POP BANK GROUP

BOARD OF DIRECTORS' REPORT AND CONSOLIDATED IFRS FINANCIAL STATEMENTS

31 DECEMBER 2024

POP Bank

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This document is a translation of the original Finnish version "POP Pankki -ryhmä Toimintakertomus ja yhdistelty IFRS-tilinpäätös 31.12.2024". In case of discrepancies, the Finnish version shall prevail.

CEO'S REVIEW

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

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

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

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

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

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

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

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

Jaakko Pulli
CEO
POP Bank Centre coop

POP BANK GROUP'S BOARD OF DIRECTORS' REPORT 1 JANUARY - 31 DECEMBER 2024

POP BANK GROUP AND AMALGAMATION OF POP BANKS

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

In its business operations, POP Bank Group utilises intangible assets, which are mainly licenses and information systems. In addition to intangible assets, the intangible resources relevant to POP Bank Group's business operations consist of the POP Pankki (POP Bank) brand, business model and good reputation, as well as skilled and professional personnel. These, combined with strategic partnerships, lay the foundation for successful business operations and are a key part of POP Bank Group's long-term growth strategy.

STRUCTURE OF THE POP BANK GROUP

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

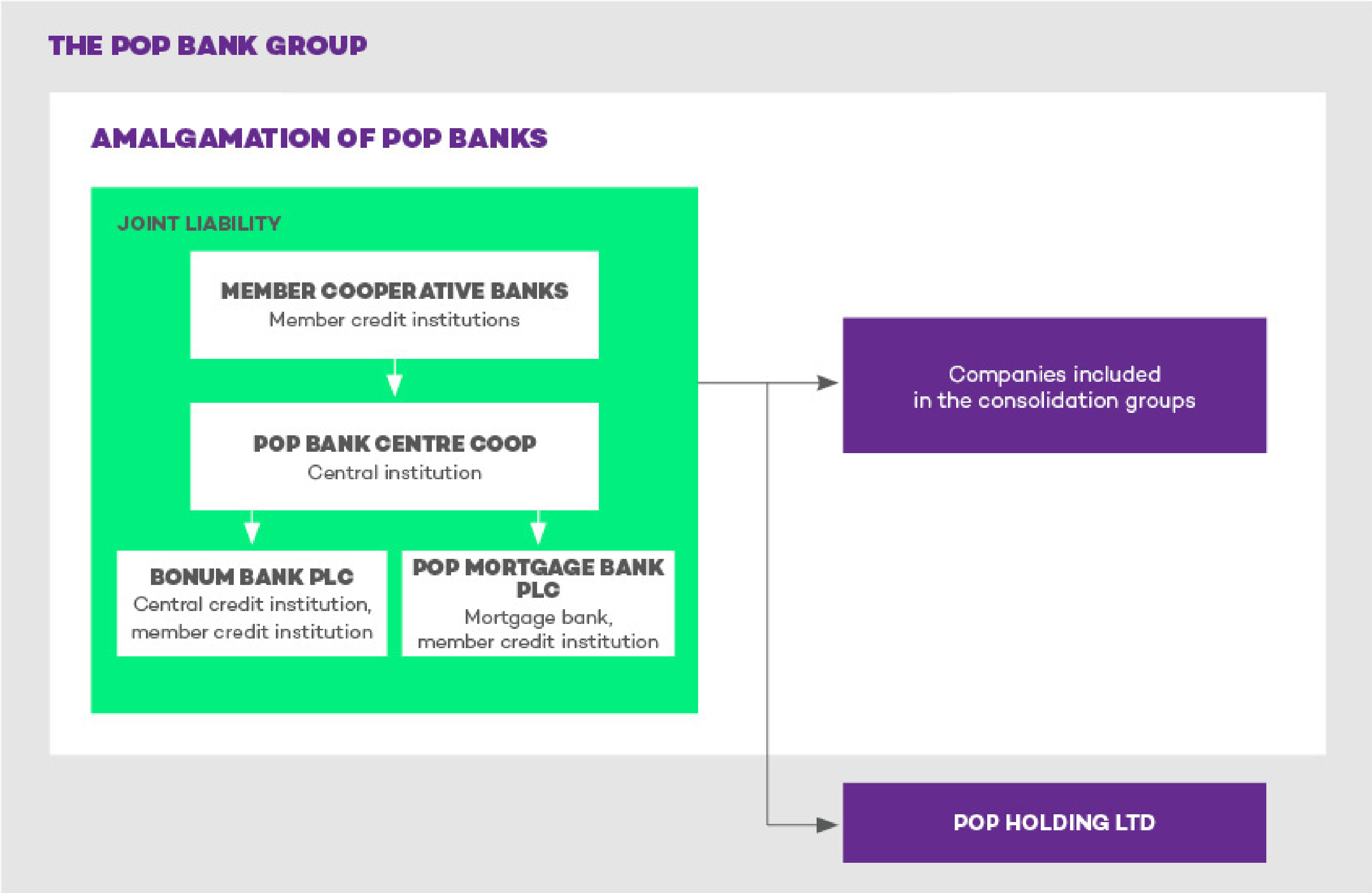
POP Bank Centre coop is the central institution of the amalgamation of POP Banks and is responsible for steering and supervising POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

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

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

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

POP BANK GROUP STRUCTURE



OPERATING ENVIRONMENT

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

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

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

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

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

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

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

KEY EVENTS

STRUCTURE AND SERVICE DEVELOPMENT IN POP BANK GROUP

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

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

COOPERATION WITH LOCALTAPIOLA

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

SYSTEM REFORM PROJECT

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

RESPONSIBILITY PROGRAMME

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

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

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

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

PREPARING FOR CHANGES IN THE INTEREST RATE ENVIRONMENT

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

CREDIT RATINGS

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

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

POP BANK GROUP'S EARNINGS AND BALANCE SHEET

POP BANK GROUP'S KEY FIGURES AND RATIOS

Key income figures (EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023*	1 Jan - 31 Dec 2022*	1 Jan - 31 Dec 2021	1 Jan-31 Dec 2020
Net interest income	187,933	178,108	93,326	78,338	74,099
Net commissions and fees	44,630	44,016	42,098	36,326	31,049
Insurance income	-	-	-	13,192	11,611
Net investment income	4,009	-2,355	-602	10,028	1,298
Personnel expenses	-54,599	-49,204	-43,571	-50,655	-43,531
Other operating expenses	-71,556	-63,703	-58,303	-55,464	-51,978
Impairment losses on financial assets	-22,429	-17,271	-7,738	-10,390	-7,468
Profit before tax	89,828	89,326	26,155	44,670	12,919

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

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

*POP Bank Group's key figures and ratios for financial year 2022 and 2023 comprise only continuing operations.

