks to the cover pool. The future cash flows related to said mortgage-backed loan receivables serve as collateral for the covered bonds. In the intermediary loan model, loan receivables, or risks related to them, are not transferred to OP MB. OP MB provides funding to OP cooperative banks by transmitting proceeds from bonds to OP cooperative banks as intermediary loans. Receivables from intermediary loans are presented in OP MB's balance sheet under item Receivables from member credit institutions, and they will mature at the same time as the issued bonds.

Expected credit losses are not recognised on receivables from member credit institutions. More detailed information on the matter is available in Note 3, Impairment loss on receivables.



## Note 7. Derivative contracts

Derivative contracts 31 March 2025, TEUR	Fair values	
	Assets	Liabilities
Interest rate derivatives		
Hedging	94,172	562,900
<b>Total</b>	<b>94,172</b>	<b>562,900</b>

Derivative contracts 31 December 2024, TEUR	Fair values	
	Assets	Liabilities
Interest rate derivatives		
Hedging	114,221	589,194
<b>Total</b>	<b>114,221</b>	<b>589,194</b>



## Note 8. Financial instruments classification, grouped by valuation technique

	Fair value measurement at period end			
	Balance sheet value	Level 1	Level 2	Level 3
31 March 2025, TEUR				
Recurring fair value measurements of assets				
Derivative contracts	94,172		94,172	
Total	94,172		94,172	
Recurring fair value measurements of liabilities				
Derivative contracts	562,900		562,900	
Total	562,900		562,900	
	Fair value measurement at period end			
	Balance sheet value	Level 1	Level 2	Level 3
31 December 2024, TEUR				
Recurring fair value measurements of assets				
Derivative contracts	114,221		114,221	
Total	114,221		114,221	
Recurring fair value measurements of liabilities				
Derivative contracts	589,194		589,194	
Total	589,194		589,194	

### Fair value hierarchy

Level 2: Valuation techniques based on observable input parameters. The fair value of the instruments included within Level 2 means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. Level 2 input data includes, for example: quoted prices of similar items in active markets, quoted prices of similar items in inactive markets, market interest rates, implied volatilities and credit spreads. OP MB's OTC derivatives and the quoted corporate, government and financial institution debt securities not classified into Level 1 are classified into this hierarchical

level. Products subject to recurring fair value measurement during the reporting period only include derivatives.

**Transfers between hierarchy levels of recurring fair value measurements**  
Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such transfer or when circumstances change. Transfers between the levels are mainly due to the number of available market quotes. No transfers between the levels took place during the reporting period.





## Note 9. Related party transactions

OP MB's related parties comprise OP Cooperative (parent company) and companies consolidated into OP Cooperative Consolidated, associates, key management personnel and their close family members, and other related-party entities. The company's key management personnel comprises the Managing Director, Deputy Managing Director and members of the Board of Directors. Related parties also include companies over which a key management person or their close family member, either alone or together with another person, exercises control. Other entities regarded as related parties include OP-Eläkesäätiö pension foundation and OP Ryhmän Henkilöstörahasto personnel fund. Related parties have been defined in accordance with IAS 24.

Related party transactions consist of paid salaries and fees as well as ordinary business transactions.

No substantial changes have taken place in related-party transactions since 31 December 2024.

### Related party transactions

TEUR	31 Mar 2025		
	OP Cooperative	OP Corporate Bank	Other
Assets			
Cash and cash equivalents		343,172	
Derivative contracts		94,172	
Other assets	40	698	

TEUR	31 Mar 2025		
	OP Cooperative	OP Corporate Bank	Other
Liabilities			
Derivative contracts		562,900	
Debt securities issued to the public		327,436	
Provisions and other liabilities	69	0	18

TEUR	Q1/2025		
	OP Cooperative	OP Corporate Bank	Other
Interest income		2,195	
Interest expenses		-2,607	
Commission expenses		-2	
Operating expenses	-565	-24	-17



	31 Dec 2024		
	OP Cooperative	OP Corporate Bank	Other
<b>Related party transactions, TEUR</b>			
<b>Assets</b>			
Cash and cash equivalents		343,002	
Derivative contracts		114,221	
Other assets	40	1,654	

	31 Dec 2024		
	OP Cooperative	OP Corporate Bank	Other
<b>TEUR</b>			
<b>Liabilities</b>			
Derivative contracts		589,194	
Debt securities issued to the public		328,257	
Provisions and other liabilities	52		25

	Q1/2024		
	OP Cooperative	OP Corporate Bank	Other
<b>TEUR</b>			
Interest income		5,079	
Interest expenses		-23,384	-29
Commission expenses		-23	
Operating expenses	-591	-2	-758

OP MB paid EUR 3,466 thousand (7,490) in dividends to OP Cooperative on 14 March 2025.



## Note 10. Transactions with OP cooperative banks

The accounts of OP MB and the member cooperative banks are consolidated into OP Financial Group's financial statements. Transactions between OP MB and member cooperative banks are mainly related to the intermediary loan model, which is explained in greater detail in Note 6, Receivables from member credit institutions.

OP cooperative banks paid EUR 111,715 thousand (154,330) in interest income to OP MB, and OP MB paid EUR 0 thousand (4,121) in commission expenses to OP cooperative banks. Intermediary loans in OP MB balance sheet totalled EUR 14,938,592 thousand (14,954,957) at the end of the reporting period.



# Financial reporting

## Schedule for 2025 Interim Reports and Half-year Financial Report

Half-year Financial Report 1 January–30 June 2025

30 July 2025

Interim Report 1 January–30 September 2025

28 October 2025

Helsinki, 7 May 2025

**OP Mortgage Bank**

**Board of Directors**

### **Additional information:**

Sanna Eriksson, Managing Director, tel. +358 10 252 2517

### DISTRIBUTION

LSE London Stock Exchange

Euronext Dublin (Irish Stock Exchange)

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