POP BANK GROUP
FINANCIAL STATEMENTS RELEASE
1 JANUARY – 31 DECEMBER 2024

POP Bank

CONTENTS

This document is a translation of the original Finnish version "POP Pankki -ryhmä Tilinpäätöstiedote 1.1. - 31.12.2024". In case of discrepancies, the Finnish version shall prevail.

CEO'S REVIEW

POP Bank Group's positive development continued in 2024. With its solid financial standing, our Group achieved a record result, with lending and deposits growing and net interest income and net commission income up on the previous year. Our core banking system project is progressing steadily, and we once again achieved first place in the customer satisfaction survey for both private and corporate customers. I am particularly pleased with the strong increase in customer satisfaction among corporate customers.

Although the year was a success for the Group, our operating environment, the Finnish economy, continued to perform poorly, and the number of bankruptcies remained high. Although consumers' purchasing power developed positively in 2024 thanks to decelerating inflation and falling interest rates, the economy has not yet started to grow markedly. However, the expected increase in housing sales materialised after the summer and continued throughout the rest of the year.

In 2024, POP Bank Group's profit before taxes was EUR 89.8 million, which is EUR 0.5 million more than the profit from continuing operations in the previous year. As expected, net interest income declined towards the end of the year as market interest rates fell. Despite this, the net interest income for the financial year increased by 5.5 per cent year-on-year. The loan portfolio grew by 4.0 per cent, and the volume of deposits by 1.1 per cent. Operating income increased by EUR 240.9 million, up by EUR 16.4 million on the previous year. Operating expenses increased as a result of growth in personnel expenses and our substantial system development investments, rising by EUR 12.3 million to EUR 131.2 million. As part of our preparation for the weaker operating environment, we updated the parameters for the calculation of the provision for POP Bank Group's credit losses. This had a significant impact on the impairment losses for the review period, which increased to EUR 22.4 (17.3) million. Our common equity tier 1 (CET 1) capital ratio rose to 22.0 per cent, increasing by 1.7 percentage points on the previous year.

The EU Corporate Sustainability Reporting Directive (CSRD), which promotes the green transition, brings a new perspective to our reporting. The Board of Directors' report for 2024 includes a sustainability report in accordance with the CSRD, which broadly describes the different themes of sustainability in the POP Bank Group's business operations. Sustainability has long been an integral part of our everyday life as a cooperative bank. In addition to the regional sustainability work of member cooperative banks, we have specified our HR policy and Code of Conduct at group level during the review period, trained our personnel and calculated the carbon footprint of our business operations for the first time.

> **I am particularly pleased with the strong increase in customer satisfaction among corporate customers.**

Our core banking system project is progressing towards its planned implementation later this year. This means a significant effort to complete the project and ensure the best user experience for our customers and employees. At the same time, we will have access to the capabilities and further development opportunities that the new system brings, enabling smoother digital services for all our customers. This is very important to us, as digital self-service channels have long been the main mode of use for both of our core customer groups, with a particular focus on mobile services.

Although a significant part of our development resources has been directed to the system reform, we have, among other aspects, promoted the adoption of our artificial intelligence solutions and successfully launched POP Talousturva, which was developed in cooperation with Local-Tapiola and can be tailored to different life situations. Through the Group's centralised customer service functions, we have extended our call centre hours and improved the efficiency of our human resources. As a result of high demand, we also opened four new service points during the year and we have systematically increased the number of business experts in order to serve our customers even more extensively and better. In addition, our entry into the InvestEU funding programme in the summer will allow us to provide more competitive funding for investments that promote local prosperity.

I would like to take this opportunity to thank our personnel, customers and partners for their excellent co-operation. We are well-positioned for 2025, a year that is important in many ways.

Jaakko Pulli
CEO
POP Bank Centre coop

Operating income

240.9

(224.5)*
EUR million

Profit before tax

89.8

(89.3)*
EUR million

Net interest income

187.9

(178.1)
EUR million

Loan portfolio

4.7

(4.6)
EUR billion

CET 1 capital ratio

22.0%

(20.3%)

Customers

253,800

(255,900)

*Continuing operations 2023

POP BANK GROUP AND AMALGAMATION OF POP BANKS

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

The 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.

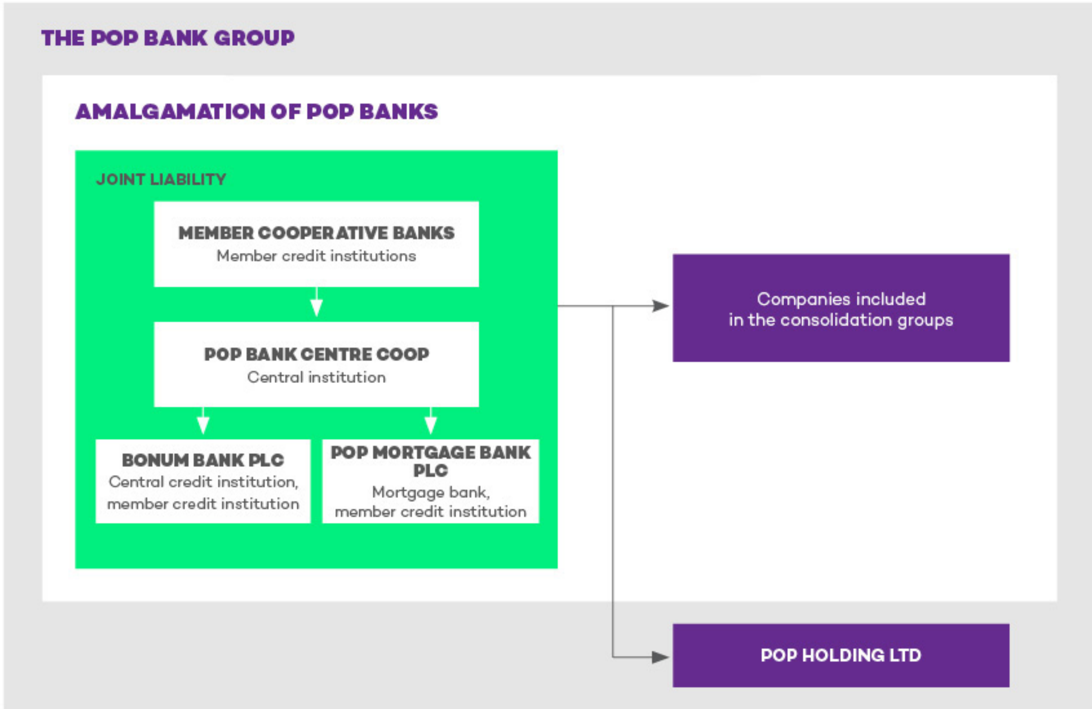
POP Bank Centre coop is the central institution of the amalgamation of POP Banks and is responsible for steering and supervising POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

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 the POP Bank Group and the entities included in the amalgamation and scope of joint liability. There were no changes in the structure of the Group during the reporting period.

POP BANK GROUP STRUCTURE



OPERATING ENVIRONMENT

Global economic growth was moderate in 2024. Growth was stronger in Asia, but in the United States and the euro area, which are important markets for Finnish exports, economic growth remained slower. The ECB (European Central Bank) and the FED (US Federal Reserve) have sought to slow down the high inflation rates of recent years, and therefore both maintained a tight monetary policy in the first half of 2024, keeping interest rates high. As inflationary pressures gradually eased, the ECB started to gradually lower its key interest rates in June to support the economy, which was slowing down. The FED started to reduce interest rates in September.

Although the euro area economy grew in 2024, the emergence of political and economic problems in the major euro area economies, Germany and France in particular, dampened growth prospects. In addition, in the euro area, the US election result in November increased fears of a trade war and concerns about continued US support for Ukraine, and raised expectations of increased cost pressures for European NATO members.

The Finnish economy continued to perform sluggishly, with GDP growth remaining negative in 2024. This was partly because of industrial action in the early part of the year, as well as reduced household consumption. The sharp decline in construction and growth in unemployment also slowed the economy's recovery from the recession. There was a record number of bankruptcies in 2024, especially in construction and related sectors. The number of bankruptcies in the restaurant sector was also exceptionally high. Finnish exports were modest in the early part of the year, but started to grow in the second half. As a result of the weak outlook and demand, corporate investment fell markedly from 2023. On the positive side for the Finnish economy, inflation rates returned to normal and interest rates started to fall considerably.

During 2024, wage and salary earners' purchasing power increased, and the household debt ratio was declining. Falling interest rates towards the end of the year and a slowdown in the downward trend in housing prices boosted housing sales. However, the majority of households remained cautious about spending and major purchases.

Households' caution was also reflected in the growth of bank deposits in Finland. In particular, the popularity of higher-interest fixed-term deposits increased. The amount of assets invested in Finnish investment funds increased significantly as well. The average price performance of Finnish stocks was weak during 2024, with the general index down by 6.8 per cent from the end of 2023, while the US stock market in particular rose strongly, driven by technology companies.

Although wage and salary earners' overall purchasing power developed favourably in 2024, a significant proportion of households continued to suffer from rising costs as a result of the exceptionally high inflation of previous years.

In agriculture, one of the main cost components is the level of input prices, which stabilised from the price spikes of previous years. However, producer prices have fallen more than input prices, so entrepreneurial income in agriculture has not increased. The differences in profitability performance between farms became even more polarised. For forest owners, a positive development was the continued growth in the industrial demand for wood. Both the volume and the average prices in the timber trade increased markedly on the previous year.

