POP BANK GROUP

HALF-YEAR FINANCIAL REPORT

1 JANUARY – 30 JUNE 2024

POP Bank

CONTENTS

POP Bank Group's Half-Year Financial Report for 1 January – 30 June 2024 is a translation of the original Finnish version "POP Pankki -ryhmän puolivuosikatsaus 1.1.–30.6.2024". In case of discrepancies, the Finnish version shall prevail.

CEO'S REVIEW

The POP Bank Group continues its historically strong performance. The Group's profit before taxes for the first half of the year exceeded the previous year's record half-year result, and capital adequacy remained high. The interest rate environment remains favourable for the industry, and although the European Central Bank cut its policy rate in early June, the POP Bank Group's net interest income is expected to remain stable.

The Group's operations in the long-term strategy cycle have progressed as planned, despite significant changes in the global and local environment, including Covid-19 and the war of aggression in Ukraine. The POP Bank Group's capital adequacy is strong and the Group structure has become more compact. Our digital services are comprehensive and easy to use, and we make efficient use of the Group's centralised services.

The POP Bank Group's profit before taxes was EUR 46.5 million, which is EUR 4 million more than the profit from continuing operations in the corresponding period of the previous year. The Group's net interest margin continued to strengthen by over 20 per cent to EUR 96.0 million, and fee and commission income remained at the previous year's level of EUR 23.0 million. The return on investment was also higher than in the comparison period. In total, operating income increased by 17.4 per cent. The strong inflation of recent years is reflected in higher costs. The ongoing reform of our basic banking system also increased operating costs, which rose by 10.4 per cent.

Higher interest rates and increased geopolitical tensions have weakened global economic performance, and as a result, the solvency of both individuals and businesses has also deteriorated in Finland. We therefore updated the calculation parameters for the provision for credit losses and increased the provisioning for a continuing recession of the Finnish economy. The provisions had a significant impact on impairment losses in the period under review. The Group's ability to deliver results is good and our capital adequacy is very strong at 22.8 per cent, reflecting the POP Bank Group's strength in facing challenging market conditions.

Most the POP Bank Group's development resources are dedicated to the reform of the basic banking system. The reform is one of the cornerstones of the next long-term strategy cycle, both to manage the cost structure and to accelerate product and service development. The office infrastructure project, which is part of the comprehensive modernisation project, was completed in June, providing all the Group's personnel with new tools. In addition, capital adequacy reporting was carried out for the first time in a new regulatory reporting environment. Our modernising and more agile IT infrastructure, combined with the opportunities created by artificial intelligence, will significantly accelerate system and service development.

In addition to the reform of the basic banking system, we introduced the first AI applications that we have produced ourselves and launched a new loan protection product based on customer-oriented service design. The new product, POP Talousturva, can be flexibly tailored to different life situations. The POP Bank Group also joined the InvestEU business finance programme, which enables competitive financing of investments that support business growth.

The POP Bank Group is strongly committed to sustainability, and we are constantly looking for solutions to add sustainability options for our customers in our service portfolio. In particular, the development of green finance requires a new way of thinking from the financial sector and a continuous dialogue with stakeholders to identify potential investment opportunities that are essential for the environment and the well-being of society. This is important not only for the environment but also for the economy. Finland's economic growth requires bold decisions and structural reform. The POP Bank Group wants to be part of this development by being an expert bank for both SMEs and individuals, helping customers to find the best practical ways to pursue their dreams.

A broad dialogue with various stakeholder groups is at the heart of the cooperative movement and our preparations for the new strategic period. You can reach us and will continue to be able to do business with us using our many channels as best suits you. Our success in customer surveys on digital services and sustainability shows that we are on the right track. Data flows help us to develop our services in the direction our customers want. With more than a century behind it, co-operative banking is alive and well in the present. The POP Bank Group combines this with excellent digital services and agile technological development, as well as an excellent customer experience. This puts us in a good position to be our customers' bank for life, in line with our new slogan.

We would like to thank our personnel and customers for their good cooperation and a profitable start to the year.

Jaakko Pulli
CEO
POP Bank Centre coop

Our success in customer surveys on digital services and sustainability shows that we are on the right track.

Operating income
124.9
(106.3)
EUR million

Profit before tax
46.5
(42.6)
EUR million

Net interest income
96.0
(78.0)
EUR million

Loan portfolio
4.7
(4.5)
EUR billion

CET 1 capital ratio
22.8
(20.3)
per cent

Total customers
253,400
(255,900)

POP BANK GROUP AND THE AMALGAMATION OF POP BANKS

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

STRUCTURE OF THE POP BANK GROUP

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

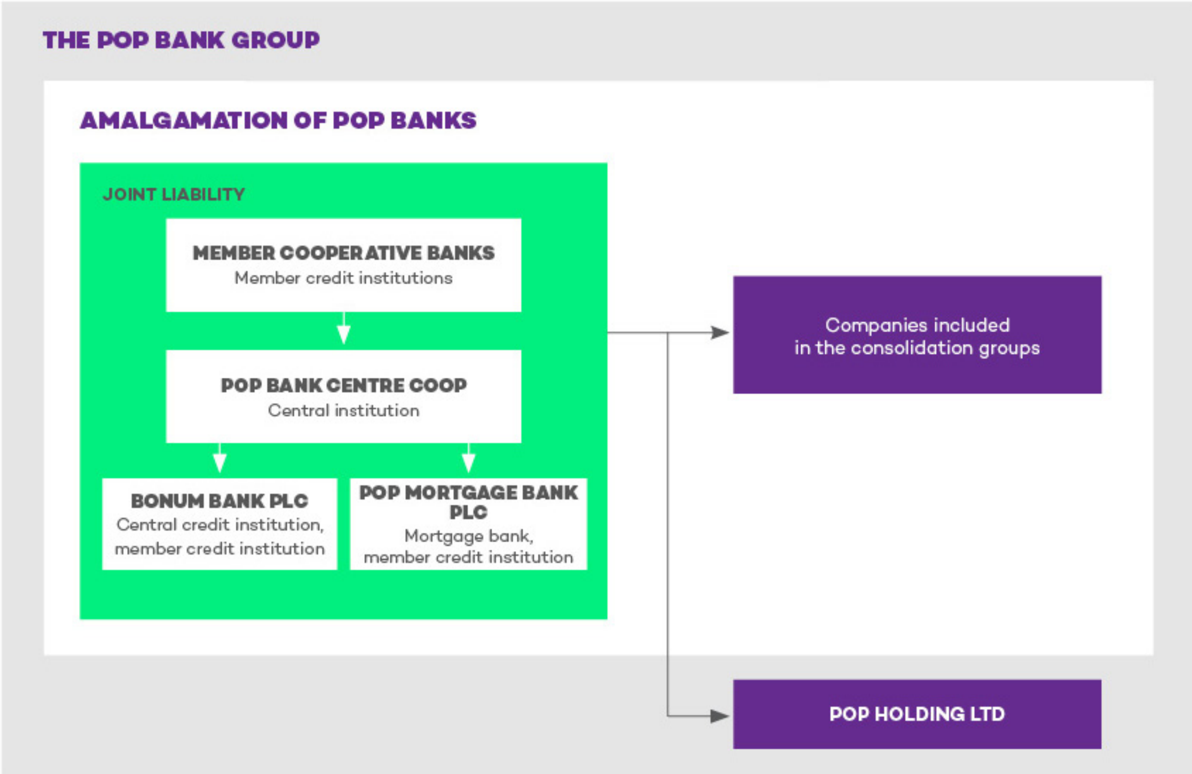
POP Bank Centre coop is the central institution of the Amalgamation of POP Banks and is responsible for steering and supervising POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

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

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

The following chart presents the structure of POP Bank Group, and the entities included in the amalgamation and scope of joint liability. There were no changes in group structure under the reporting period.

POP BANK GROUP STRUCTURE



OPERATING ENVIRONMENT

Global economic growth in the first half of 2024 continued at roughly the same pace as in 2023. The strong growth of the US economy slowed down, however. In the euro area, growth was modest in 2023 and has continued to be sluggish in the first half of 2024. The growth of these markets, which are important for Finnish exports, is under pressure from interest rates that have rapidly risen as central banks seek to curb inflation, which accelerated in both the US and the euro area after the Covid-19 crisis. A long-awaited turn in interest rate policy was seen in June, when the European Central Bank cut its key policy rates by 0.25 percentage points.

The Finnish economy has continued to perform poorly in the first half of the year. Unemployment has been on the rise and consumer expectations for the economy have been pessimistic. This is reflected in households' cautious spending. The housing market has suffered from buyer caution and trading volumes are low. The order books of exporting companies became thinner in the early part of the year, and the construction sector is in particular difficulty, with new construction virtually at a standstill. In fact, the number of bankruptcies remained high in the first half of the year.

Russia's war of aggression against Ukraine continued, but as most export and import trade with Russia ended earlier due to EU sanctions, the negative effects on the Finnish economy have not increased. However, the significant aid flows to Ukraine will also increase cost pressures on the public sector in Finland.

In early 2024, increasing public spending and rising interest costs forced policymakers to look for solutions to alleviate Finland's substantial fiscal deficit. In the spring, Finland saw significant industrial action as trade unions sought to persuade the Government to withdraw its proposed changes to labour legislation to limit political strikes. In the short term, raising the general VAT rate and cutting various benefits to improve the deficit will, however, have a negative impact on economic growth.

Housing prices continued to fall in the first half of 2024 on the year before, although there are also some signs that the decline is coming to an end and that the housing market is recovering. Wage increases in the spring, together with a sharp slowdown in domestic inflation, boost households' purchasing power. Increased income has so far been moderately reflected in consumption growth, but the household savings rate has increased.

