

POP Mortgage Bank Plc

FINANCIAL

STATEMENTS RELEASE

1 January – 31 December 2024

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This document is a translation of the original Finnish version "POP Asuntoluottopankki Oyj tilinpäätöstiedote 1.1.-31.12.2024". In case of discrepancies, the Finnish version shall prevail.

BOARD OF DIRECTORS REPORT FOR THE FINANCIAL PERIOD OF 1 JANUARY - 31 DECEMBER 2024

The POP Mortgage Bank Plc (hereinafter 'POP Mortgage Bank') engaged in mortgage banking operations after it was authorised by the European Central Bank on 25 May 2022 and had been granted an operating license pursuant to the Act on Mortgage Banks and Covered Bonds on 30 June 2022. POP Mortgage Bank is a member credit institution within the POP Bank amalgamation.

POP Mortgage Bank is responsible for acquiring external funding for the amalgamation in cooperation with Bonum Bank Plc. POP Mortgage Bank is also responsible for issuing secured bonds and forwarding the acquired funding to member credit institutions belonging to the Amalgamation of POP Banks. On February 29, 2024, the board of POP Mortgage Bank decided to increase the amount of the covered bond program from EUR 1 billion to EUR 1.5 billion. As part of the loan program, POP Mortgage Bank issued a new covered bond amounting to EUR 250 million in October 2024.

POP Mortgage Bank's operations are based on the intermediary loan model. Thus, the mortgage-backed loan portfolio provided as collateral for bonds to be issued is not recognised on POP Mortgage Bank's balance sheet. Instead, it remains on each member credit institution's balance sheet.

POP Mortgage Bank recorded a profit of EUR 0.6 (0.1) million for the reporting period and balance sheet totalled EUR 798.3 (544.3) million at the end of the reporting period.

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

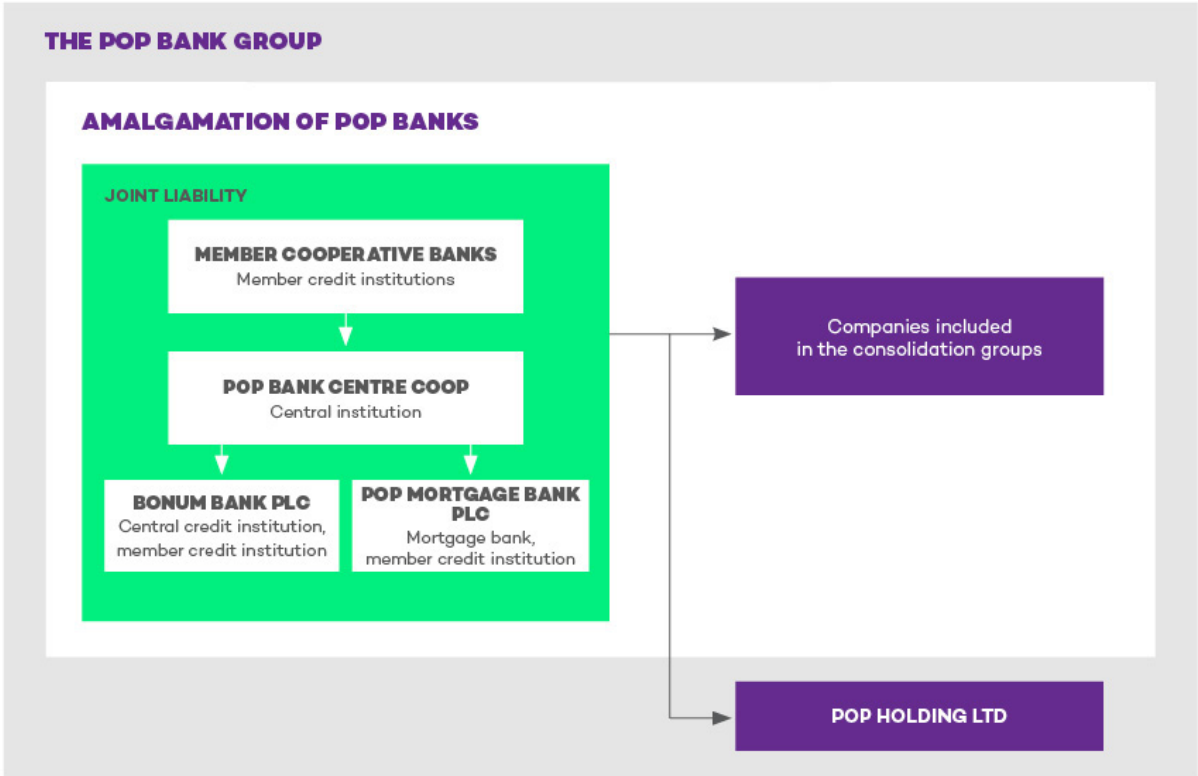
The POP Bank Group consists of POP Banks, POP Bank Centre coop and their controlled entities. POP Banks are member credit institutions of POP Bank Centre coop. POP Bank Centre coop and its member credit institutions are mutually liable for their debts and liabilities according to the Act on the Amalgamation 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 that 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 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 have been no changes in the group structure 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 FIGURES AND THE FORMULAS OF KEY FIGURES

	31 Dec 2024	31 Dec 2023
Cost-to-income ratio, %	59%	94%
ROA, %	0.1%	0.0%
ROE, %	3.6%	0.4%
Capital adequacy ratio (TC) %	212.7%	231.6%
Equity ratio, %	2.2%	3.1%

Alternative Performance Measures (APMs) are key figures other than those specified in the accounting standards or other regulations and are used to describe the company's financial position and development. The key figures presented by the POP Mortgage Bank are based on IFRS Financial Statement Reporting standards, except for the operating expenses ratio and the combined expense ratio for insurance operations. The calculation formulas for the key figures included in the annual report are described below.