KEY EVENTS

STRUCTURE AND SERVICE DEVELOPMENT IN POP BANK GROUP

Customer encounters are at the core of POP Bank Group's operations. Technological development enables POP Banks to open new service points with a lighter concept than traditional bank branches. Based on the concept, Isojoen Osuuspankki opened a new service point in Karvia in June. In the autumn, Suomen Osuuspankki opened a service point in Kalajoki, Honkajoen Osuuspankki in Kankaanpää and Kyrön Seudun Osuuspankki in Riihikoski. At the beginning of the financial year, Konneveden Osuuspankki merged the operations of the Lievestuore and Sumiainen service points into the Laukaa service point.

The Group's internal service centre has expanded its range of services, providing customer service for the Group's various channels and for back-office functions, which consist of several sets of services. The service centre is also currently a pilot site for POP Bank Group to explore the potential of AI to support the best customer satisfaction and quick decision-making.

COLLABORATION WITH LOCALTAPIOLA

POP Bank Group started extensive cooperation with LocalTapiola in 2023. In the spring of 2024, POP Banks launched a new voluntary loan protection insurance product called POP Talousturva. POP Talousturva was developed in close cooperation with LocalTapiola and POP Banks' personnel and customers. POP Talousturva protects the repayment of a loan for longer periods of sick leave and unemployment, for example. The product is tailored to the customer from a range of different security packages, and its sales have developed favourably. In addition to product cooperation, POP Banks have organised joint customer events with LocalTapiola's regional companies, among other forms of cooperation.

SYSTEM REFORM PROJECT

POP Bank Group's system reform project is progressing towards its planned implementation in late 2025. During the financial year, an office infrastructure modernisation project was completed, in which POP Bank Group's workstation equipment and data networks were replaced with new solutions. The statutory reporting reform project introduced several reporting solutions that make use of the new statutory reporting data warehouse. The system reform project continues to cause overlapping costs to the Group during the project, as the implementation of new systems is prepared alongside the current systems.

SUSTAINABILITY PROGRAMME

The development projects related to POP Bank Group's responsibility programme are a key part of POP Bank Group's strategy. For the first time, for 2024, POP Bank Group will publish a sustainability report in line with the EU Corporate Sustainability Reporting Directive (CSRD).

POP Bank Group's Code of Conduct and HR policy were adopted as part of the responsibility programme in 2024. The Code of Conduct describes good business practices and the minimum standards that employees, the executive management and administration are expected to follow. POP Bank Group's HR policy describes the principles and practices of a responsible workplace and workplace community.

During the early part of the year, issues around sustainability preferences in investment advice were clarified, and additional training was provided for personnel. In addition, POP Bank Group's green loan product (Vihreä laina) was updated during 2024 with the addition of a guarantee from the European Investment Fund. With the update, the green loan will also be available to businesses and housing company customers.

The responsibility targets for 2025–2027 were prepared and adopted during 2024. The targets were set from an environmental, social responsibility and good governance perspective, and progress on them will be reported in the future as part of the sustainability report.

PREPARING FOR CHANGES IN THE INTEREST RATE ENVIRONMENT

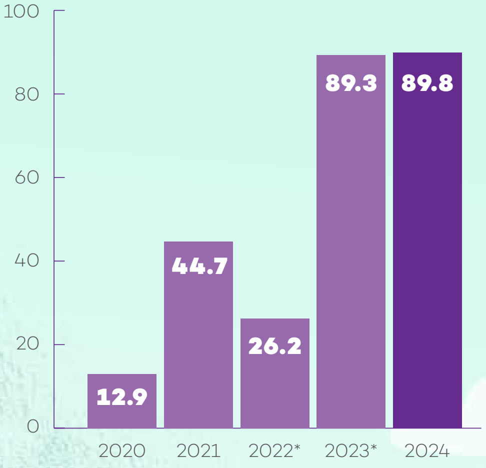
The gradual increase in the interest rate hedge ratio and the reduction of the risk position in terms of the open interest rate risk continued during the financial year. The measures were carried out by Bonum Bank, the central credit institution of the amalgamation, with all the cooperative banks participating. In addition, new intra-group approaches to hedge execution were adopted, allowing the use of intra-group derivatives for hedging purposes.

CREDIT RATINGS

In December, 2024 S&P Global Ratings affirmed Bonum Bank Plc's issuer credit rating 'BBB' for long-term and 'A-2' for short-term with positive outlook. At the same time the agency confirmed Bonum Bank's 'BBB+/A-2' resolution counterparty ratings (RCRs), originally assigned in June 2024.

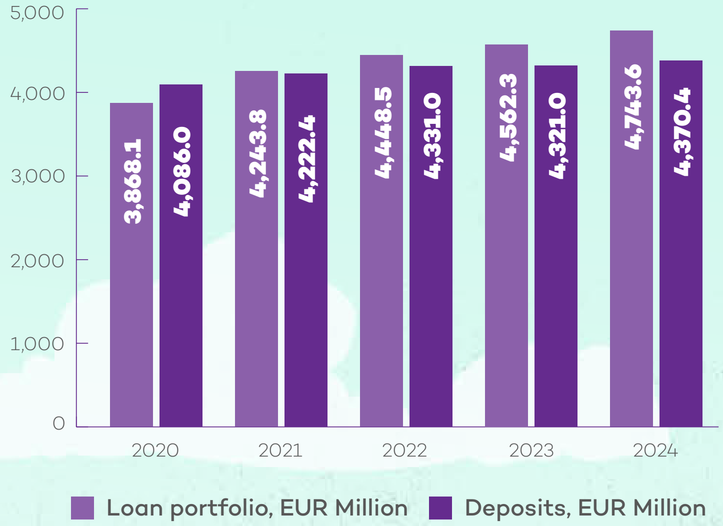
In September 2024, S&P Global Rating affirmed the 'AAA' credit rating with a stable outlook for POP Mortgage Bank's loan program and the issued bonds.