In agriculture and forestry, input prices turned sharply downwards as inflation eased. Energy prices fell sharply, with the exception of temporary fluctuations in the price of electricity on the stock exchange. The timber trade has continued to do well, with domestic timber replacing imports from Russia.

For the banking sector, the April 2024 introduction of the positive credit register was a major improvement. Together with the income register, it enables lenders to assess the creditworthiness of individuals more reliably and comprehensively than before.

KEY EVENTS DURING THE FIRST HALF OF THE YEAR

COLLABORATION WITH LOCALTAPIOLA

POP Bank Group started a wide cooperation with LocalTapiola in 2023. POP Banks do locally, cooperation with LocalTapiola's regional companies by, for example, organising joint customer events. As part of the collaboration, a new voluntary loan protection product, POP Talousturva, was launched during the review period in POP Banks. POP Talousturva is a customised insurance solution, tailored to fit the customer's individual life situation.

SYSTEM REFORM PROJECT

The POP Bank Group's system reform project is progressing towards its planned implementation in 2025. During the review period, the office infrastructure reform was completed, replacing the workstations and networks of the Group with new solutions. In the regulatory reporting project, a new capital adequacy calculation solution was implemented, utilising a new regulatory reporting data warehouse. The system reform project will cause overlapping costs to the Group during the project, as the implementation of new systems is prepared alongside the current systems.

SUSTAINABILITY PROGRAMME

Development projects related to the POP Bank Group's sustainability program are a key part of the Group's strategy. POP Bank Group is currently preparing for reporting in accordance with the EU Corporate Sustainability Reporting Directive (CSRD), and numerous development projects are underway in this regard.

During the beginning of the year the questions concerning the sustainability preferences in investment advisory were clarified and additional education for employees who offer services were held. The carbon footprint calculation project presented first calculations for POP Bank Group's greenhouse gas emissions (Scope 1 and 2) from 2023. The Group's greenhouse gas emissions (Scope 1, 2 and 3) from 2023 and 2024 will be published in the annual report 2024.

POP Bank Group's Code of Conduct and Personnel Principles were published as a part of the sustainability action plan. The Code of Conduct describes good business practice and minimum requirements expected to be followed by employees, executive management, and governance. POP Bank Group's Personnel Principles describe practices of a responsible workplace and community.

STRUCTURAL DEVELOPMENT AND TECHNICAL ADVANCEMENT

Customer interactions are at the heart of POP Bank Group's operations. Technological advancements enable POP Banks to open new service points with a lighter concept compared to traditional bank branches. Using this concept, Isojoen Osuuspankki opened a new service point in Karvia in June, and Suomen Osuuspankki has announced plans to open a service point in Kalajoki in the fall of 2024. Konneveden Osuuspankki has consolidated the operations of its service points in Lievestuore and Sumiainen into its Laukaa service point at the turn of the year.

The POP Bank Group's internal service center has expanded its range of services to cover customer service functions across the Group's various channels as well as back-office operations for several service packages. The service center is also currently a pilot site as the POP Bank Group explores the use of artificial intelligence to support optimal customer satisfaction and quick decision-making.

PREPARING FOR CHANGES IN THE INTEREST RATE ENVIRONMENT

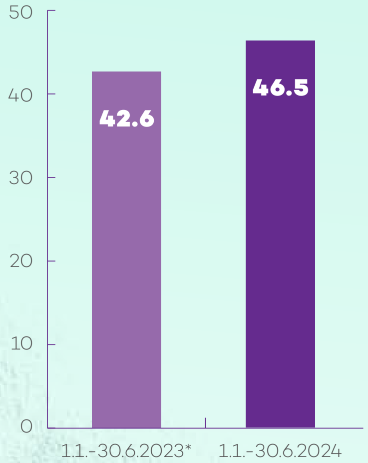
During the first half of the year, gradual hedging of open net interest income rate exposure with derivatives was continued. Hedging procedures were implemented by the central credit institution Bonum Bank Plc for all member cooperative banks of the amalgamation. Additionally, new internal operating models for implementing hedges were approved, enabling the use of internal Group derivatives in hedging.

CREDIT RATINGS

In June 2024, credit rating agency S&P Global Ratings assigned its resolution counterparty rating (RCR) ‘BBB+’ for long-term and ‘A-2’ for short-term funding to Bonum Bank Plc. In addition to this, S&P Global Ratings affirmed Bonum Bank Plc’s long-term investment grade ‘BBB’ and short-term investment grade ‘A-2’ with a positive outlook.

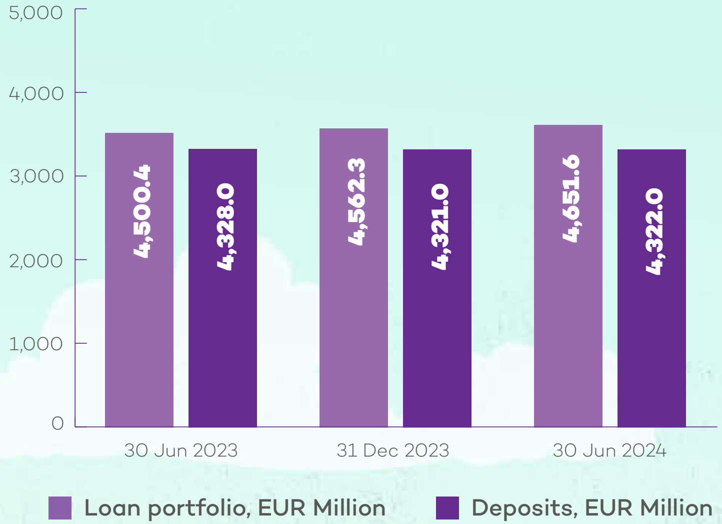
In October 2023, S&P Global Ratings has confirmed an AAA rating with a stable outlook for POP Mortgage Bank Plc’s loan programme and bonds issued.

PROFIT BEFORE TAX, EUR MILLION

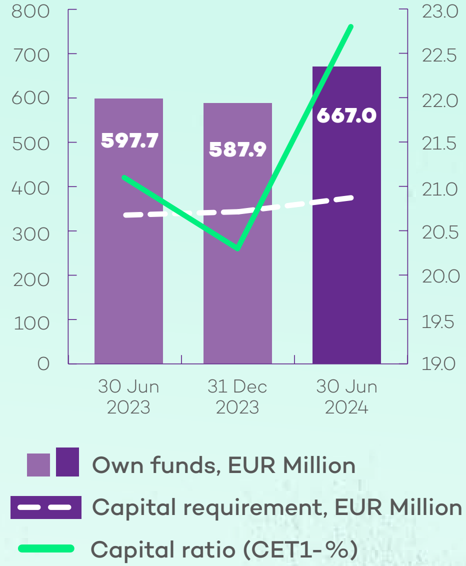


*continuing operations

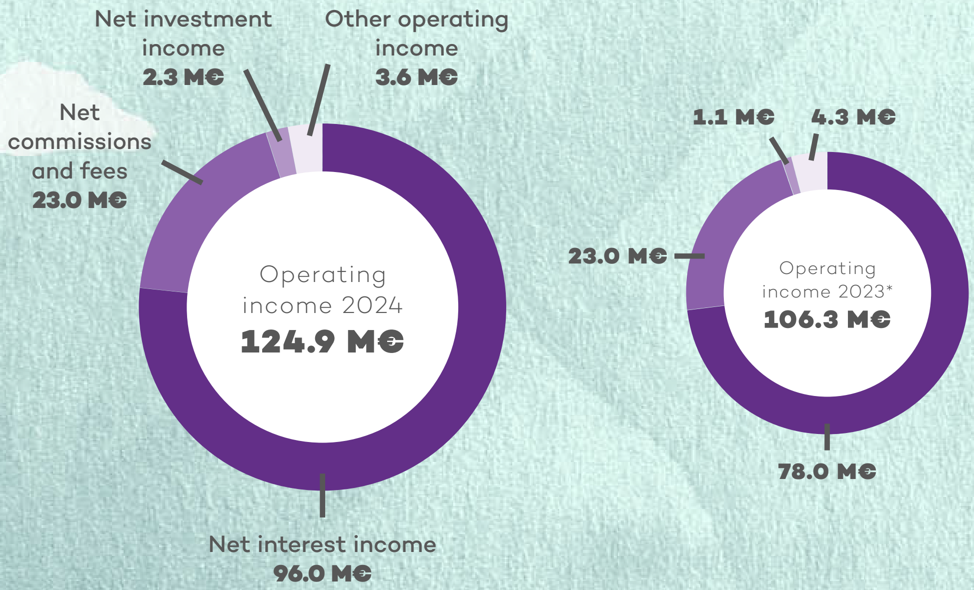
LOAN PORTFOLIO AND DEPOSITS, EUR MILLION



CAPITAL ADEQUACY

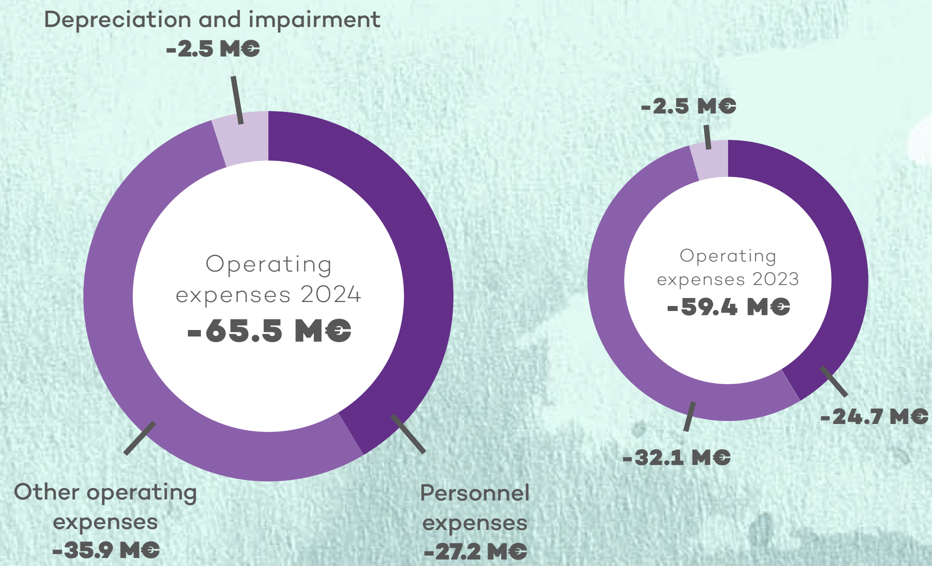


OPERATING INCOME, EUR MILLION



*continuing operations

OPERATING EXPENSES, EUR MILLION



POP BANK GROUP'S EARNINGS AND BALANCE SHEET

POP BANK GROUP KEY FIGURES AND RATIOS

Key income figures (EUR 1,000)	1 Jan-30 Jun 2024	1 Jan-30 Jun 2023*	1 Jan-31 Dec 2023*
Net interest income	95,962	77,966	178,108
Net commissions and fees	23,013	22,987	44,016
Net investment income	2,304	1,106	-2,355
Personnel expenses	-27,173	-24,731	-49,204
Other operating expenses	-35,875	-32,116	-63,703
Impairment losses on financial assets	-13,478	-4,156	-17,271
Profit before tax	46,549	42,627	89,326

