POP BANK GROUP

FINANCIAL STATEMENTS RELEASE

1 JANUARY – 31 DECEMBER 2022

POP Bank

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This document is a translation of the original Finnish version "POP Pankki -ryhmä Tilinpäätöstiedote 1.1. - 31.12.2022". In case of discrepancies, the Finnish version shall prevail.

CEO'S REVIEW

The year 2022 was profitable for the POP Bank Group, which maintained a high level of capital adequacy. The increase in the profitability of the Group's core business, which had continued for a long time, was supported by an exceptionally rapid rise in market interest rates. Net interest income increased in 2022 by 20 per cent to EUR 94.2 million, and net commission income increased by nearly 15 per cent to EUR 41.6 million. While rising interest rates increase the cost of funding, the end of negative interest rates and the return to a more normal interest rate environment are having a positive impact on banks' net interest income.

The rapid change in market interest rates was negatively reflected in the valuation of the Group's fixed income investments, which had an adverse impact on the results of the Group's banking and insurance segments. Despite the year being weak in terms of investments, the banking business reported a good result, driven by the performance of core business operations. In addition to weak investment market, insurance operations faced challenges arising from rapid inflation, longer repair times caused by bottlenecks in production and supply chains, as well as delays in the delivery of new cars during 2022. Despite the challenges in the operating environment, also the insurance segment reached a positive result.

The POP Bank Group's profit before taxes was EUR 26.4 million. Although the result decreased from the previous year, the figures show an increase in profitability, as the comparison period included significant one-off gains. Our ongoing core system reform is temporarily increasing the cost of banking operations as we build new systems and maintain old ones at the same time. The reform is extremely important for our competitiveness and with the reform, we will ensure the efficient development of our information systems and respond even faster to our customers' ever-growing digital needs. We expect the new core banking system to decrease our IT costs significantly after the implementation of the new system.

The Group's loan portfolio increased by 4.8 per cent and was EUR 4.4 billion at the end of 2022, and deposits increased by 2.5 per cent to EUR 4.3 billion. In line with the Group's strategy, a significant portion of the growth was in corporate funding, where we achieved an increase of around 16 per cent. The cooling down of the housing market was reflected in the demand for housing loans during the last months of the year.The trend for the year 2023 depends heavily on the direction of the Finnish economy and employment.

The year 2022 was profitable for the POP Bank Group, which maintained a high level of capital adequacy.

POP Mortgage Bank, which started operations in 2022, completed successfully its first covered bond issue in a challenging market environment in September. The covered bonds, enabled by the mortgage bank operations, significantly supplement the POP Bank Group's funding.

The POP Bank Group revised its strategy in early 2022. Customer orientation, profitability, bold renewal, responsibility and speed are closely intertwined in our operations. Our focus is on growth in lending to businesses and the management of personal digital service situations, as well as outperforming the market in profitable growth and strong capital adequacy. As part of the renewal of our strategy, we also updated our responsibility programme. In the autumn, we carried out a stakeholder survey, with more than 1,400 responses. POP Bank's themes, such as the prevention of the grey economy and business transparency, continued to be perceived as important. Information security, which has long been at the core of the banking business, also came up in the responses. Information security was also a generally topical subject in 2022, with extensive news coverage on issues such as influence through information, cyberattacks and scams. Awareness and caution are of primary importance, and the POP Bank Group actively develops its own services and provides information about opportunities to be prepared for these threats.

Both stability and success are built together. We are extremely proud that we have Finland's most satisfied banking customers, and that POP Insurance has the most loyal customers in its sector, as well as the best price-to-quality ratio measured in terms of customer satisfaction. POP Insurance participated in the EPSI Rating survey in its sector for the first time in 2022. We would like to extend our heartfelt thanks to our customers, personnel and partners alike.

Jaakko Pulli
CEO
POP Bank Centre coop

Operating income
153.3
(176.2)
EUR million

Profit before tax
26.4
(44.7)
EUR million

Net interest income
94.2
(78.3)
EUR million

Loan portfolio
4.4
(4.2)
EUR billion

CET 1 capital ratio
19.4 %
(19.2%)

Total customers
440,500
(427,900)

POP BANK GROUP AND AMALGAMATION OF POP BANKS

POP Bank Group is a Finnish financial group that offers retail banking services for private customers, small and medium-sized enterprises, in addition to providing private customers with non-life insurance services. POP Banks are cooperative banks owned by their member customers. POP Banks' mission is to promote its customers' financial well-being and prosperity, as well as local success.

STRUCTURE OF THE POP BANK GROUP

POP Bank Group consists of the POP Banks, POP Bank Centre coop and their controlled entities. The 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 in line with the Act on the Amalgamation of Deposit Banks. The POP Banks, POP Bank Centre coop and their controlled service companies constitute the Amalgamation of POP Banks.

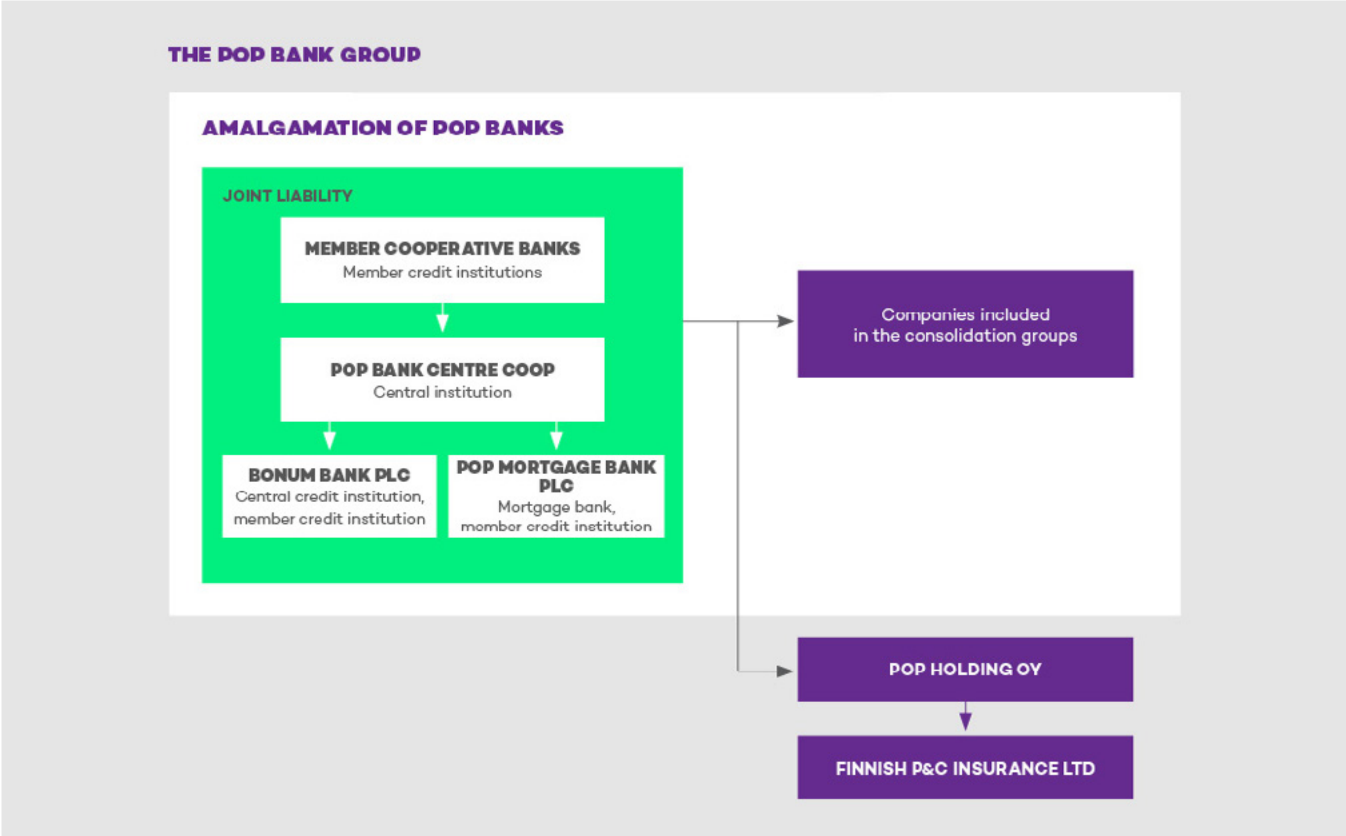
POP Bank Centre coop is the central institution of the Amalgamation of POP Banks and is responsible for steering and supervising the POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

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 Oy and Finnish P&C Insurance Ltd, a company wholly owned by POP Holding, which are not covered by mutual liability. Finnish P&C Insurance Ltd uses the auxiliary business name of POP Insurance.

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

POP BANK GROUP STRUCTURE



CHANGES IN POP BANK GROUP'S STRUCTURE

One merger was completed within the POP Bank Group during the financial period. Liedon Osuuspankki and Piikkiön Osuuspankki merged with Suupohjan Osuuspankki at the end of May. At the same time the name of the bank was changed to Suomen Osuuspankki. After the merger, the POP Bank Group consists of 19 cooperative banks. The merger was an intra-Group arrangement and had no impact on the POP Bank Group's consolidated financial information.

In March POP Bank Group divested one of the real estate companies previously consolidated to the Group. In addition to this, POP Mortgage Bank Plc was accepted as a member credit institution of the amalgamation of POP Banks in May after the company had received authorisation to engage in mortgage bank operations.

Kurikan Osuuspankki and Jämijärven Osuuspankki decided on a merger in December. The merger is set to be registered in May 2023.

OPERATING ENVIRONMENT

Economic recovery and growth continued after the most challenging phase of the coronavirus pandemic in 2022. The strict lockdown measures related to the pandemic in China continued to limit the pace of global economic recovery to some extent. In Finland, the improvement in the employment rate and the robust growth in total production in early 2022 were particularly positive developments.

The economic outlook turned significantly weaker following Russia's extensive attack on Ukraine. The EU quickly imposed wide-ranging economic sanctions on Russia, and the rest of the world broadly joined many of the measures against Russia. The sanctions imposed on Russia are also having a significant impact on the Finnish economy. The worst blows have been suffered by companies whose Russian business operations have become practically worthless in a short period of time.

The high inflation rate, which had previously been deemed temporary by the European Central Bank (ECB), continued to accelerate during the spring. The main driver of inflation is the sharp increase in energy prices, which has been reflected, with a delay, extensively in all economic sectors. As Russia previously delivered large volumes of natural gas to the EU, the sanctions have led to an energy crisis in Europe, with demand exceeding energy supply. As the need for energy typically increases in the autumn, the increase in electricity prices witnessed in the autumn of 2022 was exceptionally high.

The long period of low interest rates and stimulating monetary policy came to an end in the eurozone when the ECB deemed that interest rate hikes were necessary to ensure price stability. The ECB started to ramp down its securities purchase programme and began to increase its key interest rates in July. Towards the end of the year, its key interest rate levels were 2.5 percentage points higher than at the beginning of the year.

Although production increased markedly in Finland in 2022 from the previous year, expectations of growth have subsided. The Finnish economy is expected to fall into recession, and the annual change in GDP in 2023 is expected to be negative. Towards the end of the year, consumers' expectations turned more pessimistic than ever before, and the increase in electricity prices in particular has caused concern among businesses and households. The number of housing sales began to decrease markedly towards the end of the year, and expectations of lower housing price levels increased, especially in the Helsinki metropolitan area. Households' ability to cope with financial challenges continues to be eased by the high employment rate and savings that accumulated during the coronavirus pandemic.