PROFIT BEFORE TAX, EUR MILLION

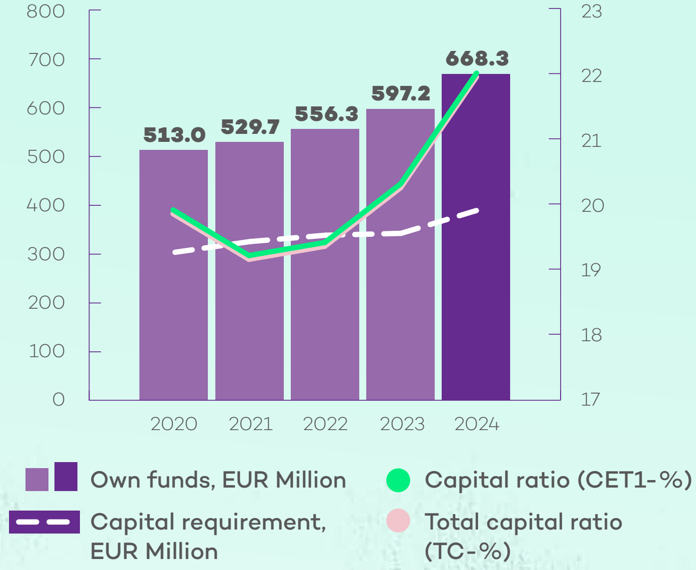


*Continuing operations

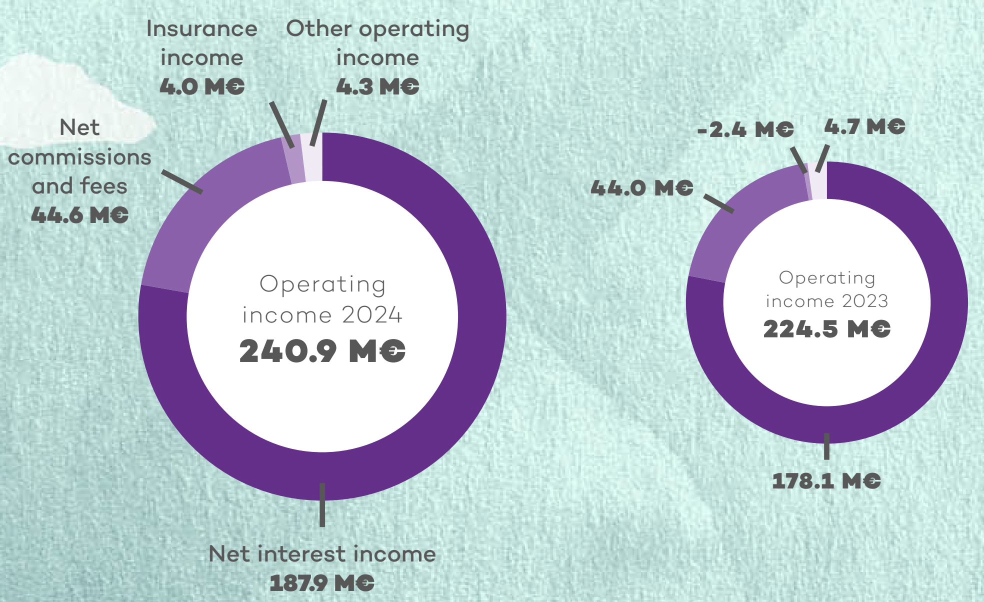
LOAN PORTFOLIO AND DEPOSITS, EUR MILLION



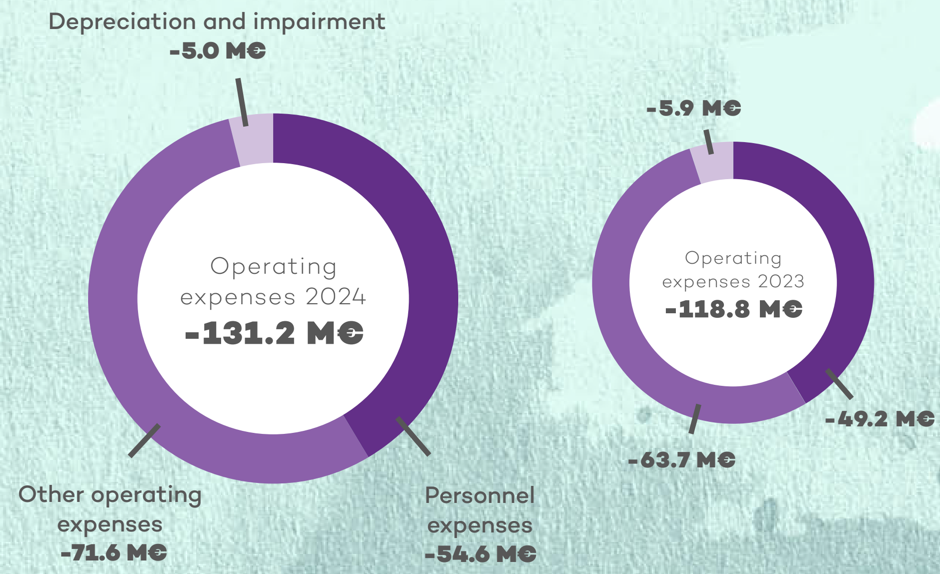
CAPITAL ADEQUACY



OPERATING INCOME, EUR MILLION



OPERATING EXPENSES, EUR MILLION



POP BANK GROUP'S EARNINGS AND BALANCE SHEET

POP BANK GROUP'S KEY FIGURES AND RATIOS

Key income figures (EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023*	1 Jan - 31 Dec 2022*	1 Jan - 31 Dec 2021	1 Jan-31 Dec 2020
Net interest income	187,833	178,108	93,326	78,338	74,099
Net commissions and fees	44,630	44,016	42,098	36,326	31,049
Insurance income	-	-	-	13,192	11,611
Net investment income	4,009	-2,355	-602	10,028	1,298
Personnel expenses	-54,599	-49,204	-43,571	-50,655	-43,531
Other operating expenses	-71,556	-63,703	-58,303	-55,464	-51,978
Impairment losses on financial assets	-22,429	-17,271	-7,738	-10,390	-7,468
Profit before tax	89,828	89,326	26,155	44,670	12,919

Key balance sheet figures (EUR 1,000)	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
Loan portfolio	4,743,620	4,562,254	4,448,480	4,243,829	3,868,147
Deposit portfolio	4,370,412	4,321,022	4,331,041	4,222,364	4,086,045
Insurance contract liabilities	-	-	48,241	52,692	43,915
Equity capital	759,486	688,106	566,675	552,809	517,242
Balance sheet total	6,256,978	6,074,569	5,774,192	5,357,697	5,098,398

Key ratios	31 Dec 2024	31 Dec 2023*	31 Dec 2022*	31 Dec 2021	31 Dec 2020
Cost to income ratio	54.5%	52.9%	76.1%	68.8%	83.6%
Return on assets, ROA %	1.2%	1.2%	0.4%	0.7%	0.2%
Return on equity, ROE %	10.0%	11.4%	3.7%	6.9%	2.2%
Equity ratio, %	12.1%	11.3%	9.8%	10.3%	10.1%
Common equity Tier 1 capital ratio, (CET1) %	22.0%	20.3%	19.4%	19.2%	19.9%
Capital adequacy ratio, (TC) %	22.0%	20.3%	19.4%	19.2%	19.9%

*POP Bank Group's key figures and ratios for financial years 2022 and 2023 include only the profit for continuing operations.

POP BANK GROUP'S EARNINGS PERFORMANCE

POP Bank Group's profit before taxes was EUR 89.8 million, compared with EUR 89.6 million for continuing operations in the previous year. Group's profit after taxes was EUR 72.6 (71.6) million.

Total operating income of the Group increased by EUR 16.4 million to EUR 240.9 (224,5) million. Net interest income strengthened by 5.5 per cent to EUR 187.9 (178.1) million. Interest income from receivables and interest investments totalled EUR 271.4 (232.7) million in the review period, and interest expenses amounted to EUR 71.2 (48.4) million. Hedging derivatives had an impact of EUR -12.3 (6.2) million to net interest income. Net commission income and expenses remained at the level of the comparison year, amounting to EUR 44.6 (44.0) million.

Net investment income was EUR 4.0 (-2.4) million. The net amount of valuation gains and losses recognised during the first half of the year was EUR 2.0 (-2.6) million. Other operating income totalled EUR 4.3 (4.7) 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.

Total operating expenses increased 10.4 per cent to EUR 131.2 (118.8) million. Personnel expenses were EUR 54.6 (49.2) million, and other operating expenses were EUR 71.6 (63.7) million. Other operating expenses were increased by the system reform project, during which the Group will incur temporary overlapping costs in addition to project costs, e.g. licenses and systems of new and old solutions. Depreciation and impairment were EUR 5.0 (5.9) million.

A total impairment loss of EUR 22.4 (17.3) million was recognised on financial assets. The calculation parameters for expected credit losses were updated during the financial year. Expected credit losses (ECL) on loans and receivables and off-balance sheet credit commitments increased by EUR 3.9 (11.2) million to EUR 56.2 (52.6) million, which is 1.20 (1.16) per cent of the loan portfolio. Expected credit losses on investment assets increased by EUR 0.3 (0.1) million. During the review period, the guidelines for the timing of recognising realised credit losses were clarified. Credit losses totalled EUR 18.2 (5.9) million. Most of the realised credit losses had already been provisioned for earlier with an allowance for expected credit losses.

POP BANK GROUP'S BALANCE SHEET

POP Bank Group's balance sheet totalled EUR 6,257.0 million at the end of the review period (EUR 6,074.6 million at the beginning of the review period). Group's loan portfolio increased under the review period by 4.0 per cent to EUR 4,743.6 (4,562.3) million. Deposits grew by 1.1 per cent to EUR 4,370.4 (4,321.0) million.

The balance sheet value of bonds in issue was EUR 940.8 (787.2) million at the end of the financial year of which covered bonds were EUR 756.1 (503.3) million. The Group's investment assets were 750.0 (814.2) 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 759.5 million at the end of the review period (EUR 688.1 million at the beginning of the review period). The cooperative capital amounted to EUR 69.2 (71.1) million at the end of the review period, which consists of the POP Banks' cooperative contributions amounted EUR 10.8 (10.7) million and POP Shares amounted EUR 58.4 (60.4) million. POP Shares are investments in the cooperative bank's equity in accordance with the Co-operatives Act. The POP Banks have paid EUR 2.7 (1.7) million in interest on cooperative capital for the year 2023.

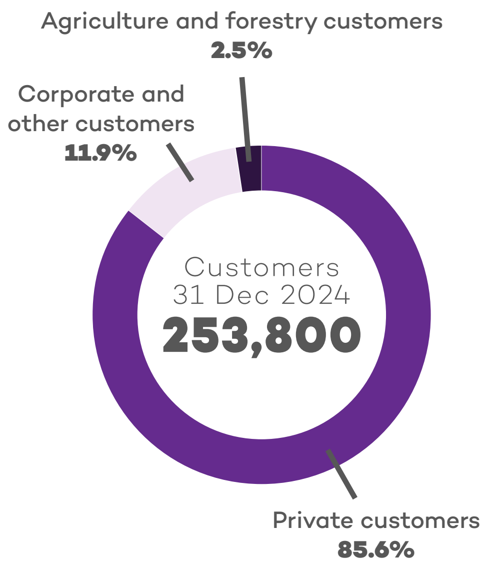
BUSINESS DEVELOPMENT

At the end of the financial year, the POP Bank Group had 253.8 thousand banking customers (255.9 at the beginning of the financial year). 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 13th time. In addition to this, POP Bank was selected as the best bank in corporate category in the same survey.

At the end of the financial year, the POP Banks had 72 branches and service points, including three branches focusing on digital services. In the beginning of the year, operations of two service points were consolidated to Laukaa service point. In June a new service point was opened in Karvia and in Autumn new service points were opened in Kalajoki, Kankaanpää and Riihikoski. In addition to branches and service points, customers have access to mobile and online banking services and online appointments.

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

POP BANK GROUP'S CUSTOMERS 31 DEC 2024



Between January and December, the Group's loan portfolio rose to EUR 4,743.6 (4,562.3), million with an increase of 4.0 per cent on the end of 2023. Loans granted to private customers increased by 3.1 per cent year-on-year, while loans to corporate customers and customers in agriculture and forestry grew by 5.5 per cent. The average margin on the portfolio fell slightly.