Key balance sheet figures (EUR 1,000)	30 Jun 2024	30 Jun 2023	31 Dec 2023
Loan portfolio	4,651,615	4,500,382	4,562,254
Deposit portfolio	4,322,001	4,320,431	4,321,022
Equity capital	721,296	645,518	688,106
Balance sheet total	5,918,187	6,009,345	6,074,569

Key ratios	30 Jun 2024	30 Jun 2023*	31 Dec 2023*
Cost to income ratio	52.5%	55.8%	52.9%
Return on assets, ROA	1.3%	1.1%	1.2%
Return on equity, ROE	10.6%	11.2%	11.4%
Equity ratio	12.2%	10.7%	11.3%
Common equity Tier 1 capital ratio, (CET1)	22.8%	21.1%	20.3%
Capital adequacy ratio, (TC)	22.8%	21.1%	20.3%

*POP Bank Group's key figures and ratios for financial year 2023 comprise only continuing operations

The calculation formulas for key ratios are presented on POP Bank Group annual report 2023. When calculating ROA and ROE, the profit for the review period has been changed to match full year level.

POP BANK GROUP'S EARNINGS PERFORMANCE

POP Bank Group's profit before taxes was EUR 46.5 million, compared with EUR 42.6 million for continuing operations in the corresponding period of the previous year. The Group's profit after taxes was EUR 37.5 (33.9) million.

Total operating income of the Group increased by EUR 18.5 million to EUR 124.9 (106.3) million. Net interest income strengthened by 23.1 per cent to EUR 96.0 (78.0) million. Interest income from receivables and interest investments totalled EUR 136.8 (97.7) million in the review period, and interest expenses amounted to EUR 34.3 (18.7) million. Hedging derivatives had an impact of EUR -6.6 (-1.0) million to net interest income. Net commission income and expenses remained at the level of the comparison year, amounting to EUR 23.0 million.

Net investment income was EUR 2.3 (1.1) million. The net amount of valuation gains and losses recognised during the first half of the year was EUR 0.2 (-1.1) million. Other operating income totalled EUR 3.6 (4.3) million.

Total operating expenses from continuing operations increased 10.4 per cent to EUR 65.5 (59.4) million. Personnel expenses were EUR 27.2 (24.7) million, and other operating expenses were EUR 35.9 (32.1) million. Depreciation and impairment were EUR 2.5 (2.5) million.

An impairment loss of EUR 13.5 (4.2) million was recognised on financial assets in the review period. Expected credit losses (ECL) on loans and receivables and off-balance sheet credit commitments increased by EUR 7.3 (2.8) million to EUR 61.0 (53.6) million, which is 1.29 (1.16) per cent of the loan portfolio. The calculation parameters for expected credit losses were updated due to the deteriorating economic outlook. Final credit losses totalled EUR 6.1 (1.3) million. During the review period, the guidelines for the timing of recognising realised credit losses were clarified. The most of the realised credit losses had already been provisioned for earlier with an allowance for expected credit losses. Expected credit losses on investment assets increased by EUR 0.1 (0.1) million in the review period.

POP BANK GROUP'S BALANCE SHEET

POP Bank Group's balance sheet totalled EUR 5,918.2 million at the end of the review period (EUR 6,074.6 million at the beginning of the review period). The Group's loan portfolio increased under the review period by 2.0 per cent to EUR 4,651.6 (4,562.3) million. There were no material changes in the amount of deposits under review period. Deposits totalled EUR 4,322.0 (4,321.0) million.

POP Bank Group's equity totalled EUR 721.3 million at the end of the review period (EUR 688.1 million at the beginning of the review period). The cooperative capital amounted to EUR 68.4 (71.1) million at the end of the review period, which consists of the POP Banks' cooperative contributions amounted EUR 10.6 (10.7) million and POP Shares amounted EUR 57.8 (60.4) million. POP Shares are investments in the cooperative bank's equity in accordance with the Co-operatives Act. The POP Banks have decided to pay EUR 2.7 (1.7) million in interest on cooperative capital for 2023.

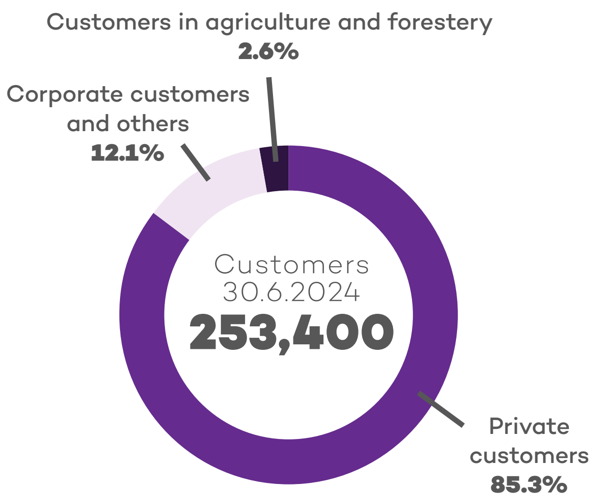
BUSINESS DEVELOPMENT

At the end of the review period, the POP Bank Group had 253.4 thousand banking customers (255.9 thousand at the beginning of the review period). At the end of the review period, the POP Banks had sixty-nine branches and service points, including three digital branches.

During the first half of the year, one new service point was opened in Karvia, and at the turn of the year, the operations of two service points were merged into the Laukaa service point. In addition, customers have access to mobile and online banking services and online appointments.

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

POP BANK GROUP'S CUSTOMERS



In January–June, the POP Bank Group's lending increased by 2 per cent to EUR 4,651.6 million. Growth was concentrated in corporate lending, but the loan portfolio of private customers also grew moderately.

The bulk of private customer financing is housing finance, demand for which has been weakened by a decline in housing transactions. Nevertheless, the housing loan portfolio grew by 1.3 per cent to EUR 2,387.3 million in the first half of the year. The most common reference rate for housing loans is the 12-month Euribor. Corporate lending developed well and was strong in the first half of the year, especially in loans to small and medium-sized enterprises. The loan portfolio increased by 5.2 per cent to EUR 1,069.1 million during the review period. The proportion of interest-rate-hedged loans in the loan portfolio decreased during the period. There was no significant change in the average margin of the portfolio.

The Group's deposits remained at the level of the turn of the year and were EUR 4,322.0 million. Demand for fixed-term deposits continued to be strong, and the deposits increased by 11.8 per cent during the review period. The Group's gross investment sales in funds and savings insurance amounted to EUR 26.7 million.

A positive credit register was introduced in Finland on 1 April 2024. This is a new register that will collect information on individuals' credit and income. The controller of the register is the Tax Administration's Incomes Register Unit. The purpose of the new register is to combat household over-indebtedness and to provide reliable information on credit applicants. This will improve banks' ability to assess customers' creditworthiness and support responsible lending.

During the review period, POP Banks launched a new voluntary loan protection insurance product called POP Talousturva. It helps customers to meet their loan repayments in financially challenging life situations covered by insurance. The content of the insurance cover is tailored to each customer's life situation, and it can therefore be offered to a wider range of customers. POP Talousturva was developed in cooperation with LocalTapiola.

POP Banks has been accepted to participate in the InvestEU programme. InvestEU is a major financing programme to support the European economy until 2027. Loan guarantees under InvestEU are of the risk-sharing type, where the guarantor reimburses an agreed share of the final credit loss. The guarantees for POP Bank under the InvestEU programme are provided by the European Investment Fund (EIF). The programme supports investments that deliver real benefits and make a difference at local level.

DISCONTINUED OPERATIONS

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

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

The objectives, principles and organisation of POP Bank Group's risk management and capital adequacy management are described in Note 4 to POP Bank Group's financial statements for 2023. No material changes were made in the review period to the objectives, principles or organisation described in the financial statements. Furthermore, information concerning risks (Pillar III) specified in the EU Capital Requirements Regulation (2019/876) (CRR II) is presented in a separate Amalgamation of POP Banks' Capital Adequacy report 30 June 2024.

RISK POSITION

CREDIT RISK

The credit risk position remained stable in banking operations, and the risk level remained moderate despite of the uncertainty of the economic development and the increased interest rate levels affecting agricultural and corporate customers' ability to pay. This led to somewhat higher levels for loans reported as forbearance and default.

The proportion of the credit portfolio taken up by credits granted to private customers remained at the same level as at the end of the year, while the proportion of credits granted to corporate customers continued to increase. The industry and customer risks of the Amalgamation of POP Banks are diversified.