KEY EVENTS

STRATEGY

In the spring, the Board of Directors of POP Bank Centre coop confirmed the POP Bank Group's strategy for 2022–2024. The Group's vision is to be a bank that combines personal and digital services, that achieves the highest level of customer satisfaction and efficient decision-making, and that maintains capital adequacy and outperforms the market in profitable growth. The Group's target in capital adequacy is more than 17.5 per cent. Its long-term targets, set after the core system reform, are 0.7 per cent for return on assets and no more than 60 per cent for the cost-to-income ratio.

In the autumn of 2022, the POP Bank Group carried out an extensive stakeholder survey of customers, partners and investors. The results have been used in the review and development of the focus areas of the Group's responsibility programme, and to determine the sustainability strategy and vision integrated into the Group's strategy. The development of the programme will continue in terms of an action plan and training for the personnel in 2023.

SYSTEM REFORM PROJECT

In January 2022, the POP Bank Group selected Crosskey, a Finnish IT company, as its partner for its core system reform project. The project started in January 2022 and has progressed as planned. The POP Bank Group expects to introduce the new core banking system during 2025. The POP Bank Group decided to terminate the previous agreement on core banking system reform in June 2021. The significant compensation received for the termination of the agreement was recognised as revenue for the comparison period.

BEGINNING OF MORTGAGE BANK OPERATIONS

In May, POP Mortgage Bank Plc, which is part of the POP Bank Group, was authorised by the European Central Bank to engage in mortgage bank operations. POP Mortgage Bank Plc is responsible for acquiring external funding for the Group in cooperation with Bonum Bank Plc. POP Mortgage Bank is the issuer of the POP Bank Group's mortgage-backed bonds. POP Mortgage Bank has a EUR 1 billion covered bond programme, under which a covered bond of EUR 250 million was issued in September.

STRUCTURAL DEVELOPMENT OF THE POP BANK GROUP

During the financial year, one bank merger took place, with three member banks merging to form a bank with a balance sheet of EUR 1.4 billion at the time of the merger. In December, two banks announced a merger that will take place during 2023. The mergers will enhance the POP Bank Group's operational efficiency and strengthen its ability to meet its customers' financial needs. In May, following its authorisation, POP Mortgage Bank Plc was accepted as a member of the amalgamation of POP Banks. At the end of the reporting period, the POP Bank Group consisted of 21 banks, of which 19 were POP Banks.

IMPACTS OF THE CORONAVIRUS PANDEMIC AND THE GEOPOLITICAL SITUATION ON BUSINESS OPERATIONS

The lifting of the restrictions related to the coronavirus pandemic has increased people's mobility and supported the recovery of the service sector in Finland. However, the lockdowns in China have had a major impact on global demand and supply in 2022, and this has also been reflected in the Finnish economy to some extent.

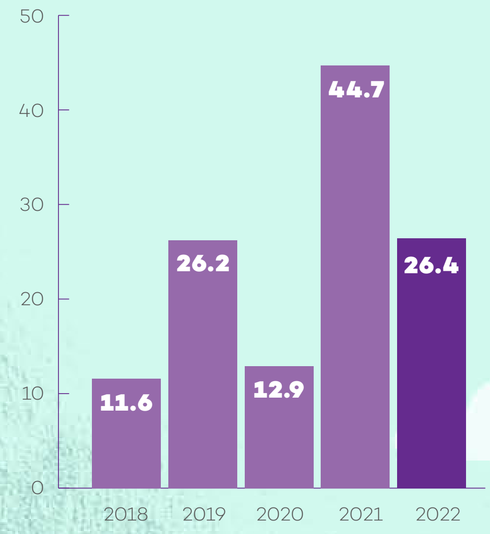
The Russian attack on Ukraine has had a major impact on the international economy. Although the POP Bank Group has no customer companies with operations in Russia or Ukraine, the crisis is indirectly affecting the operations of the POP Banks' customers. In payment transactions, the POP Bank Group complies with the economic sanctions imposed by the EU and the UN, as well as the sanctions imposed by the United States and the United Kingdom. In addition, the POP Bank Group has raised its level of preparedness to meet various cybersecurity threats.

So far, the changes in the operating environment have not significantly affected the POP Bank Group's business operations. The strong increase in interest rates supports the development of the Group's net interest income, but it has also undermined the fair values of the Group's fixed income investments measured at market value. The rise in the costs of production inputs in agriculture in particular, combined with increasing financial expenses, is threatening profitability in agriculture and forestry, which may later be reflected in the amount of credit losses. However, no extensive repayment delays have been reported so far. In insurance operations, the number of claims for damage has normalised, and the demand for travel insurance has recovered with the easing of the coronavirus pandemic. However, inflation has caused claims to increase, and delivery issues in the car trade have been reflected in the sales of motor insurance.

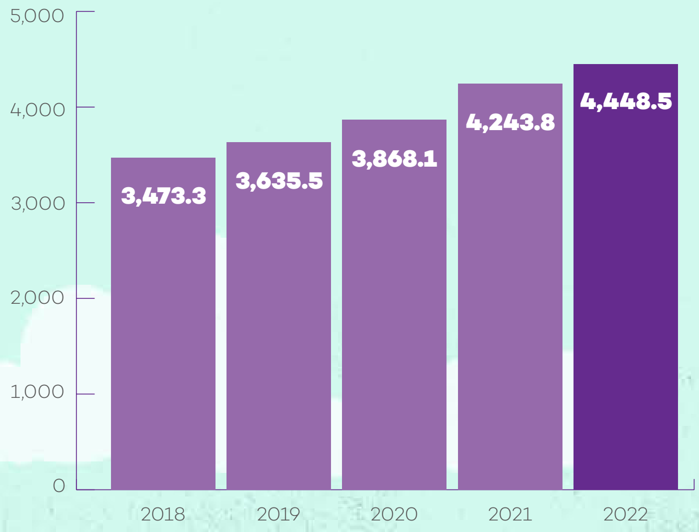
CREDIT RATINGS

In October 2022, S&P Global Ratings affirmed Bonum Bank Plc's long-term investment grade to 'BBB' and short-term investment grade to 'A-2'. The outlook remained stable.

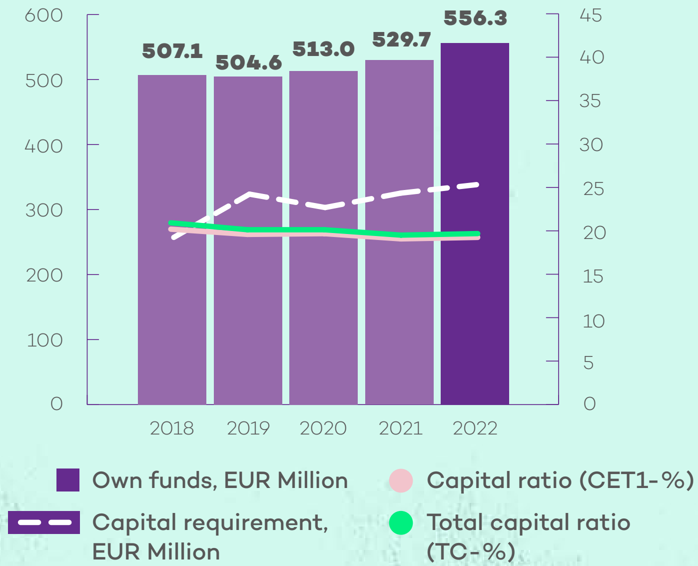
PROFIT BEFORE TAX, EUR MILLION



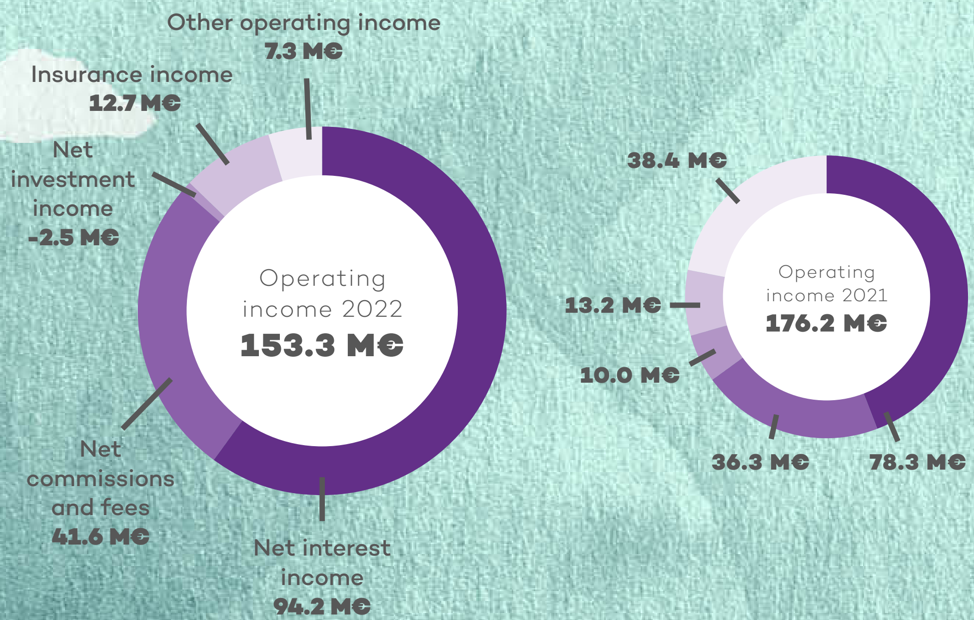
LOAN PORTFOLIO, EUR MILLION



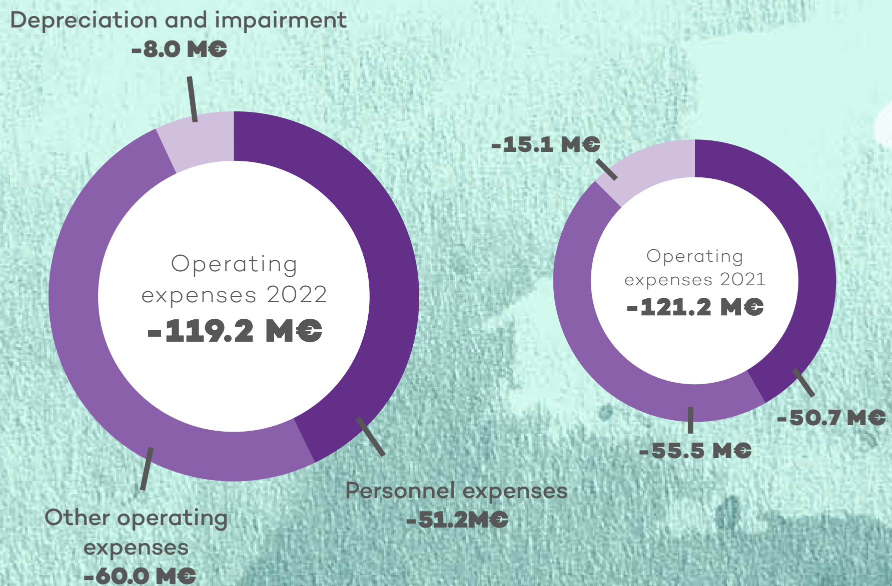
OWN FUNDS AND CAPITAL ADEQUACY



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 2022	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020	1 Jan-31 Dec 2019	1 Jan-31 Dec 2018
Net interes income	94,175	78,338	74,099	69,318	65,391
Net commissions and fees	41,617	36,326	31,049	30,013	29,790
Insurance income	12,675	13,192	11,611	10,913	10,433
Net investment income	-2,460	10,028	1,298	15,588	1,111
Personnel expenses	-51,178	-50,655	-43,531	-42,843	-41,769
Other operating expenses	-59,997	-55,464	-51,978	-47,927	-48,257
Impairment losses on financial assets	-7,716	-10,390	-7,468	-6,528	-3,195
Profit before tax	26,408	44,670	12,919	26,150	11,569

Key balance sheet figures (EUR 1,000)	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
Loan portfolio	4,448,480	4,243,829	3,868,147	3,635,488	3,473,310
Deposit portfolio	4,325,946	4,222,364	4,086,045	3,746,305	3,666,543
Insurance contract liabilities	57,011	52,692	43,915	38,606	32,488
Equity capital	560,617	552,809	517,242	508,435	483,788
Balance sheet total	5,777,207	5,357,697	5,098,398	4,535,557	4,409,518

Key ratios	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
Cost-to-income ratio	77.7 %	68.8 %	83.6 %	75.1 %	86.8 %
Return on assets, ROA %	0.4 %	0.7 %	0.2 %	0.5 %	0.2 %
Return on equity, ROE %	3.8 %	6.9 %	2.2 %	4.3 %	1.8 %
Equity ratio, %	9.7 %	10.3 %	10.1 %	11.2 %	11.0 %
Capital ratio (CET1-%)	19.4 %	19.2 %	19.9 %	19.8 %	20.5 %
Total capital ratio (TC-%)	19.4 %	19.2 %	19.9 %	19.9 %	20.8 %

POP BANK GROUP'S EARNINGS PERFORMANCE

POP Bank Group's profit before tax was EUR 26.4 (44.7) million, and profit for the financial year was EUR 21.1 (37.1) million.