The mortgage loan portfolio increased by 3.8 per cent to EUR 2,446.0 (2,356.7) million at the end of December. The housing market picked up towards the end of the year, and the demand for loans developed favourably, especially in growth centres. New mortgage loan sales amounted to EUR 267.0 (213.2) million, with an increase of 24.8 per cent. The majority of the mortgage loan portfolio is tied to the 12-month Euribor. POP Bank Group's reference rate, POP Prime, fell from 3.4 per cent to 3.0 per cent at the end of the year as market interest rates decreased.

The relative share of interest rate hedges on loans granted during 2024 decreased year-on-year. As the first-time homebuyers' transfer tax exemption ended in Finland at the beginning of 2024, POP Banks decided to support first-time homebuyers by removing mortgage set-up fees until the end of March 2024. The demand for consumer credit has been steady. Corporate lending developed well and continued to be strong during the year, especially in loans to small and medium-sized enterprises.

Deposits developed positively and stood at EUR 4,370.4 million at the end of the year. The increase was 1.1 per cent year-on-year. The rise in market interest rates has increased demand for fixed-term deposits, and their share of the loan portfolio increased to 22.2 (19.0) per cent during the financial year. The Group's gross investment sales in funds and savings insurance amounted to EUR 57 million (47 million in 2023).

A positive credit register was introduced in Finland at the beginning of April. This is a new register that will collect information on individuals' credit and income. The purpose of the new register is to combat household over-indebtedness and to provide reliable information on credit applicants. The register has improved banks' ability to assess customers' creditworthiness and supports responsible lending.

During the reporting period, POP Banks launched a new voluntary loan protection insurance product called POP Talousturva. It helps customers to meet their loan repayments in financially challenging life situations covered by insurance. The content of the insurance cover is tailored to each customer's life situation, and it can therefore be offered to a wider range of customers. POP Talousturva has been developed in cooperation with LocalTapiola Mutual Life Insurance Company and AXA France IARD & VIE Finland.

POP Banks joined the InvestEU programme in 2024. InvestEU is a major financing programme to support the European economy until 2027. Loan guarantees under InvestEU are of the risk-sharing type, where the guarantor reimburses an agreed share of the final credit loss. The guarantees for POP Bank under the InvestEU programme are provided by the European Investment Fund (EIF). The programme supports investments that deliver real benefits and make a difference at local level. The service was launched in POP Banks' product range under the POP Vihreä laina (green loan) product family.

In savings, a renewed version of the POP Salkku (portfolio) service was launched in cooperation with Aktia Life Insurance. The service is an allocation service in the form of savings insurance.

DISCONTINUED OPERATIONS

In May 2023, POP Bank Group sold majority of the shares of Finnish P&C Insurance Ltd to LocalTapiola. Insurance operations profit is reported in the comparison period as discontinued operations in accordance with IFRS 5 standard. POP Bank Group continues to be the owner of Finnish P&C Insurance Ltd with a 30 per cent ownership stake.

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 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

Impaired exposures of loans and receivables from customers (ECL stage 3) were higher than in previous financial year EUR 162.1 (156.6) million. Expected credit losses in ECL stage 3 grew to EUR 45.5 (42.9) million and thus coverage ratio was 28.1 per cent of ECL stage 3 exposures. Non-performing receivables increased to 208.3 (196.5) million, of which 160.4 (156.2) were held on ECL stage 3 and 46.3 (38.4) million were held on ECL stage 2.

The amount of expected credit losses (ECL) for loans, receivables and investment portfolios increased ending up at EUR 58.7 (54.4) million. Realised credit losses incurred during the financial year were EUR 18.2 (5.9) million. Clarification of write off principles and weakening economic development had an impact on the amount of credit losses.

The amalgamation's loan portfolio grew by 4.0 per cent amounting EUR 4,743.6 (4,562.2) million at the end of the accounting period. Industry and customer risks are diversified. Loans granted to private customers accounted for 62.7 (63.6) per cent, to companies 24.9 (24.0) per cent and to agricultural entrepreneurs 12.4 (12.8) 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 62.3 (62.5) 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 more thoroughly 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 315.1 (273.9) per cent on 31 December 2024, with the requirement being 100 per cent. On 31 December 2024, the amalgamation's LCR-eligible assets before haircuts totalled EUR 955.0 (887.2) million, of which 59.5 (55.9) per cent were cash and balance at the central bank and 37.8 (41.3) 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 154.1 (98.4). 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 136.9 (132.7) 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 increased by 1.1 per cent during the reporting period. During 2024 the funding position was supported by the third emission of EUR 250 million by POP Mortgage Bank. At the end of the reporting period, the nominal value of issued securities totalled EUR 940.8 (784.0) 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. Management of banking book interest exposure was continued during reporting period by increasing hedging level gradually. The banking book exposure is monitored and limited via both the net present value and income risk models. The impact of a +/- two percentage points change in interest rates for the following 12 months' net interest income stood at EUR +17.0 (+29.5) / -21.2 (-33.1) 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, tools and risk area-specific mitigating actions (controls and measures) to correct the identified deficiencies and errors and to lower the risk level. The most significant operational risk management process in the POP Bank Group, the self-assessment of operational risks must be carried out regularly (risk identification, assessment, determination and implementation of mitigating actions), registration and reporting of realised risk events and near-miss situations, risk appetite statements and metrics for operational risks, and a new product/service approval process. In order to ensure 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 are used, 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 in cooperation with risk control function.

Efforts have been made to further strengthen the operating model for risk management in money laundering and other financial crime, for example by increasing quality control related to the topic. The central cooperative's binding guidelines on preventing money laundering and other financial crime and compliance with sanctions are updated regularly due to changes in regulations, for example, and investments are also made in providing information on the topic and developing competence at the level of the association. Particular attention has been paid to system development and ensuring that the banking and monitoring systems used support the fulfilment of regulatory and risk management requirements related to the prevention of money laundering and other financial crime and compliance with sanctions as comprehensively as possible.

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 20.31 per cent of total risk-weighted assets (TREA) or 7.77 per cent of the leverage ratio exposures (LRE).

In addition, according to Financial Stability Authority's decision on 17 April 2024, the MREL-requirement was set on POP Mortgage Bank Plc. The MREL requirement for POP Mortgage Bank Plc is 16.0 per cent of total risk-weighted assets (TREA) or 6.0 per cent of the leverage ratio exposures (LRE).

The 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 22.0 (20.3) per cent. The amalgamation does not include the profit for the financial year in own funds. The amalgamation's own funds of EUR 668.3 (587.9) 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 58.4 (60.4) 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% imposed by Finnish Financial Supervisory Authority
- Systemic risk buffer requirement of 1% imposed by Finnish Financial Supervisory Authority
- Credit Institutions Act capital conservation buffer requirement of 2.5%
- Country-specific capital requirements for foreign exposures

In addition, Finnish Financial Supervisory Authority has imposed a Pillar 2 Guidance of 1.25 per cent for the amalgamation of POP Banks. Pillar 2 Guidance is valid until further notice as of 31 March 2024.

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 of the amalgamation was 10.5 (9.5) per cent in relation to minimum requirement of 3 per cent.

Renewed Capital Requirements Regulation (EU 575/2013/876 / CRR3) valid from 1 January 2025 is not expected to have a significant impact to the capital position.

SUMMARY OF CAPITAL ADEQUACY

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Own funds		
Common Equity Tier 1 capital before deductions	678,917	597,197
Deductions from Common Equity Tier 1 capital	-10,601	-9,301
Total Common Equity Tier 1 capital (CET1)	**668,315**	**587,896**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**668,315**	**587,896**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**668,315**	**587,896**
Total risk weighted assets	**3,039,337**	**2,899,048**
of which credit risk	2,611,089	2,558,096
of which credit valuation adjustment risk (CVA)	18,202	10,002
of which market risk (foreign exchange risk)	22,784	13,748
of which operational risk	387,262	317,203

(EUR 1,000)	31 Dec 2024	31 Dec 2023
CET1 Capital ratio (CET1-%)	**22.0%**	**20.3%**
T1 Capital ratio (T1-%)	**22.0%**	**20.3%**
Total capital ratio (TC-%)	**22.0%**	**20.3%**
Capital Requirement		
Total capital	668,315	587,896
Capital requirement*	389,236	342,100
Capital buffer	279,080	245,796
Leverage ratio		
Tier 1 capital (T1)	668,315	587,896
Leverage ratio exposure	6,351,193	6,167,246
Leverage ratio, %	10.5%	9.5%

* The capital requirement is comprised of the minimum requirement of 8.0%, the capital conservation buffer of 1.25%, the systemic risk buffer of 1.0%, the additional Pilar 2 requirement of 2.5% and country-specific countercyclical capital requirement for foreign exposures.

SUSTAINABILITY

Social responsibility in the POP Bank Group is based on cooperative values, local operations and long-term business operations. POP Bank Group will publish a sustainability report in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) for the first time as part of the Board of Directors' Report 2024. The conduct of POP Bank Group's business operations is guided by the Group's values and strategy, current laws, decrees, instructions and regulations issued by authorities, industry practices, ethical business principles, as well as its own rules and internally binding guidelines. In the POP Bank Group, the Board of Directors and Management Team of POP Bank Centre are responsible for identifying, monitoring and supervising sustainability factors.

