POP BANK GROUP

FINANCIAL STATEMENTS RELEASE

1 JANUARY – 31 DECEMBER 2023

POP Bank

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This document is a translation of the original Finnish version "POP Pankki -ryhmä Tilinpäätöstiedote 1.1. - 31.12.2023". In case of discrepancies, the Finnish version shall prevail.

CEO'S REVIEW

The year 2023 was historic for the POP Bank Group and a successful year in all respects. The strategic guidelines implemented by the Group in recent years reaped results in many areas. We have improved the profitability of our core business operations over the long term, and the decision to focus the Group's business operations more strongly on the banking business was timely, as the changes in the operating environment supported the improved performance of our deposit banking business.

Another key event for POP Bank Group in 2023 was the sale of the majority stake in Finnish P&C Insurance Ltd to LocalTapiola. The transaction will have a positive impact on the Group's performance in the short and long term. The sale of the majority stake in the insurance company enables us to focus on our banking business. At the same time, we will continue to be one of the owners of a stronger insurance company that operates under the POP Insurance consumer brand. A broader ownership base and the significant resources of the new principal owner will accelerate Finnish P&C Insurance's growth in the future. We also announced a new partnership with LocalTapiola. The partnership will help POP Bank Group to provide its customers with a wider range of financial solutions in the future.

A successful year in the banking business and the sale of the majority stake in the insurance company propelled the amalgamation of POP Banks to its best result ever. The Group's profit before taxes was EUR 134.6 million, which includes EUR 45.2 million in income from insurance operations and their divestment. Earnings from continuing operations amounted to EUR 89.3 million. The divestment of insurance operations further strengthened the amalgamation's common equity tier 1 (CET 1) capital ratio, which was 20.3 per cent.

The majority of the growth in the POP Bank Group's income came from net interest income, but the positive trend in net commission income continued as well. The investment market saw a rapid increase in value as the outlook for interest rates started to decline, but there were also negative changes in value, resulting in a negative net return on investments for 2023. Most significant negative fair value changes were related to real asset investments of the Group.

POP Bank Group's expenses grew by 10 per cent year-on-year. In addition to higher inflation and salary expenses, the increase in expenses arises from our major system reform project, which is in progress. The project is at its most extensive in 2023–2025. During that time, the Group's performance will be burdened by development costs to the full effect. The system reform project is aiming for lower development costs and to build our capabilities to respond to changes in technology and our operating environment in more agile manner. We expect the Group's IT costs to decrease once the project is completed. At the same time, we make sure that banking with us is even smoother than before, regardless of the channel.

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The strategic guidelines implemented by the Group in recent years reaped results in many areas.

At the end of the year, the Group's loan portfolio stood at EUR 4.6 billion, with an increase of 2.6 per cent from the previous year. Growth in the mortgage portfolio slowed down with declining housing sales, but growth in the corporate loan portfolio continued at a good level. In contrast, investment in agriculture and forestry has fallen significantly. The weaker economic situation has increased the risk of credit losses, and POP Bank Group recognised more credit losses in 2023 than in the previous year. Deposits remained at the previous year's level, at EUR 4.3 billion.

We consulted our customers, personnel and other stakeholders as part of our double materiality analysis. Its results will be further analysed next year as part of the implementation of our responsibility programme. We also joined the Partnership for Carbon Accounting Financials (PCAF), a global partnership of financial institutions. This is our contribution to reducing greenhouse gas emissions by improving the measurement and reporting of emissions from our operations.

POP Bank once again had the highest customer satisfaction among private banking customers in EPSI Rating's independent Banking and Finance survey. We are very proud of this achievement and want to share our excellent customer service with even more Finns. To support our message, we further developed the POP Bank brand. At the beginning of the year, we introduced a new slogan for POP Bank: the bank of your life. It sums up the excellent service we offer, as well as POP Bank's core mission to help customers at every stage of their lives. This is what makes our work meaningful. I would like to take this opportunity to thank our employees, customers and partners for their cooperation in 2023.

Jaakko Pulli
CEO
POP Bank Centre coop

Operating income*
224.5
(141.6)
EUR million

Profit before tax*
89.3
(26.2)
EUR million

Net interest income
178.1
(93.3)
EUR million

Loan portfolio
4.6
(4.4)
EUR billion

CET 1 capital ratio
20.3 %
(19.4 %)

Customers
255,900
(256,500)

*Continuing operations

POP BANK GROUP AND AMALGAMATION OF POP BANKS

The POP Bank Group is a Finnish financial group that offers retail banking services for private customers as well as small and medium-sized companies. POP Banks are cooperative banks owned by their member customers. POP Bank Group's mission is to promote its customers' financial well-being, prosperity and local success.

STRUCTURE OF THE POP BANK GROUP

POP Bank Group consists of POP Banks, POP Bank Centre coop and their controlled entities. POP Banks are member credit institutions of POP Bank Centre coop. POP Bank Centre coop and its member credit institutions are mutually liable for their debts and liabilities according to the Act on the Amalgamation of Deposit Banks. POP Banks, POP Bank Centre coop and their controlled service companies constitute the amalgamation of POP Banks.

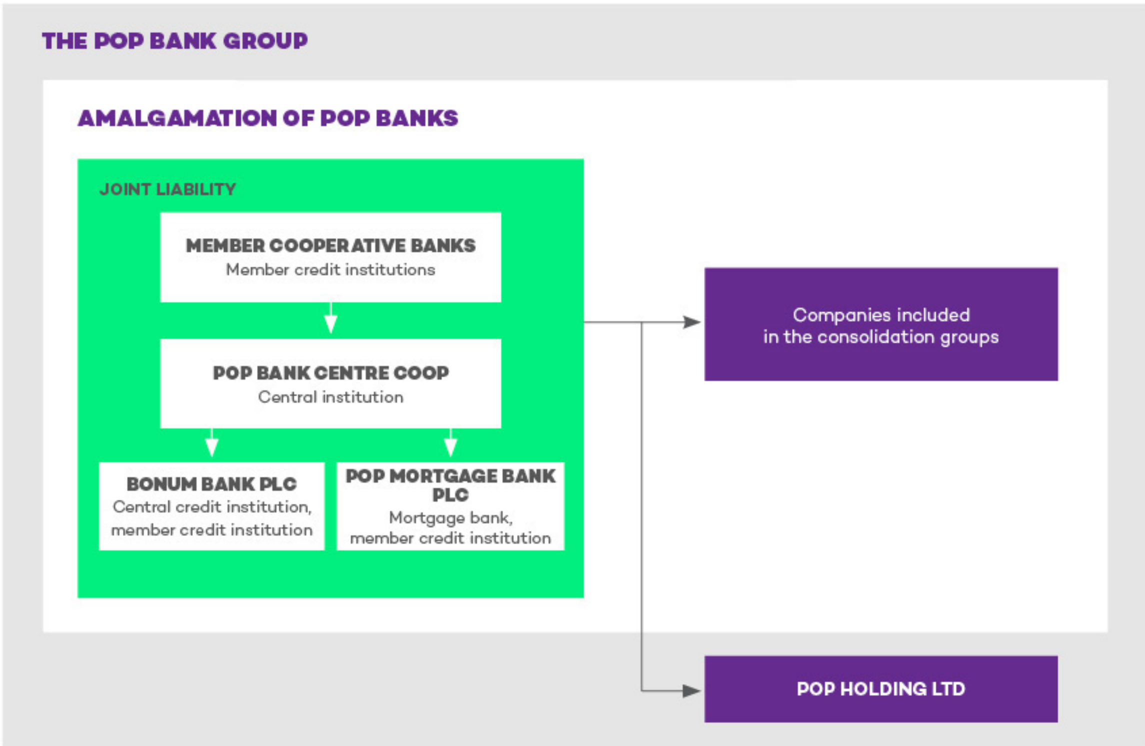
POP Bank Centre coop is the central institution of the amalgamation of POP Banks and is responsible for steering and supervising POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

Bonum Bank Plc serves as the central credit institution of the POP Banks and acquires external funding for the Group by issuing unsecured bonds. Bonum Bank Plc is also responsible for the POP Banks' card business and the Group's payment transactions and centralised services, in addition to granting credit to retail customers. POP Mortgage Bank Plc is responsible for the Group's mortgage-backed funding, which it acquires by issuing covered bonds.

POP Bank Group also includes POP Holding Ltd owned by POP Banks and POP Bank Centre coop. POP Holding Ltd owns 30 per cent from Finnish P&C Insurance Ltd which belongs to LocalTapiola Group and uses the auxiliary business name of POP Insurance. POP Holding Ltd is not a member of the amalgamation of POP Banks and is not included in the scope of joint liability.

The following chart presents the structure of POP Bank Group and the entities included in the amalgamation and scope of joint liability.

POP BANK GROUP STRUCTURE



CHANGES IN POP BANK GROUP'S STRUCTURE

In May 2023, POP Bank Group relinquished control over Finnish P&C Insurance Ltd and continues as a minority shareholder in the company. Subsequently, Finnish P&C Insurance Ltd will be consolidated as an associated company into POP Bank Group's consolidated IFRS financial statements.

One merger was completed within POP Bank Group during the financial period. At the end of May 2023, Jämijärven Osuuspankki merged with Kurikan Osuuspankki. After the merger, POP Bank Group consists of 18 cooperative banks. The merger was an intra-Group arrangement and had no impact on POP Bank Group's consolidated financial information.

OPERATING ENVIRONMENT

The global economy grew slowly in 2023. The growth slowed down particularly in China, which has been the driving force of the global economy in recent years. The surge in inflation in Europe and the subsequent rise in interest rates, as well as the energy crisis, were reflected as weaker growth in the eurozone. In particular, Germany, Europe's largest economy, has begun to struggle, and therefore Finland's economy is not getting the boost it needs from exports. Russia's war of aggression against Ukraine continued and the uncertainty it has caused is reflected in both economic performance and the security environment.

In 2023, there was a clear turn for the worse in the Finnish economy. High inflation continued to weaken households' purchasing power, even though wage agreements increased nominal wages more than before. The rapid rise in interest rates also meant that consumers started to feel more pessimistic about economic development.

Purchases of housing and consumer durables decreased markedly during the year, which weighed heavily on many sectors, especially residential construction and trade. However, in terms of household spending, there was a cautiously positive signal towards the end of the year when the European Central Bank put an end to the series of interest rate increases, and the market started waiting for interest rates to fall. The inflation rate also slowed significantly towards the end of the year. In Finland, energy prices and availability improved on the previous year, as the wind and nuclear power generation capacity increased.

Construction activity in Finland was exceptionally high in the early 2020s, but the first signs of a downturn in construction had already become visible by the end of 2022. The high inflation and rising interest rates following the pandemic led to a steep decrease in the number of building permits and construction starts in 2023, and at the same time buyers also became more cautious than before. In addition, as housing investors, which make up a major group of buyers, largely disappeared from the housing market, housing prices continued to decline in 2023. The construction sector is very important for the Finnish economy, so the slowdown in construction weighed on GDP development, especially towards the end of the year.

Agricultural input prices fell in 2023 from the previous year, but the declining trend in producer prices in most types of production and rising interest rates have kept investments at a low level. Profitability differences between farms continued to grow. The price of timber was at a historically high level as competition between timber buyers has increased since the end of timber imports from Russia.

Although households' purchasing power was weak in 2023, unemployment continued to remain under control. In general, households have continued to manage their loans well. However, the number of company bankruptcies turned to a clear increase, and the weakened economic situation also led to an increase in the number of lay-offs. The weakened economic cycle is reflected in the amounts of banks' non-performing loans and credit losses.

KEY EVENTS

THE MAJORITY STAKE IN THE INSURANCE COMPANY WAS SOLD TO LOCALTAPIOLA

The POP Bank Group sold 70 per cent of the share capital of Finnish P&C Insurance Ltd to LocalTapiola on 25 May 2023. Finnish P&C Insurance Ltd will continue to operate as an independent company and will continue to use the POP Insurance brand in its insurance products. POP Bank Group recognised an income of EUR 41.9 million from the sale. The overall positive impact of the insurance operations on the Group's result was EUR 45.2 million. The amalgamation's capital adequacy improved with the reduction of capital tied up in insurance operations.

As a result of the change of control, POP Bank Group's management no longer monitors insurance operations as a separate operating segment. POP Bank Group will only have one operating segment. After the transaction, a share of the company's result corresponding to POP Bank Group's holding is consolidated in the Group's financial statements using the equity method.

COOPERATION WITH LOCALTAPIOLA

During 2023, POP Bank Group and LocalTapiola have started cooperation. The groups are pursuing wide cooperation both regionally and on product level. The cooperation has launched well and it will be strengthen in the future.

CHANGES IN THE GROUP STRUCTURE

The number of POP Banks decreased by one at the end of May, when Jämijärven Osuuspankki merged with Kurikan Osuuspankki. After the merger, POP Bank Group consists of 18 POP Banks. During the financial year, the internal division of work within POP Bank Group was developed by expanding the services produced centrally for the POP Banks in Bonum Bank's Service Centre. In addition to telephone and chat services for customers, the Service Centre provides anti-money-laundering operations for the whole Group, as well as a range of centrally provided back-office services. The aim of the Service Centre is to improve the Group's operational efficiency.

POP BANK GROUP'S RESPONSIBILITY PROGRAMME

In accordance with POP Bank Group's sustainability vision, POP Banks are trusted partners to their customers, members and local communities in creating sustainable well-being. In the spring of 2023, POP Bank Group drew up an action plan for 2023–2024 to support its responsibility programme. The action plan includes, for example, training for employees and a project to calculate the carbon footprint of the Group's own operations. POP Bank Group has started preparing for the EU Corporate Sustainability Reporting Directive, which will introduce new reporting obligations. To serve this purpose, the Group carried out a double materiality analysis to identify material sustainability topics.