The credit portfolio increased by 2.0 per cent from the end of the year, amounting to EUR 4,651.6 (4,562.3) million. Lending mainly focuses on low-risk credits to private customers. Expected credit losses (ECL) on loans and receivables and off-balance sheet credit commitments increased by 13.5 per cent to EUR 59.7 (52.6) million. ECL provision of investment assets was EUR 0.8 (0.8) million. In the beginning of the year, changes in the operating environment were reflected in the quality of the credit portfolio of corporate and agricultural customers. Changes were made to the ECL-calculation by specifying the loans staging definition of loans and by updating the calculation parameters. The changes increased the ECL-amount by approximately EUR 4.4 million.

The amount of receivables in ECL-stage 1, of which the credit risk has not increased significantly since the initial recognition, was 92.0 (91.4) per cent of the loan portfolio. The amount of receivables in ECL-stage 2, with a significant increase in credit risk, was 5.4 (6.1) per cent of the loan portfolio. The amount of defaulted receivables in ECL-stage 3 was 2.6 (2.4) per cent of the loan portfolio after ECL. Coverage ratio at ECL-stage 3 receivables was 28.2 (27.4) per cent. Group's lending is mainly secured by collateral, which mitigates the impairment risk of receivables.

Credit risk monitoring is based on the continuous monitoring of non-performing receivables, late payments and forbearance, and on monitoring the quality of the credit portfolio. The validation of the calculation principles for expected credit losses (ECL) and the monitoring and analysis of changes are essential parts of credit risk management.

LIQUIDITY RISK

POP Bank Group's liquidity position remained strong during the review period. The short-term liquidity position is monitored by means of the Liquidity Coverage Ratio (LCR) requirement, for which the indicator must be at least 100 per cent. The amalgamation's LCR ratio was 230.3 (265.4) per cent on 30 June 2024. At the end of June, the amalgamation of POP Banks had EUR 706.2 (887.2) million in LCR-eligible liquid assets before haircuts, of which 49.4 (55.9) per cent consisted of cash and receivables from the central bank, 47.2 (41.3) per cent consisted of liquid Level 1 securities. In addition, outside the amalgamation's LCR portfolio unencumbered securities eligible for central bank funding totalled to EUR 140.9 (98.3) million.

POP Bank Group's funding position remained stable throughout the review period. The proportion of deposits of the credit portfolio remained high. With respect to the bond programme of the central credit institution, Bonum Bank Plc, EUR 200.0 (255.0) million was outstanding, with respectively to the certificate of deposit programme of EUR 23.0 (29.0) million.

The requirement for net stable funding, NSFR (Net Stable Funding Ratio) measures the maturity mismatch of assets and liabilities on the balance sheet and ensures that the 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 on 30 June 2024 was 136.8 (132.7) per cent. The minimum level of the requirement is 100 per cent.

Based on permission from the Financial Supervisory Authority, the member credit institutions are exempted, by a decision of the central institution, from the liquidity requirements set out in Part Six of the Regulation (EU) 575/2013 and 2019/876 of the European Parliament and of the Council. According to the permit, the regulatory requirements for LCR and NSFR must be met only at the amalgamation level. Bonum Bank as a central credit institution of the amalgamation is responsible for meeting the regulatory requirements.

MARKET RISK

The key market risk of the banking segment is the interest rate risk of the banking book, which is monitored and limited using both the present value and income risk models. Interest rate risk arises from the banking books of member credit institutions, consisting of lending and deposits, wholesale market funding and investment and liquidity portfolios. The increase in interest rates has clear impact to amalgamation's net interest income risk and amalgamation has hedged part of open exposure. Hedges has been executed by increasing fixed rate investments in LCR portfolio and by using interest derivatives. Due to amalgamation balance sheet structure, rising interest rates has positive impact to net interest rate income.

The market risk related to investing activities is limited through asset class allocation and counterparty-specific risk limits. The business operations of the member credit institutions do not include trading on their own behalf or for customers. Their investing activities are primarily undertaken to invest financial surplus and manage liquidity.

OPERATIONAL RISKS

The materialisation of operational risks is minimised by identifying and assessing the risks, by evaluating the effectiveness and adequacy of control and management mechanisms, by continuously training the personnel and providing comprehensive operating instructions, as well as by internal control measures.

The operational risks associated with the key products, services, functions, processes and systems are identified in the process of assessing a new product or service. The process involves the preparation of impact assessments, in which the different functions of the amalgamation take part. The member credit institutions belonging to the amalgamation assess the likelihood and impact of the materialisation of operational risks through self-assessments prepared on the basis of the key business processes. Certain operational risks are hedged against through insurance. Risks caused by malfunctions in information systems are prepared for through continuity planning.

As customer encounters move to mobile and online, security risks also increase. POP Bank Group has strengthened both technical capabilities and proactive measures related to fraud detection and customer communication.

CRISIS RESOLUTION PLAN

In accordance with the bank resolution act for own funds and eligible liabilities, the Financial Stability Authority has set the minimum requirement of own funds and eligible liabilities (MREL-requirement) for the Amalgamation of POP Banks. The MREL requirement is 20.31 per cent of total risk-weighted assets (TREA) or 7.77 per cent of the leverage ratio exposures (LRE).

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

The MREL requirements have been fulfilled with own funds and senior unsecured securities.

CAPITAL ADEQUACY MANAGEMENT

The capital adequacy of the Amalgamation of POP Banks was at a good level. The amalgamation's capital adequacy ratio was 22.8 per cent (20.3 on 31 December 2023), and its CET1 capital ratio was 22.8 (20.3) per cent being clearly above minimum requirement of 12.75 per cent. The amalgamation does not include the profit for the financial period in own funds.

The purpose of capital adequacy management at the Amalgamation of POP Banks is to ensure a sufficient level and quality of capital and its efficient use. A sufficient level of capital covers the material risks arising from the implementation of the amalgamation's business strategy and plan, as well as securing the uninterrupted operation of the amalgamation in the case of unexpected losses. The goal is pursued through a documented and systematic capital adequacy management process – a process that forms an integral part of the strategy process, business planning and management of the amalgamation, and its member credit institutions.

The member credit institutions comprehensively identify and assess the risks related to their operations and adjust their risk-bearing capacity to the total amount of risks. To ensure its capital adequacy, the bank sets risk-based capital targets and prepares a capital plan to meet the targets. To prepare a capital plan, the member credit institutions of the amalgamation use consistent calculation methods determined by the risk control function of the central institution. Based on permission from the Financial Supervisory Authority, the member credit institutions are exempted, by a decision of the central institution, from the own funds requirement for intra-Group items, and from the restrictions imposed on major counterparties concerning items between the central credit institution and the member credit institutions. Based on permission from the Financial Supervisory Authority, the intra-Group items have been excluded from the total exposure measure for calculating the leverage ratio as of 31 December 2020.

Totalling EUR 667.0 million (587.9) million, the own funds of the Amalgamation of POP Banks included in capital adequacy calculation consist of cooperative contributions, POP Shares, retained earnings and other non-restricted reserves. The amalgamation's capital adequacy requirement consists of the following items:

- 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
- Systemic risk buffer 1%

The Amalgamation of POP Banks covers all capital requirements with Common Equity Tier 1. The amalgamation's Leverage Ratio, LR, on June 30, 2024 was 11.1 (9.5) per cent being clearly above minimum requirement of 3.0 per cent.

SUMMARY OF CAPITAL ADEQUACY

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Own funds		
Common Equity Tier 1 capital before deductions	679,109	597,197
Deductions from Common Equity Tier 1 capital	-12,112	-9,301
Total Common Equity Tier 1 capital (CET1)	**666,997**	**587,896**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**666,997**	**587,896**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**666,997**	**587,896**
Total risk weighted assets	**2,924,611**	**2,899,048**
of which credit risk	2,575,022	2,558,096
of which credit valuation adjustment risk (CVA)	10,919	10,002
of which market risk (foreign exchange risk)	21,468	13,748
of which operational risk	317,203	317,203

(EUR 1,000)	30 Jun 2024	31 Dec 2023
CET1 Capital ratio (CET1-%)	**22.8%**	**20.3%**
T1 Capital ratio (T1-%)	**22.8%**	**20.3%**
Total capital ratio (TC-%)	**22.8%**	**20.3%**
Capital Requirement		
Total capital	666,997	587,896
Capital requirement*	374,508	342,100
Capital buffer	292,489	245,796
Leverage ratio		
Tier 1 capital (T1)	666,997	587,896
Leverage ratio exposure	6,035,304	6,167,246
Leverage ratio,%	11.1%	9.5%

*The capital requirement is comprised of the minimum requirement of 8.0%, the additional Pillar 2 requirement of 1.25%, the systemic risk buffer of 1%, the capital conservation buffer of 2.5% and country-specific countercyclical capital requirements for foreign exposures.

SUSTAINABILITY

Corporate responsibility in POP Bank Group is based on cooperative values, local operations and long-term business operations. POP Bank Group has followed in its responsibility reporting international Global Reporting Initiative (GRI) framework and has published a sustainability report as part of its annual report. Currently POP Bank Group is preparing to report under EU's Corporate Sustainability Reporting Directive (CSRD).

POP Bank Group's responsibility work is guided by its ESG (Environment, Social and Governance) vision according to which the POP Bank is trusted partner for its customers, members and local communities to create sustainable wellbeing. The Group's responsibility programme's key themes are:

- promoting sustainable financing and investing and thereby mitigating climate change;
- supporting local success, vitality and well-being;
- transparent business operations;
- ensuring the equality of employees and promoting diversity and well-being at work;
- preventing a shadow economy, corruption and money laundering
- constantly developing information security and promoting safe banking

Furthermore, local POP Banks have continued to diversify cooperation with educational institutions and supported various sports and cultural organisations in particular to promote the well-being of children and young people. POP Banks have also trained and discussed safe banking practices during school, association, and business visits, as well as events targeted at retirees.