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

During 2024, the POP Bank Group prepared and approved responsibility targets for 2025–2027. The targets were set from an environmental, social and good governance perspective, and progress will be reported as part of the sustainability report. In addition, the themes of the responsibility programme were reviewed in connection with setting sustainability targets, and minor updates were made to the themes. POP Bank Group actively monitors the EU regulation related to sustainability and is continuously developing its own services, processes, reporting and guidelines to meet the regulatory changes.

POP Bank received 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 2024. 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 2025

The outlook for the Finnish economy remains uncertain. There are early signals of economic recovery, but household purchasing power is recovering slowly. The employment situation continued to weaken towards the end of 2024 and the number of bankruptcies was at a record level, and no rapid turn in the economic cycle is in sight in early 2025. However, private consumption is expected to recover as a result of increasing purchasing power, which will support the outlook for economic growth towards the end of the year. The unstable geopolitical situation continues to cast a particular shadow over economic development.

As a result of falling market interest rates, POP Bank Group's profit before tax in 2025 is expected to be lower as in 2024. 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.

TABLES (IFRS)

POP BANK GROUP'S INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Interest income*		271,043	232,682
Interest expenses*		-83,110	-54,574
Net interest income	4	**187,933**	**178,108**
Net commissions and fees	5	44,630	44,016
Net investment income	6	4,009	-2,355
Other operating income		4,288	4,685
Total operating income		**240,860**	**224,453**
Personnel expenses		-54,599	-49,204
Other operating expenses		-71,556	-63,703
Depreciation and amortisation		-5,007	-5,917
Total operating expenses		**-131,161**	**-118,824**
Impairment losses on financial assets	9	-22,429	-17,271
Associate´s share of profits		2,558	968
Profit before taxes		**89,828**	**89,326**
Income tax expense		-17,222	-17,714
Profit from continuing operations		**72,605**	**71,611**
Profit from discontinued operations after taxes	3	-	45,229
Profit for the period		**72,605**	**116,840**

*The presentation method for interest income from derivative contracts has been changed. For the interest on derivatives, the interest from one interest rate swap will henceforth be recorded on a net basis rather than as gross interest income and gross interest expense. A reclassification of EUR 22,257 thousand from interest income to interest expenses was made for the comparative period. The change is described in more detail in Note 2, under "Changes in presentation method".

POP BANK GROUP'S STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Profit for the financial year	**72,605**	**116,840**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Gains/(losses) arising from remeasurement of defined benefit plans	-15	697
Net changes in fair value of equity instruments	211	141
Capital gains and losses for equity instruments	23	-
Deferred taxes	-44	-168
Total	**175**	**671**
Items that may be reclassified to profit or loss		
Cash flow hedges	-468	-
Movement in fair value reserve for liability instruments	4,968	6,812
Deferred taxes	-900	-1,350
Total	**3,600**	**5,462**
Other comprehensive income items total	**3,775**	**6,133**
Comprehensive income for the financial year	**76,380**	**122,972**

POP BANK GROUP'S BALANCE SHEET

(EUR 1,000)	Note	31 Dec 2024	31 Dec 2023
Assets			
Liquid assets		567,900	495,644
Loans and receivables from credit institutions	7,8	44,751	61,502
Loans and receivables from customers	7,8	4,743,620	4,562,254
Derivatives	11	29,267	16,165
Investment assets	7,8	725,289	792,043
Investments in associates		24,680	22,123
Intangible assets		8,884	7,986
Property, plant and equipment		25,422	24,930
Other assets		81,099	86,470
Tax assets		6,066	5,453
Total assets		**6,256,978**	**6,074,569**

(EUR 1,000)	Note	31 Dec 2024	31 Dec 2023
Liabilities			
Liabilities to credit institutions	7,8,10	52,614	131,144
Liabilities to customers	7,8,10	4,384,387	4,330,320
Derivatives	11	2,636	4,661
Debt securities issued to the public	12	940,776	787,156
Other liabilities		82,908	97,734
Tax liabilities		34,172	35,449
Total liabilities		**5,497,492**	**5,386,463**
Equity capital			
Cooperative capital			
Cooperative contributions		10,792	10,714
POP Shares		58,388	60,391
Total cooperative capital		**69,180**	**71,105**
Reserves		163,725	157,795
Retained earnings		526,581	459,206
Total equity capital		**759,486**	**688,106**
Total liabilities and equity capital		**6,256,978**	**6,074,569**

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

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Balance 1 Jan 2024	**71,105**	**-4,645**	**162,440**	**459,206**	**688,106**
Comprehensive income					
Profit for the financial year	-	-	-	72,605	**72,605**
Other comprehensive income	-	3,787	-	-12	**3,775**
Total comprehensive income	**-**	**3,787**	**-**	**72,593**	**76,380**
Transactions with shareholders					
Change in cooperative capital	-1,925	-	-	-	**-1,925**
Profit distribution	-	-	-	-3,069	**-3,069**
Transfer of reserves	-	-	2,146	-2,146	**-**
Total	**-1,925**	**-**	**2,146**	**-5,214**	**-4,994**
Other changes	-	-	-3	-3	**-6**
Other changes total	**-**	**-**	**-3**	**-3**	**-6**
Balance 31 Dec 2024	**69,180**	**-858**	**164,583**	**526,582**	**759,486**

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

POP BANK GROUP'S CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Cash flow from operations			
Income statement		72,605	116,840
Adjustments to profit for the financial year		34,966	39,402
Increase (-) or decrease (+) in operating assets		**-123,419**	**-310,523**
Loans and receivables from credit institutions	7,8	409	3,234
Loans and receivables from customers	7,8	-203,041	-127,049
Investment assets		72,899	-74,386
Other assets		6,314	-112,322
Increase (+) or decrease (-) in operating liabilities		**-63,862**	**-45,854**
Liabilities to credit institutions	7,8,10	-78,530	-46,338
Liabilities to customers	7,8,10	49,130	-33,215
Other liabilities		-14,349	41,878
Income tax paid		-20,113	-8,179
Total cash flow from operations		**-79,709**	**-200,136**
Cash flow from investing activities			
Changes in subsidiary investments		-10	53,403
Purchase of PPE and intangible assets		-8,365	-10,242
Proceeds from sales of PPE and intangible assets		419	2,242
Total cash flow from investing activities		**-7,956**	**45,403**
Cash flow from financing activities			
Change in cooperative capital, net		-1,925	245
Interests paid on cooperative capital and other profit distribution		-3,095	-1,789
Debt securities issued, increase	7,8,12	336,016	378,475
Debt securities issued, decrease	7,8,12	-185,526	-168,219
Payment of lease liabilities		-1,890	-1,692
Total cash flow from financing activities		**143,579**	**207,020**

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Change in cash and cash equivalents			
Cash and cash equivalents at period-start		516,334	464,047
Cash and cash equivalents at the end of the period		572,249	516,334
Net change in cash and cash equivalents		**55,915**	**52,287**
Cash and cash equivalents			
Liquid assets		567,900	10,624
Receivables from credit institutions payable on demand		4,349	505,710
Total		**572,249**	**516,334**

ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT

Interest received	275,724	214,309
Interest paid	80,184	37,542
Dividends received	2,934	3,660
Adjustments to profit for the financial year		
Non-cash items and other adjustments		
Impairment losses on receivables	25,190	17,271
Depreciations	6,352	8,270
Other	3,425	13,861
Adjustments to profit for the financial year total	**34,966**	**39,402**

NOTES

NOTE 1 POP BANK GROUP

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.