COST-TO-INCOME RATIO, %

$$\frac{\text{Total operating expenses}}{\text{Total operating income}} \times 100$$

RETURN ON EQUITY (ROE), %

$$\frac{\text{Profit for the financial year}}{\text{Equity capital and non-controlling interest (average of the beginning and the end of the period)}} \times 100$$

RETURN ON ASSETS (ROA), %

$$\frac{\text{Profit for the financial year}}{\text{Balance sheet total (average of the beginning and the end of the period)}} \times 100$$

EQUITY RATIO, %

$$\frac{\text{Equity capital and non-controlling interest}}{\text{Balance sheet total}} \times 100$$

COMMON EQUITY TIER 1 CAPITAL RATIO (CET1), %

$$\frac{\text{Common Equity Tier 1 capital (CET1)}}{\text{Risk weighted assets}} \times 100$$

TIER 1 CAPITAL RATIO (T1), %

$$\frac{\text{Tier 1 capital (T1)}}{\text{Risk weighted assets}} \times 100$$

CAPITAL ADEQUACY RATIO (TC), %

$$\frac{\text{Total capital (TC)}}{\text{Risk weighted assets}} \times 100$$

LEVERAGE RATIO, %

$$\frac{\text{Tier 1 capital (T1)}}{\text{Leverage ratio exposure}} \times 100$$

LIQUIDITY COVERAGE RATIO (LCR), %

$$\frac{\text{Liquid assets}}{\text{Liquidity outflows - liquidity inflows under stressed conditions}} \times 100$$

NET STABLE FUNDING RATIO (NSFR), %

$$\frac{\text{Stable funding}}{\text{Required amount of stable funding}} \times 100$$

PERFORMANCE AND BALANCE SHEET

PERFORMANCE

POP Mortgage Bank recorded a profit of EUR 0.6 (0.1) million for the reporting period.

POP Mortgage Bank's net interest income was EUR 1.7 (1.2) million. Interest income EUR 25.3 (17.6) million was entirely generated from interest earnings on receivables from credit institutions. Interest expenses EUR 23.6 (16.4) million consisted of EUR 17.5 (13.0) million in bonds issued and EUR 6.0 (3.5) million in derivative contracts.

POP Mortgage Bank's operating expenses totalled EUR 0.9 (1.0) million. Personnel expenses included fees paid to the members of the Board of Directors. Other operating expenses include EUR 0.2 (0.3) million in ICT expenses and EUR 0.5 (0.5) million in purchased services. Purchased services include management services purchased from Bonum Bank Plc and POP Bank Centre coop, among other services. Depreciation and impairment include the amortisation of intangible assets.

BALANCE SHEET AND FINANCIAL POSITION

POP Mortgage Bank's balance sheet totalled EUR 798.3 (544.3) million at the end of the reporting period.

Loans and receivables from credit institutions includes EUR 29.7 (26.3) million in deposits made in Bonum Bank and EUR 750.0 (500.0) million in intermediary loans granted to banks belonging to the Amalgamation of POP Banks.

The bonds issued, at EUR 756.1 (503.3) million, includes secured bonds issued in October 2024 and in previous periods with a total nominal value of EUR 750 million, and the change in the fair value of the underlying asset in hedge accounting.

POP Mortgage Bank's equity was EUR 17.5 (16.9) million at the end of the review period.

CREDIT RATING

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

RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION

PRINCIPLES AND ORGANISATION OF RISK MANAGEMENT

The 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 risk management is to ensure the risk levels are proportionate to bank's and the amalgamation's risk-bearing capacity and capital adequacy position. Risk management processes must be able to identify all significant risks of the business operations and assess, measure and monitor these regularly.

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 of the amalgamation 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 controlling thresholds have been established for the member institutions to ensure that the risks taken by an individual member institution are within acceptable limits.

POP Mortgage Bank's risk management goal is to ensure that the bank complies with laws, decrees, instructions and regulations issued by the authorities, their own rules and the internal binding guidelines issued by the central institution of the amalgamation in its activities.

The purpose of capital adequacy management is to ensure a sufficient amount, type and efficient use of the capital of the POP Mortgage Bank. 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 objective 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. POP Mortgage Bank is responsible for member banks long-term funding by issuing secured bonds. Issuing is based on the funding needs of the amalgamation as an entity due to which POP Mortgage Bank's control process of the capital adequacy is connected to the strategy process of the amalgamation as well as the planning and managing of the business operations.

The amalgamation's risk management and capital adequacy management are described in more detail in Note 4 to the POP Bank Group's financial statements. Furthermore, information concerning risks specified in the EU Capital Requirements Regulation (2019/876) (CRR II) is presented in a separate Pillar III report. Copies of the financial statements and the Pillar III report of the POP Bank Group are available online at www.poppankki.fi/en or from the office of the POP Bank Centre coop, address Hevosenkenkä 3, 02600 Espoo, Finland.

BUSINESS RISKS

CREDIT RISKS

POP Mortgage Bank's credit risk consists of intermediary loans granted to the member banks of the amalgamation of POP Banks and from derivatives.

POP Mortgage Bank engages in mortgage bank operations under an intermediary loan model established by the Act on Mortgage Banks and Covered Bonds (151/2022). Thus, the Bank may issue secured bonds and use the acquired funds to offer intermediary loans to the member banks of the amalgamation. Under the intermediary loan model, the mortgage-backed loans provided as collateral for se-

cured bonds remain on the member banks' balance sheets and are not recognised on POP Mortgage Bank's balance sheet. The risks associated with the mortgage-backed loans provided as collateral are not transferred to POP Mortgage Bank. The bonds are recognised as collateral for the secured bonds issued. The intermediary loans granted to member banks are presented under "Receivables from credit institutions" on the balance sheet.