POP BANK GROUP'S EARNINGS PERFORMANCE

POP Bank Group's profit before taxes was EUR 89.8 million, compared with EUR 89.3 million for continuing operations in the previous year. Group's profit after taxes was EUR 72.6 (71.6) million.

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

Net investment income was EUR 4.0 (-2.4) million. The net amount of valuation gains and losses recognised during the year was EUR 2.0 (-2.6) million. Other operating income totalled EUR 4.3 (4.7) million. Other operating income includes the reimbursement of the old Deposit Guarantee Fund, which covers the deposit guarantee contribution of the Financial Stability Authority included in other operating expenses.

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

A total impairment loss of EUR 22.4 (17.3) million was recognised on financial assets, which is 0.46 (0.37) per cent of the loan portfolio. The calculation parameters for expected credit losses were updated during the financial year. Expected credit losses (ECL) on loans and receivables and off-balance sheet credit commitments increased by EUR 3.9 (11.2) million to EUR 56.2 (52.6) million, which is 1.20 (1.16) per cent of the loan portfolio. Expected credit losses on investment assets increased by EUR 0.3 (0.1) million. During the review period, the guidelines for the timing of recognising realised credit losses were clarified. Credit losses totalled EUR 18.2 (5.9) million. Most of the realised credit losses had already been provisioned for earlier with an allowance for expected credit losses.

POP BANK GROUP'S BALANCE SHEET

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

The balance sheet value of bonds in issue was EUR 940.8 (787.2) million at the end of the financial year of which covered bonds were EUR 756.1 (503.3) million. The Group's investment assets were 750.0 (814.2) million. Investment assets include investments in securities and real estate in banking operations. Securities are mainly fixed income investments.

POP Bank Group's equity totalled EUR 759.5 million at the end of the review period (EUR 688.1 million at the beginning of the review period). The cooperative capital amounted to EUR 69.2 (71.1) million at the end of the review period, which consists of the POP Banks' cooperative contributions amounted EUR 10.8 (10.7) million and POP Shares amounted EUR 58.4 (60.4) million. POP Shares are investments in the cooperative bank's equity in accordance with the Co-operatives Act. The POP Banks have paid EUR 2.7 (1.7) million in interest on cooperative capital for the year 2023.

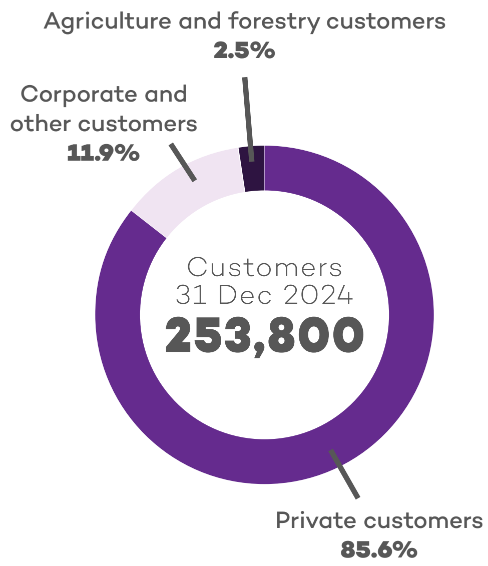
BUSINESS DEVELOPMENT

At the end of the financial year, the POP Bank Group had 253.8 thousand banking customers (255.9 at the beginning of the financial year). Customer orientation is one of POP Bank's values, and customer satisfaction is an important indicator of business development. In EPSI Rating's Banking and Finance survey, POP Bank had the most satisfied customers for the 13th time. In addition to this, POP Bank was selected as the best bank in corporate category in the same survey.

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

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

POP BANK GROUP'S CUSTOMERS 31 DEC 2024



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

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

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

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

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

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

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

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

DISCONTINUED OPERATIONS

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

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

PRINCIPLES AND ORGANIZATION OF RISK MANAGEMENT

POP Bank Group's strategy outlines the Group's risk appetite. Business activities are carried out at a moderate risk level so that the risks can be managed in full. The purpose of the risk management is to ensure that all significant risks are identified, assessed, measured and monitored, and that they are proportionate to the risk-bearing capacity of the amalgamation and the individual member credit institution.

As the central institution, POP Bank Centre coop supervises the sufficiency and functioning of the risk management systems at the level of the member credit institutions and the amalgamation and is liable for the Group's risk and capital adequacy management in accordance with section 17 of the Amalgamation Act. The central institution issues binding instructions concerning risk and capital adequacy management, corporate governance and internal control to the member credit institutions to secure their solvency and capital adequacy. Furthermore, common business risk limits have been established for the member institutions to ensure that the risks taken by an individual member institution are within acceptable limits according to accepted risk appetite.

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

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

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

RISK POSITION

Credit risk

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

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

The amalgamation's loan portfolio grew by 4.0 per cent amounting EUR 4,743.6 (4,562.2) million at the end of the accounting period. Industry and customer risks are diversified. Loans granted to private customers accounted for 62.7 (63.6) per cent, to companies 24.9 (24.0) per cent and to agricultural entrepreneurs 12.4 (12.8) per cent of the loan portfolio. Majority of the lending is associated with low-risk lending to private customers with real estate collaterals. Portion of the loans secured by residential real estate was 62.3 (62.5) per cent of the loan portfolio.

Credit risk management is based on a continuous monitoring of past-due payments, forbearances and non-performing loans as well as the quality of the loan portfolio. Monitoring expected credit losses (ECL) is an essential part of the credit risk management processes. Foreseen problems are to be assessed as early as possible. Key figures of ECL are presented more thoroughly in Note 4 and Note 17.

Liquidity risk

POP Bank Group's liquidity position remained strong during the financial period. Liquidity Coverage ratio (LCR) as the key regulatory indicator for liquidity buffer was 315.1 (273.9) per cent on 31 December 2024, with the requirement being 100 per cent. On 31 December 2024, the amalgamation's LCR-eligible assets before haircuts totalled EUR 955.0 (887.2) million, of which 59.5 (55.9) per cent were cash and balance at the central bank and 37.8 (41.3) per cent were highly liquid Level 1 securities. In addition, outside the amalgamation's LCR portfolio unencumbered securities, available for central bank funding operations totalled to EUR 154.1 (98.4). POP Mortgage Bank will have a substantial impact to liquidity risk management in future as it will broaden potential investor base.