Group's net interest income increased by 20.2 per cent to EUR 94.2 (78.3) million. Interest income for the financial year amounted to EUR 105.3 (83.9) million, and interest expenses were EUR 11.1 (5.5) million. Interest income was boosted primarily by the rapid rise of market interest rates, which also had an impact on interest expenses. Net commissions and fees increased from previous year by 14.6 per cent to EUR 41.6 (36.3) million. Group's insurance income declined by 3.9 per cent to EUR 12.7 (13.2) million.

The increase in market interest rates led to the recognition of negative changes in the value of fixed income investments, and the growing uncertainty in the investment market also weakened the fair values of other investments. Net investment income amounted to a loss of EUR -2.5 million, whereas on the comparison period, net investment income was EUR 10.0 million.

Other operating income totalled EUR 7.3 (38.4) million. Other operating income of the comparison period includes EUR 31.7 million of non-recurring items. Other operating income includes the reimbursement of the old Deposit Guarantee Fund, which covers the deposit guarantee contribution of the Financial Stability Authority included in other operating expenses. Other operating income totalled EUR 153.3 (176.2) million.

Total operating expenses increased by 1.7 per cent to EUR 119.2 (121.2) million. Other operating income of the comparison period includes EUR 6.0 million non-recurring items. Personnel expenses totalled EUR 51.2 (50.7) million. Other operating expenses were EUR 60.0 (55.5) million. Depreciation, amortisation and impairment on property, plant and equipment and intangible assets was EUR 8.0 (15.1) million.

A total of EUR 7.7 (10.4) million was recognised in impairment on financial assets. Impairments of loans and advances to customers was 0.19 (0.28) per cent of the loan portfolio. Impairment include a net increase in Expected Credit Losses (ECL) of EUR 4.5 (2.3) million and realised credit losses of EUR 3.2 (8.0) million.

POP BANK GROUP'S BALANCE SHEET

POP Bank Group's assets totalled EUR 5,777.2 (5,357.7) million at the end of the period. The loan portfolio increased by 4.8 per cent during the financial year, amounting to EUR 4,448.5 (4,243.8) million. At the end of the financial year, the Group had deposits totalling EUR 4,325.9 (4,222.4) million with a growth of 2.5 per cent.

The number of bonds in issue was EUR 565.3 (284.9) million at the end of the financial year of which covered bonds were EUR 250.0 million. The Group's investment assets were 712.3 (681.8) million. In addition to investments in securities and real estate in banking operations, the investment assets include the insurance company's investments in securities.

POP Bank Group's equity totalled EUR 560.6 (552.8) million at the end of the financial period. The cooperative capital, which consists of the POP Banks' cooperative contributions and POP Shares, amounted to EUR 70.9 (67.1) million. POP Banks paid EUR 1.1 (1.1) million in interest on cooperative capital for 2021. POP Shares are investments in the cooperative bank's equity in accordance with the Co-operatives Act. In total, the POP Banks have issued EUR 60.2 (56.9) million in POP Shares.

OPERATING SEGMENTS

POP Bank Group monitors its business operations based on two business segments: Banking and Insurance.

BANKING

POP Bank Group's Banking segment consists of the POP Banks engaged in retail banking, Bonum Bank Plc, which is central credit institution of the amalgamation and POP Mortgage Bank Plc, which is a mortgage bank. At the end of 2022, POP Bank Group had 256.5 (256.3) thousand banking customers. Of these, 85.2 (85.3) per cent are private customers, 9.2 (8.9) per cent are corporate customers, and 2.6 (2.7) per cent are in the agriculture and forestry sectors. At the end of the year, POP Banks had 70 branch offices and service points, which include three digital branches. In addition to visiting branch offices, customers have access to mobile and online banking services and online appointments.

According to the independent EPSI Rating survey, POP Bank's customer satisfaction is still the best in Finland. Among private customers, POP Bank stood out especially in the quality of customer service and in the wat the customer considers that the bank takes care of its customers. With regard to corporate customers POP Bank stood out from the industry in terms of ease of doing business with, exceeding expectations and keeping customers informed. POP Banks have, for example, offered and actively organised POP Taloushetki, specially themed meetings, to discuss with the customer about matching one's own economy and life goals.

POP Bank Group's loan portfolio grew 4.8 per cent during 2022. The demand for financing decreased at the end of the year and this also affected the growth of POP Bank's loan portfolio. In accordance with the Group's strategy, POP Banks have focused on developing their corporate finance services, which, during the reporting period, was reflected in the strong growth of the corporate loan portfolio.

POP Bank's investment sales decreased during 2022. Net subscriptions of both savings and investment subcategories declined but these were still positive despite market nervousness. The development of deposits has been stable and deposits grew 2.5 per cent during 2022.

POP Tarmo, a stock-oriented fund option, was added to the selection of the POP Banks' combined funds. In addition, the Group banks implemented an ESG preference questionnaire as part of their investment and insurance advice process to learn their investor customers' sustainability preferences and to recommend better matching investment products and the combination of these products. New, an unsecured household loan for POP Banks' mortgage customers, POP Kotitalouslaina, was launched in late 2022. This loan is competitively priced for the existing mortgage loan segment.

Lead by its vision, the POP Bank Group has continued to develop its digital services. The Group introduced a new electronic signature service to facilitate the digital dealings with both private and business customers. During the review period, POP Mobile's services were supplemented with, among other things, the Google Pay mobile payment featured. During the year, the popularity of mobile payments have grown significantly among POP Bank's payment customers, both in terms of value and volume.

BANKING EARNINGS

Banking profit development was strong despite the declined profit year-on-year as a result of non-recurring income at the comparison period. Profit before tax was EUR 26.1 (40.4) million. Terminating the agreement on renewal of core banking platform in 2021 had a positive effect of EUR 25.7 million on profit before tax for the comparison period. The cost-to-income ratio of banking operations was 75.7 (66.2) per cent.

The key income items of banking operations, net interest income and net commissions and fees developed strongly under the review period. Banking net interest income increased by 20.1 per cent to EUR 93.3 (77.7) million, and net commissions and fees increased by 14.4 per cent to EUR 42.1 (36.8) million. The increase in net interest income was primarily caused by the rapid rise in market interest rates, driven by the European Central Bank's key interest rate hikes. The positive development in net commission income mainly resulted from changes in the prices of banking services. Positive development of commissions and fees was mainly due to changes in pricing of banking services.

Net investment income amounted to EUR -0.1 (8.5) million. Valuation losses were recorded on investments due to the challenging market situation and the impact of rising interest rates on the valuation of fixed income investments. Other operating income totalled EUR 8.3 (38.7) million. Other operating income of comparison period includes EUR 31.7 million of non-recurring items. Operating income totalled EUR 143.7 (161.7) million.

Operating expenses in banking declined by 4.6 per cent from EUR 110.9 million to EUR 109.8 million. Expenses of the comparison period include EUR 6.0 million non-recurring costs. Personnel expenses in banking operations were EUR 35.5 (34.8) million and other operating expenses EUR 70.0 (64.6) million. Depreciation and impairment losses on property, plant and equipment and intangible assets were EUR 4.2 (11.6) million.

Impairment losses on financial assets were recognised in expenses to the tune of EUR 7.7 (10.4) million. Expected Credit Losses (ECL) on loans and off-balance-sheet loan commitments increased during the financial year by EUR 5.2 (4.1) million to EUR 42.4 (37.2) million. ECL from debt securities decreased by EUR -0.7 (-1.8) during the financial year. EUR 3.2 (8.0) million was recognised as realised credit losses.

POP Bank Group has recognised an additional provision of EUR 3.0 million earlier in financial year 2021 based on management judgement. The amount of the provision has been re-evaluated during the financial period 2022 and at the end of the period the amount of provision is EUR 3.0 million. The provision has been made in order to prepare for the negative impact of cost inflation to corporate and agricultural customers' ability to pay.

BANKING ASSETS AND LIABILITIES

The banking segment's assets totalled EUR 5,806.7 (5,375.1) million at the end of the financial period. The banking segment's loan portfolio increased by 4.8 per cent to EUR 4,450.2 (4,245.7) million. The loan portfolio grew in both the private and corporate customer segments. Deposits increased by 2.5 per cent, and the banking segment's deposits totalled EUR 4,334.3 (4,227.8) million at the end of the financial period.

INSURANCE

POP Bank Group's Insurance segment includes Finnish P&C Insurance Ltd, which offers non-life insurance policies to private customers. The insurance company offers typical non-life insurance products to private customers. The insurance segment is a central part of the digital operations of the POP Bank Group.

In 2022, Finnish P&C Insurance Ltd. gained an average of 3.6 (3.6) thousand new customers per month, and at the end of the financial period, the company had 184.0 (171.6) thousand customers. Challenges in sales and deliveries in the vehicle market continue to hamper motor insurance sales, although the demand for travel insurance in particular has normalised since the end of the coronavirus pandemic. According to the results of an NPS survey, which measured customers' willingness to recommend, the company is a leader in its field. The company placed second in the EPSI Rating industry survey, which measures customer satisfaction. The company participated in the survey for the first time in 2022.

The company, which operates via electronic channels, has customers throughout Finland. The majority of the company's insurance policies are granted through its own sales channels. Key distribution partners include POP Bank Group and Savings Banks Group, as well as car dealerships, vehicle inspection stations and own insurance agents in the capacity of an intermediary. Finnish P&C Insurance Ltd. focuses on online marketing in particular and directs customers to its online store. Also bank partners mainly direct their own customers to the online store. Dealerships and vehicle inspection stations grant vehicle insurance policies in the capacity of an intermediary.

INSURANCE EARNINGS

The operating expense ratio of insurance declined compared to the previous year, which was mainly due to increased sales and marketing expenses. The loss ratio declined year-on-year, which was due to the number of claims normalising to the level preceding coronavirus pandemic as well as accelerating inflation during the year. Fair value losses were recorded from investments due to rapid rise of market interest rates.

Profit before tax for insurance was EUR 0.3 (5.0) million. Net insurance income was reduced by 3.9 per cent to EUR 12.7 (13.2) million. The loss ratio increased by 2.3 percentage points from 71.2 to 73.5 per cent. The operating expense ratio of the company was 23.4 (21.3) per cent, and the consolidated cost ratio was 96.9 (92.5) per cent[1].