LIQUIDITY RISK

Bonum Bank Plc, the central credit institution of the amalgamation, is responsible for liquidity management. Liquidity risks are managed by maintaining a liquidity reserve consisting of LCR-eligible (Liquidity Coverage Ratio) liquid assets, assets eligible as collateral for central bank funding, and short-term bank receivables. Based on an authorization granted by the Financial Supervisory Authority, the member credit institutions of the amalgamation have been exempted from the LCR and NSFR (Net stable funding ratio) requirements by the decision of the central institution. The LCR and NSFR requirements are calculated at the level of the amalgamation of POP Banks.

POP Bank Group's liquidity position remained strong during the financial period. The liquidity coverage ratio (LCR) for the amalgamation of POP Banks was 315.1 (273.9) per cent on 31 December 2024, with the regulatory minimum level being 100 per cent. The amalgamation's Net Stable Funding Ratio (NSFR) was 136.9 (132.7) per cent on 31 December 2024.

MARKET RISK

POP Mortgage Bank's most significant market risk is the interest rate risk associated with the banking book. The interest rate risk refers to the impact of changes in interest rate levels on the market value of balance sheet and off-balance-sheet items, or on net interest income. The banking book consists of intermediary loans granted to the amalgamation's member banks and market-based financing.

POP Mortgage Bank does not engage in trading activities. The use of derivatives is limited to hedging interest rate risk in the banking book.

POP Mortgage Bank monitors the interest rate risk by using the present value method and the dynamic income risk model. The present value method measures how changes in interest rates affect the constructed market value of the balance sheet. In the present value method, the market value of the balance sheet is calculated as the present value of the expected cash flows of individual balance sheet items. Interest rate sensitivity indicators are used to monitor the market value changes caused by changes in the interest rates and credit spreads of investment items in different interest rate scenarios. The income risk model predicts future net interest income and its changes in various market rate scenarios within a period of five years. The amount of interest rate risk taken is assessed with the effect of diverse interest rate shocks on the net interest income and net present value.

OPERATIONAL RISKS

The objective of the management of operational risks is to identify essential operational risks in business operations and minimise their materialisation and impacts. The objective is pursued through continuous personnel development and by means of comprehensive operating instructions and internal control measures, such as by segregating preparation, decision-making, implementation and control from one another.

POP Mortgage Bank carries out an annual self-assessment of operational risks based on the risks assessments it performs, in which the monitoring of operational risk incidents is utilised. The risk assessment also aims to evaluate the risks related to POP Mortgage Bank most significant outsourced operations. Some of the potential losses caused by operational risks are hedged through insurance. Risks caused by malfunctions in information systems are prepared for through continuity planning.

CRISIS RESOLUTION PLAN

In accordance with the bank resolution act for own funds and eligible liabilities, the Financial Stability Authority has on 17 April 2024 set a minimum requirement of own funds and eligible liabilities (MREL requirement) for POP Mortgage Bank. The MREL requirement for POP Mortgage Bank 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 fulfilled with own funds.

CAPITAL ADEQUACY MANAGEMENT

At the end of the reporting period, POP Mortgage Bank's capital adequacy was at a good level. The Bank's capital ratio was 212.7 (231.6) per cent and the core capital adequacy ratio 212.7 (231.6) per cent. On 31 December 2024, the Bank's own funds totalled EUR 16.6 (16.4) million consisting entirely of CET1 capital adequacy.

POP Mortgage Bank's own funds are comprised of share capital, retained earnings and other non-restricted reserves, less the deductible items in accordance with the CRR. 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.

POP Mortgage Bank's leverage ratio on 31 December 2024 was 235.3 (158.5) per cent. The minimum level of regulation is 3 per cent.

The statutory minimum is 8 per cent for the capital adequacy ratio and 4.5 per cent for CET1 capital. In addition to the minimum capital adequacy ratio, POP Mortgage Bank is subject to the fixed additional capital requirement, which is 2.5 per cent in accordance with the Act on Credit Institutions, and to the variable country-specific additional capital requirements for foreign exposures.

SUMMARY OF CAPITAL ADEQUACY

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Own funds		
Common Equity Tier 1 capital before deductions	16,855	16,793
Deductions from Common Equity Tier 1 capital	-304	-411
Total Common Equity Tier 1 capital (CET1)	16,551	16,381
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	16,551	16,381
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	16,551	16,381
Total risk weighted assets	7,780	7,074
of which credit risk	1,465	2,136
of which credit valuation adjustment risk (CVA)	4,554	3,344
of which market risk (exchange rate risk)	-	-
of which operational risk	1,761	1,594
Fixed capital conservation buffer according to Act on Credit institutions (2.5%)	195	177
Countercyclical capital buffer	-	-
CET1 Capital ratio (%)	212.7%	231.6%
T1 Capital ratio (%)	212.7%	231.6%
Total capital ratio (%)	212.7%	231.6%
Capital requirement		
Total capital	16,551	16,381
Capital requirement *	817	743
Capital buffer	15,734	15,639
Leverage ratio		
Tier 1 capital (T1)	16,551	16,381
Leverage ratio exposure	7,034	10,338
Leverage ratio, %	235.3%	158.5%

* The capital requirement comprises the minimum requirement of 8%, the capital conservation buffer of 2.5% and the country-specific countercyclical capital requirements of foreign exposures.

INTERNAL CONTROL

The purpose of POP Mortgage Bank's internal control is to ensure that the Bank, in a systematic and effective manner, works towards the goals and implements the procedures confirmed by senior management. Internal control aims to ensure that the organisation complies with regulations and manages risks comprehensively, and that its operations are efficient and reliable.

Internal control is implemented at all levels of the organisation. Internal control is implemented by the Board of Directors, the CEO and other management and personnel, as well as the risk management and compliance functions independently of business operations. As part of internal control, the amalgamation has implemented a whistle-blowing mechanism that enables the Bank's employees to report, internally through an independent channel, suspected violations of rules and regulations concerning the financial market in the central institution or a member credit institution.