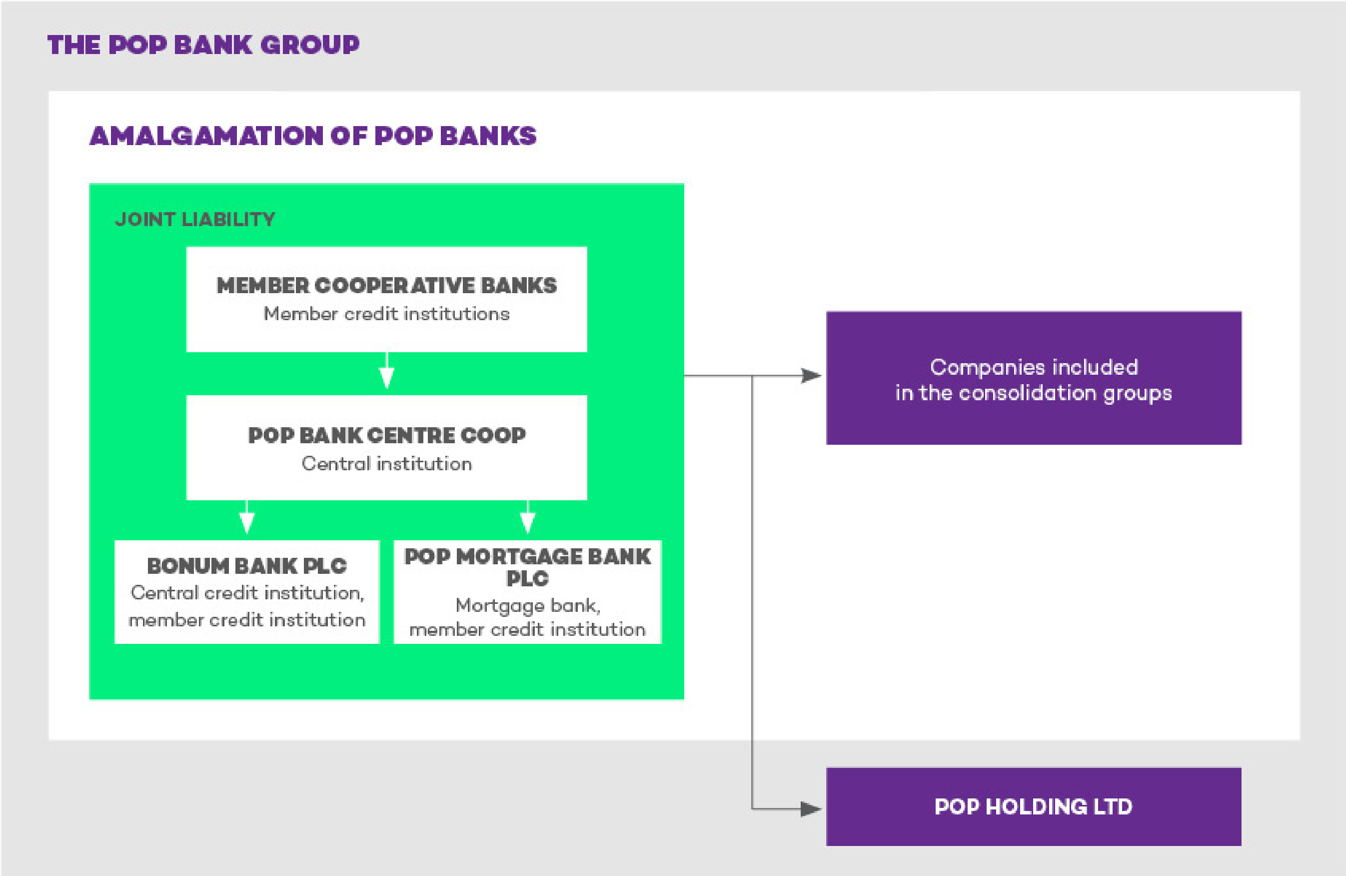
POP Bank Group also includes other entities besides the entities included in the amalgamation of POP Banks. During the financial year 2023, POP Bank Group relinquished control over Finnish P&C Insurance Ltd and continues as a minority shareholder in the company. The company's income and expenses are presented in the comparison period 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.

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. There were no changes in the structure of the Group during the reporting period.

POP BANK GROUP STRUCTURE



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, FI-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 14 February 2025. The financial statements will be distributed to the general meeting of POP Bank Centre coop cooperative on 4 April 2025. 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, FI-02600 Espoo, Finland, and online at **www.poppankki.fi**.

NOTE 2 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 2024 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 UNCERTAINTIES 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. More detailed information on the fair values and valuation methods of financial assets is provided in Note 8 and on impairment losses on financial assets in Note 9.

DISCONTINUED OPERATIONS

During the comparison 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 according to IFRS 5 as discontinued operations, and the result of discontinued operations is reported separately from the income and expenses of continuing operations on the comparison period.

CHANGES IN PRESENTATION METHOD

POP Bank Group has clarified the presentation method for interest related to hedging derivative contracts. Unlike the previous presentation method, the interest from a single derivative contract will now be recorded on a net basis instead of as gross interest income and gross interest expense. Interest from derivatives hedging assets will be presented in the income statement under interest income, and interest from derivatives hedging liabilities will be presented under interest expenses. The presentation method for interest liabilities and receivables has also been modified, such that the interest from derivative contracts is shown as a net amount in either "other assets" or "other liabilities" on the balance sheet, depending on the interest payment situation at each reporting date. Comparative period data in the income statement has been adjusted to match the new presentation method. No corresponding adjustment has been made on the balance sheet. This adjustment has no impact on net interest income. The detailed euro impacts of the presentation change are shown in the income statement and in Note 4 regarding net interest income.

CHANGES IN ACCOUNTING POLICIES

Adoption of new IFRS standards, amendments to standards and interpretations

Amendments to standards and interpretations during the reporting period 2024 did not have an effect on POP Bank Group financial statements.

NOTE 3 DISCONTINUED OPERATIONS

POP Bank Group relinquished control over Finnish P&C Insurance Ltd, which comprised the insurance segment, in a business transaction completed on the comparison period. POP Bank Group sold 70 per cent of the shares to LocalTapiola and continues as a minority shareholder in the company. The company was consolidated into POP Bank Group's financial statements as a subsidiary until the sale was completed.

Insurance operations are reported on comparative period as discontinued operations in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. The next table shows the profit of the discontinued operations.

(EUR 1,000)	1 Jan - 25 May 2023
Profit from discontinued operations	
Net interest income	387
Net investment income	1,101
Insurance service result	
Insurance premium revenue	20,755
Insurance service expenses	-18,617
Net income from reinsurance contracts	-28
Total net insurance service result	**2,109**
Net insurance finance income	
Net finance income from insurance contracts	-393
Net finance income from reinsurance contracts	126
Total net insurance finance income	**-267**
Other operating income	**36**
Other operating expenses	**-77**
Profit from discontinued operations before taxes	**3,290**
Income taxes	-
Profit from discontinued operations after taxes	**3,290**
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**

The discontinued operation had no items to be included in the comprehensive income statement.

NOTE 4 NET INTEREST INCOME

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Interest income		
Loans and receivables from credit institutions	15,052	17,911
Loans and receivables from customers	237,358	197,106
Debt securities		
At amortised cost	10,052	8,278
At fair value through profit or loss	137	125
At fair value through other comprehensive income	6,860	7,655
Hedging derivatives*	-386	-
Other interest income	1,970	1,606
Total interest income	**271,043**	**232,682**
Interest expenses		
Liabilities to credit institutions	-2,025	-3,938
Liabilities to customers	-40,010	-19,606
Debt securities issued to the public	-29,058	-24,637
Hedging derivatives*	-11,871	-6,218
Other interest expenses	-146	-175
Total interest expenses	**-83,110**	**-54,574**
of which negative interest income	-8	-8
Net interest income	**187,933**	**178,108**
Interest income from financial assets impaired due to credit risk (stage 3)	8,956	7,602

*The presentation method for interest income from derivative contracts has been changed. For the interest on derivatives, the interest from one interest rate swap will henceforth be recorded on a net basis rather than as gross interest income and gross interest expense. A reclassification of EUR 22,257 thousand from interest income to interest expenses was made for the comparative period. The change is described in more detail in Note 2, under "Changes in presentation method".

NOTE 5 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Commissions and fees		
Lending	9,326	8,343
Deposits	142	277
Payment transfers	28,388	29,309
Legal services	2,686	2,482
Intermediated services	3,507	3,713
Issuing guarantees	664	636
Funds	4,050	3,589
Other commission income	1,124	1,018
Total commissions and fees	**49,889**	**49,367**
Commissions expenses		
Payment transfers	-5,001	-5,089
Other commission expenses	-257	-261
Total commission expenses	**-5,258**	**-5,351**
Net commissions and fees	**44,630**	**44,016**

NOTE 6 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
At fair value through profit or loss		
Debt securities		
Capital gains and losses	-456	-91
Fair value gains and losses	350	-366
Shares and participations		
Dividend income	2,926	3,633
Capital gains and losses	28	-319
Fair value gains and losses	1,659	-2,883
Total	**4,507**	**-26**
At fair value through other comprehensive income		
Debt securities		
Capital gains and losses	134	70
Transferred from fair value reserve to the income statement	-287	-182
Shares and participations		
Dividend income	8	17
Total	**-145**	**-95**
Net income from foreign exchange trading	**194**	**122**
Net income from hedge accounting		
Change in hedging instruments' fair value	8,502	24,000
Change in hedged items' fair value	-8,345	-25,120
Total	**157**	**-1,120**
Net income from investment property		
Rental income	2,694	2,620
Capital gains and losses	133	-232
Other income from investment property	100	123
Maintenance charges and expenses	-2,273	-2,039
Depreciations and amortisation of investment property	-1,345	-1,712
Other income and expenses from investment property	-13	4
Total	**-703**	**-1,236**
Total net investment income	**4,009**	**-2,355**

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

NOTE 7 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS 31 DEC 2024

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Hedging derivatives	Expected credit loss	Total carrying amount
Liquid assets	567,900	-	-	-	-	**567,900**
Loans and receivables from credit institutions	44,752	-	-	-	0	**44,751**
Loans and receivables from customers	4,799,847	-	-	-	-56,227	**4,743,620**
Derivatives	-	-	-	29,267	-	**29,267**
Debt securities*	358,205	4,535	209,381	-	-55	**572,066**
Shares and participations	-	126,572	1,210	-	-	**127,782**
Financial assets total	**5,770,704**	**131,107**	**210,591**	**29,267**	**-56,283**	**6,085,386**
Other assets						**171,593**
Total assets						**6,256,978**

*Expected credit loss of EUR 1,009 thousand from debt securities have been recorded in the fair value reserve.