In 2022, Finnish P&C Insurance Ltd sold a total of 131.5 (127.9) thousand new insurance agreements. Premiums written totalled EUR 50.5 (48.0) million, of which 78.5 (80.6) per cent accrued from the motor vehicle liability and land vehicles insurance categories. Accident and health, fire and other property, as well as other direct insurance policies generate a total of 21.5 (19.4) per cent of the premiums written. Insurance premium revenue increased by 4.4 per cent to EUR 47.8 (45.8) million.

Claims incurred increased from the previous year and totalled EUR 35.1 (32.6) million. These consisted of EUR 31.7 (27.7) million in claims paid, EUR 2.2 (7.1) million in changes in provisions for unpaid claims, less EUR -1.2 (-1.3) million in increases in provisions for unpaid claims ceded to reinsurers. During the financial period, eight losses exceeded the retention limits of reinsurance, but no reinsurance claims were made. Reinsurance provisions for 22 losses were made to technical provisions at the end of the year.

[1] The operating expense ratio and the consolidated cost ratio have been calculated on the basis of Finnish P&C Insurance Ltd.'s financial statement information (FAS).

Personnel expenses in insurance operations were EUR 7.6 (7.8) million. Other operating expenses increased to EUR 1.7 (0.7) million. Depreciation and impairment amounted to EUR 2.1 (2.1) million. Operating expenses totalled EUR 11.5 (10.6) million.

INSURANCE SEGMENT'S ASSETS AND LIABILITIES

The assets of the insurance segment totalled EUR 96.0 (97.2) million at the end of the financial period. The liabilities of the insurance segment totalled EUR 72.1 (71.7) million. Insurance liabilities grew by 8.2 per cent to EUR 57.0 (52.7) million. The liabilities of the insurance segment totalled EUR 65.0 (60.8) million.

OTHER FUNCTIONS

Other functions include POP Holding Ltd, POP Bank Centre coop and other entities consolidated in the POP Bank Group and not included in the banking and insurance business segments. Other functions is not a reportable segment in the POP Bank Group's IFRS financial statements.

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

PRINCIPLES AND ORGANISATION 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 appetitive.

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

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

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

BANKING RISKS

Credit risk

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

Impaired exposures (ECL stage 3) were larger than in previous financial year EUR 113.6 (98.4) million. Expected Credit Losses in ECL stage 3 grew to EUR 31.7 (27.6) million and thus coverage ratio was 27.9 per cent of ECL stage 3 exposures. Non-performing receivables increased to 155.7 (138.6) million, of which 113.4 (98.4) were held on ECL stage 3 and 38.6 (37.9) million were held on ECL stage 2.

POP Bank Group has recognised an additional provision of EUR 3.0 million earlier in financial year 2021 based on management judgement. The amount of the provision has been re-evaluated during the financial period 2022 and at the end of the period the amount of provision is EUR 3.0 million. The provision has been made in order to prepare for the negative impact of cost inflation to corporate and agricultural customers' ability to pay.

The amount of expected credit losses (ECL) for loans, receivables and investment portfolios increased ending up at EUR 43.1 (38.6) million. Realised credit losses incurred during the financial year were EUR 3.2 (8.0) million.

The amalgamation's loan portfolio grew by 4.8 per cent amounting EUR 4,448.5 (4,243.8) million at the end of the accounting period. Industry and customer risks are diversified. Loans granted to private customers accounted for 63.9 (65.4) per cent, to companies 22.8 (20.4) per cent and to agricultural entrepreneurs 13.3 (14.2) 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 63.0 (64.0) per cent of the loan portfolio.

Credit risk management is based on a continuous monitoring of past-due payments, forbearances and non-performing loans as well as the quality of the loan portfolio. Monitoring expected credit losses (ECL) is an essential part of the credit risk management processes. Foreseen problems are to be assessed as early as possible. Key figures of ECL are presented more thoroughly in Note 10.

Liquidity risk

The 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 184.8 (141.3) per cent on 31 December 2022, with the requirement being 100 per cent. On 31 December 2022, the amalgamation's LCR-eligible assets before haircuts totalled EUR 691.7 (457.9) million, of which 64.8 (61.1) per cent were cash and balance at the central bank and 31.0 (32.2) 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 39.8 (28.0). 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 133.5 (130.0) 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 2.5 per cent during the reporting period. During 2022 the funding position was supported by the first emission of EUR 250 million by POP Mortgage Bank. At the end of the reporting period, issued securities totalled EUR 565.3 (284.9) million. In addition, at the end of the financial year, Bonum Bank had TLTRO III financing totalling EUR 128.4 (128.4) million.

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

Market risk

Market risks from banking arise from the banking book of member credit institutions, consisting of lending and deposits, wholesale market funding and investment and liquidity portfolios. Market risk exposure for investment activities remained at a moderate level and respectively banking book interest rate exposure was increased as result of rising interest rates. In order to mitigate banking book exposure, hedging activities were started during the period with interest rate derivatives and alternatively by increasing fixed rate LCR eligible investments. The banking book exposure is monitored and limited via both the net present value and income risk models. The impact of +/- one percentage point change in interest rates for the following 12 months' net interest income stood at EUR +17.9 (+12.7) / -17.8 (-6.0) 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

Key tools and controls for operational risk management includes established guidelines and principles, regular self-assessment of operational risks, registration and reporting of realized risk events and near-miss situations, access authorization management and technical controls that prevent improper and unauthorized use of systems, substitute arrangements related to personnel, internal control measures, outsourcing supervision, continuity management, insurance coverage, training and continuous improvement of competence.

The member credit institutions report annually to the compliance function on the operational risks related to their own operations through self-assessments. In addition to this, the member credit institutions maintain a register on their materialised operational risks and near misses, which is to be delivered to the central institution upon request. The compliance function regularly assesses the nature of the identified operational risks, as well as the probability of their materialisation, across the amalgamation.

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

The operating model for risk management related to money laundering and other financial crime has been systematically reinforced in 2022 at the level of the amalgamation of POP Banks. This has included updating the binding guidelines on the prevention of money laundering and other financial crime within the amalgamation, increasing the selection of solutions and the amount of resources available for continuous monitoring, and acquiring and implementing a completely new AML monitoring system, as well as active communication and a considerable increase in training.

The renewed system that enhances the monitoring of payment transactions was introduced in early 2022. With the help of a centralized monitoring system, POP Banks are able to more effectively detect possible money laundering or terrorist financing attempts, as well as payment transactions that may be related to, for example, misuse of online banking credentials. In addition to the money laundering regulation, the centralized system also supports more effective compliance with the requirements set by the sanctions regulation.

RISKS RELATED TO INSURANCE OPERATIONS

During the period under review, the most significant insurance risks were associated with business profitability development with particular focus in the development of pricing and customer selections, and the sufficient increase in business volumes, taking the profitability aspect into account. New risks that emerged during the review period include uncertainty related to rapid inflation in claims and operating costs, as well as a higher interest rate risk caused by interest rate developments.

Key operational risks are still related to the building of IT systems and the controlled scaling and development of insurance business processes as the sales, customer and claim volumes increase.

Information security risks are significant for an online company and, therefore, the company is strongly investing in their management. The personnel risk is significant due to the relatively small size of the organisation; however, the organisation and partnerships are constantly developed to minimize risks.

Although the company's investment assets mainly consist of euro-denominated fixed income investments, the company also has moderate equity, real estate and currency exposures. As the maturity of fixed income investments is low at 1.4 years, following the rise in market interest rates, the significance of the interest rate risk on the insurance balance sheet is increasing in terms of risk management. The company has outsourced the execution of investment activities to asset managers

The Board of Directors of Finnish P&C Insurance annually approves the company's risk management plan.

RECOVERY AND RESOLUTION PLAN

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

On 6 April 2022, the Financial Stability Authority updated the decision. The new MREL requirement is 19.71 per cent of the TREA or 7.83 per cent of the LRE. The new requirement replaces the previous decision as of 1 January 2024. The 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 19.4 (19.2) per cent. The amalgamation does not include the profit for the financial year in own funds. The amalgamation's own funds of EUR 556.3 (529.7) million are comprised of cooperative contributions, POP Shares, retained earnings and other non-restricted reserves. Issuance of POP Shares is the member credit institutions' primary means for raising capital. The amount of POP Shares outstanding at the end of the financial year was EUR 60.2 (56.9) million.

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

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

All capital requirements are fully covered with CET1 Capital.

Member credit institutions of the amalgamation have been exempted from the own funds requirements for intragroup items and large exposures limits for exposures between the central credit institution and the member credit institutions based on a permission granted by the FIN-FSA. Similarly, member credit institutions have received 2020 exemption from FIN-FSA regarding amalgamation's internal items in leverage ratio reporting.

The leverage ratio was 9.5 (9.7) per cent in relation to minimum requirement of 3 per cent.

SUMMARY OF CAPITAL ADEQUACY

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Own funds		
Common Equity Tier 1 capital before deductions	563,523	541,450
Deductions from Common Equity Tier 1 capital	-7,216	-11,717
Total Common Equity Tier 1 capital (CET1)	**556,307**	**529,733**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**556,307**	**529,733**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**556,307**	**529,733**
Total risk weighted assets	**2,871,756**	**2,766,096**
of which credit risk	2,613,793	2,521,248
of which credit valutaion adjustment risk (CVA)	6,089	-
of which market risk (foreign exchange risk)	12,945	20,202
of which operational risk	238,928	224,646

(EUR 1,000)	31 Dec 2022	31 Dec 2021
CET1 Capital ratio (CET1-%)	**19.4 %**	**19.2 %**
T1 Capital ratio (T1-%)	**19.4 %**	**19.2 %**
Total capital ratio (TC-%)	**19.4 %**	**19.2 %**
Capital Requirement		
Total capital	556,307	529,733
Capital requirement *	338,215	325,162
Capital buffer	218,092	204,570
Leverage ratio		
Tier 1 capital (T1)	556,307	529,733
Leverage ratio exposure	5,879,750	5,445,616
Leverage ratio, %	9.5 %	9.7 %

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

SUSTAINABILITY

Social responsibility in the POP Bank Group is based on cooperative values, local operations and long-term business operations. The Group sustainability report including GRI Index is conducted with reference to the GRI Standards. The report is published as part of the Group's Annual Report.

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

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

POP Bank Group's responsibility work is guided by its ESG vision according to which POP Bank is trusted partner for its customers, members and local communities to create sustainable wellbeing. The Group's responsibility programme's focus areas areg responsibility themes were identified as being significant for the POP Bank Group:

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

POP Bank Group conducted an extensive stakeholder survey of its customers, personnel, partners and investors in the autumn of 2022. The results of the survey highlighted the current themes of the Group's responsibility programme, as well as information security as a new theme. The Group has used the results in the development of its responsibility programme and the determination of its sustainability strategy.

POP Bank received the 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. 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 2023

There is considerable uncertainty surrounding economic development, which is affecting the POP Bank Group's operating environment. The European Central Bank has announced that it will continue to raise interest rates to curb inflation during 2023. Higher interest rates increase the risk of an economic downturn in the eurozone, which is also expected to increase credit risks in the longer term.

High inflation and the simultaneous increase in financial expenses are weakening households' purchasing power and especially the profitability of companies that are unable to fully transfer the increase in costs to prices. Price increases also weaken demand.

The rise in market interest rates witnessed during 2022 supports the POP Bank Group's long-term improvement of the profitability of its core business. Net interest income and investment income in particular are expected to increase in 2023 from the previous year. On the other hand, inflation and the core system reform are expected to result in higher costs during the 2023 financial year. The POP Bank Group's profit for the 2023 financial year is expected to improve significantly on 2022. The most significant uncertainties related to performance are associated with changes in market interest rates, changes in the value of investments and credit losses.