The requirement for stable funding, NSFR, measures the maturity mismatch of assets and liabilities on the balance sheet and is responsible for ensuring that ongoing funding is sufficient to meet funding needs over a one-year period, thus preventing over-reliance on short-term wholesale funding. The amalgamation's NSFR ratio was 136.9 (132.7) per cent while minimum regulatory requirement is 100 per cent.

POP Bank Group's funding position remained strong during the financial year. The proportion of deposits of the credit portfolio remained high and total deposits increased by 1.1 per cent during the reporting period. During 2024 the funding position was supported by the third emission of EUR 250 million by POP Mortgage Bank. At the end of the reporting period, the nominal value of issued securities totalled EUR 940.8 (784.0) million.

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

Market risk

Market risks from banking arise from the banking book of member credit institutions, consisting of lending and deposits, wholesale market funding and investment and liquidity portfolios. Management of banking book interest exposure was continued during reporting period by increasing hedging level gradually. The banking book exposure is monitored and limited via both the net present value and income risk models. The impact of a +/- two percentage points change in interest rates for the following 12 months' net interest income stood at EUR +17.0 (+29.5) / -21.2 (-33.1) million. The member credit institutions do not have any trading activities.

Market risks arising from investing activities are limited through asset allocation and by diversification into different asset classes and counterparties. Risk limits are in place for different counterparties and asset classes. No currency risk is taken in lending activities. The use of derivatives is limited to hedging the interest rate risk in the banking book.

Operational risks

Operational risks are primarily managed with risk management processes, instructions, tools and risk area-specific mitigating actions (controls and measures) to correct the identified deficiencies and errors and to lower the risk level. The most significant operational risk management process in the POP Bank Group, the self-assessment of operational risks must be carried out regularly (risk identification, assessment, determination and implementation of mitigating actions), registration and reporting of realised risk events and near-miss situations, risk appetite statements and metrics for operational risks, and a new product/service approval process. In order to ensure a uniform process and to document risk assessment and monitoring of mitigating actions in POP Bank Group´s operational risk management, several risk management tools are used, which also enable systematic and regular monitoring of operational risks.

The compliance function monitors the amalgamations outsourcings, maintains a register of outsourced operations and functions and participates in evaluating the risks involved in outsourcing operations in cooperation with risk control function.

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

RECOVERY AND RESOLUTION PLAN

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

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

The MREL requirement has been covered with own funds and unsecured senior bonds.

CAPITAL ADEQUACY MANAGEMENT

At the end of the financial year, the capital adequacy of the amalgamation of POP Banks remained at a solid level. The amalgamation's capital adequacy ratio and CET1 capital ratio were both 22.0 (20.3) per cent. The amalgamation does not include the profit for the financial year in own funds. The amalgamation's own funds of EUR 668.3 (587.9) million are comprised of cooperative contributions, POP Shares, retained earnings and other non-restricted reserves. Issuance of POP Shares is the member credit institutions' primary means for raising capital. The amount of POP Shares outstanding at the end of the financial year was EUR 58.4 (60.4) million.

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

- Capital Requirements Regulation minimum of 8%
- Additional Pillar 2 capital requirement of 1.25% imposed by Finnish Financial Supervisory Authority

- Systemic risk buffer requirement of 1% imposed by Finnish Financial Supervisory Authority
- Credit Institutions Act capital conservation buffer requirement of 2.5%
- Country-specific capital requirements for foreign exposures

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

All capital requirements are fully covered with CET1 Capital.

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

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

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

SUMMARY OF CAPITAL ADEQUACY

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

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

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

DEPOSITOR AND INVESTOR PROTECTION

Provisions on deposit insurance are laid down in the Act on the Financial Stability Authority. According to the act the Financial Stability Authority is responsible for offering deposit protection. Its financial stability fund consists of a crisis resolution fund and deposit guarantee fund. The deposit guarantee fund covers the eligible deposits of a depositor in a single deposit bank up to a maximum of EUR 100,000. During the financial year, payments to the Deposit Guarantee Fund were made using funds from the VTS Fund (Old Deposit Guarantee Fund).

The deposit banks that are members of the amalgamation of deposit banks are considered to be a single deposit bank in terms of deposit guarantee. Therefore, the deposit guarantee concerning a depositor's deposits in all member credit institutions of the amalgamation of POP Banks (POP Banks and Bonum Bank Plc) totals EUR 100,000.

Furthermore, in accordance with the legislation on the investors' compensation fund, the member credit institutions of the amalgamation of POP Banks are considered to be a single bank in terms of investor protection. A maximum amount of EUR 20,000 is compensated from the compensation fund.

ADMINISTRATION OF POP BANK CENTRE COOP

The 18 member cooperative banks (POP Banks), Bonum Bank Plc and POP Mortgage Bank Plc are members of POP Bank Centre coop. The member cooperative banks exercise their statutory voting rights in the cooperative meeting of POP Bank Centre coop, which elects the Supervisory Board. In accordance with the rules, Bonum Bank Plc and POP Mortgage Bank Plc have no voting rights in the cooperative meetings as a subsidiary of the POP Bank Centre coop.

In accordance with the rules, the Supervisory Board of POP Bank Centre coop consists of a minimum of three (3) and a maximum of thirty-four (34) members elected by the general meeting of the cooperative so that one (1) member shall be elected from each member credit institution; however, not from a subsidiary of the central institution that acts as a member credit institution.

In 2024, the Supervisory Board consisted of the total of 18 members so that one (1) member represented each member credit institution, with the exception of Bonum Bank and POP Mortgage Bank. Only the Chairman of the Board of Directors or the Supervisory Board of a member credit institution can be elected as the Chairman or Vice Chairman of the Supervisory Board. The Chairman of the Supervisory Board was Harri Takala (Chairman of the Board of Pohjanmaan Osuuspankki) and the Vice Chairman of the Supervisory Board was Ari Voutilainen (Chairman of the Board of Järvi-Suomen Osuuspankki).

