

Bulletin:

# POP Bank Group's Insurance Divestment Will Boost Earnings And Present Growth Opportunities

March 17, 2023

STOCKHOLM (S&P Global Ratings) March 17, 2023--S&P Global Ratings said today that the sale of Finnish P&C Insurance Ltd. (Suomen Vahinkovakuutus Oy) to LocalTapiola General Mutual Insurance Co. (A/Stable/--) is expected to have a meaningful positive one-off effect on Finland-based POP Bank Group's earnings in 2023. We believe the transaction will allow POP Bank Group (rated entity Bonum Bank PLC; BBB/Stable-A-2) to allocate capital and resources to develop its banking franchise while maintaining the insurance offering. The agreement also foresees potential cooperation between POP Bank Group and Local Tapiola Group, which over time could expand POP Bank Group's customer offering and reach, while helping it reduce the gap to peers in terms of profitability, in our view.

The deal, announced on March 14, 2023, comprises 70% of Finnish P&C Insurance's share capital and is expected to be completed by summer 2023, pending regulatory approval. POP Bank Group will retain the remaining 30% stake and Finnish P&C Insurance, which continues to operate as an independent company, will maintain the POP Insurance brand. At full-year 2022, P&C Insurance reported €50 million in gross premiums written and net insurance income of €12.7 million, contributing 7% to POP Bank Group's operating income.

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