INTERNAL AUDIT

Within the amalgamation, POP Bank Centre coop is centrally responsible for the steering and organisation of internal audit in the bank centre, member credit institutions and other companies of the amalgamation. POP Mortgage Bank's internal audit is based on the internal audit guidelines confirmed by the Board of Directors and the Supervisory Board of POP Bank Centre coop as well as on the audit plan approved by the Board of Directors of POP Bank Centre coop.

The purpose of the internal audit is to assess the scope and sufficiency of the internal control of the Bank's operational organisation and to monitor and assess the functionality of risk management systems. Internal audit reports its observations primarily to the Bank's Board of Directors. After audits, the Bank's Board of Directors discusses the summaries prepared as a result of the internal audit. Internal Audit reports of its activity and observations regularly to central institution's Supervisory Board, central institution's Board and CEO.

MANAGEMENT AND PERSONNEL

POP Mortgage Bank's Board of Directors during the financial year included:

- Juha Niemelä, Chairman of the Board
- Matti Vainionpää, Vice Chairman of the Board
- Marja Pajulahti, Member of the Board

POP Mortgage Bank does not have personnel. The Deputy CEO of Bonum Bank Timo Hulkko has acted as the CEO of POP Mortgage Bank. Tony Tötterström has acted as the CEO's deputy.

THE BANKS' CORPORATE AND GOVERNANCE SYSTEM

POP Mortgage Bank's functions are controlled by its shareholder, which exercises its decision-making power at the General Meeting in accordance with the Finnish Limited Liability Companies Act and the Articles of Association. The Annual General Meeting decides on the distribution of the Bank's profit and elects the members of the Board of Directors.

The Bank is represented by and directed by the Board of Directors. Operational decisions concerning the Bank's business operations and strategic issues are made by the Bank's Board of Directors. The work of the Board of Directors is based on the Bank's Articles of Association, decisions of the General Meeting and applicable legislation. The Bank's CEO manages the Bank's operational activities in accordance with the instructions provided by the Board of Directors.

The investigation of the independence of Board members and the CEO takes place in accordance with regulations issued by the Finnish Financial Supervisory Authority. Board members and the CEO shall provide an account of the entities in which they operate when they are elected to their office. In addition, Board members and the CEO shall provide an account of fitness and propriety according to the regulation by the Financial Supervisory Authority when they accept their duties.

POP Mortgage Bank's Corporate Governance Report is available online at www.poppankki.fi/en.

AUDIT

The company's auditor was KPMG Oy Ab, authorised public accountants, with Tiia Kataja, authorised public accountant, as the principal auditor.

SOCIAL RESPONSIBILITY

POP Mortgage Bank operates as part of the POP Bank Group and supports the responsibility efforts of the local POP Banks. The POP Bank Group publishes a sustainability report as part of its management report. The POP Bank Group's management report and consolidated IFRS financial statements are published on the website at www.poppankki.fi.

EVENTS AFTER THE CLOSING DATE

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

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.

POP Mortgage Bank's capital adequacy is expected to stay at a high level and the quality of the collateral for the issued bonds is expected to be good.

TABLES (IFRS)**POP MORTGAGE BANK'S INCOME STATEMENT**

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Interest income*		25,288	17,631
Interest expenses*		-23,567	-16,418
Net interest income	2	1,721	1,212
Net income from hedge accounting	3	-204	-176
Total operating income		1,517	1,037
Personnel expenses		-18	-23
Other operating expenses		-757	-835
Depreciation and amortisation		-116	-116
Total operating expenses		-891	-974
Profit before taxes		626	63
Income taxes		-	-
Result for the period		626	63

*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 12,788 thousand from interest income to interest expenses was made for the comparative period. The change is described in more detail in Note 1, under Changes in presentation method.

POP Mortgage Bank has no items to be presented in the statement of other comprehensive income.

POP MORTGAGE BANK'S BALANCE STATEMENT

(EUR 1,000)	Note	31 Dec 2024	31 Dec 2023
Assets			
Loans and advances to credit institutions	4, 5, 6	779,737	526,280
Derivatives	4, 5, 6	7,872	6,945
Intangible assets		281	398
Other assets		10,363	10,687
Total assets		798,254	544,310
Liabilities			
Debt securities issued to the public	4, 5, 7	756,069	503,259
Debt to credit institutions		13,440	10,650
Derivatives	4, 5, 8	587	2,863
Other liabilities		10,677	10,682
Total liabilities		780,773	527,455
Equity capital			
Share capital		10,000	10,000
Reserves		9,000	9,000
Retained earnings		-1,519	-2,145
Total equity capital		17,481	16,855
Total liabilities and equity		798,254	544,310

POP MORTGAGE BANK'S STATEMENT OF CHANGES IN EQUITY CAPITAL

(EUR 1,000)	Share capital	Reserve for invested non- restricted equity	Retained earnings	Total equity
Balance at 1 Jan 2024	10,000	9,000	-2,145	16,855
Profit for the financial year	-	-	626	626
Profit for the financial year	-	-	626	626
Balance at 31 Dec 2024	10,000	9,000	-1,519	17,481

(EUR 1,000)	Share capital	Reserve for invested non- restricted equity	Retained earnings	Total equity
Balance at 1 Jan 2023	10,000	9,000	-2,207	16,793
Profit for the financial year	-	-	63	63
Profit for the financial year	-	-	63	63
Balance at 31 Dec 2023	10,000	9,000	-2,145	16,855

POP MORTGAGE BANK'S CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Cash flow from operating activities			
Profit for the financial year		626	63
Adjustments to profit for the financial year		675	533
Increase (-) or decrease (+) in operating assets		-236,476	-257,354
Advances to credit institutions	10,11,12	-236,800	-248,700
Other assets	14	324	-8,654
Increase (+) or decrease (-) in operating liabilities		2,784	19,352
Liabilities to credit institutions	10	2,790	10,650
Other liabilities	17	-6	8,702
Total cash flow from operating activities		-232,391	-237,407
Cash flow from financing activities			
Debt securities issued, increase	10,11,15	249,048	249,203
Total cash flow from financing activities		249,048	249,203
Change in cash and cash equivalents			
Cash and cash equivalents at period-start		13,080	1,284
Cash and cash equivalents at the end of the period		29,737	13,080
Net change in cash and cash equivalents		16,657	11,796
ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT			
Interest received		25,298	22,132
Interest paid		23,886	20,825
Adjustments to result for the financial year			
Changes in fair value		203	174
Depreciation	7	116	116
Other		356	243
Cash and cash equivalents			
Receivables from credit institutions payable on demand	12	29,737	13,080
Total		29,737	13,080

POP Mortgage Bank had no items to present in the cash flow from investing activities during the review period.