The Board of Directors of POP Bank Centre coop consists of a minimum of five (5) and a maximum of eight (8) members elected by the Supervisory Board. At least half of the Board members must be elected from persons employed by a member credit institution. The term of office of the Board members is three (3) years from the conclusion of the meeting that decided on the election of the Supervisory Board until the conclusion of the next Supervisory Board meeting that decides on the election. Of these members, annually the number closest to one-third resign based on the term of office. The Board of Directors elects the Chairman and Vice Chairman from among its members.

During year 2024, the Board of Directors met in total 22 times and the Supervisory Board three times.

The following persons acted as members of the Board of Directors of POP Bank Centre coop:

Timo Kalliomäki
Managing Director, Suomen Osuuspankki
Member of the Board, Chairman

Mikko Seppänen
Managing Director, Lammin Osuuspankki
Member of the Board, Vice Chairman

Jatta Heikkilä
Managing Director, Konneveden Osuuspankki
Member of the Board

Ilkka Lähteenmäki
Research Fellow, Aalto University, Oulu University, Hanken School of Economics
Member of the Board

Mika Mäenpää
Managing Director, Lavian Osuuspankki
Member of the Board until 22 August 2024

Marja Pajulahti
Managing Director, Live Foundation
Member of the Board

Matti Vainionpää
Master of Laws
Member of the Board

The CEO of POP Bank Centre coop is **Jaakko Pulli** and CEO's deputy is **Arvi Helenius**.

The auditor of POP Bank Centre coop is KPMG Oy Ab, an accounting firm, with **Tiia Kataja**, APA, as the auditor-in-charge.

REMUNERATION

Remuneration scheme refers to the decisions, contracts, policies and procedures followed in rewarding the management and personnel.

Remuneration is divided into fixed and variable remuneration. Fixed remuneration refers to salaries tied to a specific period of time and variable remuneration refers to remuneration tied to the beneficiary's performance or financial factors. The variable remuneration includes both short- and long-term remuneration. In short-term remuneration, the earning period is the calendar year and the reward is paid in cash. In long-term remuneration, the earning period is 3-5 years.

In the POP Bank Group, variable remuneration is company-specific. POP Bank Group does not have a uniform remuneration scheme. Remuneration schemes are based on the business strategy, objectives and values of each member credit institution or company, and they are aligned with the company's long-term interests. The remuneration schemes are in harmony with the bank's proper and effective risk management and risk-bearing capacity. Remuneration does not encourage risk-taking that would exceed the risk level defined on the basis of the risk-bearing capacity of the member credit institutions or the company or otherwise sustainable risk level.

The member credit institution- and company-specific remuneration schemes are based on EU legislation, national legislation and the regulations and guidelines issued by the Financial Supervisory Authority.

EVENTS AFTER THE CLOSING DATE

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

OUTLOOK FOR 2025

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

As a result of falling market interest rates, POP Bank Group's profit before tax in 2025 is expected to be lower as in 2024. The performance involves uncertainties related to changes in market interest rates and investment markets, possibly intensifying competition for deposits, and the development of the amount of credit losses.

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

FORMULAS FOR KEY FIGURES

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

Total operating income
Net interest income, net commissions and fees, net investment income, insurance income, other operating income

Total operating expenses
Personnel expenses, other operating expenses, depreciation, amortisation and impairment of property, plant and equipment and intangible assets

Non-performing exposure
Non-performing exposure consists of receivables over 90 days in arrears (classified to ECL stage 3) as well as other receivables (classified to ECL stage 2) with uncertainty in payments caused by customer's financial difficulties (e.g. non-performing forbearance). Non-performing exposure includes all receivables classified in ECL stage 3, also the ones that have not been over 90 days in arrears.

COST-INCOME RATIO, %

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

RETURN ON EQUITY (ROE), %

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

RETURN ON ASSETS (ROA), %

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

EQUITY RATIO, %

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

COMMON EQUITY TIER 1 CAPITAL RATIO (CET1), %

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

TIER 1 CAPITAL RATIO (T1), %

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

CAPITAL ADEQUACY RATIO (TC), %

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

LEVERAGE RATIO, %

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

LIQUIDITY COVERAGE RATIO (LCR), %

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

NET STABLE FUNDING RATIO (NSFR), %

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

POP BANK GROUP'S SUSTAINABILITY REPORT 2024

1 ESRS 2 GENERAL DISCLOSURES

1.1 BASIS FOR PREPARATION

BP-1 - GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY REPORT

The POP Bank Group is a Finnish financial group that offers retail banking services for private customers and small and medium-sized enterprises. The POP Bank Group consists of 18 cooperative POP Banks owned by their member customers, the POP Bank Centre coop, which is the central institution of the amalgamation of POP Banks, central credit institution Bonum Bank Plc, mortgage bank POP Mortgage Bank Plc, POP Holding Ltd and the companies belonging to their consolidation groups. POP Bank Group's Sustainability Report has been prepared in accordance with the Accounting Act (1336/1997), the European Sustainability Reporting Standards (ESRS (EU) 2023/2772) and the EU Delegated Regulation on Taxonomy Reporting (EU/2021/2178). The report has been prepared at the POP Bank Group level, unless otherwise indicated in the data reported. In accordance with the application provisions of the Accounting Act, Bonum Bank Plc and POP Mortgage Bank Plc do not prepare separate sustainability reports, as the sustainability information of these companies is included in the Group-level Sustainability Report.

The POP Bank Group's Sustainability Report takes into account not only its own operations, but also its value chain. The Sustainability Report covers the entire value chain, which is further explained in section *SBM-1 Strategy, business model and value chain of ESRS2 General Disclosures*.

In the Sustainability Report the option has not been used to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation, or matters currently under negotiation or otherwise incomplete.

BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

The POP Bank Group's Sustainability Report provides information on specific circumstances together with the information to which this refers to. This information may include deviations from the time horizons specified in ESRS 1, any estimates of the value chain used in the metrics, the sources used in the estimations and the uncertainty of the result, or information based on other legislation or generally accepted sustainability reporting provisions.

The sustainability report has been prepared for the first time, which has led to changes in the preparation and presentation of sustainability data compared to previous reporting. All information in accordance with the ESRS standards has been included in the sustainability report, and no information has been incorporated by reference.