SYSTEM REFORM PROJECT

In 2022, POP Bank Group started a project to modernise its core systems, including its entire core banking system, regulatory reporting solutions and the related integrations, as well as data warehousing. The new core banking system will be supplied by Crosskey, a Finnish IT company. The project aims to improve the cost-effectiveness and speed of system development in banking. It also includes a data warehousing reform project, which will enable more flexible reporting and improve the POP Bank Group's ability to use data analytics in its business operations.

As part of the whole plan, a customer data management system was introduced in all POP Banks in 2023. The Group also prepared for an office infrastructure reform, for which Tietokeskus Oy has been chosen as the partner. The POP Bank Group expects to introduce the new core banking system during 2025. It is estimated that the system reform project will cause overlapping costs to the Group during the project, as the implementation of new systems is prepared alongside the current systems.

THE POP BANK GROUP'S FUNDING

In April, POP Mortgage Bank Plc, which is part of the POP Bank Group, issued the second covered bond under its EUR 1 billion covered bond programme. The covered bond has a nominal value of EUR 250.0 million. In addition, Bonum Bank Plc issued a bond with a nominal value of EUR 50.0 million in July.

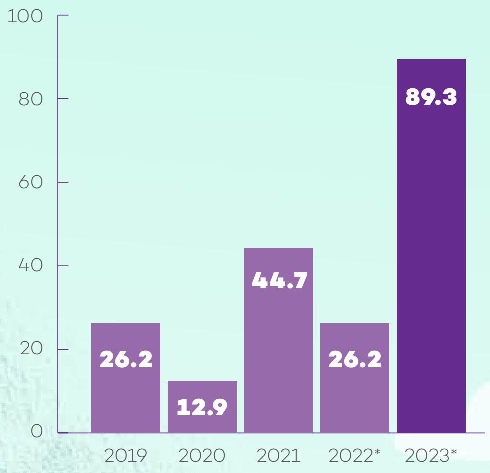
POP Bank Group participated in the European Central Bank's TLTRO funding operation with a total of EUR 128.4 million between 2020 and 2021. Of the TLTRO funding, EUR 50.0 million matured in June. The remaining funding will mature in 2024.

CREDIT RATINGS

In October 2023, S&P Global Ratings affirmed Bonum Bank Plc's long-term investment grade to 'BBB' and short-term investment grade to 'A-2' and changed the outlook from stable to positive.

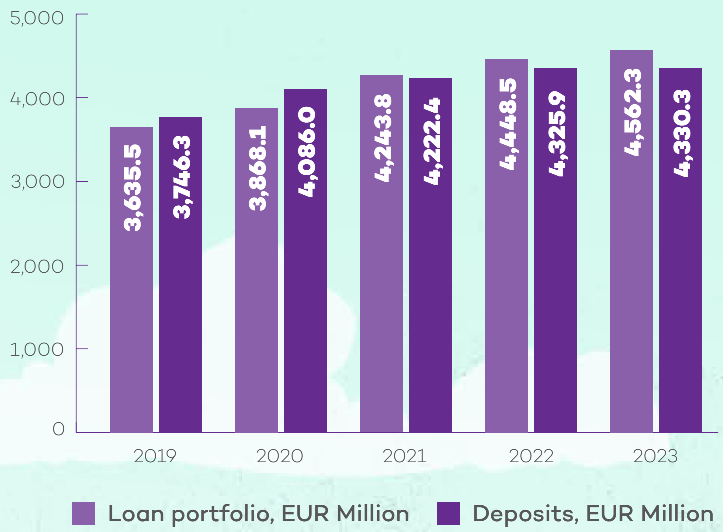
In April and October 2023, S&P Global Ratings confirmed an AAA rating with a stable outlook for POP Mortgage Bank Plc's loan programme and bonds issued.

PROFIT BEFORE TAX, EUR MILLION

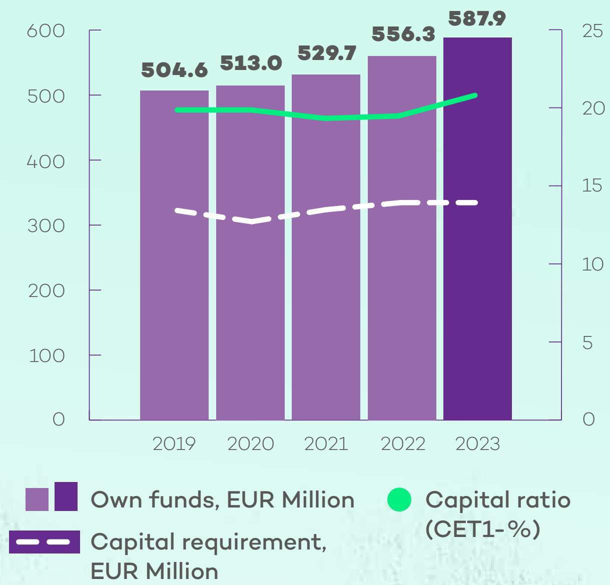


*Continuing operations

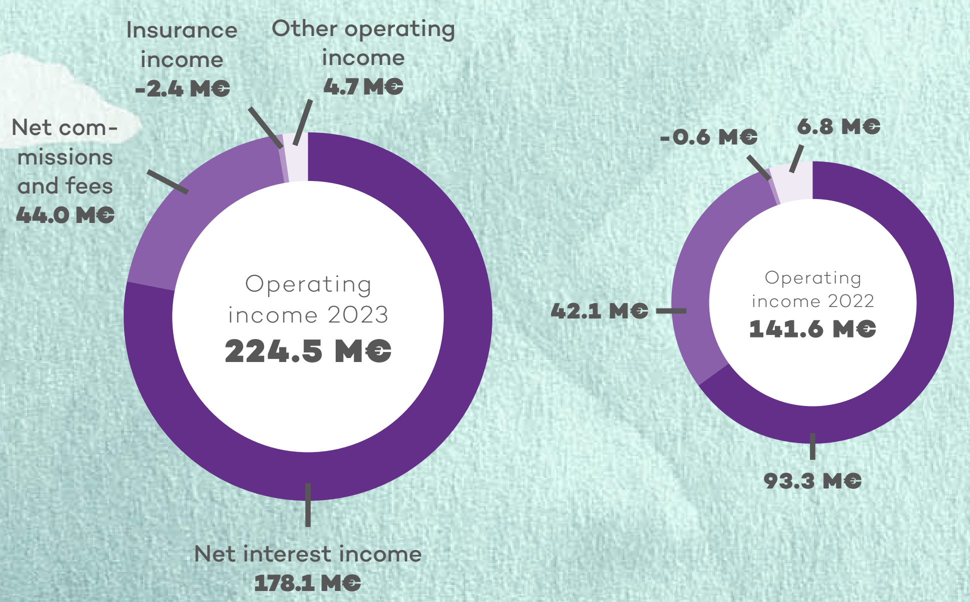
LOAN PORTFOLIO AND DEPOSITS, EUR MILLION



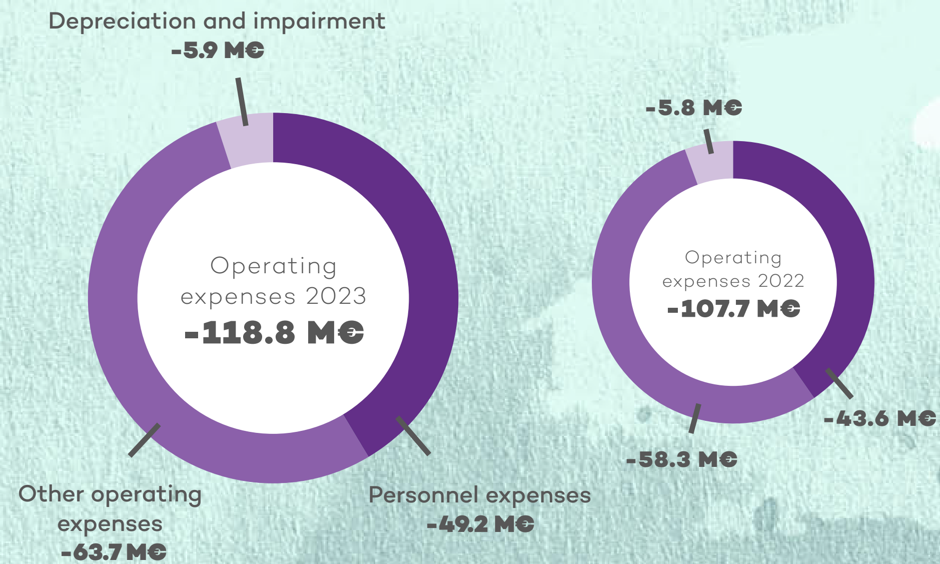
CAPITAL ADEQUACY



OPERATING INCOME, EUR MILLION



OPERATING EXPENSES, EUR MILLION



POP BANK GROUP'S EARNINGS AND BALANCE SHEET

POP BANK GROUP KEY FIGURES AND RATIOS

Key income figures (EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021	1 Jan-31 Dec 2020	1 Jan-31 Dec 2019
Net interes income	178,108	93,326	78,338	74,099	69,318
Net commissions and fees	44,016	42,098	36,326	31,049	30,013
Insurance income	-	-	13,192	11,611	10,913
Net investment income	-2,355	-602	10,028	1,298	15,588
Personnel expenses	-49,204	-43,571	-50,655	-43,531	-42,843
Other operating expenses	-63,703	-58,303	-55,464	-51,978	-47,927
Impairment losses on financial assets	-17,271	-7,738	-10,390	-7,468	-6,528
Profit before tax	89,326	26,155	44,670	12,919	26,150

Key balance sheet figures (EUR 1,000)	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Loan portfolio	4,562,254	4,448,480	4,243,829	3,868,147	3,635,488
Deposit portfolio	4,321,028	4,331,041	4,222,364	4,086,045	3,746,305
Insurance contract liabilities	-	48,241	52,692	43,915	38,606
Equity capital	688,106	566,675	552,809	517,242	508,435
Balance sheet total	6,074,569	5,774,192	5,357,697	5,098,398	4,535,557

Key ratios	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Cost to income ratio	52.9%	76.1%	68.8%	83.6%	75.1%
Return on assets, ROA %	1.2%	0.4%	0.7%	0.2%	0.5%
Return on equity, ROE %	11.4%	3.7%	6.9%	2.2%	4.3%
Equity ratio, %	11.3%	9.8%	10.3%	10.1%	11.2%
Common equity Tier 1 capital ratio, (CET1) %	20.3%	19.4%	19.2%	19.9%	19.8%
Capital adequacy ratio, (TC) %	20.3%	19.4%	19.2%	19.9%	19.9%

*Key figures and ratios for continuing operations 2022-2023

POP Bank Group has adopted IFRS 17 Insurance contracts in 1 January 2023 retrospectively and reclassified financial assets of insurance operations at the date of initial application. The change has been recognised in key balance sheet ratios retrospectively. Since POP Bank Group has relinquished control in insurance operations and presents the profit as discontinued operations, profit for insurance operations has not been included in key income figures and ratios. Further information on the adoption of IFRS 17 has been presented in note 2 and on discontinued operations in note 3 to the financial statements release.

POP BANK GROUP'S EARNINGS PERFORMANCE FOR CONTINUING OPERATIONS

POP Bank Group's profit before tax for continuing operations was EUR 89.3 (26.2) million, and profit for the financial year was EUR 71.6 (20.9) million.

The Group's net interest income for continuing operations increased by 90.8. per cent to EUR 178.1 (93.3) million. Interest income for the financial year amounted to EUR 254.9 (104.4) million, and interest expenses were EUR 76.8 (11.1) million. The increase in net interest income is due to the rise in market interest rates, which has increased interest income both from receivables from customers and from new interest investments. Net commissions and fees increased from previous year by 4.6 per cent to EUR 44.0 (42.1) million. Net investment income for continuing operations amounted to a loss of EUR -2.4 (-0.6) million due to negative fair value changes of investments.

Other operating income totalled EUR 4.7 (6.8) million. Other operating income includes the reimbursement of the old Deposit Guarantee Fund, which covers the deposit guarantee contribution of the Financial Stability Authority included in other operating expenses. Other operating income for continuing operations totalled EUR 224.5 (141.6) million.

Total operating expenses for continuing operations increased by 10.3 per cent to EUR 118.8 (107.7) million. Personnel expenses totalled EUR 49.2 (43.6) million. Other operating expenses were EUR 63.7 (58.3) million. Other operating expenses were increased by the system reform project started in 2022, during which the group will incur temporary overlapping costs in addition to project costs, e.g. licenses and systems. Depreciation, amortisation and impairment on property, plant and equipment and intangible assets was EUR 5.9 (5.8) million.

A total of EUR 17.3 (7.7) million was recognised in impairment on financial assets. Impairment of loans and receivables from customers recorded under the financial period was 0.37 (0.19) per cent of the loan portfolio. Impairment losses include a net increase in expected losses (ECL) of EUR 11.3 (4.5) million and realised credit losses of EUR 5.9 (3.2) million.

POP BANK GROUP'S BALANCE SHEET

POP Bank Group's assets totalled EUR 6,074.6 (5,774.2) million at the end of the financial period. The loan portfolio increased by 2.6 per cent during the financial year, amounting to EUR 4,562.3 (4,448.5) million. At the end of the financial year, the Group had deposits totalling EUR 4,321.0 (4,331.0) million with a decrease of 0.2 per cent.

The number of bonds in issue was EUR 787.2 (565.3) million at the end of the financial year of which covered bonds were EUR 500.0 (250.0) million. The Group's investment assets were 814.2 (712.3) million. Investment assets include investments in securities and real estate in banking operations. Securities are mainly fixed income investments.

POP Bank Group's equity totalled EUR 688.1 (566.7) million at the end of the financial period. The cooperative capital, which consists of POP Banks' cooperative contributions and POP Shares, amounted to EUR 71.1 (70.9) million. POP Banks paid EUR 1.7 (1.1) million in interest on cooperative capital for 2022. In total, POP Banks have issued EUR 60.4 (60.2) million in POP Shares. POP Shares are investments in the cooperative bank's equity in accordance with the Co-operatives Act.