NOTES

NOTE 1 ACCOUNTING POLICIES

GENERAL

POP MORTGAGE BANK PLC AND POP BANK GROUP

POP Mortgage Bank Plc (hereinafter 'POP Mortgage Bank') is a subsidiary wholly owned by POP Bank Centre coop and a member credit institution in the amalgamation of POP Banks, acting as the mortgage bank for the member banks of the POP Bank Centre coop (POP Banks). POP Mortgage Bank has been established on September 2, 2021. On 25 May 2022, POP Mortgage Bank Plc was authorised by the European Central Bank to engage in mortgage banking operations and it was granted an operating license pursuant to the new Act on Mortgage Banks and Covered Bonds on 30 June 2022.

POP Mortgage Bank belongs to the POP Bank Group. The POP Bank Group consists of the amalgamation of POP Banks and companies over which it has control. The Group is engaged in the banking business. The central institution for the amalgamation of POP Banks is POP Bank Centre coop. Its members consist of POP Mortgage Bank, Bonum Bank Plc and 18 co-operative banks. The amalgamation of POP Banks is an economic entity specified in the Act on the Amalgamation of Deposit Banks, the members of which are jointly liable for each other's debts and commitments.

POP Mortgage Bank and Bonum Bank Plc are responsible for acquiring external funding for the amalgamation. POP Mortgage Bank engages in mortgage bank operations under an intermediary loan model established by the Act on Mortgage Banks and Covered Bonds (151/2022). In the intermediary loan model, POP Mortgage Bank distributes the capital originating from the issued bond to the member banks of amalgamation as an intermediary loan. POP Mortgage Bank underwrites intermediary loans on member banks balance sheets in security for issued bonds. In the intermediary loan model, member banks mortgage-backed loans capital and

associated risks are not transferred to POP Mortgage Bank. Intermediary loans will be stated to balance sheet item "Loans and receivables from credit institutions".

POP Mortgage Bank's registered office is Espoo. Copy of POP Mortgage Bank's financial statements are available from its office at Hevosenkä 3, 02600 Espoo, Finland and online at www.poppankki.fi/en.

POP Bank Centre coop has prepared the POP Bank Group's consolidated financial statements in accordance with the Act on the Amalgamation of Deposit Banks. Copies of the financial statements of the POP Bank Group are available online at www.poppankki.fi/en or from the office of the central institution, address Hevosenkä 3, 02600 Espoo, Finland. POP Bank Group will present information concerning risks specified in the EU Capital Requirements Regulation (EU 2019/876) (CRR) in a separate Pillar III report.

BASIS OF PREPARATION

POP Mortgage Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the EU 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.

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. POP Mortgage Bank's accounting and operational currency is euro.

POP Mortgage Bank has no subsidiaries or associated companies.

CHANGES IN PRESENTATION METHOD

POP Mortgage Bank 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 to the balance sheet. This adjustment has no impact on net interest income.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGEMENT AND UNCERTAINTY FACTORS AFFECTING ESTIMATES

The application of the IFRS requires the management to make estimates and assumptions concerning the future that affect the reported amounts in the financial statements, as well as the information included in the notes. The management's main estimates concern the future and key uncertainties related to the amounts at the balance sheet date. Such key estimates are related to fair value measurement, as well as the impairment of financial assets and intangible 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.

The management must assess whether the markets for financial instruments are active or not. Furthermore, the management must assess whether an individual financial instrument is subject to active trading and whether the price information obtained from the market is a reliable indication of the instrument's fair value.

When the fair value of financial instruments is determined using a valuation technique, the management's judgement is needed in the choice of the valuation technique to be applied. Insofar as there is no market input available for the techniques, management must evaluate how other data can be used for the valuation.

In the calculation of expected credit losses, the management's assessment has been used in deciding that the probability of default of the POP Banks Group's internal items is to be zero. The assessment was made based on the structure of the Group and the principles of risk management. The most significant item within the amalgamation to which the principle is applied is the interim loans granted to POP Banks, which are presented in Note 6 Loans and receivables from credit institutions.

FINANCIAL INSTRUMENTS

CLASSIFICATION AND RECOGNITION

Financial assets are classified on initial recognition into following measurement categories based on the business model followed in their management and the debt instruments' cash flow characteristics:

- Financial assets at amortised cost
- Financial assets at fair value through profit

In accordance with the IFRS 9 Financial instruments, financial liabilities are classified on initial recognition into following measurement categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit and loss

Purchases and sales of financial instruments are recognised on transaction date. Instruments issued are recognised in the balance sheet on the date when the customer makes the subscription.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the rights have been transferred to another party so that substantially all the risks and rewards of ownership of the financial asset are transferred. In addition, an agreement included in financial assets is derecognised on the balance

sheet if the rights to cash flows that are based on the agreement are transferred to another party or if the agreement includes an obligation to pay the cash flows in question to one or several recipients. If a consideration is received, but all the risks and rewards of ownership of the transferred asset are substantially retained, the transferred asset is recognised in its entirety and a financial liability is recognised for the consideration received.