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

POP BANK GROUP FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2022 (IFRS)

POP BANK GROUP'S INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Interest income		105,250	83,879
Interest expenses		-11,075	-5,541
Net interest income	**4**	**94,175**	**78,338**
Net commissions and fees	**5**	**41,617**	**36,326**
Net investment income	6	-2,460	10,028
Insurance income	7	12,675	13,192
Other operating income		7,259	38,360
Total operating income		**153,266**	**176,243**
Personnel expenses		-51,178	-50,655
Other operating expenses		-59,997	-55,464
Depreciation and amortisation		-7,984	-15,083
Total operating expenses		**-119,159**	**-121,203**
Impairment losses on financial assets	10	-7,716	-10,390
Associate's share of profits		16	19
Profit before tax		**26,408**	**44,670**
Income tax expense		-5,283	-7,565
Profit for the financial period		**21,124**	**37,105**
Attributable to			
Owners of the POP Bank Group		21,124	37,110
Non-controlling interests		0	-5
Total		**21,124**	**37,105**

POP BANK GROUP'S STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Profit for the financial period	**21,124**	**37,105**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Gains/(losses) arising from remeasurement of defined benefit plans	458	-353
Net changes in fair value of equity instruments	184	152
Capital gains and losses for equity instruments	-1,538	-
Items that may be reclassified to profit or loss		
Movement in fair value reserve for liability instruments at FVOCI	-15,078	-1,018
Total other comprehensive income for the financial period	**5,150**	**35,885**
Attributable to		
Owners of the POP Bank Group	5,149	35,890
Non-controlling interests	0	-5
Total other comprehensive income for the financial period	**5,150**	**35,885**

The capital gain of EUR 1,922 thousand on shares recognised at fair value through other comprehensive income has been transferred to retained earnings and the deferred tax liability of EUR 384 thousand recognised at valuation has been dissolved.

POP BANK GROUP'S BALANCE SHEET

(EUR 1,000)	Note	31 Dec 2022	31 Dec 2021
Assets			
Liquid assets	8,9	448,499	279,882
Loans and advances to credit institutions	8,9	62,333	73,897
Loans and advances to customers	8,9	4,448,480	4,243,829
Investment assets	8,9	712,087	681,552
Investments in associates		230	214
Intangible assets		8,965	9,298
Property, plant and equipment		27,268	29,611
Other assets		59,460	34,014
Tax assets		9,886	5,401
Total assets		**5,777,207**	**5,357,697**

(EUR 1,000)	Note	31 Dec 2022	31 Dec 2021
Liabilities			
Liabilities to credit institutions	8,9,11	163,139	166,484
Liabilities to customers	8,9,11	4,325,946	4,222,364
Non-life insurance liabilities	12	57,011	52,692
Debt securities issued to the public	13	565,252	284,920
Derivatives	14	12,495	-
Other liabilities		64,397	50,060
Tax liabilities		28,350	28,367
Total liabilities		**5,216,590**	**4,804,888**
Equity capital			
Cooperative capital			
Cooperative contributions		10,707	10,163
POP Shares		60,153	56,893
Total cooperative capital		**70,860**	**67,056**
Reserves		149,931	163,877
Retained earnings		339,826	321,437
Total equity attributable to the owners of the POP Bank Group		**560,617**	**552,370**
Non-controlling interests		-	439
Total equity capital		**560,617**	**552,809**
Total liabilities and equity capital		**5,777,207**	**5,357,697**

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

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 Jan 2022	**67,056**	**4,038**	**159,839**	**321,437**	**552,370**	**439**	**552,809**
Comprehensive income for the financial year							
Profit for the financial year	-	-	-	21,124	**21,124**	0	**21,124**
Other comprehensive income	-	-16,432	-	458	**-15,974**	-	**-15,974**
Total comprehensive income for the financial year	**-**	**-16,432**	**-**	**21,581**	**5,149**	**0**	**5,150**
Transactions with shareholders							
Change in cooperative capital	3,273	-	-	-	**3,273**	-	**3,273**
Profit distribution		-	-	-1,599	**-1,599**	-	**-1,599**
Transfer of reserves	532	-	2,486	-3,017	**-**	-	**-**
Transactions with shareholders total	**3,804**	**-**	**2,486**	**-4,617**	**1,673**	**-**	**1,673**
Disposals, shares measured at fair value through other comprehensive income	-	-	-	**1,538**	**1,538**	-	**1,538**
Other changes	-	-	-	-114	**-114**	-439	**-553**
Other changes total	**-**	**-**	**-**	**1,424**	**1,424**	**-439**	**985**
Balance at 31 Dec 2022	**70,860**	**-12,394**	**162,325**	**339,825**	**560,617**	**-**	**560,617**

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 Jan 2021	**66,031**	**4,905**	**161,592**	**284,271**	**516,799**	**444**	**517,243**
Comprehensive income for the financial year							
Profit for the financial year	-	-	-	37,110	**37,110**	-5	**37,105**
Other comprehensive income	-	-867	-	-353	**-1,219**	-	**-1,219**
Total comprehensive income for the financial year	**-**	**-867**	**-**	**36,757**	**35,890**	**-5**	**35,885**
Transactions with shareholders							
Change in cooperative capital	834	-	-	-	**834**	-	**834**
Profit distribution	-	-	-	-1,089	**-1,089**	-	**-1,089**
Transfer of reserves	192	-	-1,753	1,561	**-**	-	**-**
Transactions with shareholders total	**1,026**	**-**	**-1,753**	**472**	**-255**	**-**	**-255**
Other changes	-	-	-	-63	**-63**	-	**-63**
Balance at 31 Dec 2021	**67,057**	**4,038**	**159,839**	**321,437**	**552,370**	**439**	**552,809**

POP BANK GROUP'S CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flow from operations			
Profit for the financial year		21,124	37,105
Adjustments to profit for the financial year		26,442	44,494
Increase (-) or decrease (+) in operating assets		**-42,483**	**-383,899**
Advances to credit institutions	8.9	-1,662	1,177
Advances to customers	8.9	11,296	-387,854
Investment assets	8.9	-30,193	3,537
Other assets		-21,925	-759
Increase (+) or decrease (-) in operating liabilities		**-137,366**	**188,483**
Liabilities to credit institutions	11	-10,111	69,266
Liabilities to customers	11	-137,994	124,591
Other liabilities		16,985	-2,053
Income tax paid		-6,246	-3,322
Total cash flow from operations		**-132,283**	**-113,819**
Cash flow from investing activities			
Changes in other investments		1,418	-165
Purchase of PPE and intangible assets		-8,995	-5,767
Proceeds from sales of PPE and intangible assets		2,800	2,339
Net cash used in investing activities		**-4,777**	**-3,593**
Cash flow from financing activities			
Change in cooperative capital, net		3,804	1,031
Interests paid on cooperative capital and other profit distribution		-1,599	-1,089
Debt securities issued, increase	13	588,413	79,945
Debt securities issued, decrease	13	-301,853	-61,387
Payment of lease liabilities		-2,024	-1,842
Net cash used in financing activities		**286,742**	**16,657**

(EUR 1,000)	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Change in cash and cash equivalents			
Cash and cash equivalents at period-start		314,365	415,120
Cash and cash equivalents at the end of the period		464,046	314,365
Net change in cash and cash equivalents		**149,681**	**-100,755**
Cash and cash equivalents			
Liquid assets		11,587	11,011
Receivables from credit institutions payable on demand		452,459	303,354
Total		**464,046**	**314,365**

ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT

Interest received	**90,344**	**80,838**
Interest paid	**2,036**	**5,709**
Dividends received	**3,795**	**3,591**
Adjustments to profit for the financial year		
Non-cash items and other adjustments		
Impairment losses on receivables	7,587	10,390
Depreciations	8,799	18,186
Technical provision	4,190	15,083
Other	5,866	835
Adjustments to profit for the financial year	**26,442**	**44,494**

NOTES

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

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

The member credit institutions of POP Bank Centre coop include 19 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.

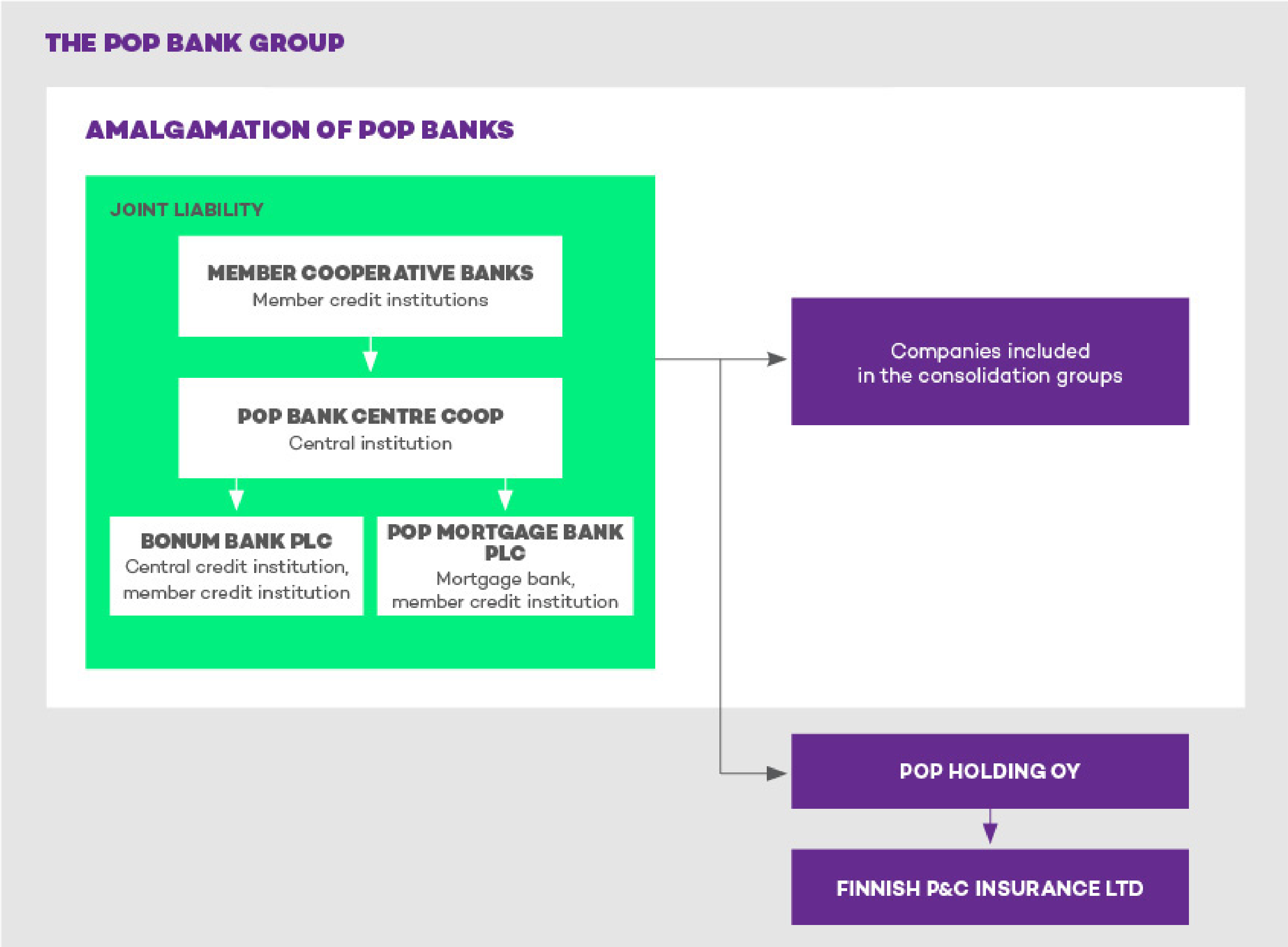
POP Bank Group also includes other entities besides the entities included in the amalgamation of POP Banks. In addition to the organisations that belong to the amalgamation of POP Banks, the POP Bank Group comprises POP Holding Ltd and its wholly owned company Finnish P&C Insurance Ltd. Neither of these are included in 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 member cooperative banks and other Group companies consolidated in the IFRS financial statements included in the technical parent company are listed in Note 37.