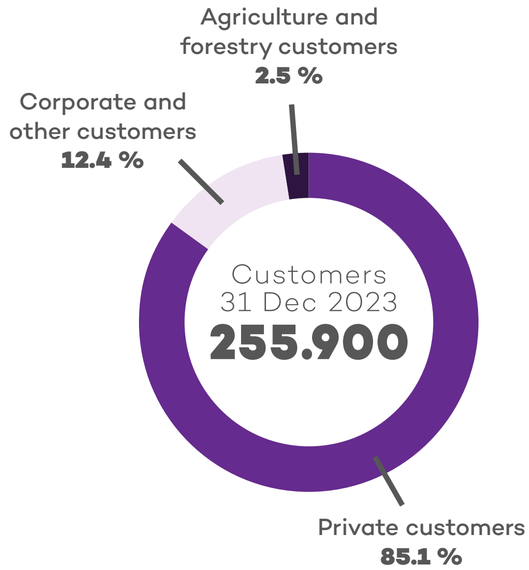
BUSINESS DEVELOPMENT

At the end of the financial year, POP Bank Group had 255.9 thousand banking customers (256.5 at the beginning of the financial year). The number of private and corporate customers developed favourably from the previous year. The number of customers in agriculture and forestry has decreased. Customer orientation is one of POP Bank's values, and customer satisfaction is an important indicator of business development. In EPSI Rating's Banking and Finance survey, POP Bank had the most satisfied customers for the 12th time.

At the end of the financial year, the POP Banks had 70 branches and service points, including three branches focusing on digital services. In addition, customers have access to mobile and online banking services and online appointments.

POP Bank Group's customer groups are shown in the diagram.

POP BANK GROUP'S CUSTOMERS 31 DEC 2023



Between January and December, POP Bank Group's loan portfolio increased to EUR 4,562.3 (4,448.5) million, with an increase of 2.6 per cent on the end of 2022. Loans granted to private customers increased by 0.3 per cent year-on-year, while loans to corporate customers and customers in agriculture and forestry grew by 6.9 per cent. Net interest income on the loan portfolio increased strongly during the year, but the average margin on the portfolio fell slightly.

There was no significant change in the volume of mortgage loans, which stood at EUR 2,356.7

(2,313.1) million at the end of December. The sluggish housing market continued to reduce demand for mortgage loans from 2022. New mortgage loan sales amounted to EUR 213.2 (259.0) million, with a decrease of 17.7 per cent. The majority of the mortgage loan portfolio is tied to the 12-month Euribor. POP Bank Group's reference rate, POP Prime, rose from 1.5 per cent to 3.4 per cent during the year as market interest rates increased.

The relative share of interest rate hedges on loans granted during 2023 increased slightly, particularly for fixed rates. As the first-time homebuyers' transfer tax exemption ended in Finland at the beginning of 2024, the POP Banks decided to support first-time homebuyers by removing mortgage set-up fees for the period between 1 November 2023 and 31 March 2024. Although demand for mortgages has decreased, demand for consumer credit has been steady. Corporate lending developed well and was strong during the year, especially in loans to small and medium-sized enterprises.

Deposits decreased by 0.2 per cent from the beginning of the year and amounted to EUR 4,321.0 million. The rise in market interest rates has increased demand for fixed-term deposits, and their share of the loan portfolio increased to 19.0 (10.3) per cent during the financial year. The interest rate on current accounts increased from zero to 0.25 per cent during 2023. The Group's gross investment sales in funds and savings insurance amounted to EUR 47 million.

POP Lisätakaus, a product with a directly enforceable guarantee for private customers, was launched during the first half of the year. POP Lisätakaus can be used as collateral for financing residential or investment properties. The product is provided by Finnish P&C Insurance Ltd. The usability of POP Mobile was improved, and a new credit card limit increase functionality was released. During the first half of the year, secured hire-purchase and leasing financing solutions provided by Svea Bank were added to the product range for corporate customers.

During the year, extensive groundwork was carried out to further develop the POP Bank brand. The results of an extensive market and customer analysis have been used to design a marketing campaign to increase awareness of the POP Bank brand.

DISCONTINUED OPERATIONS

In May 2023, POP Bank Group sold majority of the shares of Finnish P&C Insurance Ltd, which comprises the insurance segment, to LocalTapiola. Profit for insurance operations is reported as discontinued operations in accordance with IFRS 5.

The impact of discontinued operations on POP Bank Group income statement in financial year 2023 and 2022 is presented in the table below.

(EUR 1,000)	1 Jan -25 May 2023	1 Jan-31 Dec 2022
Net interest income	387	723
Net investment income	1,101	-4,789
Insurance service result	2,109	2,508
Net insurance finance income	-267	4,547
Other operating income	36	89
Other operating expenses	-77	-104
Profit from discontinued operations before taxes	**3,290**	**2,974**
Income taxes	-	-2
Profit from discontinued operations	**3,290**	**2,972**
Capital gain on discontinued operations	38,098	-
Fair valuation of share ownership	3,840	-
Total capital gain on discontinued operations	**41,939**	**-**
Total profit from discontinued operations	**45,228**	**2,972**

Finnish P&C Insurance Ltd has been consolidated into POP Bank Group until 25 May 2023. Insurance operations accumulated a profit of EUR 3.3 million from the beginning of the reporting period until the sale, while the result before taxes for the financial year 2022 was EUR 3.0 million. The net insurance service result from January 1 to May 25, 2023, was EUR 2.1 million and EUR 2.5 million for the financial year 2022. The net insurance finance income accumulated from the beginning of the reporting period until the sale was EUR -0.3 million and EUR 4.5 million for the financial year 2022. The net investment income from January 1 to May 25, 2023, was EUR 1.1 million and EUR -4.8 million for the financial year 2022.

POP Bank Group continues to be the owner of Finnish P&C Insurance Ltd with a 30 per cent ownership stake. The company's profit will in the future be consolidated by using the equity method.

POP BANK GROUP'S RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION

PRINCIPLES AND ORGANIZATION OF RISK MANAGEMENT

POP Bank Group's strategy outlines the Group's risk appetite. Business activities are carried out at a moderate risk level so that the risks can be managed in full. The purpose of the risk management is to ensure that all significant risks are identified, assessed, measured and monitored, and that they are proportionate to the risk-bearing capacity of the amalgamation and the individual member credit institution.

As the central institution, POP Bank Centre coop supervises the sufficiency and functioning of the risk management systems at the level of the member credit institutions and the amalgamation and is liable for the Group's risk and capital adequacy management in accordance with section 17 of the Amalgamation Act. The central institution issues binding instructions concerning risk and capital adequacy management, corporate governance and internal control to the member credit institutions to secure their solvency and capital adequacy. Furthermore, common business risk limits have been established for the member institutions to ensure that the risks taken by an individual member institution are within acceptable limits according to accepted risk appetite.

The central institution supervises that the member credit institutions comply with laws, decrees, instructions and regulations issued by the authorities, their own rules and the internal binding instructions of the amalgamation in its activities. The independent functions within the central institution are formed as the risk control function monitoring the risk position, the compliance function supervising the compliance within the regulations and internal audit.

The purpose of capital adequacy management is to ensure the sufficient amount, quality and efficient use of the capital of the amalgamation of POP Banks. Capital is held to cover the material risks arising from the amalgamation's business strategy and plan and to secure the uninterrupted operation of the amalgamation in case of unexpected losses. The goal is pursued through a documented and systematic capital adequacy management process which is integrally linked to the amalgamation's and member credit institutions' strategy process and business planning and management.

Risk and capital adequacy management is described in more detail in note 4 to the financial statements. Material information regarding capital adequacy as specified in the updated Capital Requirements Regulation (EU 2019/876) is presented in a separate Pillar III report published on POP Bank Group's Internet page .

RISK POSITION

Credit risk

The amalgamation's credit risk position in banking remained stable and the risk level moderate.

Impaired exposures (ECL stage 3) were larger than in previous financial year EUR 156.6 (113.6) million. Expected credit losses in ECL stage 3 grew to EUR 42.9 (31.7) million and thus coverage ratio was 27.4 per cent of ECL stage 3 exposures. Non-performing receivables increased to 196.5 (155.7) million, of which 156.2 (113.4) were held on ECL stage 3 and 38.4 (38.6) million were held on ECL stage 2.

POP Bank Group has derecognised an additional ECL provision of EUR 3.0 million, which was based on management judgement in financial year 2021. The provision was not addressed to individual loans. The provision was made in order to prepare for the negative impact of cost inflation to corporate and agricultural customers' ability to pay. The increase in credit risk connected to these loans and receivables has been recognised in expected credit losses and write offs recognised during the financial year at loan level.

The amount of expected credit losses (ECL) for loans, receivables and investment portfolios increased ending up at EUR 54.4 (43.1) million. Realised credit losses incurred during the financial year were EUR 5.9 (3.2) million.

The amalgamation's loan portfolio grew by 2.6 per cent amounting EUR 4,562.2 (4,448.5) million at the end of the accounting period. Industry and customer risks are diversified. Loans granted to private customers accounted for 63.6 (63.9) per cent, to companies 24.0 (22.8) per cent and to agricultural entrepreneurs 12.8 (13.3) per cent of the loan portfolio. Majority of the lending is associated with low-risk lending to private customers with real estate collaterals. Portion of the loans secured by residential real estate was 62.5 (63.0) per cent of the loan portfolio.

Credit risk management is based on a continuous monitoring of past-due payments, forbearances and non-performing loans as well as the quality of the loan portfolio. Monitoring expected credit losses (ECL) is an essential part of the credit risk management processes. Foreseen problems are to be assessed as early as possible. Key figures of ECL are presented in note 9.

Liquidity risk

POP Bank Group's liquidity position remained strong during the financial period. Liquidity Coverage ratio (LCR) as the key regulatory indicator for liquidity buffer was 273.9 (184.8) per cent on 31 December 2023, with the requirement being 100 per cent. On 31 December 2023, the amalgamation's LCR-eligible assets before haircuts totalled EUR 887.2 (691.7) million, of which 55.9 (64.8) per cent were cash and balance at the central bank and 41.3 (31.0) per cent were highly liquid Level 1 securities. In addition, outside the amalgamation's LCR portfolio unencumbered securities, available for central bank funding operations totalled to EUR 98.4 (39.8). POP Mortgage Bank will have a substantial impact to liquidity risk management in future as it will broaden potential investor base.

The requirement for stable funding, NSFR, measures the maturity mismatch of assets and liabilities on the balance sheet and is responsible for ensuring that ongoing funding is sufficient to meet funding needs over a one-year period, thus preventing over-reliance on short-term wholesale funding. The amalgamation's NSFR ratio was 132.7 (133.5) per cent while minimum regulatory requirement is 100 per cent.

POP Bank Group's funding position remained strong during the financial year. The proportion of deposits of the credit portfolio remained high and total deposits decreased by 0.2 per cent during the reporting period. During 2023 the funding position was supported by the second emission of EUR 250 million by POP Mortgage Bank. At the end of the reporting period, issued securities totalled EUR 787.2 (565.3) million. In addition, at the end of the financial year, Bonum Bank had TLTRO III financing totalling EUR 78.4 (128.4) million.

POP Bank Centre coop, the central institution of POP Banks' amalgamation, applies a permission granted by the Finnish Financial Supervisory Authority to decide that the requirements laid down in the sixth part of the European Union's Capital Requirements Regulation (EU 575/2013) and EU's statutory orders set in the Regulation are not applied to its member credit institutions. According to the permission, the regulatory requirements for liquidity risk (LCR and NSFR) shall only be met at the amalgamation level.

Market risk

Market risks from banking arise from the banking book of member credit institutions, consisting of lending and deposits, wholesale market funding and investment and liquidity portfolios. Market risk exposure for investment activities remained at a moderate level and respectively banking book interest rate exposure was increased as result of rising interest rates. In order to mitigate bonking book exposure, hedging activities were continued during the period with interest rate derivatives and alternatively by increasing fixed rate LCR eligible investments. The banking book exposure is monitored and limited via both the net present value and income risk models. The impact of +/- one percentage point change in interest rates for the following 12 months' net interest income stood at EUR +14.5 (+17.9) / -16.4 (-17.8) million. The member credit institutions do not have any trading activities.

Market risks arising from investing activities are limited through asset allocation and by diversification into different asset classes and counterparties. Risk limits are in place for different counterparties and asset classes. No currency risk is taken in lending activities. The use of derivatives is limited to hedging the interest rate risk in the banking book.

Operational risks

Operational risks are primarily managed with risk management processes, instructions and risk area-specific mitigating actions (controls and measures) to correct the identified deficiencies and errors and to lower the risk level. Controls and measures of risk management include e.g., instructions and their continuous updating, review and monitoring, technical controls preventing improper and unauthorized use of systems, personnel-related and IT backup arrangements, identify and access management (IAM), business continuity plan, outsourcing agreement, insurance coverage, reporting, training and increasing competence.

Operational risk management processes in POP Bank Group include regular self-assessment of operational risks (risk identification, assessment, determination and implementation of mitigating actions), registration and reporting of realized risk events and near-miss situations, risk appetite statements and metrics for operational risks, and a new product/service approval process. The most significant operational risk management process in the POP Bank Group, the self-assessment of operational risks must be carried out regularly, where all member credit institutions and POP Bank Centre coop regularly identify and assess the operational risks, determine and implement mitigating actions (controls and measures) to eliminate and reduce risks to lower, and monitor and update the risk picture and related mitigating actions regularly as a continuous process. In order to create a uniform process and to document risk assessment and monitoring of mitigating actions in POP Bank Group´s operational risk management, several risk management tools were introduced in early 2023, which also enable systematic and regular monitoring of operational risks.