Impaired financial assets are derecognised when no further payments are expected and the actual final loss can be determined. In connection with derecognition, the previously recognised expected credit loss is cancelled and the final credit loss is recognised. Payments on derecognised receivables received later are recognised in the income statement as an adjustment of impairment losses.

Financial liabilities are derecognised when the related obligations have been fulfilled and they have been extinguished. An exchange of a debt instrument with substantially different terms or substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

BUSINESS MODELS FOR MANAGING FINANCIAL ASSETS AND MEASUREMENT

According to IFRS 9, an entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The business model is determined at a level that reflects how financial asset groups are managed together to achieve a particular business objective.

POP Mortgage Bank's, financial assets are managed according to three business models:

1. Financial assets held (objective to collect cash flows)
2. Combination of financial assets held and sold (objective to collect cash flows and sale)
3. Other long-term investments

Financial assets held -business model includes loans and receivables and debt instruments held to maturity, which pass the SPPI-test (Solely Payments of Principal and Interest) for their cash flow characteristics. In the SPPI-test, it is determined whether the asset's contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Combination-business model includes debt instruments with contractual cash flows being solely payments of principal and interest, held to maturity or close to maturity or sold for example to reach the targets of the investment strategy.

Other long-term investments -business model includes shares and other instruments, whose cash flows do not consist solely on payments of principal and interest.

POP Mortgage Bank does not actively trade financial assets.

Financial instruments measured at amortised cost

Financial assets measured at amortised cost includes loans and receivables and the debt instruments, which are, according to the investment policy, intended to be held to maturity with terms of regular payments of interest and principal either in part or entirety (SPPI-test). In addition, liquid assets, in which the liquidity does not have to be tested by regular sales, may be classified to this measurement class.

POP Mortgage Bank's financial liabilities are measured at amortised cost according to the effective interest rate method. Financial liabilities measured at amortised cost includes deposits and debt securities issued to the public, liabilities to credit institutions as well as other financial liabilities.

DETERMINING FAIR VALUE

Fair value is the price that would be attained if the asset was sold or would be paid to transfer the liability from one market party to another in a standard business transaction taking place on a valuation day.

A financial instrument's fair value is based on price quotations obtained from active markets or, if active markets do not exist, via the company's own valuation methods. A market is considered active if price quotations are readily and regularly available and if they reflect real and regularly occurring arm's-length market transactions. The current bid price is used as the quoted market price of financial assets.

If the market has a well-established valuation technique for a financial instrument for which there is no direct market price available, the fair value is based on the commonly used valuation model and on the market quotations of the input data used in the model.

If there is no well-established valuation technique in the market, fair value is determined based on a specific valuation model created for the product in question. The valuation models are based on widely used measuring techniques, incorporating all the factors that market participants would consider when setting a price. The valuation prices used include market transaction prices, the discounted cash flow method, as well as the fair value of another substantially similar instrument at the reporting date. The valuation methods take into account an estimate of the credit risk, applicable discount rates, early repayment options, and other such factors that may impact reliable determination of the fair value of the financial instrument.

The fair values of financial instruments are divided into three hierarchical levels depending on how the fair value is defined:

- Fair values quoted in the active markets for identical assets or liabilities (Level 1)
- Fair values that are determined using other input data than the quoted prices at Level 1, which are observable for the assets or liabilities either directly (e.g., prices) or indirectly (e.g., derived from prices) (Level 2)
- Fair values determined by the input data, which is essentially not based on the observable market data (Level 3).

The fair value hierarchy level into which an item measured at fair value is fully classified is determined by the input data, which is at the lowest level and is significant in respect to the whole item. The significance of the input data is evaluated considering the whole item, which is valued at fair value.

IMPAIRMENT OF FINANCIAL ASSETS

A loss allowance on financial assets measured at amortized cost or fair value through other comprehensive income and off-balance sheet credit commitments is recognized on the basis of expected credit losses. The expected credit loss of a financial instrument is determined as the difference between the contractual cash flows that the entity is entitled to receive under the contract and the cash flows expected to be received by the entity at the original effective interest rate at the time of reporting.

To determine expected credit losses, financial instruments are classified in stages from 1 to 3. 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.

POP Mortgage Bank's financial assets consist of internal deposits of the POP Banks Group. In the calculation of expected credit losses (ECL), the probability of default (PD) of the group's internal items has been considered to be zero, based on the group's structure and risk management principles. Calculation principles for expected credit losses are described in more detail in Note 2 POP Bank Group's accounting policies to the POP Bank Group's financial statements.

DERIVATIVE CONTRACTS AND HEDGDE ACCOUNTING

POP Mortgage Bank hedges its interest rate risk against changes in fair value, primarily using interest rate swaps. Hedge accounting is applied for fair value hedging. The hedged instrument of fair value hedging is fixed-rate bonds issued. Derivative contracts are not made for trading purposes.

All derivative contracts are recognised and measured at fair value through profit or loss. The positive fair values of derivative contracts are presented as assets under Derivatives and negative fair values as liabilities under Derivatives. Changes in the value of derivatives in hedge accounting are recorded in the income statement under Net income from Hedge accounting. The interest in hedging derivative contracts is recorded on a net basis, with the interest on derivatives hedging liabilities presented under interest expenses. The interest on derivative contracts is presented on the balance sheet as a net amount under either other assets or other liabilities, depending on the interest payment position at each reporting date.

The hedging relationship between the hedging derivative contract and the hedged instrument and the objectives of risk management are documented before hedge accounting is applied. If there is a high correlation between the change in the value of the hedging derivative and the hedged instrument, the hedging is considered effective.

POP Mortgage Bank applies IFRS 9 Financial Instruments to hedge accounting for all hedging relationships.