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

POP BANK GROUP STRUCTURE



One merger was completed within the POP Bank Group during the financial period. Liedon Osuuspankki and Piikkiön Osuuspankki merged with Suupohjan Osuuspankki at the end of May. At the same time the name of the bank was changed to Suomen Osuuspankki. After the merger, the POP Bank Group consists of 19 cooperative banks. The merger was an intra-Group arrangement and had no impact on the POP Bank Group's consolidated financial information.

In March POP Bank Group divested one of the real estate companies previously consolidated to the Group. In addition to this, POP Mortgage Bank Plc was accepted as a member credit institution of the amalgamation of POP Banks in May after the company had received authorisation to engage in mortgage bank operations.

Kurikan Osuuspankki and Jämijärven Osuuspankki decided on a merger in December. The merger is set to be registered in May 2023.

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 15 February 2023. The financial statements will be distributed to the general meeting of POP Bank Centre coop cooperative on 31 March 2023. 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 POP BANK GROUP'S ACCOUNTING POLICIES

The consolidated financial statements of the POP Bank Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations (IFRIC).

Financial statements release 1 January – 31 December 2022 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.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

During the 2022 financial year, POP Bank Group has acquired derivatives and started to apply hedge accounting. POP Bank Group hedges its interest rate risk against changes in fair value, primarily using interest rate swaps. Hedge accounting is applied for fair value hedging. The hedged instrument of fair value hedging is fixed-rate deposits and fixed-rate bonds issued. 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 investments under the item Net income from derivative contracts. Interest on hedging derivatives is presented in the income statement under interest income and expenses.

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 Bank Group applies IFRS 9 Financial Instruments to hedge accounting for all hedging relationships, except for the fixed rate borrowings the Group applies the "carve-out" model of IAS 39 hedge accounting, which makes it possible for assets and liabilities with a similar risk profile to be combined for hedging ("macro hedging"), making it possible to include deposits in the scope of hedging.

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 and intangible assets, as well as the assumptions used in actuarial analyses. More detailed information on the fair val-ues and valuation techniques of financial assets is provided in Note 9.

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 to the development of economy caused by changes in geopolitical situation, the fair values and impairments of financial assets are subject to greater uncertainty than usual.

Impairment of financial assets

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

Based on management judgement, an additional provision of EUR 3 000 thousand was made in the comparison period. The amount of the additional provision has been estimated during the financial year 2022, and at the end of the period the amount of the provision is unchanged. The provision is aimed to the receivables from corporate customers and is used to prepare on negative impact of a cost inflation for Corporate and Agricultural customers.

NEW IFRS STANDARDS AND INTERPRETATIONS

No new IFRS standards were adopted during the financial year in the POP Bank Group's financial statements.

New IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023).

The new standard for insurance contracts and will help investors and other parties to better understand insurers' risk exposure and their profitability and financial position. The new standard will replace the current IFRS 4 Insurance Contracts. Due to a decision made by the IASB, the implementation of the standard has been postponed by one year. The POP Bank Group is in the process of assessing the impacts of the standard, as well as running a project to prepare for its implementation. The POP Bank Group has implemented the standard starting from the annual period beginning on 1 January 2023, when its implementation became mandatory.

Scope of the standard

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

Insurance Contracts are issued by Finnish P&C Insurance Ltd, which is consolidated in the POP Bank Group's IFRS financial statements. Finnish P&C Insurance Ltd is a subsidiary of POP Holding Ltd. POP Holding Ltd is owned by POP Bank Centre coop and 19 POP Bank Group's member cooperative banks.

Insurance contracts

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

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

Recognition

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

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

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

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

Measurement

Measurement of liability for remaining coverage

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

Measurement of liability for incurred claims

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

At transition to apply the IFRS 17 standard starting from 1.1.2023, POP Bank Group will apply a fully retrospective approach and will adjust the comparative figures of the previous accounting period.

The application of the standard is estimated to have a positive effect of approx. EUR 1 million on the POP Bank Group's equity 1 January 2022 due to the differences in measurement of balance sheet items. The most material changes are regarding the measurement of insurance contracts and the presentation of profit and loss. In future personnel costs and other operating expenses as well as deprecations related to insurance business will be presented as part of insurance service expenses according to IFRS 17 standard.

The application of IFRS 17 standard does not have an effect on the capital adequacy of the amalgamation of POP Banks, as the insurance company is neither in scope of joint liability nor part of the amalgamation.

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

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

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

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

The transition is made retrospectively by adjusting the opening balance sheet on January 1, 2022 in a similar way, as in the initial application of IFRS 9 standard. The change in classification does not affect the valuation classes and valuation of previous periods.

NOTE 3 POP BANK GROUP'S OPERATING SEGMENTS

The operating segments of POP Bank Group are banking and insurance. The operating segments are reported in a way that is consistent with the internal reporting to the management. The reporting of operating segments complies with the accounting policies applied to the Group's IFRS financial statements 31 Dec 2022. The policies are presented in note 2 POP Bank Group's accounting policies under IFRS. The chief operating decision maker of the POP Bank Group is the Board of Directors of the Group's central institution POP Bank Centre coop. The central institution is responsible for the allocation of resources and assessing the profitability of operations.

The Banking segment includes credit institutions of POP Bank Group: the member cooperative banks, and Bonum Bank Plc and POP Mortgage Bank Plc. Cooperative banks engage in retail banking and Bonum Bank Plc acts as their central credit institution. POP Mortgage Bank is a mortgage bank, which is responsible for Group's funding alongside Bonum Bank Plc. The most significant income items of Banking are net interest income, fee and commission income as well as investment income. The most significant expense items consist of personnel expenses and other operating expenses.

The Insurance segment comprises Finnish P&C Insurance Ltd, a provider of vehicle, property and personal insurance policies to private customers. The most significant income items of Insurance are insurance premium revenue and net investment income. The most significant expense items of Insurance consist of personnel expenses and other operating expenses.

Internal transactions between banks included in the Banking segment are eliminated in segment reporting. Pricing between segments is based on market prices. Transactions between the Banking segment and the Insurance segment are presented in unallocated items and eliminations. Unallocated items include income statement and balance sheet items related to other operations. The most significant institutions included in other operations are POP Holding Ltd and POP Bank Centre coop.

POP BANK GROUP'S OPERATING SEGMENTS 2022

INCOME STATEMENT 1 JANUARY – 31 DEC 2022

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Interest income	93,328	849	**94,177**	-2	**94,175**
Net commissions and fees	42,120	-503	**41,618**	-1	**41,617**
Net investment income	-79	-1,858	**-1,936**	-523	**-2,460**
Insurance income	-	12,675	**12,675**	-	**12,675**
Other operating income	8,444	552	**8,996**	-1,737	**7,259**
Total operating income*	**143,814**	**11,715**	**155,529**	**-2,263**	**153,266**
Personnel expenses	-35,548	-7,607	**-43,156**	-8,023	**-51,178**
Other operating expenses	-70,049	-1,736	**-71,786**	11,789	**-59,997**
Depreciation and amortisation	-4,210	-2,141	**-6,351**	-1,633	**-7,984**
Total operating expenses	**-109,807**	**-11,485**	**-121,292**	**2,133**	**-119,159**
Impairment losses on financial assets	-7,738	22	**-7,716**	-	**-7,716**
Associate's share of profits	-	-	**-**	16	**16**
Profit before tax	**26,268**	**252**	**26,520**	**-113**	**26,408**
Income tax expense	-5,389	-	**-5,389**	105	**-5,283**
Profit for the financial period	**20,879**	**252**	**21,132**	**-8**	**21,124**
*External share of total operating income	143,814	11,715	**155,529**		
*Internal share of total operating income	1,977	-	**1,977**		

BALANCE SHEET 31 DEC 2022

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Assets					
Liquid assets	448,499	-	**448,499**	-	**448,499**
Loans and advances to credit institutions	59,789	5,207	**64,996**	-2,663	**62,333**
Loans and advances to customers	4,450,154	-	**4,450,154**	-1,675	**4,448,480**
Investment assets	762,286	72,100	**834,386**	-122,299	**712,087**
Investments in associates	-	-	**-**	230	**230**
Intangible assets	4,166	3,700	**7,866**	1,099	**8,965**
Property, plant and equipment	28,398	568	**28,966**	-1,698	**27,268**
Other assets	46,615	13,165	**59,780**	-320	**59,460**
Tax assets	6,841	1,300	**8,141**	1,744	**9,886**
Total assets	**5,806,748**	**96,040**	**5,902,788**	**-125,581**	**5,777,207**
Liabilities					
Liabilities to credit institutions	162,956	-	**162,956**	183	**163,139**
Liabilities to customers	4,334,257	-	**4,334,257**	-8,311	**4,325,946**
Non-life insurance liabilities	-	57,011	**57,011**	-	**57,011**
Debt securities issued to the public	565,252	-	**565,252**	-	**565,252**
Derivatives	12,495	-	**12,495**	-	**12,495**
Other liabilities	53,491	7,134	**60,625**	3,772	**64,397**
Tax liabilities	27,310	843	**28,153**	197	**28,350**
Total liabilities	**5,155,762**	**64,989**	**5,220,750**	**-4,160**	**5,216,590**

POP BANK GROUP'S OPERATING SEGMENTS 2021

INCOME STATEMENT 1 JANUARY – 31 DEC 2021

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Interest income	77,695	655	**78,350**	-13	**78,338**
Net commissions and fees	36,813	-396	**36,417**	-91	**36,326**
Net investment income	8,502	1,654	**10,156**	-128	**10,028**
Insurance income	-	13,192	**13,192**	-	**13,192**
Other operating income	38,716	523	**39,239**	-879	**38,360**
Total operating income*	**161,725**	**15,629**	**177,354**	**-1,111**	**176,243**
Personnel expenses	-34,796	-7,797	**-42,593**	-8,062	**-50,655**
Other operating expenses	-64,576	-687	**-65,263**	9,799	**-55,464**
Depreciation and amortisation	-11,568	-2,126	**-13,694**	-1,389	**-15,083**
Total operating expenses	**-110,940**	**-10,610**	**-121,551**	**348**	**-121,203**
Impairment losses on financial assets	-10,356	-34	**-10,390**	-	**-10,390**
Associate's share of profits	-	-	**-**	19	**19**
Profit before tax	**40,428**	**4,985**	**45,413**	**-743**	**44,670**
Income tax expense	-7,414	-	**-7,414**	-152	**-7,565**
Profit for the financial period	**33,015**	**4,985**	**38,000**	**-895**	**37,105**
*External share of total operating income	161,725	15,629	**177,354**		
*Internal share of total operating income	1,174	-	**1,174**		