Transitional provisions have been used for the following datapoints or disclosure requirements:

- ESRS2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model, datapoint 48e
- E1 E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- E4 E4-6 – Anticipated financial effects from biodiversity
- and ecosystem-related risks and opportunities
- S1 S1-7 Characteristics of non-employee workers in the undertaking's own workforce
- S1 S1-13 – Training and skills development metrics
- S1 S1-14 Health and safety metrics, datapoints 88d and 88e and datapoints for non-employees

1.2 GOVERNANCE

GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Board of Directors of POP Bank Centre manages POP Bank Centre in accordance with the business principles it has defined. The Board's duties in relation to business conduct include:

- to be responsible for the appropriate and reliable organisation of the POP Bank Centre's administration and operations;
- to ensure the appropriate organisation of the control of the POP Bank Centre's accounting and asset management;

- to approve the POP Bank Group's strategy;
- to ensure that the strategy, principles and goals of the POP Bank Centre are monitored reliably;
- to decide on the POP Bank Centre's organisational structure and on the powers conferred upon the CEO, the members of the Executive Board and other employees;
- to elect and dismiss the members of the Executive Board and the director responsible for audit activities, and determine their salary and other benefits;
- to decide on the main lines of the salary development and remuneration policy of the POP Bank Centre's employees and the remuneration schemes to be implemented at the POP Bank Centre, and to monitor and evaluate the effectiveness and impact of the remuneration schemes and compliance with them;
- to decide and approve the general internal guidelines governing the POP Bank Centre's functions and supervise compliance with them;
- to regularly assess the effectiveness of the POP Bank Centre's corporate governance systems and take the necessary measures to remedy any shortcomings;
- to decide on changing the POP Prime rate;
- to decide on convening a cooperative meeting;
- to decide on the persons entitled to sign for a company;
- to represent the POP Bank Centre and sign for it;
- to process audit reports, risk assessments, reports and observations on the activities of the POP Bank Centre and monitor the implementation of the measures required by them;
- to prepare and make proposals on matters to be decided by the Supervisory Board and co-operative meeting;
- to supervise compliance with legislation, the instructions and orders issued by the authorities and the POP Bank Centre's bylaws, as well as the implementation of the instructions and objectives issued by the POP Bank Centre's bodies and the implementation and observance of decisions.

At the end of 2024, the Board of Directors of POP Bank Centre consisted of 6 members elected by the Supervisory Board. Half of the members of the Board of Directors have an employment relationship or service contract with a member credit institution of the POP Bank Group. No member of the Board of Directors is an executive member of the POP Bank Centre. In terms of its duties, the Board has sufficient and diverse expertise and experience in the bank's business operations and the related risks. The diversity of the Board is considered to be a key factor that has a positive impact on the bank's efficiency, competitiveness and risk management and promotes highly competent Board work. At the end of 2024, there were 2 women and 4 men on the Board. Thus, the proportion of women on the Board was 33% and the proportion of men was 67%. The Board also evaluates the independence of its members and, at the end of 2024, 50% of the members of the Board were independent.

The Executive Board of the POP Bank Centre shall mean the CEO and the employees directly subordinate to the CEO who, in addition to the CEO, effectively manage the operations of the POP Bank Centre. The role of the Executive Board is to assist the CEO.

At the end of 2024, the POP Bank Centre's Executive Board consisted of 6 members appointed by the POP Bank Centre's Board of Directors. All members of the Executive Board participate in the executive management of the POP Bank Centre. The Executive Board does not have any representation of employees in an employment relationship or other workers. In terms of its duties, the Executive Board must have sufficient and diverse expertise and experience in the bank's business operations and the related risks. At the end of 2024, there was 1 woman and 5 men on the Executive Board.

In the POP Bank Group, the POP Bank Centre's Board of Directors and the Executive Board are responsible for identifying, monitoring and supervising the identification of the impacts, risks and opportunities of sustainability factors.

The Board of Directors of the POP Bank Centre approves the POP Bank Group's sustainability goals. Progress and achievement of the goals are reported to the Board of Directors.

During 2024, the Board has discussed and approved the impacts, risks and opportunities identified in the double materiality assessment. In addition, the estimate of double materiality was updated as more information was gained during 2024. The Board discussed and approved the updates. The Board of Directors of the POP Bank Centre shall discuss and, if necessary, update the identified impacts, risks and opportunities at least annually and, if necessary, whenever there are material changes in the operating environment that may have an impact on the material impacts, risks and opportunities.

The CEO, together with the Executive Board, reports to the Board on material sustainability-related impacts, risks and opportunities and changes that have taken place in them. The Executive Board has a responsible person who regularly informs the Executive Board and the Board of Directors about the sustainability-related material impacts, risks and opportunities and the identified needs for change. An ESG Steering Group has been established as a preparatory body subject to the Executive Board. The ESG Steering Group makes proposals for decisions related to sustainability to the Executive Board, where necessary.

The same control procedures are used to manage the impacts, risks and opportunities as those used in the POP Bank Group's other operations. Supervision is implemented as part of internal controls and controls carried out by risk management, compliance and internal audit.

The Board of Directors of POP Bank Centre sets targets relating to material impacts, risks and opportunities and discusses their achievement at least annually. The Executive Board monitors the achievement of the targets set at least annually and reports on them to the Board of Directors.

The Board has appointed a responsible person from among its members, who is responsible for ensuring that the Board receives sufficient background knowledge of sustainability matters and that the Board has appropriate competence and expertise on sustainability. In addition, the Board's up-to-date knowledge and skills on sustainability matters is supplemented with regular reports regarding the progress of sustainability issues provided to the Board by the Chief Legal Officer and Sustainability Specialist of POP Bank Centre. The Chief Legal Officer together with the Sustainability Specialist ensure that the Executive Board and the ESG Steering Group that is subordinate to the Executive Board have adequate background knowledge of sustainability matters and that they have appropriate knowledge and expertise on sustainability. Material impacts, risks and opportunities have been identified from the perspective of the POP Bank Group and its value chain. The administrative, management and supervisory bodies have and have at their disposal experts with excellent knowledge and experience of the sector. Being appointed to a credit institution's administrative, management and supervisory bodies is subject to regulatory requirements relating to qualifications. These requirements, together with our own internal selection process, ensure that those selected for the roles have sufficient expertise in matters related to business conduct.

GOV-2 – INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The management system approved by the Board of Directors of POP Bank Centre defines who is responsible for and how often the administrative, management and supervisory bodies receive information on material impacts, risks and opportunities and on the implementation of the due diligence process.