The compliance function monitors the amalgamations outsourcings, maintains a register of outsourced operations and functions and participates in evaluating the risks involved in outsourcing operations. The operational risks associated with the key products, services, functions, processes and systems are identified in the assessment process concerning a new product or service carried out by the business function and reviewed by the risk control and compliance function.

The operating model for risk management related to money laundering and other financial crime has been reinforced in 2023 with additional personnel on the amalgamation level. This has included updating the binding guidelines on the prevention of money laundering and other financial crime within the amalgamation, increasing the selection of solutions and the amount of resources available for continuous monitoring, and acquiring and implementing a completely new AML monitoring system, as well as active communication and a considerable increase in training. Particular attention has been paid to ensuring safer banking for customers by developing internal systems and communicating about safe banking through websites, social media and separate customer events, for example.

RECOVERY AND RESOLUTION PLAN

In accordance with the bank resolution act for own funds and eligible liabilities, the Financial Stability Authority has set the minimum requirement of own funds and eligible liabilities (MREL-requirement) for the amalgamation of POP Banks. The MREL requirement is 19.39 per cent of total risk-weighted assets (TREA) or 5.91 per cent of the leverage ratio exposures (LRE).

On 31 May 2023, the Financial Stability Authority updated the decision. The new MREL requirement is 19.99 per cent of the TREA or 7.75 per cent of the LRE.

The new requirement replaces the previous decision as of 1 January 2024. The Group's MREL requirement has been covered with own funds and unsecured senior bonds.

CAPITAL ADEQUACY MANAGEMENT

At the end of the financial year, the capital adequacy of the amalgamation of POP Banks remained at a solid level. The amalgamation's capital adequacy ratio and CET1 capital ratio were both 20.3 (19.4) per cent. The amalgamation does not include the profit for the financial year in own funds. The amalgamation's own funds of EUR 587.9 (556.3) million are comprised of cooperative contributions, POP Shares, retained earnings and other non-restricted reserves. Issuance of POP Shares is the member credit institutions' primary means for raising capital. The amount of POP Shares outstanding at the end of the financial year was EUR 60.4 (60.2) million.

The amalgamation's own funds requirement is comprised of the following:

- Capital Requirements Regulation minimum of 8%
- Additional Pillar 2 capital requirement of 1.25%
- Capital conservation buffer of 2.5%
- Country-specific capital requirements for foreign exposures

All capital requirements are fully covered with CET1 Capital.

Member credit institutions of the amalgamation have been exempted from the own funds requirements for intragroup items and large exposures limits for exposures between the central credit institution and the member credit institutions based on a permission granted by the FIN-FSA. Similarly, member credit institutions have received exemption from FIN-FSA regarding amalgamation's internal items in leverage ratio reporting.

The leverage ratio was 9.5 (9.5) per cent in relation to minimum requirement of 3 per cent.

SUMMARY OF CAPITAL ADEQUACY

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Own funds		
Common Equity Tier 1 capital before deductions	597,197	563,523
Deductions from Common Equity Tier 1 capital	-9,301	-7,216
Total Common Equity Tier 1 capital (CET1)	**587,896**	**556,307**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**587,896**	**556,307**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**587,896**	**556,307**
Total risk weighted assets	**2,899,048**	**2,871,756**
of which credit risk	2,558,096	2,613,793
of which credit valutaion adjustment risk (CVA)	10,002	6,089
of which market risk (foreign exchange risk)	13,748	12,945
of which operational risk	317,203	238,928

(EUR 1,000)	31 Dec 2023	31 Dec 2022
CET1 Capital ratio (CET1-%)	**20.3 %**	**19.4 %**
T1 Capital ratio (T1-%)	**20.3 %**	**19.4 %**
Total capital ratio (TC-%)	**20.3 %**	**19.4 %**
Capital Requirement		
Total capital	587,896	556,307
Capital requirement *	342,100	338,215
Capital buffer	245,796	218,092
Leverage ratio		
Tier 1 capital (T1)	587,896	556,307
Leverage ratio exposure	6,167,246	5,879,750
Leverage ratio, %	9.5 %	9.5 %

* The capital requirement is comprised of the minimum requirement of 8.0%, the capital conservation buffer of 2.5%, the additional Pillar 2 requirement of 1.25% and country-specific countercyclical capital requirements for foreign exposures.Financial Supervisory Authority decided on 29 March 2023 to impose a systemic risk buffer of 1.0 per cent, which will enter into force after the transitional period on 1 April 2024.

SUSTAINABILITY

Social responsibility in the POP Bank Group is based on cooperative values, local operations and long-term business operations. The Group sustainability report for year 2023 is published as part of the Group's Annual Report. The Group complies with the international Global Reporting Initiative (GRI) framework.

POP Bank Group's operations comply with current laws, regulations and the guidelines and orders issued by the authorities, as well as with the principles of good governance and the Group's values, strategy own rules and binding internal guidelines. In its banking operations, the Group also complies with Good Banking Practice and the related trading guidelines, as well as with the amalgamation's internal guidelines. In offering insurance products, the Group complies with the guidelines issued by Finance Finland concerning good insurance practice, as well as with the company's internal guidelines.

The operational management of matters related to responsibility has been integrated as part of normal day-to-day business. In the POP Bank Group, matters concerning responsibility are discussed by the Executive Board and the Board of Directors of the POP Bank Centre coop. The guidelines are reviewed annually by the Executive Board and the Board of Directors, and the policies and principles are updated to support operations as necessary.

POP Bank Group's responsibility work is guided by its ESG vision according to which POP Bank is trusted partner for its customers, members and local communities to create sustainable wellbeing. The Group's responsibility programme's focus areas are:

1. Promoting sustainable financing and investing, and thereby mitigating climate change
2. Supporting local success, vitality and well-being
3. Transparent business operations
4. Ensuring the equality of employees and promoting diversity and well-being at work
5. Preventing a grey economy, corruption and money laundering
6. Continuous improvement of information security and promoting secure banking

In autumn of 2022 POP Bank Group conducted an extensive stakeholder survey, which was basis for introducing a new theme of information security and secure banking to the focus areas in the beginning of 2023.

POP Bank Group actively monitors the development of the EU regulation related to sustainable finance and is continuously preparing its own services, processes, reporting and guidelines to meet the regulatory changes related to sustainable finance. According to the POP Bank Group's assessment, its operations have not involved any risks directly related to the environment, social responsibility or human rights that would have had a significant impact on its operations.

In autumn of 2023 POP Bank Group conducted a double materiality assessment to prepare for the reporting under EU's Corporate Sustainability Reporting Directive (CSRD). The purpose of the double materiality assessment is to identify and specify the material sustainability issues for POP Bank Group. In the assessment the material sustainability issues are considered in two different angles: the impact of POP Bank Group to the environment and society and the financial impact of sustainability issues on POP Bank Group. The outcome of the materiality assessment and the identified material sustainability issues will determine the topics published in sustainability reporting from financial year 2024 onwards.

POP Bank received second highest index scores in its sector from private and corporate customers in the Sustainability Index assessment in connection with the EPSI Rating customer satisfaction survey 2023. The index is based on customers' assessments of the operator and the questions related to sustainability in the survey.

EVENTS AFTER THE CLOSING DATE

POP Bank Centre coop's Board of Directors is not aware of events having taken place after the closing date that would have a material impact on the information presented in the financial statements of the POP Bank Group.

OUTLOOK FOR 2024

Global economic growth is expected to pick up in 2024, but remain lower than usual. However, the Finnish economy is expected to contract, and inflation is expected to slow down. The main factors affecting the Finnish economy are a weaker export outlook and a decline in investment. The European Central Bank has stopped key interest rate hikes for the time being, and expectations of a decrease in key interest rates have increased. The rapid fall in market interest rates at the end of 2023 has stabilised in early 2024, but interest rates are expected to continue to fall at a moderate pace.

In Finland, the weaker economic outlook and higher interest rates than in previous years are affecting the demand for mortgage loans. Weaker investment activity reduces the demand for corporate funding, making it more challenging to achieve volume growth in business. The weaker economic situation will be reflected in the amount of credit losses. The rise in market interest rates has also changed the pricing of funding, and the competition for deposits may raise banks' funding costs during the remainder of the year.

Despite the challenging operating environment, the Group's earnings from continuing operations in 2024 are expected to be at the same level as in 2023. The performance involves uncertainties related to changes in market interest rates and investment markets, possibly intensifying competition for deposits, and the development of the amount of credit losses.

All the forecasts and estimates presented in the financial statements are based on the management's current view on economic development, and the actual results may be significantly different because of the many factors affecting the operating environment.

POP BANK GROUP FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2023 (IFRS)

POP BANK GROUP'S INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022 Restated
Interest income		254,939	104,399
Interest expenses		-76,832	-11,073
Net interest income	**4**	**178,108**	**93,326**
Net commissions and fees	5	44,016	42,098
Net investment income	6	-2,355	-602
Other operating income		4,685	6,773
Total operating income		**224,453**	**141,594**
Personnel expenses		-49,204	-43,571
Other operating expenses		-63,703	-58,303
Depreciation and amortisation		-5,917	-5,842
Total operating expenses		**-118,824**	**-107,717**
Impairment losses on financial assets	9	-17,271	-7,738
Associate´s share of profits		968	16
Profit before taxes		**89,326**	**26,155**
Income tax expense		-17,714	-5,283
Profit from continuing operations		**71,611**	**20,872**
Profit from discontinued operations after taxes	3	45,229	2,971
Profit for the period		**116,840**	**23,843**

POP BANK GROUP'S STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022 Restated
Profit for the financial year	**116,840**	**23,843**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Gains/(losses) arising from remeasurement of defined benefit plans	697	572
Net changes in fair value of equity instruments	141	230
Capital gains and losses for equity instruments	-	-1,922
Deferred taxes	-168	224
Total	**671**	**-896**
Items that may be reclassified to profit or loss		
Movement in fair value reserve for liability instruments	6,812	-15,984
Deferred taxes	-1,350	3,268
Total	**5,462**	**-12,715**
Other comprehensive income items total	**6,133**	**-13,611**
Comprehensive income for the financial year	**122,972**	**10,232**

POP BANK GROUP'S BALANCE SHEET

(EUR 1,000)	Note	31 Dec 2023	31 Dec 2022 Restated
Assets			
Liquid assets		495,644	448,499
Loans and receivables from credit institutions	7,8	61,502	62,333
Loans and receivables from customers	7,8	4,562,254	4,448,480
Derivatives	11	16,165	-
Investment assets	7,8	792,043	712,087
Investments in associates		22,123	230
Reinsurance contract assets		-	9,331
Intangible assets		7,986	8,965
Property, plant and equipment		24,930	27,268
Other assets		86,470	47,166
Tax assets		5,453	9,833
Total assets		**6,074,569**	**5,774,192**

(EUR 1,000)	Note	31 Dec 2023	31 Dec 2022 Restated
Liabilities			
Liabilities to credit institutions	7,8,10	131,144	163,139
Liabilities to customers	7,8,10	4,330,320	4,325,946
Derivatives	11	4,661	12,495
Insurance contract liabilities		-	48,241
Debt securities issued to the public	12	787,156	565,252
Other liabilities		97,734	63,271
Tax liabilities		35,449	29,173
Total liabilities		**5,386,463**	**5,207,517**
Equity capital			
Cooperative capital			
Cooperative contributions		10,714	10,707
POP Shares		60,391	60,153
Total cooperative capital		**71,105**	**70,860**
Reserves		157,795	152,105
Retained earnings		459,206	343,709
Total equity capital		**688,106**	**566,675**
Total liabilities and equity capital		**6,074,569**	**5,774,192**

STATEMENT OF CHANGES IN THE POP BANK GROUP'S EQUITY CAPITAL

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance 1 Jan 2023	**70,860**	**-10,220**	**162,325**	**343,709**	**566,674**	**-**	**566,674**
Comprehensive income							
Profit for the financial year	-	-	-	116,840	**116,840**	-	**116,840**
Other comprehensive income	-	5,575	-	558	**6,133**	-	**6,133**
Total comprehensive income	**-**	**5,575**	**-**	**117,398**	**122,972**	**-**	**122,972**
Transactions with shareholders							
Change in cooperative capital	245	-	-	-	**245**	-	**245**
Profit distribution		-	-97	-1,689	**-1,786**	-	**-1,786**
Transfer of reserves	-	-	212	-212	**-**	**-**	**-**
Transactions with shareholders total	**245**	**-**	**115**	**-1,901**	**-1,541**	**-**	**-1,541**
Balance 31 Dec 2023	**71,105**	**-4,645**	**162,440**	**459,206**	**688,106**	**-**	**688,106**

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance	**67,056**	**4,038**	**159,839**	**321,437**	**552,370**	**439**	**552,809**
IFRS 17 transition	-	-189	-	1,164	**975**	-	**975**
Balance 1 Jan 2022	**67,056**	**3,849**	**159,839**	**322,601**	**553,346**	**439**	**553,785**
Comprehensive income							
Profit for the financial year	-	-	-	23,843	**23,843**	0	**23,843**
Other comprehensive income	-	-14,069	-	458	**-13,611**	-	**-13,611**
Total comprehensive income	**-**	**-14,069**	**-**	**24,301**	**10,232**	**0**	**10,232**
Transactions with shareholders							
Change in cooperative capital	3,273	-	-	-	**3,273**	-	**3,273**
Profit distribution	-	-	-	-1,599	**-1,599**	-	**-1,599**
Transfer of reserves	532	-	2,486	-3,017	**-**	-	**-**
Transactions with shareholders total	**3,804**	**-**	**2,486**	**-4,617**	**1,673**	**-**	**1,673**
Disposals: shares, measured at fair value through other comprehensive income	-	-	-	1,538	**1,538**	-	**1,538**
Other changes	-	-	-	-114	**-114**	-439	**-553**
Other changes total	**-**	**-**	**-**	**1,424**	**1,424**	**-439**	**985**
Balance 30 Jun 2022	**70,860**	**-10,220**	**162,325**	**343,709**	**566,674**	**-**	**566,674**

POP Bank Group has applied IFRS 17 Insurance contracts retrospectively. The transition has been described more detailed in the note 2.