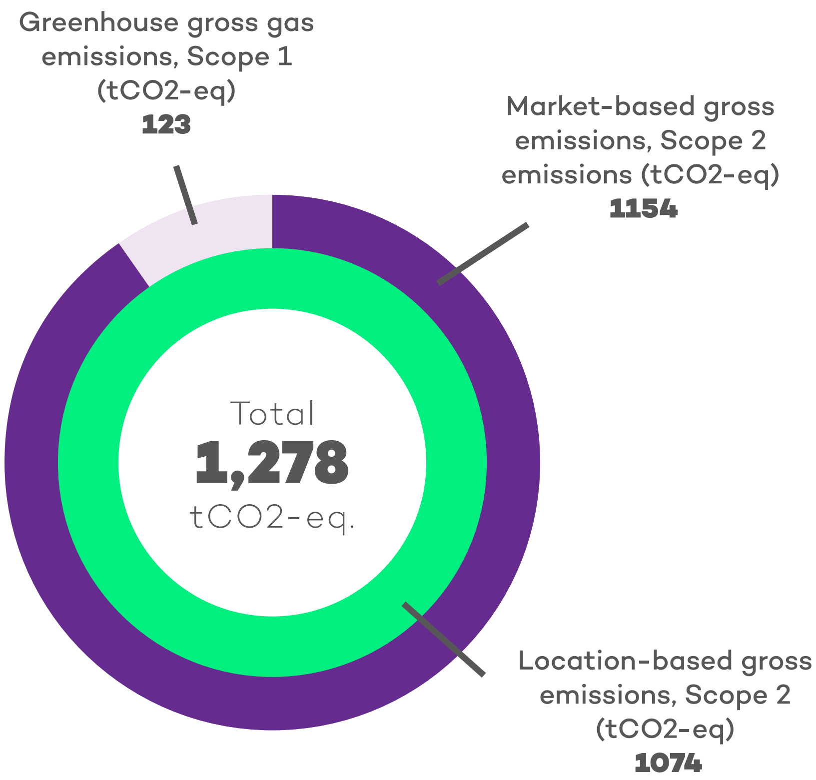
To promote the financial knowledge of young people, the Group has participated in OECD's Global Money Week coordinated by Finnish Foundation for Share Promotion. POP Bank Group also is participating in the national Responsible Employer campaign, the Digital and Population Data Agency's guardianship authorization campaign, and the Care for the Farmer campaign. POP Banks' summer employees have also been sharing their work life experiences in Finance Finland's Instagram takeover campaign.

GREENHOUSE EMISSIONS FROM THE POP BANK GROUP'S OWN OPERATIONS

POP Bank Group strives to recognise the climate and environmental impacts of its operations and to promote sustainable development. The calculation of greenhouse gas emissions is part of the Group's sustainability action plan. Emissions accounting helps to identify and assess the Group's impact on climate change and to plan for the reduction of greenhouse gas emissions and negative climate impacts.

The direct and indirect greenhouse gas emissions (Scope 1 + Scope 2 market-based) of the POP Bank Group's own operations in 2023 totalled 1,278 carbon dioxide equivalent tonnes. Direct emissions from own operations, or Scope 1 emissions, include emissions from the fuels used in leased vehicles and emissions from energy production, such as oil heating, at own sites. POP Bank Group's Scope 1 emissions totalled 123 carbon dioxide equivalent tonnes. Indirect greenhouse gas emissions from operations, or Scope 2 emissions, include energy consumption and heating of own premises. POP Bank Group's market-based Scope 2 emissions were 1,154 carbon dioxide equivalent tonnes and location-based Scope 2 emissions were 1,074 carbon dioxide equivalent tonnes. Market-based emissions describe emissions according to the way energy purchased under contract is produced. Location-based emissions describe the emissions from the production of a corresponding amount of energy in Finland on average. The production of purchased energy has resulted in slightly higher emissions than the national average. POP Bank Group will publish the full GHG emissions for 2023 and 2024 in its 2024 Board of Directors' report. Indirect greenhouse gas emissions from operations, or Scope 2 emissions, include energy consumption and heating of own premises.

DIRECT EMISSIONS FROM OWN OPERATIONS (SCOPE 1) AND INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2) IN 2023



ACCOUNTING METHOD

The calculation of the POP Bank Group's greenhouse gas emissions was carried out in accordance with the International Greenhouse Gas Protocol (GHG Protocol) standard for organisational accounting. This was the first time the accounting was carried out in the Group. The data used was primarily measured data from our own operations. In cases where measured data was not available, energy consumption was estimated on the basis of average consumption values based on surveys. All banks in the Group and their branches were included in the accounting.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Economic growth remained sluggish in the first half of 2024, with no rapid easing expected for the rest of the year. Market interest rates have fallen since their peak in autumn 2023, and interest rates are expected to continue to decline at a moderate pace. The POP Bank Group's loan portfolio is primarily linked to the 12-month Euribor, and changes in the reference rate are passed on to the loan portfolio at a delay.

Slow economic growth and weakening employment are reflected in customers' solvency and in the volume of new sales. Due to the economic downturn, impairment losses on loans will be greater than in the comparison period. However, as a result of the strong net interest income, the profit before tax for the financial year is expected to be at the same level or slightly lower than earnings from continuing operations in the previous year. The Group' capital adequacy remains strong.

The most significant uncertainties related to performance are associated with changes in market interest rates, changes in the value of investments and the impact of employment on customers' ability to pay. All the forecasts and estimates presented in this half-year financial report 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.

EVENTS AFTER THE REVIEW PERIOD

No such significant business transactions have taken place at POP Bank Group after the review period that would have a material impact on the financial information presented for the review period.

TABLES (IFRS)

POP BANK GROUP'S INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
Interest income*		136,845	97,671
Interest expenses*		-40,883	-19,705
Net interest income	4	**95,962**	**77,966**
Net commissions and fees	5	23,013	22,987
Net investment income	6	2,304	1,106
Other operating income		3,576	4,273
Total operating income		**124,855**	**106,331**
Personnel expenses		-27,173	-24,731
Other operating expenses		-35,875	-32,116
Depreciation and amortisation		-2,471	-2,514
Total operating expenses		**-65,519**	**-59,362**
Impairment losses on financial assets	9	-13,478	-4,156
Associate´s share of profits		691	-187
Profit before taxes		**46,549**	**42,627**
Income tax expense		-9,045	-8,760
Profit from continuing operations		**37,504**	**33,866**
Profit from discontinued operations after taxes	3	-	45,229
Profit for the period		**37,504**	**79,095**

*The presentation method for interest income from derivative contracts has been changed. For the interest on derivatives, the interest from one interest rate swap will henceforth be recorded on a net basis rather than as gross interest income and gross interest expense. A reclassification of EUR 8,303.3 thousand from interest income to interest expenses was made for the comparative period. The change is described in more detail in Note 2, under "Changes in presentation method".

POP BANK GROUP'S STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
Profit for the financial year	**37,504**	**79,095**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net changes in fair value of equity instruments	29	82
Deferred taxes	-6	-16
Total	**23**	**66**
Items that may be reclassified to profit or loss		
Movement in fair value reserve for liability instruments	1,666	2,770
Deferred taxes	-333	-541
Total	**1,333**	**2,228**
Other comprehensive income items total	**1,356**	**2,294**
Comprehensive income for the financial year	**38,860**	**81,389**

POP BANK GROUP'S BALANCE SHEET

(EUR 1,000)	Note	30 Jun 2024	31 Dec 2023
Assets			
Liquid assets		348,920	495,644
Loans and receivables from credit institutions	7,8	64,792	61,502
Loans and receivables from customers	7,8	4,651,615	4,562,254
Derivatives	12	3,330	16,165
Investment assets	7,8	700,291	792,043
Investments in associates		22,814	22,123
Intangible assets		10,095	7,986
Property, plant and equipment		24,787	24,930
Other assets		86,049	86,470
Tax assets		5,495	5,453
Total assets		**5,918,187**	**6,074,569**

(EUR 1,000)	Note	30 Jun 2024	31 Dec 2023
Liabilities			
Liabilities to credit institutions	7,8,10	19,784	131,144
Liabilities to customers	7,8,10	4,321,035	4,330,320
Derivatives	12	7,613	4,661
Debt securities issued to the public	11	719,911	787,156
Other liabilities		92,509	97,734
Tax liabilities		36,039	35,449
Total liabilities		**5,196,891**	**5,386,463**
Equity capital			
Cooperative capital			
Cooperative contributions		10,581	10,714
POP Shares		57,845	60,391
Total cooperative capital		**68,426**	**71,105**
Reserves		161,294	157,795
Retained earnings		491,577	459,206
Total equity capital		**721,296**	**688,106**
Total liabilities and equity capital		**5,918,187**	**6,074,569**

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

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Balance 1 Jan 2024	**71,105**	**-4,645**	**162,440**	**459,206**	**688,106**
Comprehensive income					
Profit for the financial year	-	-	-	37,504	**37,504**
Other comprehensive income	-	1,356	-	-	**1,356**
Total comprehensive income	**-**	**1,356**	**-**	**37,504**	**38,860**
Transactions with shareholders					
Change in cooperative capital	-2,679	-	-	-	**-2,679**
Profit distribution	-	-	-	-2,988	**-2,988**
Transfer of reserves	-	-	2,146	-2,146	**-**
Total	**-2,679**	**-**	**2,146**	**-5,133**	**-5,667**
Other changes	-	-	-3	-	**-3**
Other changes total	**-**	**-**	**-3**	**-**	**-3**
Balance 30 Jun 2024	**68,426**	**-3,289**	**164,583**	**491,577**	**721,296**