BALANCE SHEET 31 DEC 2021

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Assets					
Liquid assets	279,882	-	**279,882**	-	**279,882**
Loans and advances to credit institutions	67,993	8,243	**76,237**	-2,340	**73,897**
Loans and advances to customers	4,245,716	-	**4,245,716**	-1,887	**4,243,829**
Investment assets	725,603	71,656	**797,259**	-115,707	**681,552**
Investments in associates	-	-	**-**	214	**214**
Intangible assets	2,529	4,098	**6,627**	2,671	**9,298**
Property, plant and equipment	28,520	480	**29,000**	611	**29,611**
Other assets	21,478	12,378	**33,856**	157	**34,014**
Tax assets	3,389	374	**3,763**	1,638	**5,401**
Total assets	**5,375,111**	**97,229**	**5,472,340**	**-114,643**	**5,357,697**
Liabilities					
Liabilities to credit institutions	184,002	-	**184,002**	-17,518	**166,484**
Liabilities to customers	4,227,799	-	**4,227,799**	-5,435	**4,222,364**
Non-life insurance liabilities	-	52,692	**52,692**	-	**52,692**
Debt securities issued to the public	284,920	-	**284,920**	-	**284,920**
Other liabilities	38,592	7,637	**46,228**	3,831	**50,060**
Tax liabilities	27,542	509	**28,050**	317	**28,367**
Total liabilities	**4,762,855**	**60,838**	**4,823,693**	**-18,805**	**4,804,888**

NOTE 4 NET INTEREST INCOME

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Interest Income		
Loans and advances to credit institutions	1,963	0
Loans and advances to customers	94,133	77,053
Debt securities		
At amortised cost	1,020	779
At fair value through profit or loss	187	412
At fair value through other comprehensive income	3,640	3,097
Hedging derivatives	3,233	-
Other interest income	1,075	2,538
Total interest income	**105,250**	**83,879**
Of which positive interest expense	18	1,640
Interest expenses		
Liabilities to credit institutions	-596	-631
Liabilities to customers	-3,086	-3,072
Debt securities issued to the public	-4,754	-1,217
Hedging derivatives	-1,944	-
Other interest expenses	-694	-622
Total interest expenses	**-11,075**	**-5,541**
Of which negative interest income	-903	-1,129
Net interest income	**94,175**	**78,338**
Interest income from financial assets impaired due to credit risk (stage 3)	3,327	2,685

NOTE 5 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Commissions and fees		
Lending	8,271	8,578
Deposits	283	206
Payment transfers	27,220	21,667
Legal services	2,480	2,317
Intermediated services	3,729	3,598
Issuing guarantees	571	534
Funds	3,524	3,509
Other commission income	1,011	1,153
Total commissions and fees	**47,088**	**41,564**
Commissions expenses		
Payment transfers	-4,791	-4,444
Other commission expenses	-681	-794
Total commission expenses	**-5,472**	**-5,238**
Net commissions and fees	**41,617**	**36,326**

Commissions and fees are mainly accrued from the banking segment.

NOTE 6 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
At fair value through profit or loss		
Debt securities		
Capital gains and losses	-184	-68
Fair value gains and losses	229	-916
Shares and participations		
Dividend income	3,881	3,569
Capital gains and losses	-59	-76
Fair value gains and losses	-6,429	9,218
Total	**-2,563**	**11,726**
At fair value through other comprehensive income		
Debt securities		
Capital gains and losses	209	-21
Transferred from fair value reserve to the income statement	-635	-10
Shares and participations		
Dividend income*	78	23
Total	**-348**	**-7**
Net income from foreign exchange trading	**159**	**370**
Net income from derivative contracts		
Change in hedging instruments' fair value	-12,495	-
Change in hedged items' fair value	12,625	-
Total	**129**	**-**
Net income from investment property		
Rental income	2,587	2,747
Capital gains and losses	313	160
Other income from investment property	130	209
Maintenance charges and expenses	-2,045	-2,065
Depreciations and amortisation of investment property	-815	-3,103
Other expenses from investment property	-7	-9
Total	**163**	**-2,062**
Net income investments total	**-2,460**	**10,028**

*Dividend income from equity shares measured at fair value through other comprehensive income held in the end of the financial period is EUR 78 (23) thousand.

Net investment income includes net income from financial instruments except interest income from debt securities recognised in net interest income.

NOTE 7 INSURANCE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Insurance premium revenue		
Premiums written	50,470	48,006
Ceded to reinsurers	-1,755	-1,856
Change in the provision for unearned premiums	-934	-392
Total	**47,781**	**45,758**
Claims incurred		
Claims paid	-31,722	-27,697
Ceded to reinsurers	-	3,517
Change in provision for unpaid claims	-2,158	-7,094
Ceded to reinsurers	-1,227	-1,291
Total	**-35,106**	**-32,566**
Net insurance Income	**12,675**	**13,192**

NOTE 8 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS 31 DECEMBER 2022

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	448,499	-	-	-	448,499
Loans and advances to credit institutions	62,334	-	-	-1	62,333
Loans and advances to customers	4,489,992	-	-	-41,512	4,448,480
Debt securities*	207,677	10,077	302,060	-67	519,746
Shares and participations	-	166,411	1,347	-	167,758
Financial assets total	**5,208,501**	**176,488**	**303,407**	**-41,580**	**5,646,816**
Other assets					130,391
Total assets at 31 Dec 2022					**5,777,207**

*Expected credit loss of EUR 655 thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL ASSETS 31 DECEMBER 2021

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	279,882	-	-	-	279,882
Loans and advances to credit institutions	73,897	-	-	-1	73,897
Loans and advances to customers	4,280,352	-	-	-36,523	4,243,829
Debt securities*	105,000	9,290	340,590	-38	454,842
Shares and participations	-	197,000	3,724	-	200,724
Financial assets total	**4,739,132**	**206,290**	**344,314**	**-36,561**	**5,253,174**
Other assets					104,523
Total assets at 31 Dec 2021					**5,357,697**

*Expected credit loss of EUR 1,385 thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL LIABILITIES 31 DECEMBER 2022

(EUR 1,000)	At fair value through profit or loss	At amortised cost	Total carrying amount
Liabilities to credit institutions	-	163,139	**163,139**
Liabilities to customers	-	4,325,946	**4,325,946**
Debt securities issued to the public	-	565,252	**565,252**
Derivatives	12,495	-	**12,495**
Financial liabilities total		**5,054,337**	**5,066,832**
Other than financial liabilities			**149,758**
Total liabilities at 31 Dec 2022			**5,216,590**

FINANCIAL LIABILITIES 31 DECEMBER 2021

(EUR 1,000)	At amortised cost	Total carrying amount
Liabilities to credit institutions	166,484	**166,484**
Liabilities to customers	4,222,364	**4,222,364**
Debt securities issued to the public	284,920	**284,920**
Financial liabilities total	**4,673,768**	**4,673,768**
Other than financial liabilities		**131,119**
Total liabilities at 31 Dec 2021		**4,804,888**

NOTE 9 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUES BY VALUATION TECHNIQUE

FINANCIAL ASSETS

	31 Dec 2022		31 Dec 2021	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liquid assets	448,499	448,499	279,882	279,882
Loans and receivables from credit institutions	62,333	62,333	73,897	74,080
Loans and receivables from customers	4,448,480	4,410,256	4,243,829	4,314,310
Investment assets				
Measured at amortised cost	207,610	204,124	104,962	108,056
At fair value through profit or loss	176,488	176,488	206,290	206,290
At fair value through other comprehensive income	303,407	303,407	344,314	344,314
Total	**5,646,816**	**5,605,107**	**5,253,174**	**5,326,932**

FINANCIAL LIABILITIES

	31 Dec 2022		31 Dec 2021	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities to credit institutions	163,139	163,114	166,484	165,926
Liabilities to customers	4,325,946	4,324,240	4,222,364	4,220,011
Debt securities issued to the public	565,252	559,359	284,920	289,850
Derivatives	12,495	12,495	-	-
Total	**5,066,832**	**5,059,209**	**4,673,768**	**4,675,788**

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	154,769	-	11,642	166,411
Debt securities	5,356	-	4,721	10,077
At fair value through other comprehensive income				
Shares and participations	-	-	1,347	1,347
Debt securities	256,933	44,638	489	302,060
Total	**417,058**	**44,638**	**18,199**	**479,895**

LIABILIIES RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2022

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

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2021

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	187,498	-	9,502	197,000
Debt securities	3,024	-	6,266	9,290
At fair value through other comprehensive income				
Shares and participations	-	-	3,724	3,724
Debt securities	242,288	98,206	95	340,590
Total	**432,810**	**98,206**	**19,587**	**550,604**

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities 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 Note 2 POP Bank Group's accounting policies in Financial statements.

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 instruments that are not traded in liquid markets.

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

TRANSFERS BETWEEN FAIR VALUE HIERARCHIES

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

During the reporting period, securities of EUR 1,826 (672) thousand have been transferred from hierarchy level 1 and 2 to hierarchy level 3 due to small trading volumes in the markets.

In addition, debt securities issued to the public have been transferred from hierarchy level 3 to hierarchy level 1 based on the volume of trades during the reporting period.

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

(EUR 1,000)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2021	**16,264**	**3,370**	**19,633**
+ Purchases	2,266	169	**2,435**
- Sales	-258	-247	**-504**
- Matured during the financial year	-1,424	-376	**-1,800**
+/- Realised changes in value recognised in income statement	-182	26	**-156**
+/- Unrealised changes in value recognised in the income statement	-637	-	**-637**
+/- Changes in value recognised in other comprehensive income	-	205	**205**
+ Transfers from levels 1 and 2	-	672	**672**
- Transfers to levels 1 and 2	-261	-	**-261**
Carrying amount 31 Dec 2021	**15,768**	**3,819**	**19,587**

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

31 DECEMBER 2022

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

31 DECEMBER 2021

		Possible effect on equity capital	
(EUR 1,000)	**Carrying amount**	**Positive**	**Negative**
At fair value through profit or loss	15,768	1,488	-1,488
At fair value through other comprehensive income	3,819	560	-560
Total	**19,587**	**2,048**	**-2,048**

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%.

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

NOTE 10 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Change of ECL due to write-offs	2,089	4,303
Change of ECL, receivables from customers and off-balance sheet items	-7,285	-8,407
Change of ECL, debt securities	701	1,758
Final credit losses	-3,222	-8,044
Impairment losses on financial assets total	**-7,716**	**-10,390**

During the financial year, EUR 3,222 (8,044) thousand was recognized as final credit loss. Re-collection measures are attributed to EUR 2,668 (3,012) thousand. Due to the change in the process of recognizing final credit losses for unsecured consumer loans, the recognized final credit losses have decreased remarkably.

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

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

RECEIVABLES FROM CUSTOMERS

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

The largest change in expected credit losses on receivables from customers comes from transfers to stage 3 that totaled EUR 5,500 (6,997) thousand. Decreases due to derecognition were EUR 6,527 (6,606) thousand. A management judgement based provision of EUR 3,000 thousand has been made in the comparison period to the receivables from customers in order to prepare for possible impact of a cost inflation for Corporate and Agricultural customers. Of the provision, EUR 500 thousand are allocated to stage 2 and EUR 2,500 thousand to stage 3.