POP BANK GROUP'S CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	31 Dec 2022 Restated
Cash flow from operations			
Income statement 1 Jan – 31 Dec 2023		116,840	23,843
Adjustments to profit for the financial year		39,402	26,442
Increase (-) or decrease (+) in operating assets		**-310,523**	**-42,483**
Receivables from credit institutions		3,234	-1,662
Receivables from customers		-127,049	11,296
Investment assets		-74,386	-30,193
Other assets		-112,322	-21,925
Increase (+) or decrease (-) in operating liabilities		**-45,854**	**-140,084**
Liabilities to credit institutions	7,8,10	-46,338	-10,111
Liabilities to customers	7,8,10	-33,215	-137,994
Other liabilities		41,878	14,267
Income tax paid		-8,179	-6,246
Total cash flow from operations		**-200,136**	**-132,282**
Cash flow from investing activities			
Changes in subsidiary investments		53,403	1,418
Purchase of PPE and intangible assets		-10,242	-8,995
Proceeds from sales of PPE and intangible assets		2,242	2,800
Total cash flow from investing activities		**45,403**	**-4,777**
Cash flow from financing activities			
Change in cooperative capital, net		245	3,804
Interests paid on cooperative capital and other profit distribution		-1,789	-1,599
Debt securities issued, increase	7,8,11	378,475	588,413
Debt securities issued, decrease	7,8,11	-168,219	-301,853
Payment of lease liabilities		-1,692	-2,024
Total cash flow from financing activities		**207,020**	**286,742**

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	31 Dec 2022 Restated
Change in cash and cash equivalents			
Cash and cash equivalents at period-start		464,047	314,365
Cash and cash equivalents at the end of the period		516,334	464,047
Net change in cash and cash equivalents		**52,287**	**149,682**
Cash and cash equivalents			
Liquid assets		10,624	11,587
Receivables from credit institutions payable on demand		505,710	452,459
Total		**516,334**	**464,046**

ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT

Interest received	**214,309**	**90,344**
Interest paid	**37,542**	**2,036**
Dividends received	**3,660**	**3,795**
Adjustments to profit for the financial year		
Non-cash items and other adjustments		
Impairment losses on receivables	17,271	7,587
Depreciations	8,270	8,799
Technical provision	-	4,190
Other	13,861	5,866
Adjustments to profit for the financial year total	**39,402**	**26,442**

NOTES

NOTE 1 POP BANK GROUP AND THE SCOPE OF IFRS FINANCIAL STATEMENTS

POP Bank Group (hereinafter also referred to as the "Group") is a financial group comprising POP Banks and POP Bank Centre coop and their subsidiaries and jointly controlled entities that operates in Finland. POP Banks are independent, regionally and locally operating cooperative banks. POP Bank Centre coop functions as the central institution of the Group. POP Bank Group offers retail banking services to retail customers, small and medium-sized enterprises as well as non-life insurance services to retail customers.

The member credit institutions of POP Bank Centre coop include 18 cooperative banks, Bonum Bank Plc, which serves as the central credit institution for the member cooperative banks and POP Mortgage Bank, which is a mortgage bank. The amalgamation of POP Banks is an economic entity referred to in the Act on the Amalgamation of Deposit Banks (599/2010) (hereinafter referred to as the "Amalgamation Act") the members of which and the central institution are jointly liable for each other's debts and commitments. The amalgamation of POP Banks consists of POP Bank Centre coop, which is the central institution, and its member credit institutions and the companies included in their consolidation groups, as well as credit institutions, financial institutions and service companies in which entities belonging to the amalgamation jointly hold more than 50 per cent of the votes. The companies included in the consolidation groups of the member credit institutions are primarily real estate companies.

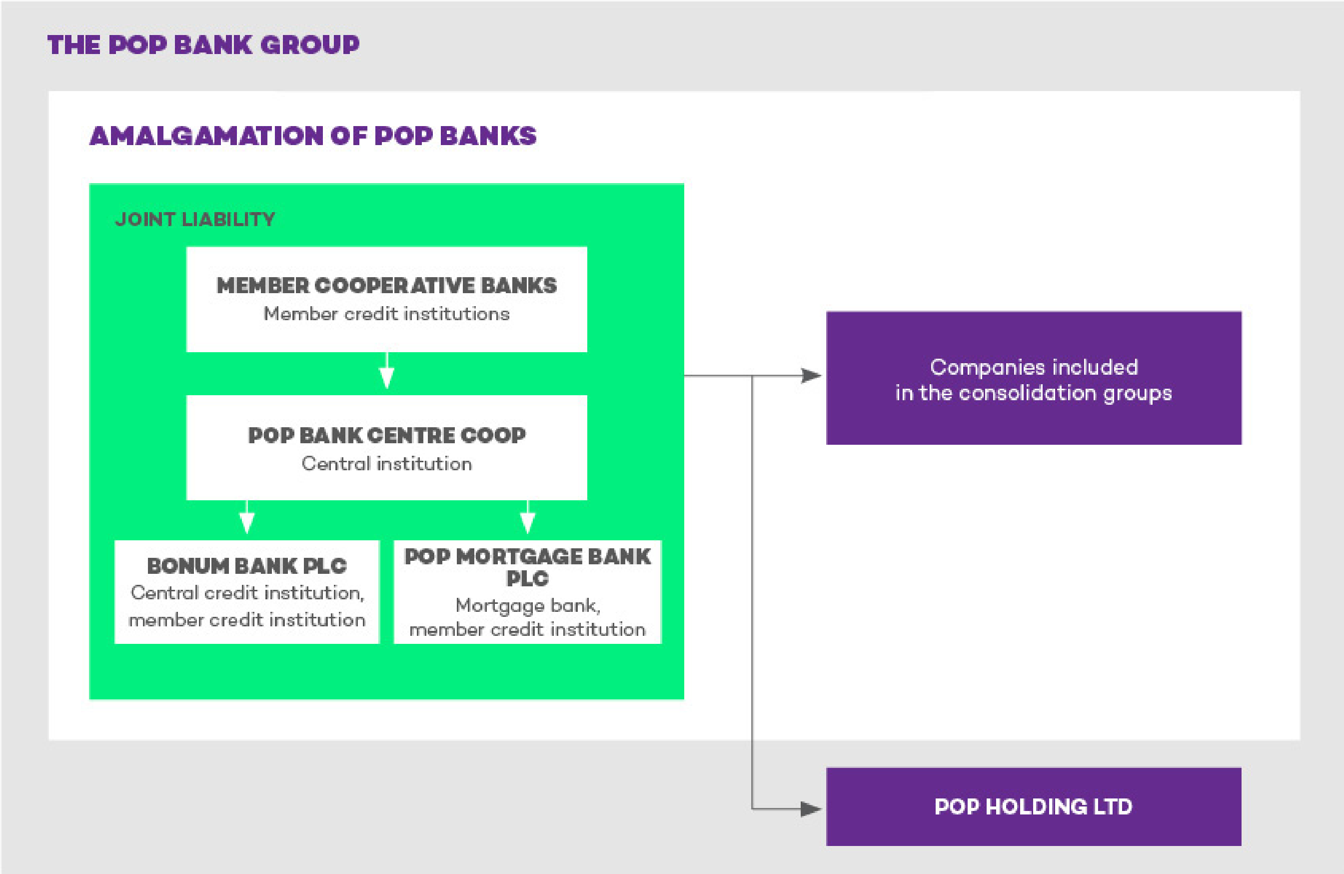
POP Bank Group also includes other entities besides the entities included in the amalgamation of POP Banks. During the review period, POP Bank Group relinquished control over Finnish P&C Insurance Ltd and continues as a minority shareholder in the company. The sale was completed on May 25, 2023. IFRS 17 has been applied in consolidating the company into the financial statements of POP Bank Group, and the company's income and expenses are presented in the financial statements as discontinued operations in accordance with IFRS 5. Finnish P&C Insurance Ltd has been consolidated into the financial statements of POP Bank Group as an associated company after the sale. The minority share in the insurance company is owned by POP Holding Ltd, which is wholly owned by POP Banks and POP Bank Centre coop and is not within the scope of joint liability. The sale also affected POP Bank Group's segment reporting. Changes to the accounting policies are presented in more detail in note 2.

In accordance with the Amalgamation Act, the central institution shall prepare financial statements as a combination of the financial statements or the consolidated financial statements of the central institution and its member credit institutions in accordance with the International Financial Reporting Standards (IFRS).

POP Bank Group does not form a group of companies referred to in the Accounting Act (1336/1997) or a consolidation group referred to in the Act on Credit Institutions (610/2014). POP Bank Centre coop or its member cooperative banks do not exercise control pursuant to IFRS accounting standards on each other, and therefore no parent company can be determined for the Group. In accordance with the Amalgamation Act, Board of Directors has ratified the Group's accounting policies suitable for this structure to the extent that the IFRS accounting standards do not acknowledge the Group's structure. The accounting policies that include a description of the technical parent company consisting of the member cooperative banks are presented in note 2.

The following chart presents the structure of POP Bank Group and the entities included in the amalgamation and scope of joint liability.

POP BANK GROUP STRUCTURE



One merger was completed within POP Bank Group during the financial period. At the end of May 2023, Jämijärven Osuuspankki merged with Kurikan Osuuspankki. After the merger, POP Bank Group consists of 18 cooperative banks. The merger was an intra-Group arrangement and had no impact on POP Bank Group's consolidated financial information.

POP Bank Centre coop acts as the central institution responsible for group steering and supervision of the POP Bank Group in accordance with the Amalgamation Act. POP Bank Centre coop's registered office is Helsinki and its address is Hevosenkenkä 3, 02600 Espoo, Finland. POP Bank Centre coop has prepared the POP Bank Group's consolidated IFRS financial statements in accordance with the Act on the Amalgamation of Deposit Banks. The Board of Directors of POP Bank Centre coop has adopted the report and consolidated financial statements on 15 February 2024. The financial statements will be distributed to the general meeting of POP Bank Centre coop cooperative on 5 April 2024. Copies of the financial statements and the financial statements release of the POP Bank Group are available at the office of the central institution, address Hevosenkenkä 3, 02600 Espoo, Finland, and online at **www.poppankki.fi**.

NOTE 2 POP BANK GROUP'S ACCOUNTING POLICIES

The consolidated financial statements of the POP Bank Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations (IFRIC). The applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account when preparing the notes to the financial statements.

Financial statements release 1 January – 31 December 2023 has been prepared in accordance with IAS 34 Interim Financial reporting. The figures disclosed in the financial statements release are unaudited.

The figures in the financial statements are in thousand euros, unless otherwise stated. The figures in the calculations and tables are rounded, whereby the sum total of individual figures may deviate from the sum total presented. The operating currency of all the companies belonging to the POP Bank Group is euro.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND UCERTAINTIES RELATED TO ESTIMATES

The application of IFRS requires the management's assessments and assumptions concerning the future. These affect the reported amounts in the financial statements and the information included in the notes. The management's main estimates concern the future and the key uncertainties related to the amounts at the balance sheet date. In particular, they are related to fair value assessment and impairment of financial assets. The management's estimates and assumptions are based on the best view at the balance sheet date, which may differ from the actual result. Due to the uncertainty of projecting the development of economy, the fair values and impairments of financial assets are subject to greater uncertainty than usual. Fair values and valuation techniques are presented in detail in note 8 and impairment losses on financial assets in note 9.

Impairment of financial assets

Calculation of the expected credit losses includes parameters requiring management's consideration. Management has to determine the method of taking macroeconomic information into consideration in the calculations, the principles of evaluating significant increases in the credit risk, the assessment of loss in default and the credit conversion factors applied to credit cards.

Based on management judgement, an additional provision of EUR 3,000 thousand has been recognised in the previous financial periods. The provision was aimed to the receivables from corporate customers to prepare for negative impact of a cost inflation to corporate and agricultural customers. The basis of the additional provision was assessed by management during the financial year 2023. The provision was derecognized since the projected changes in corporate and agricultural customers' ability to pay have been taken into account in calculation of expected credit losses or final credit losses recognised.

DISCONTINUED OPERATIONS

During the reporting period, POP Bank Group relinquished control over Finnish P&C Insurance Ltd, which comprises the insurance segment, and continues as a minority shareholder in the company. POP Bank Group reports the sold insurance operations as discontinued operations, and the result of discontinued operations is reported separately from the income and expenses of continuing operations.

The comparative period has been restated accordingly. Intra-group income and expenses between continuing and discontinuing operations have been eliminated. In the balance sheet of comparative period, discontinued operations are not presented separately. The IFRS 17 Insurance contracts standard has been applied to insurance operations from January 1, 2023, retrospectively, and therefore the comparative period for insurance operations has been restated.

SEGMENT REPORTING

Until May 2023, POP Bank Group had two operating segments: banking and insurance. The operating segments have been reported in a way that is consistent with the internal reporting to the management. The Banking segment includes credit institutions of POP Bank Group. The Insurance segment has comprised Finnish P&C Insurance Ltd.

In May 2023, POP Bank Group relinquished control over Finnish P&C Insurance Ltd. After the sale, POP Bank Group has only one operating segment, which is not reported separately. The previously separately reported insurance segment is presented in note 3 Discontinued operations.

CHANGES IN ACCOUNTING POLICIES

Adoption of new IFRS standards, amendments to standards and interpretations

In the beginning of the financial period POP Bank Group has adopted new IFRS 17 Insurance contracts, which has been applied to discontinuing operations during the financial period.