INTANGIBLE ASSETS

Intangible assets comprise the implementation cost of information system. An intangible asset is recognized in the balance sheet at acquisition cost if it is probable that the expected economic benefits associated, and the acquisition cost of the asset can be measured reliably. Acquisition cost includes all costs that are directly attributable to bringing the asset to its working condition for its intended use.

Intangible assets have a limited useful life. The acquisition cost of intangible assets is amortised in the income statement on the basis of the estimated useful lives of assets. The estimated useful life is 3–5 years for information systems and licenses.

The amortisation of the acquisition cost of intangible assets begins when the asset is ready to be taken into use. Indications of impairment of intangible assets are examined annually and intangible assets are tested for impairment when necessary.

EMPLOYEE BENEFITS

Employee benefits are short-term employee benefits, such as remunerations for positions of responsibility, which are expected to be paid in connection with the work performance they are related to or within the following 12 months.

POP Mortgage Bank does not have employees. The company purchases the administrative and management services needed from its parent company POP Bank Centre coop and its sister company Bonum Bank Plc.

INCOME TAX

The income statement includes taxes on income for the financial year and changes in deferred taxes.

Deferred tax liabilities and assets are calculated on taxable and deductible temporary differences between the carrying amount and the tax basis. Deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply at the time when the temporary difference is reversed.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that future taxable profit will be probable and unused tax credits can be utilised.

NOTE 2 INTEREST INCOME AND EXPENSES

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Interest income		
Loans and advances to credit institutions	25,288	17,631
Total interest income*	25,288	17,631
Interest expenses		
Liabilities to credit institutions	-221	-20
Debt securities issued to the public	-17,520	-12,964
Derivatives in hedges of liabilities*	-5,826	-3,434
Total interest expenses	-23,567	-16,418
Net interest income	1,721	1,212

*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 12,788 thousand from interest income to interest expenses was made for the comparative period. The change is described in more detail in Note 1, under Changes in presentation method.

NOTE 3 NET INCOME FROM HEDGE ACCOUNTING

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Change in hedging instruments' fair value	3,204	10,602
Change in hedged items' fair value	-3,408	-10,777
Net income from hedge accounting	-204	-174

Derivatives and hedge accounting are explained in more detail in Note 8.

NOTE 4 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS 31 DEC 2024

(EUR 1,000)	Measured at amortised cost	Hedging derivatives	Total carrying amount
Loans and advances to credit institutions	779,737	-	779,737
Derivative contracts	-	7,872	7,872
Financial assets total	779,737	7,872	787,609
Other assets			10,645
Total assets 31 Dec 2024			798,254

FINANCIAL ASSETS 31 DECEMBER 2023

(EUR 1,000)	Measured at amortised cost	Hedging derivatives	Total carrying amount
Loans and advances to credit institutions	526,280	-	526,280
Derivative contracts	-	6,945	6,945
Financial assets total	526,280	6,945	533,225
Other assets			11,085
Total assets 31 Dec 2023			544,310

FINANCIAL LIABILITIES 31 DEC 2024

(EUR 1,000)	Measured at amortised cost	Hedging derivatives	Total carrying amount
Liabilities to credit institutions	13,440	-	13,440
Debt securities issued to the public	756,069	-	756,069
Derivative contracts	-	587	587
Financial liabilities total	769,509	587	770,096
Other liabilities			10,677
Total liabilities 31 Dec 2024			780,773

FINANCIAL LIABILITIES 31 DECEMBER 2023

(EUR 1,000)	Measured at amortised cost	Hedging derivatives	Total carrying amount
Liabilities to credit institutions	10,650	-	10,650
Debt securities issued to the public	503,259	-	503,259
Derivative contracts	-	2,863	2,863
Financial liabilities total	513,909	2,863	516,773
Other liabilities			10,682
Total liabilities 31 Dec 2023			527,455

NOTE 5 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUES BY VALUATION TECHNIQUE

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

FINANCIAL ASSETS MEASURED AT FAIR VALUE 31 DEC 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	7,872	-	7,872	7,872
Total	-	7,872	-	7,872	7,872

FINANCIAL ASSETS MEASURED AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	6,945	-	6,945	6,945
Total	-	6,945	-	6,945	6,945

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE 31 DEC 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	587	-	587	587
Total	-	587	-	587	587

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	2,863	-	2,863	2,863
Total	-	2,863	-	2,863	2,863

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECOGNISED AT AMORTISED COST**ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2024**

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	801,317	-	801,317	779,737
Total	-	801,317	-	801,317	779,737

ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	539,417	-	539,417	526,280
Total	-	539,417	-	539,417	526,280

LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Debt securities issued to the public	-	767,622	-	767,622	756,069
Total	-	767,622	-	767,622	756,069

LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Debt securities issued to the public	-	502,871	-	502,871	503,259
Total	-	502,871	-	502,871	503,259

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are recognised in the balance sheet at fair value or amortised cost. Classification and valuation of financial instruments are described in more detail in Note 1 Accounting policies.

FAIR VALUE HIERARCHIES

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

Level 2 includes financial instruments measured 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 that are not measured using market quotations or values determined on the basis of observable market prices using measurement techniques or models. The assumptions applied in the measurement techniques often involve insecurity. The fair value of assets allocated to Level 3 is often based on price information obtained from a third party.

TRANSFERS BETWEEN FAIR VALUE HIERARCHY LEVELS

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. There were no transfers between levels during the reporting period.