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Balance 1 Jan 2023	**70,860**	**-10,220**	**162,325**	**343,709**	**566,674**
Comprehensive income					
Profit for the financial year	-	-	-	79,095	**79,095**
Other comprehensive income	-	2,294	-	-	**2,294**
Total comprehensive income	**-**	**2,294**	**-**	**79,095**	**81,389**
Transactions with shareholders					
Change in cooperative capital	-857	-	-	-	**-857**
Profit distribution	-	-	-	-1,689	**-1,689**
Transfer of reserves	-	-	212	-212	**-**
Total	**-857**	**-**	**212**	**-1,900**	**-2,546**
Balance 30 Jun 2023	**70,003**	**-7,925**	**162,537**	**420,903**	**645,518**

POP BANK GROUP'S CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
Cash flow from operations			
Income statement		37,504	79,095
Adjustments to profit for the financial year		23,848	-24,344
Increase (-) or decrease (+) in operating assets		**-8,866**	**-150,685**
Loans and receivables from credit institutions	7,8	-145	-2,967
Loans and receivables from customers	7,8	-102,706	-56,061
Investment assets		93,353	-78,569
Other assets		632	-13,088
Increase (+) or decrease (-) in operating liabilities		**-123,906**	**-40,643**
Liabilities to credit institutions	7,8,10	-101,297	-49,984
Liabilities to customers	7,8,10	-9,069	-2,869
Other liabilities		-4,646	16,405
Income tax paid		-8,894	-4,195
Total cash flow from operations		**-71,421**	**-136,577**
Cash flow from investing activities			
Changes in subsidiary investments		-10	53,403
Purchase of PPE and intangible assets		-4,747	-7,225
Proceeds from sales of PPE and intangible assets		145	429
Total cash flow from investing activities		**-4,612**	**46,608**
Cash flow from financing activities			
Change in cooperative capital, net		-2,682	-857
Interests paid on cooperative capital and other profit distribution		-2,988	-1,689
Debt securities issued, increase	7,8,11	72,240	309,681
Debt securities issued, decrease	7,8,11	-133,211	-62,226
Payment of lease liabilities		-904	-88
Total cash flow from financing activities		**-67,546**	**244,821**

(EUR 1,000)	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
Change in cash and cash equivalents		
Cash and cash equivalents at period-start	516,335	464,047
Cash and cash equivalents at the end of the period	372,756	618,899
Net change in cash and cash equivalents	**-143,579**	**154,852**
Cash and cash equivalents		
Liquid assets	348,920	596,336
Receivables from credit institutions payable on demand	23,836	22,563
Total	**372,755**	**618,899**

ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT

Interest received	149,017	117,211
Interest paid	47,986	33,378
Dividends received	3,493	3,540
Adjustments to profit for the financial year		
Non-cash items and other adjustments		
Impairment losses on receivables	13,478	4,809
Depreciations	2,867	2,656
Technical provision	-	442
Other	7,503	-32,251
Adjustments to profit for the financial year total	**23,848**	**-24,344**

NOTES

NOTE 1 POP BANK GROUP

POP Bank Group (hereinafter also referred to as the "Group") is a financial Group comprising POP Banks and POP Bank Centre coop and their subsidiaries and jointly controlled entities that operates in Finland. The 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 as well as small and medium-sized enterprises.

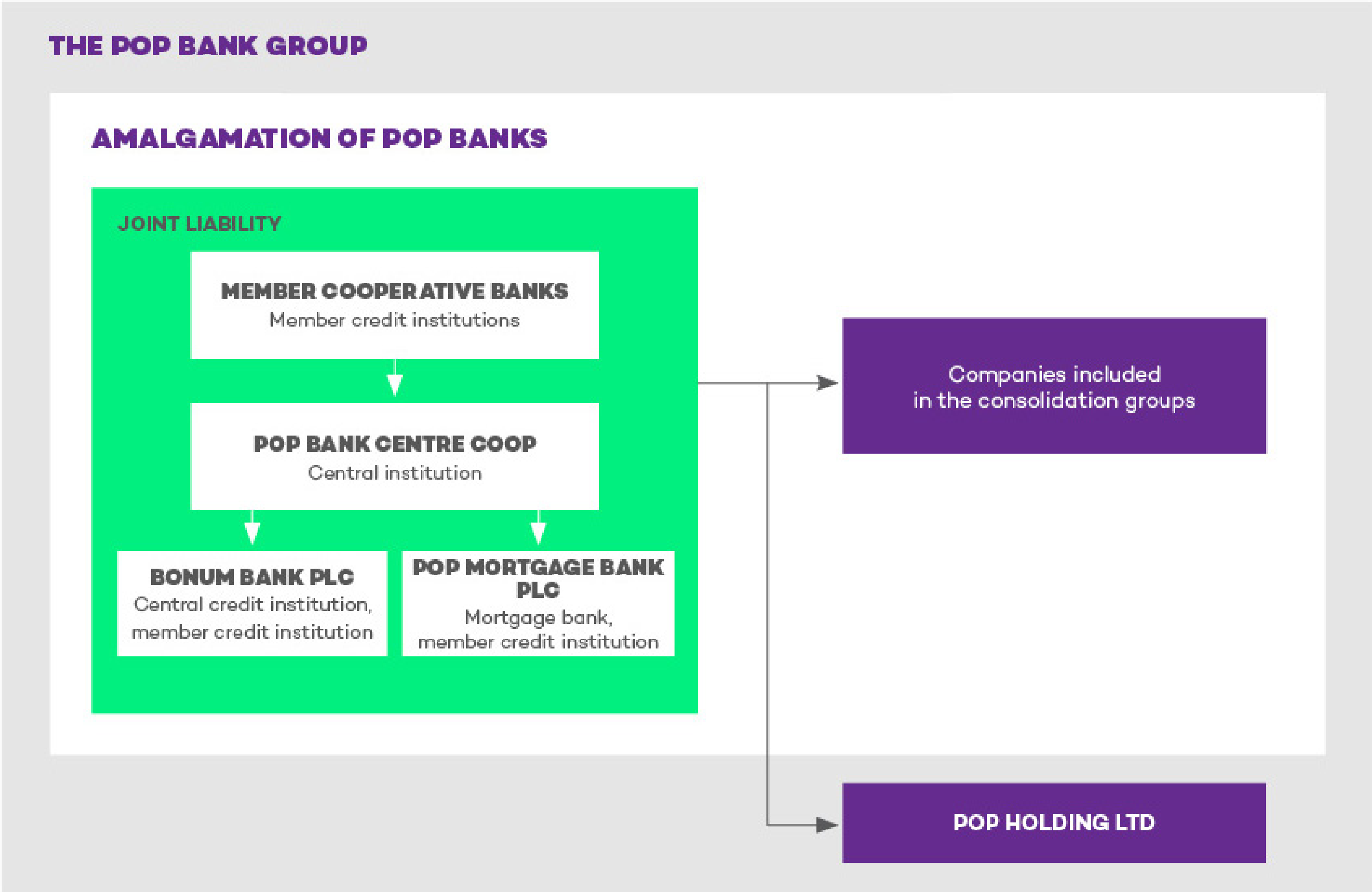
The member credit institutions of POP Bank Centre coop are the eighteen cooperative banks and the central credit institution of the member cooperative banks, Bonum Bank Plc and mortgage bank POP Mortgage Bank Plc. The Amalgamation of POP Banks is an economic entity referred to in the Act on the Amalgamation of Deposit Banks (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 is formed by the central institution POP Bank Centre coop, its member credit institutions, the companies included in their consolidation Groups and those credit institutions, financial institutions and service companies in which entities included in the amalgamation jointly hold over 50 per cent of the votes. Companies that belong in consolidation groups are mainly real estate companies.

POP Bank Group also includes other entities besides the entities included in the Amalgamation of POP Banks. During the previous review period, POP Bank Group relinquished control over Finnish P&C Insurance Ltd and continues as a minority shareholder in the company. The company's comparative period income and expenses are presented in the half-year financial report as a discontinued operations in accordance with the IFRS 5 standard. POP Bank Group still has considerable control in Finnish P&C Insurance Ltd, and the company is consolidated into the financial statements of POP Bank Group as an associated company. A minority share in the insurance company is owned by POP Holding Ltd, which is wholly owned by POP Banks and POP Bank Centre coop, and which is not in the scope of joint liability.

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, the Board of Directors has specified 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 of the IFRS financial statements 2023.

The following chart on the next page presents the structure of POP Bank Group and the entities included in the amalgamation and the scope of joint liability. No changes occurred in the group's structure during the review period.

POP BANK GROUP STRUCTURE



NOTE 2 POP BANK GROUP'S ACCOUNTING POLICIES

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

The half-year financial report for 1 January – 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial reporting and the accounting policies presented in POP Bank Group's consolidated IFRS Financial Statements 31 December 2023.

The figures disclosed in the half-year financial report are unaudited. The reported figures 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 of the companies belonging to POP Bank Group is euro.

Copies of the financial statements and half-year financial report of POP Bank Group are available at the office of the central institution, address Hevosenkenkä 3, FI02600 Espoo, Finland, and online at **www.poppankki.fi**. POP Bank Group only publishes one interim financial report annually.

DISCONTINUED OPERATIONS

During the previous review period, POP Bank Group relinquished control over Finnish P&C Insurance Ltd and continues as a minority shareholder in the company. POP Bank Group applied IFRS 5 Non-current Assets Held for Sale and Discontinued Operations during the comparative period for the classification, presentation, and recognition of the insurance business sale. POP Bank Group reported the results of discontinued operations separately from the income and expenses of continuing operations during the comparative period.