Changes to IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12 Income Taxes, which became effective in the beginning of the financial period, did not have a material impact on the POP Bank Group's financial statements.

New IFRS 17 Insurance Contracts (effective for financial years beginning on or after 1 January 2023)

IFRS 17 replaced IFRS 4 Insurance Contracts as it became effective. The new standard for insurance contracts and will help investors and other parties to better understand insurers' risk exposure and their profitability and financial position. POP Bank Group has implemented the standard starting from the annual period beginning on 1 January 2023, when its implementation became mandatory and has applied retrospective approach starting from 1 January 2022. The standard has been applied to discontinued operations.

Scope of the standard

In POP Bank Group, the standard will be applied to all issued direct insurance contracts as well as reinsurance contracts held. The Group has neither insurance contracts containing investment components or embedded derivatives, nor insurance contracts containing distinct components for services other than insurance services.

Insurance Contracts have been issued by Finnish P&C Insurance Ltd, which has been consolidated in the POP Bank Group's IFRS financial statements until the Group relinquished control over the company in May 2023.

Insurance contracts

The portfolios of direct insurance contracts consist of contracts, which are subject to similar risks and managed together. Insurance contracts have mostly a length of one year. A portfolio of insurance contracts is divided into groups based on the issue date and expected profitability.

POP Bank Group estimates the profitability of insurance contracts on initial recognition using the general measurement model (GMM). The measurement is based on future cashflow estimates, which have been adjusted by the time value of money and the risk adjustment for non-financial risk. Cashflow estimates contain premiums adjusted by expected credit loss, expected claim costs developed to the ultimate level as well as insurance service expenses.

Recognition

Insurance contracts are added to the calendar year's cohort, in which the contract is issued.

POP Bank Group has made the preliminary accounting policy choice, to recognise acquisition cashflows as expenses when it incurs those costs, as POP Bank Group applies the premium allocation approach to all insurance contracts and the coverage period of each contract in the group is no more than a year. The contract boundary of each contract is the end of insurance coverage period.

The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims.

POP Bank Group has a made the accounting policy choice to include insurance finance income and expenses for the period in the profit or loss.

Measurement

<u>Measurement of liability for remaining coverage</u>

For the measurement of the liability for remaining coverage, POP Bank Group applies the simplified measurement provided by the IFRS 17 standard, the premium allocation approach (PAA), to all its insurance contracts, as coverage periods are one year or less.

Measurement of liability for incurred claims

The liability for incurred claims (LIC) is measured by applying the general measurement model (GMM).

At transition to apply the IFRS 17 standard starting from 1 January 2023, POP Bank Group has applied a fully retrospective approach and has adjusted the comparative figures of the previous accounting period.

The application of the standard had a positive effect of approx. EUR 1 million on the POP Bank Group's equity 1 January 2022 due to the differences in measurement of balance sheet items.

The impact of the adoption of IFRS 17 on the classification and valuation of the insurance segment's financial assets

At the date of initial application of IFRS 17, POP Bank Group has applied the possibility of designating financial assets as measured at fair value through profit or loss according to IFRS 9. Designation of financial assets at fair value through profit or loss has not previously been applied in the POP Bank Group.

Designation of financial assets as measured at fair value through profit or loss is based on an inconsistency that arises when financial income and expenses related to insurance contracts are fully recorded in the income statement and changes in the fair value of debt instruments that pass the SPPI test are recorded in the comprehensive income. Both items are subject to interest rate risk, consequently a change in market interest rates affects the valuation of these items in the opposite direction. All financial assets included in the insurance company's investment assets are investments designated to insurance operations.

The redesignation of financial assets at the date of initial application of IFRS 17 standard did not affect the determination of the fair value of financial assets or the carrying amount at the time of transition. Redesignation affects only the way the change in fair value is recorded. The change in fair value previously presented in comprehensive income was presented in the income statement.

The transition has been made retrospectively by adjusting the opening balance sheet on 1 January 2022. The change in classification did not affect the valuation classes and valuation of previous periods.

Adoption of new IFRS standards, amendments to standards and interpretations in future financial years

POP Bank Group will adopt from 1 January 2024 the changes in IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, if they have been approved for application in the EU before the effective date. the changes are not expected to have a material impact on the POP Bank Group's financial statements.

THE IMPACT OF THE ADOPTION OF IFRS 17 ON POP BANK GROUP'S BALANCE SHEET AND EQUITY CAPITAL 1 JAN 2022

(EUR 1,000)	31 Dec 2021	IFRS 17	IFRS 9 re-classification	1 Jan 2022 Restated
Assets				
Liquid assets	279,882	-	-	279,882
Loans and receivables from credit institutions	73,897	-	-	73,897
Loans and receivables from customers	4,243,829	-	-	4,243,829
Investment assets	681,552	-	-	681,552
Investments in associates	214	-	-	214
Reinsurance contract assets	-	13,136	-	13,136
Intangible assets	9,298	-	-	9,298
Property, plant and equipment	29,611	-	-	29,611
Other assets	34,014	-11,614	-	22,399
Tax assets	5,401	-	-50	5,351
Total assets	**5,357,697**	**1,522**	**-50**	**5,359,169**

(EUR 1,000)	31 Dec 2021	IFRS 17	IFRS 9 re-classification	1 Jan 2022 Restated
Liabilities				
Liabilities to credit institutions	166,484	-	-	166,484
Liabilities to customers	4,222,364	-	-	4,222,364
Insurance contract liabilities	52,692	1,395	-	54,087
Debt securities issued to the public	284,920	-	-	284,920
Other liabilities	50,060	-1,131	-	48,929
Tax liabilities	28,367	252	-19	28,600
Total liabilities	**4,804,888**	**516**	**-19**	**4,805,384**
Equity capital				
Cooperative capital	67,056	-	-	67,056
Reserves				
Fair value reserve	4,038	-	-189	3,849
Other reserves	159,839	-	-	159,839
Retained earnings	321,437	1,007	158	322,601
Non-controlling interests	439	-	-	439
Total equity capital	**552,809**	**1,007**	**-31**	**553,785**
Total liabilities and equity capital	**5,357,697**	**1,522**	**-50**	**5,359,169**

THE IMPACT OF THE ADOPTION OF IFRS 17 ON POP BANK GROUP'S BALANCE SHEET AND EQUITY CAPITAL 31 DEC 2022

(EUR 1,000)	31 Dec 2022	IFRS 17	IFRS 9 re-classification	31 Dec 2022 Restated
Assets				
Liquid assets	448,499	-	-	448,499
Loans and receivables from credit institutions	62,333	-	-	62,333
Loans and receivables from customers	4,448,480	-	-	4,448,480
Investment assets	712,087	-	-	712,087
Investments in associates	230	-	-	230
Reinsurance contract assets	-	9,331	-	9,331
Intangible assets	8,965	-	-	8,965
Property, plant and equipment	27,268	-	-	27,268
Other assets	59,460	-12,294	-	47,166
Tax assets	9,886	-	-52	9,833
Total assets	**5,777,207**	**-2,963**	**-52**	**5,774,192**

(EUR 1,000)	31 Dec 2022	IFRS 17	IFRS 9 re-classification	31 Dec 2022 Restated
Liabilities				
Liabilities to credit institutions	163,139	-	-	163,139
Liabilities to customers	4,325,946	-	-	4,325,946
Derivatives	12,495	-	-	12,495
Insurance contract liabilities	57,011	-8,770	-	48,241
Debt securities issued to the public	565,252	-	-	565,252
Other liabilities	64,397	-1,126		63,271
Tax liabilities	28,350	1,387	-563	29,173
Total liabilities	**5,216,590**	**-8,510**	**-563**	**5,207,517**
Equity capital				
Cooperative capital	70,860	-	-	70,860
Reserves				
Fair value reserve	-12,583	-	2,363	-10,220
Other reserves	162,325	-	-	162,325
Retained earnings	340,014	5,546	-1,852	343,709
Total equity capital	**560,617**	**5,546**	**511**	**566,674**
Total liabilities and equity capital	**5,777,207**	**-2,963**	**-52**	**5,774,192**

THE IMPACT OF THE ADOPTION OF IFRS 17 ON POP BANK GROUP'S INCOME STATEMENT 1 JAN - 31 DEC 2022

(EUR 1,000)	1 Jan - 31 Dec 2022	IFRS 17	IFRS 9 re-classification	1 Jan - 31 Dec 2022 Restated
Interest income	105,250	-127	-	105,123
Interest expenses	-11,075	-	-	-11,075
Net interest income	**94,175**	**-127**	**-**	**94,048**
Net commissions and fees	41,617	502	-	42,119
Net investment income	-2,460	-	-2,932	-5,391
Insurance income	12,675	-12,675	-	-
Insurance service result	-	2,508	-	2,508
Net insurance finance income	-	4,547	-	4,547
Other operating income	7,259	-463	-	6,797
Total operating income	**153,266**	**-5,706**	**-2,932**	**144,628**
Personnel expenses	-51,178	7,607	-	-43,571
Other operating expenses	-59,997	1,633	-	-58,364
Depreciation and amortisation	-7,984	2,141	-	-5,842
Total operating expenses	**-119,159**	**11,381**	**-**	**-107,778**
Impairment losses on financial assets	-7,716	-	-22	-7,738
Associate´s share of profits	16	-	-	16
Profit before taxes	**26,408**	**5,675**	**-2,954**	**29,128**
Income tax expense	-5,283	-2	-	-5,285
Profit for the period	**21,124**	**5,673**	**-2,954**	**23,843**

THE IMPACT OF THE ADOPTION OF IFRS 17 ON POP BANK GROUP'S OTHER COMPREHENSIVE INCOME 1 JAN - 31 DEC 2022

(EUR 1,000)	1 Jan - 31 Dec 2022	IFRS 17	IFRS 9 re-classification	1 Jan - 31 Dec 2022 Restated
Profit for the financial year	**21,124**	**5,673**	**-2,954**	**23,843**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains/(losses) arising from remeasurement of defined benefit plans	572	-	-	572
Net changes in fair value of equity instruments	230	-	-	230
Capital gains and losses for equity instruments	-1,922	-	-	-1,922
Deferred taxes	224	-	-	224
Total	**-896**	**-**	-	**-896**
Items that may be reclassified to profit or loss				
Movement in fair value reserve for liability instruments	-18,848	-	2,954	-15,894
Deferred taxes	3,770	-	-591	3,179
Total	**-15,078**	**-**	**2,363**	**-12,715**
Other comprehensive income items total	**-15,974**	**-**	**2,363**	**-13,611**
Comprehensive income for the financial year	**5,150**	**5,673**	**-591**	**10,232**

NOTE 3 DISCONTINUED OPERATIONS

Insurance operations are reported as discontinued operations in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. The company has been consolidated into POP Bank Group's financial statements as a subsidiary until the sale was completed. POP Bank Group has only one operating segment after the sale, and therefore the Group does not prepare segment reporting.

POP Bank Group relinquished control over Finnish P&C Insurance Ltd, which comprises the insurance segment, in a business transaction completed on May 25, 2023. POP Bank Group sold 70 per cent of the shares to LocalTapiola and continues as a minority shareholder in the company. A total of EUR 41.9 million was recognised as profit from the sale.

The tables enclosed show the profit of the discontinued operations and the impact of the discontinued operations on the balance sheet and cash flows of POP Bank Group.

POP Bank Group has adopted the IFRS 17 Insurance Contracts standard from 1 January 2023 retrospectively and reclassified the financial assets of the insurance operations in connection with the initial application. Therefore, the comparative period of discontinued operations has been restated. Financial assets of the insurance operations were reclassified retrospectively from financial assets measured at fair value through other comprehensive income to designation of financial assets at fair value through profit or loss. As a result, there were no items in other comprehensive income. Adoption of IFRS 17 and the effects of the correction has been presented in note 2.

(EUR 1,000)	1 Jan - 25 May 2023	1 Jan - 31 Dec 2022
Profit from discontinued operations		
Net interest income	387	723
Net investment income	1,101	-4,789
Insurance service result		
Insurance premium revenue	20,755	49,933
Insurance service expenses	-18,617	-42,805
Net income from reinsurance contracts	-28	-4,620
Total net insurance service result	**2,109**	**2,508**
Net insurance finance income		
Net finance income from insurance contracts	-393	5,455
Net finance income from reinsurance contracts	126	-908
Total net insurance finance income	**-267**	**4,547**
Other operating income	**36**	**89**
Other operating expenses	**-77**	**-104**
Profit from discontinued operations before taxes	**3,290**	**2,974**
Income taxes	-	-2
Profit from discontinued operations after taxes	**3,290**	**2,972**
Capital gain on discontinued operations	38,098	-
Fair valuation of share ownership	3,840	-
Total capital gain on discontinued operations	**41,939**	**-**
Total profit from discontinued operations	**45,228**	**2,972**

THE EFFECT OF DISCONTINUED OPERATIONS ON THE BALANCE SHEET OF THE POP BANK GROUP AT THE TIME OF SALE

(EUR 1,000)	25 May 2023
Loans and receivables from credit institutions	9,109
Investment assets	73,414
Reinsurance contract assets	11,297
Intangible assets	4,586
Property, plant and equipment	510
Other assets	816
Tax assets	1,353
Total assets	**101,086**
Insurance contract liabilities	50,244
Other liabilities	7,572
Tax liabilities	1,771
Total liabilities	**59,587**

CASH FLOWS FROM DISCONTINUED OPERATIONS

(EUR 1,000)	25 May 2023	30 Dec 2022
Cash flow from operations	5,371	402
Cash flow from investing activities	-1,469	-1,439
Total cash flow	**3,902**	**-1,036**