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	**160**	**870**	**393**	**1,423**
Transfers to stage 1	87	-178	-	-91
Transfers to stage 2	-10	98	-	88
Increases due to origination	61	124	-	186
Decreases due to derecognition	-38	-209	-393	-640
Changes due to change in credit risk (net)	-14	-229	-	-243
Total	**86**	**-394**	**-393**	**-701**
ECL 31 Dec 2022	**246**	**476**	**-**	**722**

OFF-BALANCE SHEET COMMITMENTS

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

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	**5,772**	**4,874**	**27,971**	**38,617**
ECL 31 Dec 2022	**5,894**	**5,502**	**31,717**	**43,113**

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**5,359**	**3,539**	**23,405**	**32,303**
Transfers to stage 1	162	-1,392	-2,888	**-4,119**
Transfers to stage 2	-264	1,513	-3,128	**-1,879**
Transfers to stage 3	-158	-357	7,512	**6,997**
Increases due to origination	2,509	954	1,541	**5,003**
Decreases due to derecognition	-1,138	-546	-4,921	**-6,606**
Changes due to change in credit risk (net)	-1,271	-250	7,647	**6,127**
Changes due to management estimates	-	500	2,500	**3,000**
Decreases due to write-offs	-	-	-4,303	**-4,303**
Total	**-161**	**421**	**3,959**	**4,219**
ECL 31 Dec 2021	**5,199**	**3,960**	**27,363**	**36,523**

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**169**	**939**	**2,073**	**3,181**
Transfers to stage 1	5	-206	-	**-201**
Transfers to stage 2	-1	1,456	-1,680	**-225**
Increases due to origination	37	271	-	**308**
Decreases due to derecognition	-32	-305	-	**-337**
Changes due to change in credit risk (net)	147	0	-	**146**
Changes due to management estimates	-165	-1,284	-	**-1,449**
Total	**-9**	**-69**	**-1,680**	**-1,758**
ECL 31 Dec 2021	**160**	**870**	**393**	**1,423**

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**331**	**138**	**319**	**788**
Transfers to stage 1	7	-104	-49	**-146**
Transfers to stage 2	-5	6	-3	**-1**
Transfers to stage 3	-2	-2	31	**28**
Increases due to origination	263	22	14	**300**
Decreases due to derecognition	-35	-11	-61	**-108**
Changes due to change in credit risk (net)	-145	-7	-37	**-189**
Total	**83**	**-95**	**-104**	**-117**
ECL 31 Dec 2021	**414**	**43**	**215**	**672**

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**5,859**	**4,617**	**25,797**	**36,272**
ECL 31 Dec 2021	**5,772**	**4,874**	**27,971**	**38,617**

BALANCE SHEET ITEM BY STAGE 31 DEC 2022

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,686,967	130,836	43,677	**2,861,480**
Corporate	922,536	72,037	36,580	**1,031,152**
Agriculture	509,491	55,918	31,951	**597,359**
Receivables from customers total	**4,118,994**	**258,791**	**112,207**	**4,489,992**
ECL 31 Dec 2022	5,258	4,783	31,473	41,513
Coverage ratio %	0.13 %	1.85 %	28.05 %	0.92 %
Off-balance sheet commitments				
Private	222,252	4,438	530	**227,220**
Corporate	86,622	7,573	571	**94,767**
Agriculture	22,070	2,422	321	**24,813**
Off-balance sheet commitments total	**330,944**	**14,434**	**1,422**	**346,800**
ECL 31 Dec 2022	390	243	245	878
Coverage ratio %	0.12 %	1.68 %	17.21 %	0.25 %
Debt securities				
Banking segment	439,564	23,460	-	**463,024**
Insurance segment	32,710	14,002	-	**46,712**
Debt securities total	**472,274**	**37,463**	**-**	**509,736**
ECL 31 Dec 2022	246	476	-	722
Coverage ratio %	0.05 %	1.27 %	-	0.14 %
Credit risk by stages total	**4,922,212**	**310,687**	**113,629**	**5,346,528**

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

BALANCE SHEET ITEM BY STAGE 31 DEC 2021

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,633,042	124,010	35,143	**2,792,195**
Corporate	783,410	61,363	32,530	**877,303**
Agriculture	523,383	57,919	29,552	**610,854**
Receivables from customers total	**3,939,835**	**243,292**	**97,224**	**4,280,352**
ECL 31 Dec 2021	5,199	3,960	27,363	36,523
Coverage ratio %	0.13 %	1.63 %	28.14 %	0.85 %
Off-balance sheet commitments				
Private	226,773	3,759	441	**230,973**
Corporate	98,302	2,880	578	**101,760**
Agriculture	20,850	2,250	154	**23,254**
Off-balance sheet commitments total	**345,925**	**8,890**	**1,173**	**355,987**
ECL 31 Dec 2021	414	43	215	672
Coverage ratio %	0.12 %	0.48 %	18.29 %	0.19 %
Debt securities				
Banking segment	370,628	23,452	-	**394,081**
Insurance segment	36,915	14,594	-	**51,509**
Debt securities total	**407,544**	**38,046**	**-**	**445,590**
ECL 31 Dec 2021	160	870	393	1,423
Coverage ratio %	0.04 %	2.29 %	-	0.32 %
Credit risk by stages total	**4,693,304**	**290,228**	**98,397**	**5,081,929**

NOTE 11 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Liabilities to credit institutions		
Central Banks	128,400	128,400
To other credit institutions		
Repayable on demand	1,303	1,252
Not repayable on demand	33,435	36,832
Total liabilities to credit institutions	**163,139**	**166,484**
Liabilities to customers		
Deposits		
Repayable on demand	3,855,631	3,809,583
Not repayable on demand	475,410	411,039
Other financial liabilities		
Not repayable on demand	-5,095	1,742
Total liabilities to customers	**4,325,946**	**4,222,364**
Total liabilities to credit institutions and customers	**4,489,084**	**4,388,848**

Liabilities to central banks includes secured TLTRO III funding total of EUR 128,400 thousand. The funding matures in June 2023 EUR (50,000 thousand), March 2024 (EUR 70,000 thousand) and June 2024 (EUR 8,400 thousand) but for which early repayment is possible from January 2023 onwards. 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%. The determination of the interest rate is affected by the growth of the POP Bank Group's net lending, and the interest rate for the period 24 June 2021 - 23 June 2022 was determined on the basis of the net lending review period ending on 31 December 2021. The POP Bank Group estimates it has met the growth criteria and the additional interest rate has been recognised as income during financial year 2021. ECB has recalibrated the conditions of the third series of targeted longer-term refinancing operations (TLTRO III) from 11/2022 onwards. POP Bank Group has used ECB deposit rate as interest rate for the loans for 2022. 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, as the POP Bank Group has assessed that the loan meets the conditions of a market-based loan.

NOTE 12 INSURANCE CONTRACT LIABILITIES

(EUR 1,000)	31 Dec 2021	31 Dec 2021
Provision for unearned premiums	21,139	20,205
Provisions for unpaid claims	45,622	43,464
Reinsurers' share	-9,750	-10,977
Total insurance contract liabilities	**57,011**	**52,692**

Insurance contract liabilities consist of insurance liability and provisions for unpaid claims. Premiums written include insurance premiums for the contract periods that have begun during the financial year. The portion of premiums written for the post-balance sheet date is recorded as provision for unearned premiums in the balance sheet. Unpaid claims are based on a collective provision proportioned both case-specifically and to previous insurance premium revenue and include indemnities for losses that have already occurred on the closing date but have not been paid yet and losses that have not yet been reported.

NOTE 13 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Covered bonds	243,038	-
Debt securities issued to the public	254,892	254,926
Certificate of deposits	67,323	29,995
Total debt securities issued to the public	**565,252**	**284,920**

DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)

Name	Issue date	Due date	Interest	Nominal	Currency
BONUM FRN 120723	3 Jun 2020	12 Jul 2023	EB 12 month + 1.04%	50,000	EUR
BONUM FRN 170124	3 Jun 2020	17 Jan 2024	EB 12 month + 1.20%	55,000	EUR
BONUM FRN 261026	20 Oct 2021	20 Oct 2026	EB 3 month + 0.85%	20,000	EUR
BONUM FRN 161125	16 Nov 2021	16 Nov 2025	EB 3 month +0.75%	30,000	EUR
Issued during the financial year					
BONUM FRN 050425	5 Apr 2022	5 Apr 2025	EB 3kk + 1,40 %	50,000	EUR
BONUM FRN 220427	22 Apr 2022	22 Apr 2027	EB 3kk + 1,25 %	50,000	EUR
POPA FI4000526876	22 Sep 2022	22 Sep 2025	2.625 % / fixed	250,000	EUR

Certificates of deposit with a total nominal value of EUR 66,500 (30,000) thousand were outstanding on the balance sheet date. Amount of the certificates is 12, nominals range from EUR 2,000 to 10,000 thousand with average maturity is 8.8 months.

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Balance at 1 Jan	**284,920**	**266,346**
Debt securities issued, increase	349,401	49,952
Certificates of deposits, increase	239,012	29,993
Total increase	**588,413**	**79,945**
Debt securities issued, decrease	-100,000	-20,000
Certificates of deposits, decrease	-201,853	-41,387
Total decrease	**-301,853**	**-61,387**
Total changes in cash flow	**286,560**	**18,558**
Valuation	-6,228	17
Balance at the end of period	**565,252**	**284,920**

NOTE 14 DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

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

NOMINAL VALUES OF UNDERLYING ASSETS AND FAIR VALUES OF DERIVATIVES

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

EFFECTS OF HEDGEACCOUNTING ON FINANCIAL POSITION AND RESULT

Fair value hedging (EUR 1,000)	**31 Dec 2022**	**31 Dec 2021**
Liabilities		
Carrying ammount of hedged liabilities to customers	193,827	-
of which the accrued amount of hedge adjustments	-6,173	-
Carrying ammount of hedged debt securities issued to the public	243,038	-
of which the accrued amount of hedge adjustments	-6,452	-

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

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

NOTE 15 COLLATERAL GIVEN

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Given on behalf of own liabilities and commitments		
Pledges	2,546	2,546
Collateral given to the Bank of Finland	162,940	144,361
Given on behalf of own liabilities and commitments	332,291	-
Total collateral given	**497,777**	**146,907**

The guarantees provided by POP Bank Group are related to a collaterilised bond loan of 1 billion issued under the securitication program established in September 2022. The guarantees given are made up of real estate-collateral loans.

NOTE 16 OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Guarantees	20,083	17,455
Loan commitments	326,716	338,532
Total off-balance sheet commitments	**346,800**	**355,987**
Other commitments		
Commitment to invest in venture capital funds	5,768	4,712
Total other commitments	**5,768**	**4,712**

The expected credit losses of off-balance sheet commitments are presented in Note 10.

NOTE 17 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. Intercompany transactions of the POP Bank Group have been eliminated and are not included in the figures of note.

The key persons in management of the POP Bank Group include the members of the supervisory board and board of directors of POP Bank Centre coop, as well as the managing director and deputy managing director of POP Bank Centre coop. Other related parties comprise the companies and associates consolidated in the financial statements and the relatives of the key persons in charge.

In the financial period 2022, POP Banks have granted housing and consumption loans to related parties at ordinary terms. These loans are tied to generally applied reference rates.

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

RELATED-PARTY TRANSACTIONS

	Key persons in management		Other	
(EUR 1,000)	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Assets				
Loans	1,669	2,445	2,908	3,092
Expected credit loss	3	3	3	3
Liabilities				
Deposits	1,608	1,759	1,572	1,755
Off-balance-sheet commitments				
Loan commitments	30	153	-	55
Guarantees	190	498	60	354
Investments to other than cooperative contributions	50	60	54	64

	Key persons in management		Other	
(EUR 1,000)	**1 Jan - 31 Dec 2022**	**1 Jan - 31 Dec 2021**	**1 Jan - 31 Dec 2022**	**1 Jan - 31 Dec 2021**
Income and expenses				
Interest income	17	41	63	59
Interest expenses	0	0	0	0
Insurance premium revenue	12	17	4	5

COMPENSATION TO KEY PERSONS IN MANAGEMENT

(EUR 1,000)	**1 Jan - 31 Dec 2022**	**1 Jan - 31 Dec 2021**
Short-term employee benefits	2,642	3,493
Post-employment benefits	27	27
Total compensation to key persons in management	**2,669**	**3,520**

NOTE 18 EVENTS AFTER THE CLOSING DATE

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

Espoo 15 February 2023
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