CHANGES IN PRESENTATION METHOD

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

NOTE 3 DISCONTINUED OPERATIONS

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

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

(EUR 1,000)	1 Jan - 25 May 2023
Profit from discontinued operations	
Net interest income	387
Net investment income	1,101
Insurance service result	
Insurance premium revenue	20,755
Insurance service expenses	-18,617
Net income from reinsurance contracts	-28
Total net insurance service result	**2,109**
Net insurance finance income	
Net finance income from insurance contracts	-393
Net finance income from reinsurance contracts	126
Total net insurance finance income	**-267**
Other operating income	**36**
Other operating expenses	**-77**
Profit from discontinued operations before taxes	**3,290**
Income taxes	-
Profit from discontinued operations after taxes	3,290
Capital gain on discontinued operations	38,098
Fair valuation of share ownership	3,840
Total capital gain on discontinued operations	**41,939**
Total profit from discontinued operations	**45,228**

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

NOTE 4 NET INTEREST INCOME

(EUR 1,000)	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
Interest income		
Loans and receivables from credit institutions	7,553	6,944
Loans and receivables from customers	119,947	83,641
Debt securities		
At amortised cost	4,870	3,335
At fair value through profit or loss	63	75
At fair value through other comprehensive income	3,601	3,081
Other interest income	810	596
Total interest income	**136,845**	**97,671**
Interest expenses		
Liabilities to credit institutions	-1,320	-1,747
Liabilities to customers	-18,669	-6,950
Debt securities issued to the public	-14,259	-9,832
Hedging derivatives*	-6,564	-1,048
Other interest expenses	-71	-128
Total interest expenses	**-40,883**	**-19,705**
of which negative interest income	-4	-4
Net interest income	**95,962**	**77,966**
Interest income from financial assets impaired due to credit risk (stage 3)	4,137	2,357

The presentation method for interest income from derivative contracts has been changed. For the interest on derivatives, the interest from one interest rate swap will henceforth be recorded on a net basis rather than as gross interest income and gross interest expense. A reclassification of EUR 8,303.3 thousand from interest income to interest expenses was made for the comparative period. The change is described in more detail in Note 2, under “Changes in presentation method”.

NOTE 5 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
Commissions and fees		
Lending	4,556	4,202
Deposits	69	140
Payment transfers	14,129	14,714
Legal services	1,296	1,260
Intermediated services	1,864	2,082
Issuing guarantees	304	296
Funds	1,967	1,786
Other commission income	495	488
Total commissions and fees	**24,679**	**24,968**
Commissions expenses		
Payment transfers	-1,552	-1,834
Other commission expenses	-114	-147
Total commission expenses	**-1,666**	**-1,981**
Net commissions and fees	**23,013**	**22,987**

NOTE 6 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
At fair value through profit or loss		
Debt securities		
Capital gains and losses	-462	12
Fair value gains and losses	128	-375
Shares and participations		
Dividend income	2,117	3,394
Capital gains and losses	127	85
Fair value gains and losses	43	-977
Total	**1,953**	**2,139**
At fair value through other comprehensive income		
Debt securities		
Capital gains and losses	101	47
Transferred from fair value reserve to the income statement	-238	-150
Shares and participations		
Dividend income	4	13
Total	**-133**	**-89**
Net income from foreign exchange trading	**106**	**15**
Net income from hedge accounting		
Change in hedging instruments' fair value	-15,788	-6,029
Change in hedged items' fair value	16,208	5,804
Total	**420**	**-225**
Net income from investment property		
Rental income	1,256	1,292
Capital gains and losses	145	151
Other income from investment property	72	30
Maintenance charges and expenses	-1,114	-1,669
Depreciations and amortisation of investment property	-396	-536
Other income and expenses from investment property	-5	-2
Total	**-42**	**-734**
Total net investment income	**2,304**	**1,106**

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

NOTE 7 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS 30 JUN 2024

(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	348,920	-	-	-	**348,920**
Loans and receivables from credit institutions	64,793	-	-	-1	**64,792**
Loans and receivables from customers	4,711,284	-	-	-59,669	**4,651,615**
Derivatives	-	3,330	-	-	**3,330**
Debt securities*	323,606	4,913	216,826	-123	**545,222**
Shares and participations	-	129,882	1,005	-	**130,886**
Financial assets total	**5,448,603**	**138,124**	**217,831**	**-59,793**	**5,744,765**
Other assets					**173,423**
Total assets					**5,918,187**

*Expected credit loss of EUR 720 thousand from debt securities, measured at fair value through other comprehensive income, have been recorded in the fair value reserve.

FINANCIAL ASSETS 31 DEC 2023

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

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

FINANCIAL LIABILITIES 30 JUN 2024

(EUR 1,000)	At fair value through profit or loss	At amortised cost	Total carrying amount
Liabilities to credit institutions	-	19,784	**19,784**
Liabilities to customers	-	4,321,035	**4,321,035**
Derivatives	7,613	-	**7,613**
Debt securities issued to the public	-	719,911	**719,911**
Financial liabilities total	**7,613**	**5,060,729**	**5,068,343**
Other liabilities			**128,548**
Total liabilities			**5,196,891**

FINANCIAL LIABILITIES 31 DEC 2023

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

NOTE 8 FAIR VALUE MEASUREMENTS BY VALUATION TECHNIQUE

FINANCIAL ASSETS

	30 Jun 2024		31 Dec 2023	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liquid assets	348,920	348,920	495,644	495,644
Loans and receivables from credit institutions	64,792	64,792	61,502	61,502
Loans and receivables from customers	4,651,615	4,636,724	4,562,254	4,546,396
Derivatives	3,330	3,330	16,165	16,165
Investment assets				
At amortised cost	323,482	322,752	358,287	361,678
At fair value through profit or loss	134,795	134,795	136,064	136,064
At fair value through other comprehensive income	217,831	217,831	273,491	273,491
Total	**5,744,765**	**5,729,142**	**5,903,406**	**5,890,938**

FINANCIAL LIABILITIES

	30 Jun 2024		31 Dec 2023	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities to credit institutions	19,784	19,784	131,144	131,122
Liabilities to customers	4,321,035	4,310,346	4,330,320	4,318,250
Derivatives	7,613	7,613	4,661	4,661
Debt securities issued to the public	719,911	723,419	787,156	775,605
Total	**5,068,343**	**5,061,162**	**5,253,280**	**5,229,638**

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 30 JUN 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	125,202	-	4,680	**129,882**
Debt securities	2,557	-	2,356	**4,913**
Derivatives	-	3,330	-	**3,330**
At fair value through other comprehensive income				
Shares and participations	-	-	1,005	**1,005**
Debt securities	195,811	19,664	1,351	**216,826**
Total	**323,570**	**22,994**	**9,391**	**355,955**

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 30 JUN 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Derivatives	-	7,613	-	**7,613**
Total	**-**	**7,613**	**-**	**7,613**

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	125,864	-	5,057	**130,921**
Debt securities	2,300	-	2,843	**5,143**
Derivatives	-	16,165	-	**16,165**
At fair value through other comprehensive income				
Shares and participations	-	-	966	**966**
Debt securities	237,988	33,819	718	**272,525**
Total	**366,152**	**49,984**	**9,583**	**425,719**

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

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

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are recorded in the balance sheet either at fair value or at amortised cost. The classification and measurement of financial instruments is described in more detail in IFRS financial statements of POP Bank Group's on 31 December 2023 in Note 2 POP Bank Group's accounting policies.

FAIR VALUE HIERARCHIES

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

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

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

TRANSFERS BETWEEN FAIR VALUE HIERARCHIES

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

During the review period, EUR 602 (744) thousands of debt securities have been transferred from hierarchy level 1 and 2 to level 3 based on the trading volumes.

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

(EUR 1,000)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2024	**7,899**	**1,683**	**9,583**
Purchases	17	50	**68**
Sales	-476	-	**-476**
Matured during the financial year	-261	-	**-261**
Realised changes in value recognised in income statement	86	-	**86**
Unrealised changes in value recognised in the income statement	-10	-	**-10**
Changes in value recognised in other comprehensive income	-	20	**20**
Transfers from levels 1 and 2	-	602	**602**
Transfers to levels 1 and 2	-221	-	**-221**
Carrying amount 30 Jun 2024	**7,035**	**2,356**	**9,391**

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

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

30 JUN 2024

		Possible effect on equity capital	
(EUR 1,000)	**Carrying amount**	**Positive**	**Negative**
At fair value through profit or loss	7,035	726	-726
At fair value through other comprehensive income	2,356	164	-164
Total	**9,391**	**890**	**-890**

31 DEC 2023

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

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

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

NOTE 9 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

(EUR 1,000)	1 Jan - 30 Jun 2024	1 Jan - 30 Jun 2023
Change of ECL due to write-offs	4,110	997
Change of ECL, receivables from customers and off-balance sheet items	-11,436	-3,771
Change of ECL, debt securities	-86	-60
Final credit losses	-6,066	-1,321
Impairment losses on financial assets total	**-13,478**	**-4,156**

In the review period, EUR 6,066 (1,321) thousand were recorded as final credit losses Collection actions are being taken for EUR 4,469 (1,138) thousand. During the review period, changes were made to the calculation of the ECL provision by refining the staging of loans and updating the calculation parameters used for the provision. These changes increased the provision amount by approximately EUR 4.4 million.

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 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 basis for calculating the expected credit losses and the definition of default are presented in Note 2 POP Bank Group's accounting policies of POP Bank Group's financial statements 2023, in section 6.5 Impairment of financial assets.