NOTE 4 NET INTEREST INCOME

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Interest income		
Loans and receivables from credit institutions	17,911	1,963
Loans and receivables from customers	197,106	94,133
Debt securities		
At amortised cost	8,278	1,020
At fair value through profit or loss	125	187
At fair value through other comprehensive income	7,655	2,916
Hedging derivatives	22,257	3,233
Other interest income	1,606	948
Total interest income	**254,939**	**104,399**
of which positive interest expense	-	18
Interest expenses		
Liabilities to credit institutions	-3,938	-596
Liabilities to customers	-19,606	-3,088
Debt securities issued to the public	-24,637	-4,754
Hedging derivatives	-28,476	-1,944
Other interest expenses	-175	-690
Total interest expenses	**-76,832**	**-11,073**
of which negative interest income	-8	-599
Net interest income	**178,108**	**93,326**
Interest income from financial assets impaired due to credit risk (stage 3)	7,602	3,327

NOTE 5 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Commissions and fees		
Lending	8,343	8,271
Deposits	277	283
Payment transfers	29,309	27,220
Legal services	2,482	2,480
Intermediated services	3,713	3,729
Issuing guarantees	636	571
Funds	3,589	3,524
Other commission income	1,018	1,011
Total commissions and fees	**49,367**	**47,088**
Commissions expenses		
Payment transfers	-5,089	-4,791
Other commission expenses	-261	-200
Total commission expenses	**-5,351**	**-4,991**
Net commissions and fees	**44,016**	**42,098**

NOTE 6 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
At fair value through profit or loss		
Debt securities		
Capital gains and losses	-91	-184
Fair value gains and losses	-366	229
Shares and participations		
Dividend income	3,633	3,758
Capital gains and losses	-319	48
Fair value gains and losses	-2,883	-4,550
Total	**-26**	**-699**
At fair value through other comprehensive income		
Debt securities		
Capital gains and losses	70	183
Transferred from fair value reserve to the income statement	-182	-615
Shares and participations		
Dividend income	17	78
Total	**-95**	**-354**
Net income from foreign exchange trading		
Net income from hedge accounting		
Change in hedging instruments' fair value	24,000	-12,495
Change in hedged items' fair value	-25,120	12,625
Total	**-1,120**	**129**
Net income from investment property		
Rental income	2,620	2,587
Capital gains and losses	-232	313
Other income from investment property	123	130
Maintenance charges and expenses	-2,039	-2,045
Depreciations and amortisation of investment property	-1,712	-815
Other income and expenses from investment property	4	-7
Total	**-1,236**	**163**
Total net investment income	**-2,355**	**-602**

Net investment income includes net income from financial instruments except interest income from bonds recognized in net interest income.

NOTE 7 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS 31 DEC 2023

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	495,644	-	-	-	**495,644**
Loans and receivables from credit institutions	61,503	-	-	-1	**61,502**
Loans and receivables from customers	4,614,855	-	-	-52,601	**4,562,254**
Derivatives	-	-	-	-	**16,165**
Debt securities*	358,412	5,143	272,525	-125	**635,955**
Shares and participations	-	130,921	966	-	**131,887**
Financial assets total	**5,530,413**	**152,229**	**273,491**	**-52,726**	**5,903,406**
Other assets					**171,162**
Total assets					**6,074,569**

*Expected credit loss of EUR 758 thousand from debt securities, measured at fair value through other comprehensive income, have been recorded in the fair value reserve.

FINANCIAL ASSETS 31 DEC 2022

(EUR 1,000)	At amortised cost	At fair value through profit or loss**	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	448,499	-	-	-	**448,499**
Loans and receivables from credit institutions	62,334	-	-	-1	**62,333**
Loans and receivables from customers	4,489,992	-	-	-41,512	**4,448,480**
Debt securities*	207,678	56,789	255,347	-68	**519,746**
Shares and participations	-	166,411	1,347	-	**167,758**
Financial assets total	**5,208,502**	**223,200**	**256,695**	**-41,581**	**5,646,816**
Other assets					**127,376**
Total assets					**5,774,192**

*Expected credit loss of EUR 623 thousand from debt securities, measured at fair value through other comprehensive income, have been recorded in the fair value reserve.

**Of the debt securities at fair value through profit or loss, EUR 46,712 thousand have been designated at fair value through profit or loss in order to eliminate the asymmetry caused by the adoption of the IFRS 17 standard.

FINANCIAL LIABILITIES 31 DEC 2023

(EUR 1,000)	At fair value through profit or loss	At amortised cost	Total carrying amount
Liabilities to credit institutions	-	131,144	**131,144**
Liabilities to customers	-	4,330,320	**4,330,320**
Derivatives	4,661	-	**4,661**
Debt securities issued to the public	-	787,156	**787,156**
Financial liabilities total	**4,661**	**5,248,620**	**5,253,280**
Other liabilities			**133,182**
Total liabilities			**5,386,463**

FINANCIAL LIABILITIES 31 DEC 2022

(EUR 1,000)	At fair value through profit or loss	At amortised cost	Total carrying amount
Liabilities to credit institutions	-	163,139	**163,139**
Liabilities to customers	-	4,325,946	**4,325,946**
Derivatives	12,495	-	**12,495**
Debt securities issued to the public	-	565,252	**565,252**
Financial liabilities total	**12,495**	**5,054,337**	**5,066,832**
Other liabilities			**140,685**
Total liabilities			**5,207,517**

NOTE 8 FAIR VALUES AND VALUATION TECHNIQUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS

	31 Dec 2023		31 Dec 2022	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liquid assets	495,644	495,644	448,499	448,499
Loans and receivables from credit institutions	61,502	61,502	62,333	62,333
Loans and receivables from customers	4,562,254	4,546,396	4,448,480	4,410,256
Derivatives	16,165	16,165	-	-
Investment assets				
At amortised cost	358,287	361,678	207,610	204,124
At fair value through profit or loss	136,064	136,064	223,200	223,200
At fair value through other comprehensive income	273,491	273,491	256,695	256,695
Total	**5,903,406**	**5,890,938**	**5,646,816**	**5,605,107**

FINANCIAL LIABILITIES

	31 Dec 2023		31 Dec 2022	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities to credit institutions	131,144	131,122	163,139	163,085
Liabilities to customers	4,330,320	4,318,250	4,325,946	4,325,150
Derivatives	4,661	4,661	12,495	12,495
Debt securities issued to the public	787,156	775,605	565,252	559,359
Total	**5,253,280**	**5,229,638**	**5,066,832**	**5,060,089**

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	125,864	-	5,057	**130,921**
Debt securities	2,300	-	2,843	**5,143**
Derivatives	-	16,165	-	**16,165**
At fair value through other comprehensive income				
Shares and participations	-	-	966	**966**
Debt securities	230,071	33,819	718	**264,607**
Total	**358,235**	**49,984**	**9,583**	**417,802**

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Derivatives	-	4,661	-	**4,661**
Total	**-**	**4,661**	**-**	**4,661**

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	154,769	-	11,642	**166,411**
Debt securities	51,073	995	4,721	**56,789**
At fair value through other comprehensive income				
Shares and participations	-	-	1,347	**1,347**
Debt securities	211,216	43,642	489	**255,347**
Total	**417,058**	**44,638**	**18,199**	**479,895**

*Debt securities at fair value through profit or loss includes EUR 46,712 thousand items of insurance operations designated at fair value through profit or loss.

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Derivatives	-	12,495	-	**12,495**
Total	**-**	**12,495**	**-**	**12,495**

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are recorded in the balance sheet either at fair value or at amortized cost. The classification and measurement of financial instruments is described in more detail in POP Bank Group's IFRS financial statements note 2 POP Bank Group's accounting policies. Investment properties are recognised in amortised cost.

FAIR VALUE HIERARCHIES

Level 1 includes financial instruments that are measured on the basis of quotations obtained from liquid markets. A market is considered as liquid if quotations are regularly available. This group included all securities with publicly quoted prices.

Level 2 includes financial instruments measures using generally approved measurement techniques or models which are based on assumptions made on the basis of observable market prices. For example, the fair value of a financial instrument allocated to Level 2 may be based on the value derived from the market quotation of components of an instrument. This group includes interest derivatives and other instruments that are not traded in liquid markets.

Level 3 includes financial instruments and other assets and liabilities that are not measured using market quotations or values determined on the basis of observable market prices using measurement techniques or models. The assumptions applied in the measurement techniques often involve insecurity. The fair value of assets allocated to Level 3 is often based on price information obtained from a third party. This group includes unlisted shares and funds and investment properties.

TRANSFERS BETWEEN FAIR VALUE HIERARCHIES

Transfers between hierarchy levels are considered to have taken place on the date of the occurrence of the event that caused the transfer or the date when the circumstances changed.

During the reporting period, EUR 774 (1,826) thousand of debt securities have been transferred from hierarchy level 1 and 2 to level 3 based on the trading volumes.

CHANGES IN FINANCIAL ASSETS RECURRENTLY MEASURED AT FAIR VALUE CLASSIFIED INTO LEVEL 3

(EUR 1,000)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2023	**16,363**	**1,835**	**18,199**
Purchases	1,050	7	**1,057**
Sales*	-7,396	-18	**-7,414**
Matured during the financial year	-480	-	**-480**
Realised changes in value recognised in income statement	-29	-482	**-511**
Unrealised changes in value recognised in the income statement	-2,016	-	**-2,016**
Changes in value recognised in other comprehensive income	-	7	**7**
Transfers from levels 1 and 2	410	334	**744**
Transfers to levels 1 and 2	-3	-	**-3**
Carrying amount 31 Dec 2023	**7,899**	**1,683**	**9,583**

*Sales include write-offs from the balance sheet resulting from the relinquishment of control for EUR 6,468 thousand.

(EUR 1,000)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2022	**15,768**	**3,819**	**19,587**
Purchases	1,974	643	**2,617**
Sales	-2,865	-4,453	**-7,318**
Matured during the financial year	-610	-	**-610**
Realised changes in value recognised in income statement	-128	-468	**-595**
Unrealised changes in value recognised in the income statement	2,207	-	**2,207**
Changes in value recognised in other comprehensive income	-	-1,229	**-1,229**
Realised changes in value recognised in retained earnings	-	1,922	**1,922**
Transfers from levels 1 and 2	130	1,696	**1,826**
Transfers to levels 1 and 2	-112	-95	**-207**
Carrying amount 31 Dec 2022	**16,363**	**1,835**	**18,199**

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

31 DEC 2023

(EUR 1,000)	Carrying amount	Possible effect on equity capital Positive	Negative
At fair value through profit or loss	7,899	787	-787
At fair value through other comprehensive income	1,683	152	-152
Total	**9,583**	**939**	**-939**

31 DEC 2022

(EUR 1,000)	Carrying amount	Possible effect on equity capital Positive	Negative
At fair value through profit or loss	16,363	1,806	-1,806
At fair value through other comprehensive income	1,836	207	-207
Total	**18,199**	**2,013**	**-2,013**

The sensitivity of financial assets recurrently measured at fair value at level 3 has been calculated for interest rate linked investments by assuming a 1 percentage points change in interest rates and for other investments by assuming the market price of the security to change by 15%.

POP Bank Group does not have assets measured non-recurrently at fair value.

NOTE 9 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Change of ECL due to write-offs	4,129	2,089
Change of ECL, receivables from customers and off-balance sheet items	-15,333	-7,285
Change of ECL, debt securities	-135	679
Final credit losses	-5,931	-3,222
Impairment losses on financial assets total	**-17,271**	**-7,738**

During the financial year, EUR 5,931 (3,222) thousand was recognized as realised credit losses. Recollection measures are attributed to EUR 4,554 (2,668) thousand.

Changes in expected credit loss (ECL) during the financial period are presented in the tables below. Stage 1 represents financial instruments whose credit risk has not increased significantly since the initial recognition. Expected credit losses are determined for such financial instruments based on expected loan losses for 12 months. Stage 2 represents financial instruments whose credit risk has increased significantly after the initial recognition on the basis of qualitative or quantitative criteria and, for stage 3, financial instruments whose counterparty has been declared as default. Expected credit losses are determined for financial instruments classified in Stage 2 and 3 based on the expected credit losses over the entire life of the instrument.

The principles for calculating expected credit losses and determining the probability of default are presented in section 3.4 Impairment of financial assets of note 2 POP Bank Group's accounting policies.

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	**5,258**	**4,782**	**31,473**	**41,512**
Transfers to stage 1	156	-1,430	-1,256	**-2,531**
Transfers to stage 2	-348	2,089	-1,454	**286**
Transfers to stage 3	-262	-706	15,179	**14,211**
Increases due to origination	1,980	814	2,857	**5,651**
Decreases due to derecognition	-867	-413	-7,326	**-8,606**
Changes due to change in credit risk (net)	-446	149	9,504	**9,206**
Changes due to management estimates	-	-500	-2,500	**-3,000**
Decreases due to write-offs	-	-	-4,129	**-4,129**
Total	**212**	**2**	**10,876**	**11,090**
ECL 31 Dec 2023	**5,469**	**4,784**	**42,348**	**52,602**

The largest change in expected credit losses on receivables from customers comes from transfers to stage 3 that totaled EUR 14,211 (5,500) thousand. Decreases due to derecognition were EUR 8,606 (6,527) thousand.

Based on management judgement, an additional provision of EUR 3,000 thousand has been recognised on receivables from customers in the previous financial periods. The provision was aimed to the receivables from corporate customers to prepare for negative impact of a cost inflation to corporate and agricultural customers. The provision was derecognised under the financial period, since the growth in credit risk was taken into account in calculation of expected credit losses and final credit losses recognised. Of the provision, EUR 500 thousand was allocated to stage 2 and EUR 2,500 thousand to stage 3.