NOTE 6 LOANS AND ADVANCES TO CREDIT INSTITUTIONS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Deposits		
Repayable on demand	29,737	13,080
Other	-	13,200
Intermediary loans	750,000	500,000
Total	779,737	526,280

NOTE 7 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Covered bonds	756,069	503,259
Total debt securities issued to the public	756,069	503,259

DEBT SECURITIES ISSUED TO THE PUBLIC (EUR 1,000)

Bond	Issue date	Due date	Interest	Nominal	Currency
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					
POPA 15102029	15 Oct 2024	15 Oct 2029	2,875% / fixed	250,000	EUR

DEBT SECURITIES PRESENTED IN CASH FLOW RECONCILIATION TO BALANCE SHEET

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Balance sheet 1 Jan	503,259	243,038
Increase of bonds	249,048	249,203
Total changes of cash flow of financial activities	249,048	249,203
Valuations and accrued interests	3,762	11,019
Balance sheet 31 Dec	756,069	503,259

NOTE 8 DERIVATIVES AND HEDGE ACCOUNTING

POP Mortgage bank hedges its interest rate risk against fair value changes primarily using interest rate swaps. With interest rate swaps, the interest rates of variable-rate intermediate loans and fixed-rate issued bonds are swapped to the same interest basis. The hedged items are fixed-rate bonds. As a result of the hedging, changes in market interest rates have a minimal impact on net interest income.

DERIVATIVES AND HEDGED ITEMS COVERED BY HEDGE ACCOUNTING

HEDGING INTEREST RATE DERIVATIVES

(EUR 1,000)	Fair value 31 Dec 2024		Fair value 31 Dec 2023	
	Assets	Liabilities	Assets	Liabilities
Derivatives				
Fair value hedging	7,872	587	6,945	2,863
Derivatives total	7,872	587	6,945	2,863

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

FAIR VALUE HEDGE

(EUR 1,000)	Interest rate risk 31 Dec 2024		Interest rate risk 31 Dec 2023	
	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
Micro hedge				
Hedged publicly issued bonds	756,069	7,734	503,259	4,326
Total	756,069	7,734	503,259	4,326

The nominal value of the fixed-rate bond subject to fair value hedging at the end of the reporting period was EUR 750 (500) million. This item is included on the balance sheet under "Debt securities issued to the public". The nominal values of derivative instruments correspond to the nominal values of the objects to be hedged.

HEDGE ACCOUNTING GAINS AND LOSSES AND HEDGE INEFFECTIVENESS

(EUR 1,000)	Interest rate risk	
	Fair value hedging	
	1.1.-31.12.2024	1.1.-31.12.2023
Change in the fair value of the derivative contract	3,204	10,602
Change in the fair value of the hedged item	-3,408	-10,777
Hedge ineffectiveness recognized in the income statement	-204	-176

MATURITY PROFILE OF THE NOMINAL AMOUNT OF HEDGING INTEREST RATE RISK

31 Dec 2024	Nominal value / Remaining maturity			
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total
Instruments hedging interest rate risk	250,000	500,000	-	750,000

31 Dec 2023	Nominal value / Remaining maturity			
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total
Instruments hedging interest rate risk	-	500,000	-	500,000

The maturities of the hedged items fully correspond to the maturities of the hedging contracts.

NOTE 9 OFFSETTING

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The table below presents items that, in certain circumstances, can be settled on a net basis, even though they are presented on a gross basis in the balance sheet. The netting arrangement is based on a mutually enforceable general netting agreement (ISDA).

The total in the "Net" column of the table does not equal the sum of the preceding columns due to differences between the valuation and collateral review dates. The collateral is determined such that, at the time of the review, the collateral received fully neutralises the counterparty risk.

31 DEC 2024	Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements						
	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
(EUR 1,000)							
Assets							
Derivatives	14,172	-	14,172	1,086	13,440	-	-
Total	14,172	-	14,172	1,086	13,440	-	-
Liabilities							
Derivatives	1,086	-	1,086	1,086	-	-	-
Total	1,086	-	1,086	1,086	-	-	-

31 DEC 2023	Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements						
	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
(EUR 1,000)							
Assets							
Derivatives	14,903	-	14,903	5,219	10,650	-	-
Total	14,903	-	14,903	5,219	10,650	-	-
Liabilities							
Derivatives	5,219	-	5,219	5,219	-	-	-
Total	5,219	-	5,219	5,219	-	-	-

NOTE 10 COLLATERAL GIVEN AND RECEIVED

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Given on behalf of own liabilities and commitments		
Mortgage-backed loan portfolio*	1,028,621	682,731
Total collateral given	1,028,621	682,731
Collateral received		
Collateral received from member banks of POP Bank amalgamation*	1,022,621	676,731
Other	13,240	10,650
Total collateral received	1,035,861	687,381

*The collateral provided and received by POP Mortgage Bank is related to secured bonds issued under the EUR 1.5 billion issuance programme as well as the interim loans based on it. The collateral given and received consists of loans secured by real estate.

Other collateral is related to derivatives and are collateral given and received in cash.

NOTE 11 RELATED PARTY DISCLOSURES

The related parties of POP Mortgage Bank comprise the members of the company's Board of Directors and Executive Group and members of their immediate families. In addition, related parties include POP Mortgage Bank's parent entity POP Bank Centre coop, as well as its managing director and deputy managing director. Furthermore, related parties include those entities over which key persons included in the management and/or members of their immediate families have control or joint control. The related parties also include the POP Mortgage Bank's sister company Bonum Bank Plc.

BUSINESS TRANSACTIONS WITH RELATED PARTY COMPANIES

(EUR 1,000)	31 December 2024	31 December 2023
Assets		
Loans	29,733	20,630
Liabilities		
Debt securities issued to the public	8,000	8,000
Income statement		
Income statement	535	145
Other operating expenses	186	171

COMPENSATION TO MEMMBERS OF THE BOARD

(EUR 1,000)	Salaries and remuneration	
	31 December 2024	31 December 2023
Juha Niemelä, Chairman of the Board	6	8
Matti Vainionpää, Vice Chairman of the Board	6	8
Marja Pajulahti, Member of the Board	6	8
Total	18	23

NOTE 12 EVENTS AFTER THE CLOSING DATE

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

Espoo, 14 February 2025

Board of Directors of POP Mortgage Bank Plc

The figures disclosed in the financial statements release are unaudited.