The Board of Directors of POP Bank Centre receives information on material impacts, risks and opportunities through the Executive Board in the context of a regular annual review of impacts, risks and opportunities, as well as on a case-by-case basis when there are changes in the operating environment that may have an impact on material impacts, risks and opportunities and as part of regular business reporting, for example, as part of the introduction of new products and services, changes to existing processes and the selection of partners.

The Board of Directors receives information on the implementation of the due diligence process on a regular basis, and at least annually, through the Executive Board as part of the material impacts, risks and opportunities process. The Board of Directors is also informed of any shortcomings in compliance with or the adequacy of the measures to manage impacts, risks and opportunities, based on an assessment by the Executive Board in the context of the ongoing monitoring process. Based on the shortcomings, measures to remedy the situation are developed, the effectiveness and efficiency of the due diligence process is assessed and measures are developed to prevent a recurrence. If, despite the management measures, a material actual adverse impact materialises, the matter is immediately brought to the attention of the Board of Directors of POP Bank Centre. The Board of Directors of the POP Bank Centre decides on the appropriate remedies for the materialised actual impact on a case-by-case basis.

The Executive Board discusses similar information as the Board on material impacts, risks and opportunities and the implementation of the due diligence process and the related actions. The Executive Board receives information through the ESG Steering Group and directly from the Chief Legal Officer and the Sustainability Specialist.

During 2024, the POP Bank Group did not have any metrics or targets regarding material impacts, risks and opportunities or the results and effectiveness of the due diligence process.

Impacts, risks and opportunities are taken into account in internal processes when launching new products and services and selecting new partners. The related findings are taken into account in the decision-making of the administrative, management and supervisory bodies. In addition, existing products, services and partnerships are continuously monitored as part of normal business operations. Any shortcomings identified in these are reported to the administrative, management and supervisory bodies as part of the risk management process. The impacts, risks and opportunities identified in the double materiality assessment have not yet been taken into account by the administrative, management and supervisory bodies in their oversight of the strategy.

During the 2024 financial year, the Executive Board meetings have discussed the following sustainability topics:

- Double materiality assessment and updates to it
- Setting sustainability goals
- Progress of sustainability reporting
- New guidelines and policies and updates to existing guidelines
- Regulatory reviews and requirements
- Information security and data protection
- Preventing money laundering and other financial crime
- Know Your Customer
- Product launches and updates
- Reviews of results of surveys, such as the customer satisfaction survey
- Internal audit and compliance reports
- Capital adequacy
- Risk management

During the 2024 financial year, in addition to the topics listed above the following sustainability topics were discussed at Board meetings:

- Corporate governance statement
- New bank branches
- Whistleblowing reports
- Materiality assessment of climate and environmental risks
- Strategy

GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

In the POP Bank group, each entity decides on its own remuneration. All Group entities follow the POP Bank Group's common remuneration principles. The principles state that the remuneration scheme must be consistent with the amalgamation's and member credit institution's business objectives and risk strategy, and with goals related to environmental, social and governance risks, and with its corporate culture and values, and risk culture and with the amalgamation's and member credit institution's long-term interests, and in tune with measures taken to avoid conflicts of interest.

There is no consistent policy within the POP Bank Group on whether sustainability-related performance and incentive schemes are offered to members of the administrative, management and supervisory bodies, or whether and how climate-related considerations are factored into the remuneration of members of the administrative, management and supervisory bodies.

GOV-4 – STATEMENT ON DUE DILIGENCE

Core elements of due diligence	Paragraphs in the sustainability report
Embedding due diligence in governance, strategy and business model	ESRS2 IRO-1 ESRS 2 GOV-1 ESRS 2 GOV-2 E1-2 E1-3 S4-1 S4-4 G1-1 G1-2
Engaging with affected stakeholders in all key steps of the due diligence	ESRS2 SBM-2 ESRS2 IRO-1 G1-1
Identifying and assessing adverse impacts	ESRS 2 GOV-1 ESRS 2 GOV-2 ESRS2 IRO-1 E1-2 E1-3 S4-1 S4-4 G1-2
Taking actions to address those adverse impacts	ESRS 2 GOV-2 S1-3 S4-3 G1-1
Tracking the effectiveness of these efforts and communicating	ESRS 2 GOV-1 ESRS 2 GOV-2 ESRS2 IRO-1

GOV-5 – RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

POP Bank Group's sustainability reporting is implemented in such a way that the principles and processes comply with the requirements of statutory reporting, risk management and internal control. There is no separate process or system of risk management and internal control for sustainability reporting in the POP Bank Group.

Sustainability reporting involves a broad range of qualitative and quantitative data that is collected from different levels of the organisation, from internal operations and the value chain. Given the complexity of data sources, the most material risks regarding sustainability reporting relate to the correctness of the data, which more specifically includes the accuracy of the data, the availability of the data and up-to-dateness of the data.

The POP Bank Group has addressed the risk related to the correctness of data by defining roles for the internal functions that participate in reporting. The main internal functions of POP Bank Centre that participate in reporting are Finance, HR, Risk Management, Business and Compliance. The characteristics of the data produced for sustainability reporting differ according to the reporting requirements, which means that the different functions have different data collection processes. Data collection models and controls that are suitable for each function have been defined for each sub-area to ensure the correctness of the data reported. Responsibility for the accuracy of the content of the information and responsibility for meeting reporting deadlines and submitting reports for reporting rests with the internal functions defined in the division of responsibilities.

The POP Bank Group will prepare a Sustainability Report under the Corporate Sustainability Reporting Directive for the first time in 2024. Due to the fact that the reporting process is so new, the risk assessment models, prioritisation methodologies and processes of sustainability reporting are still in the developmental stage from the perspective of monitoring and control.

A Sustainability Specialist has been appointed to coordinate the preparation of the POP Bank Group's Sustainability Report, with the task of monitoring and guiding the reporting process. Roles and responsibilities for the sub-areas of sustainability reporting have been specified in the POP Bank Group. The requirements and findings of sustainability reporting are discussed in the ESG Steering Group which includes members of the management. The most significant topic areas in terms of reporting are submitted to the POP Bank Centre's Executive Board and Board of Directors for decision-making.

There is also active discussion with the authorised sustainability auditor on the information to be reported. The aim of this approach is to identify the material factors affecting the accuracy of the report up front and to continuously improve the reporting process. Overall, the sustainability reporting process has been designed to make it possible for an independent party to verify the origin of the data and the calculation methods afterwards. A significant part of ensuring the verifiability of data is that the measures and calculation methodology used to collect the data are adequately documented and described.