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	Hedging derivatives	Expected credit loss	Total carrying amount
Other assets	495,644	-	-	-	-	**495,644**
Total assets	61,503	-	-	-	-1	**61,502**
Loans and receivables from customers	4,614,855	-	-	-	-52,601	**4,562,254**
Derivatives	-	-	-	16,165	-	**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**	**136,064**	**273,491**	**16,165**	**-52,726**	**5,903,406**
Other assets						**171,162**
Total assets						**6,074,569**

*Expected credit loss of EUR 758 thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL LIABILITIES 31 DEC 2024

(EUR 1,000)	At amortised cost	Hedging derivatives	Total carrying amount
Liabilities to credit institutions	52,614	-	**52,614**
Liabilities to customers*	4,384,387	-	**4,384,387**
Derivatives	-	2,636	**2,636**
Debt securities issued to the public*	940,776	-	**940,776**
Financial liabilities total	**5,377,777**	**2,636**	**5,380,412**
Other liabilities			**117,080**
Total liabilities			**5,497,492**

*Debt securities issued to the public and liabilities to customers are recorded at fair value over the hedging period, although they are otherwise measured at amortised cost. The change in the fair value of the hedged item is recognised as an adjustment to that balance sheet item. The balance sheet item “Liabilities to customers” includes hedge adjustments of EUR +13,107 thousand and “Debt securities issued to the public” of EUR +7,734 thousand.

FINANCIAL LIABILITIES 31 DEC 2023

(EUR 1,000)	At amortised cost	Hedging derivatives	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	**5,248,620**	**4,661**	**5,253,280**
Other liabilities			**133,182**
Total liabilities			**5,386,463**

*Debt securities issued to the public and liabilities to customers are recorded at fair value over the hedging period, although they are otherwise measured at amortised cost. The change in the fair value of the hedged item is recognised as an adjustment to that balance sheet item. The balance sheet item “Liabilities to customers” includes hedge adjustments of EUR +8,169 thousand and “Debt securities issued to the public” of EUR +4,326 thousand.

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

FINANCIAL ASSETS

	31 Dec 2024		31 Dec 2023	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liquid assets	567,900	567,900	495,644	495,644
Loans and receivables from credit institutions	44,751	44,751	61,502	61,502
Loans and receivables from customers	4,743,620	4,757,565	4,562,254	4,546,396
Derivatives	29,267	29,267	16,165	16,165
Investment assets				
At amortised cost	358,150	361,088	358,287	361,678
At fair value through profit or loss	131,107	131,107	136,064	136,064
At fair value through other comprehensive income	210,591	210,591	273,491	273,491
Total	**6,085,386**	**6,102,269**	**5,903,406**	**5,890,938**

FINANCIAL LIABILITIES

	31 Dec 2024		31 Dec 2023	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities to credit institutions	52,614	52,515	131,144	131,122
Liabilities to customers	4,384,387	4,374,260	4,330,320	4,318,250
Derivatives	2,636	2,636	4,661	4,661
Debt securities issued to the public	940,776	943,307	787,156	775,605
Total	**5,380,412**	**5,372,718**	**5,253,280**	**5,229,638**

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY MEASURED AT FAIR VALUE

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	122,403	-	4,168	**126,572**
Debt securities	2,068	-	2,467	**4,535**
Derivatives	-	29,267	-	**29,267**
At fair value through other comprehensive income				
Shares and participations	-	-	1,210	**1,210**
Debt securities	198,365	9,968	1,049	**209,381**
Total	**322,836**	**39,235**	**8,894**	**370,965**

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
Derivatives	-	2,636	-	**2,636**
Total	**-**	**2,636**	**-**	**2,636**

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	237,988	33,819	718	**272,525**
Total	**366,152**	**49,984**	**9,583**	**425,719**

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
Derivatives	-	4,661	-	**4,661**
Total	**-**	**4,661**	**-**	**4,661**

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, among other things, interest rate derivatives, including interest rate swaps, as well as other instruments not traded in liquid markets. The valuation methods for these instruments are based on generally accepted calculation models.

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 o 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 602 (774) thousand of debt securities have been transferred from hierarchy level 1 and 2 to level 3 based on the trading volumes and EUR 221 (3) thousand from hierarchy level 3 to levels 1 and 2.

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 2024	**7,899**	**1,683**	**9,583**
Purchases	0	-	**0**
Sales	-811	-	**-811**
Matured during the financial year	-261	-	**-261**
Realised changes in value recognised in income statement	-11	-	**-11**
Unrealised changes in value recognised in the income statement	40	-	**40**
Changes in value recognised in other comprehensive income	-	-27	**-27**
Transfers from levels 1 and 2	-	602	**602**
Transfers to levels 1 and 2	-221	-	**-221**
Carrying amount 31 Dec 2024	**6,635**	**2,259**	**8,894**

(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.

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

31 DEC 2024

		Possible effect on equity capital	
(EUR 1,000)	**Carrying amount**	**Positive**	**Negative**
At fair value through profit or loss	6,635	660	-660
At fair value through other comprehensive income	2,259	192	-192
Total	**8,894**	**852**	**-852**

31 DEC 2023

		Possible effect on equity capital	
(EUR 1,000)	**Carrying amount**	**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**

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 per cent.

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 2024	1 Jan - 31 Dec 2023
Change of ECL due to write-offs	14,111	4,129
Change of ECL, receivables from customers and off-balance-sheet items	-18,013	-15,333
Change of ECL, debt securities	-307	-135
Final credit losses	-18,220	-5,931
Impairment losses on financial assets total	**-22,429**	**-17,271**

During the financial year, EUR 18,220 (5,931) thousand was recognised as credit losses. Recollection measures are attributed to EUR 15,945 (4,554) thousand. Changes were made to the calculation of the ECL provision during the review period by specifying the stage definition of credits and updating the calculation parameters used in the calculation of the provision. The changes increased the amount of the provision by approximately EUR 4.4 million. In addition, guidance on the timing of recognition of credit losses was specified during the financial year.

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 POP Bank Group's financial statements Note 2 Accounting policies.

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**5,468**	**4,784**	**42,348**	**52,601**
Transfers to stage 1	306	-2,086	-1,854	**-3,633**
Transfers to stage 2	-205	1,953	-1,432	**316**
Transfers to stage 3	-309	-598	12,592	**11,684**
Increases due to origination	2,387	772	2,844	**6,003**
Decreases due to derecognition	-948	-603	-16,534	**-18,086**
Changes due to change in credit risk (net)	307	178	20,968	**21,453**
Decreases due to write-offs	-	-	-14,111	**-14,111**
Total	**1,538**	**-385**	**2,474**	**3,627**
ECL 31 Dec 2024	**7,006**	**4,399**	**44,822**	**56,227**

The largest change in expected credit losses on receivables from customers comes from changes in credit risk, that totalled EUR 21,453 (9,206) thousand. Transfers to stage 3 increased the provision by EUR 11,684 (14,211) thousand. The deductions due to derecognition totalled EUR 18,086 (8,606) thousand and decreases due to write-offs totalled EUR 14,111 (4,129) thousand.

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**202**	**556**	**-**	**758**
Transfers to stage 1	45	-236	-	**-190**
Increases due to origination	32	-	624	**656**
Decreases due to derecognition	-38	-129	-	**-167**
Changes due to change in credit risk (net)	-80	87	-	**7**
Total	**-40**	**-277**	**624**	**307**
ECL 31 Dec 2024	**162**	**279**	**624**	**1,065**

OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**316**	**147**	**531**	**994**
Transfers to stage 1	12	-60	-52	**-100**
Transfers to stage 2	-3	14	-1	**10**
Transfers to stage 3	-2	-20	206	**184**
Increases due to origination	205	259	115	**578**
Decreases due to derecognition	-29	-8	-105	**-142**
Changes due to change in credit risk (net)	-44	-49	-18	**-111**
Total	**139**	**135**	**145**	**418**
ECL 31 Dec 2024	**455**	**282**	**676**	**1,413**

TOTAL ECL

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**5,988**	**5,487**	**42,880**	**54,354**
ECL 31 Dec 2024	**7,623**	**4,960**	**46,122**	**58,705**

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**

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 31 Dec 2023	**5,988**	**5,487**	**42,880**	**54,354**

BALANCE SHEET ITEM BY STAGE 31 DEC 2024

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,836,355	98,504	60,158	**2,995,016**
Corporate	1,063,838	82,871	58,495	**1,205,204**
Agriculture	516,671	43,347	39,609	**599,627**
Receivables from customers total	**4,416,864**	**224,722**	**158,262**	**4,799,847**
ECL 31 Dec 2024	7,006	4,399	44,822	**56,227**
Coverage ratio	0.2%	2.0%	28.3%	**1.2%**
Off-balance sheet commitments				
Private	240,461	1,289	590	**242,339**
Corporate	70,008	1,548	3,021	**74,577**
Agriculture	24,696	2,856	235	**27,788**
Off-balance sheet commitments total	**335,165**	**5,693**	**3,846**	**344,704**
ECL 31 Dec 2024	455	282	676	**1,413**
Coverage ratio	0.1%	4.9%	17.6%	**0.4%**
Debt securities	**565,978**	**1,309**	**300**	**567,586**
ECL 31 Dec 2024	202	556	-	**1,065**
Coverage ratio	0.0%	42.5%	-	**0.2%**
Credit risk by stages total	**5,318,007**	**231,724**	**162,407**	**5,712,138**

The table above summarises 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.