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	**246**	**377**	**-**	**623**
Transfers to stage 1	40	-31	-	**10**
Transfers to stage 2	-3	104	-	**101**
Increases due to origination	95	74	-	**169**
Decreases due to derecognition	-20	-59	-	**-79**
Changes due to change in credit risk (net)	-156	90	-	**-65**
Total	**-44**	**179**	**-**	**135**
ECL 31 Dec 2023	**202**	**556**	**-**	**758**

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	**390**	**243**	**245**	**878**
Transfers to stage 1	4	-193	-47	**-236**
Transfers to stage 2	-22	25	-1	**2**
Transfers to stage 3	-4	-3	240	**233**
Increases due to origination	114	100	95	**309**
Decreases due to derecognition	-25	-9	-31	**-65**
Changes due to change in credit risk (net)	-141	-17	30	**-128**
Total	**-74**	**-96**	**287**	**117**
ECL 31 Dec 2023	**316**	**147**	**531**	**994**

TOTAL ECL

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	**5,894**	**5,402**	**31,717**	**43,013**
ECL 30 Jun 2023	**5,988**	**5,487**	**42,880**	**54,354**

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	**5,199**	**3,960**	**27,363**	**36,523**
Transfers to stage 1	122	-1,169	-1,119	**-2,165**
Transfers to stage 2	-378	1,662	-882	**402**
Transfers to stage 3	-164	-414	6,079	**5,500**
Increases due to origination	2,293	1,058	1,457	**4,808**
Decreases due to derecognition	-944	-533	-5,051	**-6,528**
Changes due to change in credit risk (net)	-870	218	5,714	**5,062**
Decreases due to write-offs	-	-	-2,089	**-2,089**
Total	**58**	**822**	**4,109**	**4,989**
ECL 31 Dec 2022	**5,258**	**4,783**	**31,473**	**41,513**

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	**132**	**777**	**393**	**1,301**
Transfers to stage 1	125	-178	-	**-54**
Transfers to stage 2	-6	67	-	**61**
Increases due to origination	38	98	-	**135**
Decreases due to derecognition	-30	-181	-393	**-604**
Changes due to change in credit risk (net)	-12	-206	-	**-218**
Total	**114**	**-400**	**-393**	**-679**
ECL 31 Dec 2022	**246**	**377**	**-**	**623**

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	**414**	**43**	**215**	**672**
Transfers to stage 1	2	-14	-19	**-30**
Transfers to stage 2	-12	26	-1	**14**
Transfers to stage 3	-3	-1	40	**36**
Increases due to origination	190	204	69	**463**
Decreases due to derecognition	-40	-8	-99	**-148**
Changes due to change in credit risk (net)	-162	-8	40	**-129**
Total	**-24**	**200**	**30**	**206**
ECL 31 Dec 2022	**390**	**243**	**245**	**878**

TOTAL ECL

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	**5,745**	**4,780**	**27,971**	**38,495**
ECL 31 Dec 2022	**5,894**	**5,402**	**31,717**	**43,013**

BALANCE SHEET ITEM BY STAGE 31 DEC 2023

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,721,314	132,006	51,421	**2,904,740**
Corporate	961,071	97,366	58,477	**1,116,914**
Agriculture	494,952	54,205	44,044	**593,201**
Receivables from customers total	**4,177,337**	**283,577**	**153,941**	**4,614,855**
ECL 31 Dec 2023	5,469	4,784	42,348	**52,602**
Coverage ratio	0.1%	1.7%	27.5%	**1.1%**
Off-balance sheet commitments				
Private	220,339	4,626	588	**225,553**
Corporate	60,494	5,745	1,430	**67,569**
Agriculture	22,161	2,059	595	**24,815**
Off-balance sheet commitments total	**302,994**	**12,430**	**2,613**	**317,937**
ECL 31 Dec 2023	316	147	531	**994**
Coverage ratio	0.1%	1.2%	20.3%	**0.3%**
Debt securities	**605,784**	**25,152**	**-**	**630,937**
ECL 31 Dec 2023	202	556	-	**758**
Coverage ratio	0.0%	2.2%	-	**0.1%**
Credit risk by stages total	**5,086,015**	**321,159**	**156,554**	**5,563,728**

The table above summarizes the exposure to credit risk and the amount of ECL in relation to the amount of the exposure in stages. The coverage ratio illustrates the relative share of the ECL in the amount of exposure. There were no significant changes in the coverage ratio during the period.

BALANCE SHEET ITEM BY STAGE 31 DEC 2022

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,686,967	130,836	43,677	**2,861,480**
Corporate	922,536	72,037	36,580	**1,031,152**
Agriculture	509,491	55,918	31,951	**597,359**
Receivables from customers total	**4,118,994**	**258,791**	**112,207**	**4,489,992**
ECL 31 Dec 2022	5,258	4,783	31,473	**41,513**
Coverage ratio	0.1%	1.8%	28.0%	**0.9%**
Off-balance sheet commitments				
Private	222,252	4,438	530	**227,220**
Corporate	86,622	7,573	571	**94,767**
Agriculture	22,070	2,422	321	**24,813**
Off-balance sheet commitments total	**330,944**	**14,434**	**1,422**	**346,800**
ECL 31 Dec 2022	390	243	245	**878**
Coverage ratio	0.1%	1.7%	17.2%	**0.3%**
Debt securities	**439,564**	**23,460**	**-**	**463,024**
ECL 31 Dec 2022	246	377	-	**623**
Coverage ratio	0.1%	1.6%	-	**0.1%**
Credit risk by stages total	**4,889,502**	**296,685**	**113,629**	**5,299,816**

NOTE 10 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Liabilities to credit institutions		
To central banks	78,400	128,400
To other credit institutions		
Repayable on demand	1,495	1,303
Not repayable on demand	51,249	33,435
Total liabilities to credit institutions	**131,144**	**163,139**
Liabilities to customers		
Deposits		
Repayable on demand	3,468,426	3,855,631
Not repayable on demand	852,596	475,410
Other financial liabilities		
Not repayable on demand	1,128	1,078
Change in the fair value of deposits	8,169	-6,173
Total liabilities to customers	**4,330,320**	**4,325,946**
Total liabilities to credit institutions and customers	**4,461,464**	**4,489,084**

Liabilities to central banks includes secured TLTRO III funding total of EUR 78,400 (128,400) thousand. During the financial year, EUR 50,000 thousand from the funding matured (TLTRO 3.4) and at the same time the final interest rate of the funding was reviewed. The remaining funding matures on March 2024 (TLTRO 3.7, EUR 70,000 thousand) and June 2024 (TLTRO 3.8, EUR 8,400 thousand), but for which early repayment has been possible from January 2023.

The interest rate for TLTRO funding is based on the ECB's deposit rate and the growth of the bank's net lending. During the period 24.6.2020-23.6.2022, the interest rate may be the ECB's deposit rate (-0.5%) less an additional interest rate of 0.5%. The additional interest rate has been recognized as income during financial year 2021. The ECB recalibrated the conditions of the funding in November 2022, from which the interest rate is tied to the ECB's key interest rate. The final interest rate on the loan will be reviewed when the TLTRO III funding matures. The loan has been treated in accordance with IFRS 9 Financial Instruments.

NOTE 11 DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

POP Bank Group hedges its interest rate risk against changes in fair value, primarily using interest rate swaps. Hedge accounting is applied for fair value hedging. The hedged instrument of fair value hedging is fixed-rate deposits and fixed-rate bonds issued.

The nominal value of the fixed-rate deposits subject to fair value hedging at the end of reporting period was EUR 624,900 (200,000) thousand and the nominal value of the fixed-rate bond subject to fair value hedging at the end of reporting period was EUR 500,000 (250,000) thousand. The nominal values of derivative instruments correspond to the nominal values of the objects to be hedged.

NOMINAL VALUES OF UNDERLYING ASSETS AND FAIR VALUES OF DERIVATIVES

31 DEC 2023

	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
Hedging derivative contracts						
Fair value hedging						
Interest rate derivatives	-	1,024,900	100,000	**1,124,900**	16,165	4,661
Derivatives total	**-**	**1,024,900**	**100,000**	**1,124,900**	**16,165**	**4,661**

31 DEC 2022

	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
Hedging derivative contracts						
Fair value hedging						
Interest rate derivatives	-	450,000	-	**450,000**	-	12,495
Derivatives total	**-**	**450,000**	**-**	**450,000**	**-**	**12,495**

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

Fair value hedging (EUR 1,000)	31 Dec 2023	31 Dec 2022
Liabilities		
Carrying amount of hedged liabilities to customers	633,069	193,827
of which the accrued amount of hedge adjustments	8,169	-6,173
Carrying amount of hedged debt securities issued to the public	503,259	243,038
of which the accrued amount of hedge adjustments	4,326	-6,452

Hedged debts are included on the balance sheet under “Debt securities issued to the public” and “Liabilities to customers”.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES
31 DEC 2023

(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements Carrying amount of financial instruments in balance sheet, net	Financial instruments held as collateral	Cash held as collateral	Net amount
Assets							
Derivatives	31,478	-	31,478	11,323	22,440	-	-
Total	**31,478**	**-**	**31,478**	**11,323**	**22,440**	**-**	**-**
Liabilities							
Derivatives	11,323	-	11,323	11,323		-	-
Total	**11,323**	**-**	**11,323**	**11,323**	**-**	**-**	**-**

NOTE 12 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Covered bonds	503,259	243,038
Debt securities issued to the public	254,931	254,892
Certificates of deposits	28,965	67,323
Total debt securities issued to the public	**787,156**	**565,252**

DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000) Name	Issue date	Due date	Interest	Nominal	Currency
BONUM 17012024	3.6.2020	17.1.2024	EB 12mo + 1.20%	55,000	EUR
BONUM 26102026	20.10.2021	20.10.2026	EB 3mo + 0.85%	20,000	EUR
BONUM 16112025	16.11.2021	16.11.2025	EB 3mo + 0.75%	30,000	EUR
BONUM 05042025	5.4.2022	5.4.2025	EB 3mo + 1.40%	50,000	EUR
BONUM 22042027	22.4.2022	22.4.2027	EB 12mo + 1.25%	50,000	EUR
POPA 22092025	22.9.2022	22.9.2025	2.625% / fixed	250,000	EUR
Issued during the financial year					
POPA 26042028	26.4.2023	26.4.2028	3.625% / fixed	250,000	EUR
BONUM 19072028	19.7.2023	19.7.2028	EB 6mo + 1.11%	50,000	EUR

Certificates of deposit with a total nominal value of EUR 29,000 (67,500) thousand were outstanding on the balance sheet date. Amount of the certificates is 3, nominals range from EUR 2,000 to 20,000 thousand with average maturity of 9.3 months.

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Balance 1 Jan	**565,252**	**284,920**
Debt securities issued, increase	299,197	349,401
Certificates of deposits, increase	79,279	239,012
Total increase	**378,475**	**588,413**
Debt securities issued, decrease	-50,000	-100,000
Certificates of deposits, decrease	-118,219	-201,853
Total decrease	**-168,219**	**-301,853**
Total changes in cash flow	**210,256**	**286,560**
Valuation	11,647	-6,228
Balance at the end of period	**787,156**	**565,252**

NOTE 13 COLLATERAL GIVEN AND RECEIVED

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Given on behalf of own liabilities and commitments		
Pledges	2,546	2,546
Mortgage-backed loan portfolio*	682,731	330,791
Debt securities	143,199	185,950
Other	-	5,150
Collateral given total	**828,476**	**524,437**
Collateral received		
Other	22,440	-
Total collateral received	**22,440**	**-**

*The guarantees provided by POP Bank Group are largely related to collateralised bond loans issued under the securitisation programme established in September 2022. The nominal value of the covered bonds in 31 December 2023 was EUR 500,000 (250,000) thousand.

Other collaterals are related to derivative instruments and are collaterals given or received in cash.

NOTE 14 OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Guarantees	15,860	20,083
Loan commitments	302,076	326,716
Off-balance sheet commitments, total	**317,937**	**346,800**
Other commitments		
Commitment to invest in venture capital funds	360	5,768
Other commitments total	**360**	**5,768**

The expected credit losses of off-balance sheet commitments are presented in note 9.

NOTE 15 RELATED PARTY DISCLOSURES

The related parties of POP Bank Group comprise the companies and associates consolidated in the financial statements, and members of the Board of Directors and Executive Group and members of their immediate families. In addition, related parties include companies in which key management personnel or their immediate family members have control.

The related parties of POP Bank Group include the members of the Supervisory Board and Board of Directors of POP Bank Centre coop and their close relatives. Related parties also include the managing director and deputy managing director of POP Bank Centre coop. Other related parties include companies consolidated in the financial statements as well as immediate family members of key management personnel and companies which the above-mentioned persons exercise control.

Transactions with key persons in management and other related parties are presented below.

In the reporting period 2023, the POP Banks have granted housing and consumption loans to related parties at ordinary terms. These loans are tied to generally applied reference rates.

RELATED-PARTY TRANSACTIONS

	Key persons in management		Other	
(EUR 1,000)	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Assets				
Loans	1,637	1,669	7,548	2,908
Expected credit loss	1	3	8	3
Liabilities				
Deposits	1,571	1,608	5,690	1,572
Debt securities issued to the public	-	-	8,000	-
Off-balance-sheet commitments				
Loan commitments	215	30	584	-
Guarantees	234	190	1,170	60
Investments to other than cooperative contributions	10	50	28	54

	Key persons in management		Other	
(EUR 1,000)	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2022**	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2022**
Income and expenses				
Interest income	40	17	198	63
Interest expenses	4	0	2	0

COMPENSATION TO KEY PERSONS IN MANAGEMENT

(EUR 1,000)	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2022**
Short-term employee benefits	2,784	2,642
Post-employment benefits	41	27
Compensation to key persons in management total	**2,825**	**2,669**

NOTE 16 EVENTS AFTER THE CLOSING DATE

The Board of Directors of POP Bank Centre coop is not aware of any events after the closing date that would have a material impact on the information presented in the financial statements of the POP Bank Group.

Espoo 15 February 2024

Board of Directors of POP Bank Centre coop

The figures disclosed in the financial statements release are unaudited.

FURTHER INFORMATION

www.poppankki.fi/pop-pankki-ryhma/en

POP Bank