1.3 STRATEGY

SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

At the core of the POP Bank Group's business and strategy are its customers and local focus. The Group's mission is to promote its customers' financial wellbeing and prosperity, as well as local success. This is reflected in our focus on personalised customer service, on knowing our customers and the resulting rapid decision-making, and on maintaining a range of products, services and channels that meet our customers' needs.

The POP Bank Group offers its products and services to private and corporate customers in Finland. There were no changes in significant markets or customer groups during 2024. The POP Bank Group's main products and services include loans, investment products, accounts, cards, insurance, payment services and online services such as online and mobile banking.

POP Bank Group's green loan product (Vihreä laina), which has been part of the loan product selection since 2021, was updated during 2024 with the addition of a guarantee from the European Investment Fund. The product is offered to private and corporate customers for environmentally sustainable purchases and investments.

At the end of 2024, the POP Bank Group had 830 employees in an employment relationship who all worked in Finland.

During 2024, the POP Bank Group set sustainability goals for the period 2025–2027. The goals have been set from three different perspectives; environmental responsibility, social responsibility and good governance. The goals have been set taking into account the product and service groups and the different stakeholders and their expectations.

Top-level target	Target	Metric
Environmental responsibility goals		
We will promote the selection of sustainable products and services We contribute to our climate impact by offering our customers sustainable loan and investment products and by developing our product selection.	1. We are increasing the share of green lending of total loans granted	We will grant green loans amounting to at least EUR 10 million in 2025 and EUR 15 million in 2026.
	2. We will add sustainable investments to the product portfolio	New sustainable funds will be added to the product range for customers by the end of 2027.
We will mitigate greenhouse gas (GHG) emissions We identify GHG reduction measures to be implemented in our operations and value chain and set targets for the timeline of these measures and reduction of emissions.	1. We set emission reduction targets and measures to reduce emissions	Emission targets have been set and a plan of measures developed for 2025.
We recognise our impact on biodiversity We are developing our understanding of the impacts and dependencies of our operations on biodiversity.	1. We will conduct a biodiversity assessment	A biodiversity assessment will be carried out during 2025.
Social responsibility goals		
We support the success and financial competence of our customers and local communities We promote the financial well-being and prosperity of our customers and ensure a high level of customer satisfaction. We educate our customers on themes related to finance and secure banking. We actively cooperate with local communities and support local vitality.	1. We increase our corporate customers' understanding of sustainability themes through customer encounters and by training employees	A sustainability guide for corporate customers will be produced by the end of 2026. Employees have been trained and sustainability themes have been discussed in meetings with corporate customers. The aim is to make training and discussions part of our approaches by 2027.
	2. We support our customers' financial well-being and skills	We offer personal financial advice to our customers through the POP Taloushetki service. We aim to achieve a minimum NPS score of 75 in the NPS survey on the Taloushetki service. In terms of customer satisfaction, we aim for a minimum NPS score of 33 for private customers and 31 for business customers. * NPS figures are monitored annually. *NPS figures based on the EPSI Rating study
We promote employee well-being We develop employee well-being and provide opportunities to maintain and develop professional skills. We do not discriminate and we treat our employees equally.	1. We promote the equality, skills and well-being at work of our employees	We aim for a minimum NPS score of 28 in the Group's job satisfaction survey. NPS figures are monitored annually.
Good governance goals		
We operate in accordance with good governance We operate in accordance with regulations and our Code of Conduct. We have zero tolerance for corruption and bribery. We know our customers and prevent money laundering.	1. We operate in accordance with good governance and our Code of Conduct.	At least 95% of our employees have completed courses on good governance and the Code of Conduct. Training completion percentage rates are monitored annually.

Due the sector in which POP Bank Group operates, the environmental impacts are mainly generated through the products and services offered by the Group and the targets set are largely based on this. The Group has not yet set emission reduction targets, but these are expected to be set during 2025. The majority of the Group's customers are consumers, small enterprises or agricultural entrepreneurs, who make up the local communities in a very tangible way. Social responsibility targets support the success and financial competence of customers and local communities. Providing customers with a secure banking experience is a key requirement for the Group's operations. The good governance target ensures this secure banking experience.

The POP Bank Group's strategy also guides the Group's sustainability work. There are seven focus areas in POP Bank Group's strategy that are related to development, and out of these sustainability matters are particularly linked to responsibility and the focus areas of competence development and improving operational efficiency. The strategy's sustainability focus area emphasises the development of the employees' sustainability competence. In addition, a programme of sustainability measures makes the sustainability work tangible and the aim is to take the sustainability perspective into account in all of the POP Bank Group's operations. The Board of Directors is in the process of updating the Group's strategy so that the new strategy can be implemented in 2025.

The POP Bank Group's inputs describe the resources that the Group uses to carry out its business. The main inputs are, broadly speaking, economic, intangible and social capital, and natural capital.

In the financial sector, financial capital is subject to regulatory requirements and the POP Bank Group monitors financial capital at a regulatory level. Financial capital is a prerequisite for the Group's business operations. Funding is carried out through bond programmes and, in addition, deposit funding is an important financing channel. The starting point for securing financial capital is a capital adequacy management process that complies with the sector's official regulations, where the determination of risk appetite takes into account the impact on the capital adequacy position of the anticipated risk position and planned transactions. The process also results in the definition of risk limits, which impose limits on the business operations to be carried out.

Intangible and social capital are relevant to the strategy and business development and enable the creation of differentiation factors. The POP Bank Group aims to ensure sufficient employees, for example through recruitment and ensuring well-being at work. Employee competence is developed through training programmes that are tailored to different roles. Product development is carried out internally within the Group and in collaboration with a network of partners. A defined product management process within the Group ensures that product development is of high quality and in line with targets and values.

Key outputs and outcomes for stakeholders arise from the Group's business and local influence, sustainability and social impact.

In the POP Bank Group's upstream value chain, the focus is on funding and suppliers and partners. Funding consists mainly of deposits, bonds and other financing and investor relation management. The POP Bank Group has a number of different partners and suppliers. The Group acts as an agent for several product companies in fund brokerage and insurance. POP Bank Group's information system supplier is Oy Samlink Ab and Crosskey Banking Solutions Ab Ltd is responsible for the core banking system update. In statutory and risk reporting, we cooperate with ALM Partners Ltd. Financial management functions have been outsourced to Figure Financial Management Ltd. Other external stakeholders include public authorities, as well as interest groups such as the Finance Finland.