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	60,394	5,745	1,430	**67,569**
Agriculture	22,161	2,059	595	**24,815**
Off-balance sheet commitments total	**302,894**	**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**

NOTE 10 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Liabilities to credit institutions		
To central banks	-	78,400
To other credit institutions		
Repayable on demand	1,551	1,495
Not repayable on demand	51,063	51,249
Total liabilities to credit institutions	**52,614**	**131,144**
Liabilities to customers		
Deposits		
Repayable on demand	3,367,876	3,468,426
Not repayable on demand	1,002,536	852,596
Other financial liabilities		
Not repayable on demand	869	1,128
Change in the fair value of deposits	13,107	8,169
Total liabilities to customers	**4,384,387**	**4,330,320**
Total liabilities to credit institutions and customers	**4,437,001**	**4,461,464**

Liabilities to central banks includes secured TLTRO III funding total of EUR 0 (78,400) thousand. The interest rate on the financing period from 24 June 2020 to 23 June 2022 may be the ECB's deposit rate (-0.5%) less an additional interest rate of 0.5%. ECB recalibrated the conditions of the third series of targeted longer-term refinancing operations (TLTRO III) from 11/2022 onwards. The interest rate for TLTRO funding is based on the ECB's deposit rate and the growth of the bank's net lending. POP Bank Group has used ECB deposit rate as interest rate for the loans for 2024. The final interest rate on the loan will be reviewed when the loan matures. The loan has been treated in accordance with IFRS 9 Financial Instruments -standard.

NOTE 11 DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

POP Bank Group hedges its interest rate risk with derivative contracts. Hedge accounting is applied to fair value hedging and cash flow hedging. The hedged instruments of fair value hedging are fixed-rate deposits and fixed-rate bonds issued. The object of cash flow hedging is the interest flow of customer receivables.

DERIVATIVES AND HEDGED ITEMS COVERED BY HEDGE ACCOUNTING

HEDGING INTEREST RATE DERIVATIVES

	Fair value 31 Dec 2024		Fair value 31 Dec 2023	
(EUR 1,000)	Assets	Liabilities	Assets	Liabilities
Derivatives				
Fair value hedging	22,644	2,636	16,165	4,661
Cash flow hedging	6,623	-	-	-
Derivatives total	**29,267**	**2,636**	**16,165**	**4,661**

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

FAIR VALUE HEDGE

	Interest rate risk 31 Dec 2024		Interest rate risk 31 Dec 2023	
(EUR 1,000)	Carrying amount of hedged liabilities	Of which accumulated amount of fair value hedge adjustment	Carrying amount of hedged liabilities	Of which accumulated amount of fair value hedge adjustment
Macro hedge				
Hedged deposits*	738,999	14,099	633,069	8,169
Micro hedge				
Hedged deposits*	-	-992	-	-
Hedged publicly issued bonds	756,069	7,734	503,259	4,326
Liabilities	**1,495,069**	**20,840**	**1,136,329**	**12,495**

*Hedged deposits are included on the balance sheet under "Liabilities to customers".

PROFITS AND LOSSES FROM HEDGE ACCOUNTING AND HEDGE INEFFECTIVENESS

	Interest rate risk			
	Fair value hedging		Cash flow hedging	
(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Change in the fair value of the derivative contract	8,506	24,002	-	-
Change in the fair value of the hedged item	-8,345	-25,120	-	-
Hedge ineffectiveness recognized in the income statement	161	-1,118	-	-
Change in the fair value of the derivative contract*	-	-	1,089	-
Change in the fair value of the hedged item	-	-	-1,089	-
Ineffectiveness of the hedge recorded in the income statement through the statement of comprehensive income	**-**	**-**	**-**	**-**

*For cash flow hedging, the change in the base value of a derivative contract is presented here

HEDGE ACCOUNTING RESERVE

	Interest rate risk	
(EUR 1,000)	2024	2023
Balance 1 Jan	**-**	**-**
Cash flow hedging		
Hedge profits and losses	-82	-
Deferred taxes	16	-
Portion transferred to the income statement	-386	-
Deferred taxes	77	-
Total	**-374**	**-**
Balance 31 Dec	**-374**	**-**

MATURITY PROFILE OF THE NOMINAL AMOUNT OF HEDGING INTEREST RATE RISK

31 Dec 2024 (EUR 1,000)	Nominal value / Remaining maturity Less than 1 year	1-5 years	More than 5 years	Total
Instruments heding interest rate risk	250,000	1,224,900	450,600	**1,925,500**

31 Dec 2023 (EUR 1,000)	Nominal value / Remaining maturity Less than 1 year	1-5 years	More than 5 years	Total
Instruments heding interest rate risk	-	1,024,900	100,000	**1,124,900**

NOTE 12 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Covered bonds	756,069	503,259
Debt securities issued to the public	169,926	254,931
Certificates of deposits	14,780	28,965
Total debt securities issued to the public	**940,776**	**787,156**

DEBT SECURITIES ISSUED TO THE PUBLIC

Name	Issue date	Due date	Interest	Nominal	Currency
BONUM 26102026	20 Oct 2021	20 Oct 2026	EB 3 months + 0.85%	20,000	EUR
BONUM 22042027	22 Apr 2022	22 Apr 2027	EB 12 months + 1.25%	50,000	EUR
BONUM 19072028	19 Jul 2023	19 Jul 2028	EB 6 months + 1.11%	50,000	EUR
POPA 22092025	22 Sep 2022	22 Sep 2025	2.625% / fixed	250,000	EUR
POPA 26042028	26 Apr 2023	26 Apr 2028	3.625% / fixed	250,000	EUR
Issued during the financial year					
BONUM 17042027	10 Apr 2024	17 Apr 2027	EB 3 kk + 1.95%	50,000	EUR
POPA15102029	15 Oct 2024	15 Oct 2029	2,875% / fixed	250,000	EUR

Certificates of deposits with a nominal value of EUR 15,000 (29,000) thousand were outstanding on the balance sheet date. Amount of the certificates is 3 with nominal value of EUR 5,000 thousand each and average maturity 6.3 months.

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Balance 1 Jan	**787,156**	**565,252**
Debt securities issued, increase	299,006	299,197
Certificates of deposits, increase	37,010	79,279
Total increase	**336,016**	**378,475**
Debt securities issued, decrease	-135,000	-50,000
Certificates of deposits, decrease	-50,526	-118,219
Total decrease	**-185,526**	**-168,219**
Total changes in cash flow	**150,490**	**210,256**
Valuation	3,130	11,647
Balance at the end of period	**940,776**	**787,156**

NOTE 13 OFFSETTING

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The table below shows the items that in a given situation can be settled as net payments, although the balance sheet shows them in gross amount. The netting arrangement is based on a mutually enforceable general netting agreement (ISDA).

31 DEC 2024				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Enforceable master netting arrangement	Financial instruments held as collateral	Cash held as collateral	Net amount
Assets							
Derivatives	41,399	-	41,399	3,458	38,180	-	-
Total	**41,399**	**-**	**41,399**	**3,458**	**38,180**	**-**	**-**
Liabilities							
Derivatives	3,458	-	3,458	3,458	-	-	-
Total	**3,458**	**-**	**3,458**	**3,458**	**-**	**-**	**-**

31 DEC 2023				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Enforceable master netting arrangement	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**	**-**	**-**	**-**

The sum of the Net column in the table does not consist of the sum of the previous columns due to differences between the valuation and the time the collateral is reviewed. The collateral has been determined so that the collateral received at the time of review neutralises the counterparty risk in its entirety.

NOTE 14 COLLATERAL GIVEN AND RECEIVED

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Given on behalf of own liabilities and commitments		
Pledges	2,546	2,546
Mortgage-backed loan portfolio*	1,022,621	682,731
Debt securities	-	143,199
Collateral given total	**1,025,167**	**828,476**
Collaterals received		
Other	38,180	22,440
Total collaterals received	**38,180**	**22,440**

*Mortgage-backed loans pledged as collateral for secured bonds issued under the EUR 1.5 billion issuance programme by POP Mortgage Bank Plc. Nominal values of covered bonds at the end of the reporting period totalled EUR 750,000 (500,000) thousand.

Other collateral relates to derivative contracts and consists of cash collateral given and received.

NOTE 15 OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Guarantees	15,752	17,492
Loan commitments	328,952	326,297
Off-balance sheet commitments, total	**344,704**	**343,789**

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

NOTE 16 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. Intercompany transactions of the POP Bank Group have been eliminated and are not included in the figures below. The group structure is presented in more detail in Note 36 of the POP Bank Group's Board of Directors' Report and Consolidated IFRS Financial Statements 2024.

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 related parties are presented on the next tables. In the reporting period 2024, 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 related parties	
(EUR 1,000)	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Assets				
Loans	1,068	1,637	8,140	7,548
Expected credit loss	3	1	6	8
Liabilities				
Deposits	1,529	1,571	52,487	5,690
Debt securities issued to the public	-	-	8,000	8,000
Off-balance-sheet commitments				
Loan commitments	161	215	234	584
Guarantees	312	234	1,110	1,170
Investments to other than cooperative contributions	10	10	28	28

	Key persons in management		Other related parties	
(EUR 1,000)	**1 Jan - 31 Dec 2024**	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2024**	**1 Jan - 31 Dec 2023**
Income and expenses				
Interest income	46	40	236	198
Interest expenses	8	4	12	2

COMPENSATION TO KEY PERSONS IN MANAGEMENT

(EUR 1,000)	**1 Jan - 31 Dec 2024**	**1 Jan - 31 Dec 2023**
Short-term employee benefits	2,135	2,784
Post-employment benefits	52	41
Compensation to key persons in management total	**2,186**	**2,825**

NOTE 17 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 POP Bank Group.

Espoo 14 February 2025
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