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**5,468**	**4,785**	**42,348**	**52,602**
Transfers to stage 1	380	-1,716	-1,430	**-2,765**
Transfers to stage 2	-223	1,991	-1,115	**653**
Transfers to stage 3	-178	-502	9,379	**8,699**
Increases due to origination	1,366	482	1,388	**3,236**
Decreases due to derecognition	-466	-268	-7,384	**-8,118**
Changes due to change in credit risk (net)	603	508	8,362	**9,473**
Decreases due to write-offs	-	-	-4,110	**-4,110**
Total	**1,483**	**495**	**5,090**	**7,068**
ECL 30 Jun 2024	**6,951**	**5,280**	**47,438**	**59,669**

The largest change in expected credit losses on receivables from customers comes from changes in credit risk, that totaled EUR 9,476 thousand. Transfers to stage 3 increase totaled EUR 8,699 thousand. The deductions due to derecognition totaled EUR 8,118 thousand.

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**202**	**556**	**-**	**758**
Transfers to stage 1	0	-1	-	**-1**
Transfers to stage 2	0	2	-	**1**
Increases due to origination	30	24	-	**54**
Decreases due to derecognition	-28	-115	-	**-143**
Changes due to change in credit risk (net)	-9	184	-	**174**
Total	**-7**	**93**	**-**	**86**
ECL 30 Jun 2024	**195**	**650**	**-**	**844**

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**316**	**147**	**531**	**994**
Transfers to stage 1	14	-52	-50	**-88**
Transfers to stage 2	-3	14	-1	**10**
Transfers to stage 3	-2	-17	204	**185**
Increases due to origination	239	80	55	**375**
Decreases due to derecognition	-7	-4	-67	**-79**
Changes due to change in credit risk (net)	-59	-51	10	**-100**
Total	**182**	**-30**	**151**	**303**
ECL 30 Jun 2024	**499**	**116**	**683**	**1,298**

TOTAL ECL

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2024	**5,988**	**5,487**	**42,880**	**54,354**
ECL 30 Jun 2024	**7,645**	**6,046**	**48,121**	**61,811**

RECEIVABLES FROM CUSTOMERS

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

DEBT SECURITIES

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

OFF-BALANCE SHEET COMMITMENTS

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

TOTAL ECL

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

BALANCE SHEET ITEM BY STAGE 30 JUN 2024

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,773,051	109,064	62,992	**2,945,108**
Corporate	1,014,453	91,819	60,257	**1,166,528**
Agriculture	499,403	56,174	44,071	**599,648**
Receivables from customers total	**4,286,908**	**257,057**	**167,320**	**4,711,284**
ECL 30 Jun 2024	6,951	5,280	47,438	**59,669**
Coverage ratio	0.2%	2.1%	28.4%	**1.3%**
Off-balance sheet commitments				
Private	232,562	2,682	571	**235,814**
Corporate	72,984	5,020	2,111	**80,115**
Agriculture	25,863	1,536	462	**27,860**
Off-balance sheet commitments total	**331,408**	**9,238**	**3,143**	**343,789**
ECL 30 Jun 2024	499	116	683	**1,298**
Coverage ratio	0.2%	1.3%	21.7%	**0.4%**
Debt securities	**520,063**	**20,369**	**-**	**540,432**
ECL 30 Jun 2024	202	556	-	**844**
Coverage ratio	0.0%	2.7%	-	**0.2%**
Credit risk by stages total	**5,138,379**	**286,664**	**170,463**	**5,595,505**

The table above summarises the exposure to credit risk and the amount of ECL in relation to the amount of the exposure in stages. The coverage ratio illustrates the relative share of the ECL in the amount of exposure.

BALANCE SHEET ITEM BY STAGE 31 DEC 2023

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,721,314	132,006	51,421	**2,904,740**
Corporate	961,071	97,366	58,477	**1,116,914**
Agriculture	494,952	54,205	44,044	**593,201**
Receivables from customers total	**4,177,337**	**283,577**	**153,941**	**4,614,855**
ECL 31 Dec 2023	5,469	4,784	42,348	**52,602**
Coverage ratio	0.1%	1.7%	27.5%	**1.1%**
Off-balance sheet commitments				
Private	220,339	4,626	588	**225,553**
Corporate	60,394	5,745	1,430	**67,569**
Agriculture	22,161	2,059	595	**24,815**
Off-balance sheet commitments total	**302,894**	**12,430**	**2,613**	**317,937**
ECL 31 Dec 2023	316	147	531	**994**
Coverage ratio	0.1%	1.2%	20.3%	**0.3%**
Debt securities	**605,784**	**25,152**	**-**	**630,937**
ECL 31 Dec 2023	202	556	-	**758**
Coverage ratio	0.0%	2.2%	-	**0.1%**
Credit risk by stages total	**5,086,015**	**321,159**	**156,554**	**5,563,728**

NOTE 10 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	30 Jun 2024	31.12.2023
Liabilities to credit institutions		
To central banks	-	78,400
To other credit institutions		
Repayable on demand	2,031	1,495
Not repayable on demand	17,752	51,249
Total liabilities to credit institutions	**19,784**	**131,144**
Liabilities to customers		
Deposits		
Repayable on demand	3,369,024	3,468,426
Not repayable on demand	952,977	852,596
Other financial liabilities		
Not repayable on demand	927	1,128
Change in the fair value of deposits	-1,893	8,169
Total liabilities to customers	**4,321,035**	**4,330,320**
Total liabilities to credit institutions and customers	**4,340,818**	**4,461,464**

Liabilities from the funding of the central bank matured during the review period in March 2024 (TLTRO 3.7, EUR 70,000 thousand) and in June 2024 (TLTRO 3.8, EUR 8,400 thousand). After these maturities, no funding remains.

NOTE 11 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Covered bonds	497,293	503,259
Debt securities issued to the public	199,904	254,931
Certificates of deposits	22,715	28,965
Total debt securities issued to the public	**719,911**	**787,156**

Certificates of deposit with a total nominal value of EUR 23 (29) million were outstanding on the balance sheet date. Amount of the certificates is 5, nominals range from EUR 2 million to 7 million with average maturity of 9.4 months.

DEBT SECURITIES ISSUED TO THE PUBLIC

Name	Issue date	Due date	Interest	Nominal	Currency
BONUM 26102026	20.10.2021	20.10.2026	EB 3mo + 0.85%	20,000	EUR
BONUM 16112025	16.11.2021	16.11.2025	EB 3mo + 0.75%	30,000	EUR
BONUM 22042027	22.4.2022	22.4.2027	EB 12mo + 1.25%	50,000	EUR
BONUM 19072028	19.7.2023	19.7.2028	EB 6mo + 1.11%	50,000	EUR
POPA 22092025	22.9.2022	22.9.2025	2.625% / fixed	250,000	EUR
POPA 26042028	26.4.2023	26.4.2028	3.625% / fixed	250,000	EUR
Issued during the financial year					
BONUM 17042027	10.4.2024	19.7.2027	EB 3mo + 1,95%	50,000	EUR

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Balance 1 Jan	**787,156**	**565,252**
Debt securities issued, increase	49,925	299,197
Certificates of deposits, increase	22,315	79,279
Total increase	**72,240**	**378,475**
Debt securities issued, decrease	-105,000	-50,000
Certificates of deposits, decrease	-28,211	-118,219
Total decrease	**-133,211**	**-168,219**
Total changes in cash flow	**-60,972**	**210,256**
Valuation	-6,273	11,647
Balance at the end of period	**719,911**	**787,156**

NOTE 12 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

30 JUN 2024

	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	**Less than 1 year**	**1-5 years**	**More than 5 years**	**Total**	**Assets**	**Liabilities**
Hedging derivative contracts						
Fair value hedging						
Interest rate derivatives	-	1,124,900	200,000	**1,324,900**	3,330	7,613
Derivatives total	**-**	**1,124,900**	**200,000**	**1,324,900**	**3,330**	**7,613**

31 DEC 2023

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

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 was EUR 624.9 (524.9) million and the nominal value of the fixed-rate bond subject to fair value hedging was EUR 500 (500) million. The nominal values of derivative instruments correspond to the nominal values of the objects to be hedged.

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

Fair value hedging (EUR 1,000)	**30 Jun 2024**	**31 Dec 2023**
Liabilities		
Carrying amount of hedged liabilities to customers	823,007	633,069
of which the accrued amount of hedge adjustments	-1,893	8,169
Carrying amount of hedged debt securities issued to the public	497,293	503,259
of which the accrued amount of hedge adjustments	-1,819	4,326

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES
30 JUN 2024

(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements: Carrying amount of financial instruments in balance sheet, net	Financial instruments held as collateral	Cash held as collateral	Net amount
Assets							
Derivatives	10,303	-	10,303	-6,701	-4,840	-	-
Total	**10,303**	**-**	**10,303**	**-6,701**	**-4,840**	**-**	**-**
Liabilities							
Derivatives	8,831	-	8,831	-6,701	-	-990	-
Total	**8,831**	**-**	**8,831**	**-6,701**	**-**	**-**	**-**

31 DEC 2023

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

NOTE 13 COLLATERAL GIVEN AND RECEIVED

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Given on behalf of own liabilities and commitments		
Pledges	2,546	2,546
Mortgage-backed loan portfolio*	684,013	682,731
Debt securities	-	143,199
Other	990	-
Collateral given total	**687,549**	**828,476**
Collaterals received		
Other	4,840	22,440
Total collaterals received	**4,840**	**22,440**

*Mortgage-backed loans pledged as collateral for secured bonds issued by POP Mortgage Bank Plc.

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

NOTE 14 OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Guarantees	17,492	15,860
Loan commitments	326,297	302,076
Off-balance sheet commitments, total	**343,789**	**317,937**
Other commitments		
Commitment to invest in venture capital funds	-	360
Other commitments total	**-**	**360**

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

NOTE 15 RELATED PARTY DISCLOSURES

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

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

POP Banks have granted housing and consumption loans to related parties at ordinary terms. These loans are tied to generally applied reference rates.

There have been no material changes in related party transactions after 31 Dec 2023.

Espoo 13 August 2024

Board of Directors of POP Bank Centre coop

FURTHER INFORMATION

www.poppankki.fi/pop-pankki-ryhma

POP Bank