The POP Bank Group's downstream value chain includes its customers and loan portfolio, the products, services and service channels offered by the Group, as well as its investment portfolio and local communities. The POP Bank Group's customers are private and corporate customers. For customers, a key part of the value chain is the Group's loan portfolio. The loan portfolio consists mainly of loans secured by residential and real estate collaterals, consumer credits and corporate loans. The significance of the loan portfolio is highlighted in the value chain, as its amount (EUR 4,743.6 million in 2024) is significant in terms of the balance sheet (EUR 6,257.0 million in 2024). Another part of the value chain that is related to customers is the Group's range of products and services. Products and services are offered through physical and digital channels such as online and mobile banking, websites and bank branches. The Group's investments are also part of the downstream value chain. In addition, the downstream value chain includes the POP Bank Group's strategy-driven local influence, which is reflected as supporting the vitality, well-being and financial skills of customers and local communities. This takes the form of partnerships with educational institutes, sponsorships and donations, as well as a physical presence in the form of branches and service points.

In the value chain, the key functions for the Group's own operations are governance and management, business operations, own workforce, risk management and compliance, and financial management. Governance and management lay the foundations for good governance, long-term, efficient and systematic operations and supervision of operations. The purpose of the business is to create value for customers. For example, value creation is reflected in the customer service provided day-to-day by banks, in understanding customer needs, in the form of product development and in the management of service channels and systems. The own workforce includes internal stakeholders, and related to this area is the maintenance and development of skills, well-being at work and ensuring adequate human resources. In the bank's operations, risk management and compliance are in a pronounced position. The functions include, for example, capital adequacy management and credit risk assessment, operational risk management, internal control, information security and data protection, and prevention of money laundering. Financial management includes, for example, financial data management and financial reporting.

SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

POP Bank Group's key stakeholders are its customers, employees, service providers and partners, investors, the authorities, credit rating agencies, local communities and interest groups. The POP Bank Group engages with all its key stakeholders. Engagement occurs in different ways and through different channels depending on the stakeholder, as illustrated by the examples in the table below. The POP Bank Group's local business model that is based on local focus supports active engagement with different stakeholders. The purpose of the engagement is to identify the impacts, risks and opportunities of the POP Bank Group's operations and the wishes of stakeholders. The results of the stakeholder engagement are taken into account in the development of the POP Bank Group's operations, and the aim is to respond to stakeholders' views and requirements and to manage risks and opportunities. Examples of the results of stakeholder are described in more detail in section S4-2 of *S4 Consumers and end-users* and section *S1-2 of S1 Own workforce*.

Stakeholder	**Stakeholder engagement**
Customers	Customer feedback and contact forms Digital customer communication channels and consultations at the branches Customer satisfaction surveys Cooperative meetings and the Supervisory Board Materiality assessment
Employees	Employee survey Cooperation with employee representatives Whistleblowing channel Internal communications Training courses Occupational health and safety Materiality assessment
Service providers and partners	Meetings Product development Training courses Materiality assessment
Authorities	Meetings Surveys and reporting Events and seminars
Local communities (educational institutions, students, local residents and associations)	Events and visits Meetings Cooperation projects
Investors	Meetings Stock exchange releases Materiality assessment
Credit rating agencies	Meetings
Interest group (Finance Finland)	Working groups Events and seminars Materiality assessment

The interests, views and rights of the POP Bank Group's own workforce are taken into account in the POP Bank Group's strategy and business model. The POP Bank Group's common policies are described in the Group's HR policy and different entities within the Group may have different practices for considering their own workforce as part of their own operations. In terms of its own workforce, one of the focus areas of the POP Bank Group's strategy is increasing the competence level of its employees, and as a result a competence development programme was introduced in 2023, which defined the different roles and the training requirements for each role within the Group. The POP Bank Group complies with national labour laws and is committed to respecting the fundamental principles and rights at work defined in the International Labour Organization (ILO) Declaration and the principles of the UN Universal Declaration of Human Rights. Employees' views are surveyed, for example through employee surveys and, in dialogue with employees in accordance with the Co-operation Act. Employees are also offered the opportunity to report suspected violations and concerns through a dedicated whistleblowing channel.

The interests, views and rights of the POP Bank Group's consumers and end-users are taken into account in POP Bank Group's strategy and business model. The POP Bank Group's customers are at the core of its strategy and business model, and the Code of Conduct, for example, requires the fair and equal treatment of consumers and end-users regardless of their gender, age, ethnic background, religion, sexual orientation or other personal characteristics. The POP Bank Group also observes banking secrecy, the confidentiality of customer information and the secrecy obligation regarding contracts in all its operations. The views of consumers and end-users are gathered, for example through customer feedback, customer satisfaction surveys and by involving them in the double materiality assessment.

In the POP Bank Group's double materiality assessment an understanding of stakeholders' interests and views was formed using an extensive stakeholder survey conducted in 2022, supplementary stakeholder interviews conducted in 2023 and internal workshops and meetings. Social themes such as local influence, employee well-being and equality, customers' data protection, responsible communication and marketing, and access to high-quality product and service information were highlighted in the double materiality assessment. Stakeholders also had expectations in terms of environmental responsibility, such as the supply of sustainable products and its development and climate change mitigation. In terms of good governance, issues such as financial stability, compliance with regulations and requirements, and the prevention of the grey economy and corruption were highlighted in stakeholders' views.

Based on the double materiality assessment and stakeholders' views, the POP Bank Group set sustainability goals and metrics for the 2025–2027 period during 2024. The goals take into account, for example, stakeholders' expectations regarding the supply of sustainable products and climate change mitigation. The sustainability goals and their implementation are planned for the period 2025–2027. More detail on the actions to be taken in line with the goals can be found in section *SBM-1* of *ESRS2 General Information*. Achieving the goals is expected to improve stakeholders' views of the POP Bank Group's operations and sustainability. For example, the goals may improve customer and employee engagement and improve opportunities for funding. On the other hand, measures and resources are required to achieve the goals and this may lead to increased costs, which may also have an impact on stakeholders.

The views and interests of the affected stakeholders are communicated to the POP Bank Centre's administrative, management and supervisory bodies, for example by reporting on the results of sustainability-related stakeholder surveys and materiality assessments.

SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The results of the POP Bank Group's double materiality analysis are presented at the level of material sustainability topics in the table below.

Themes	Topic	Sub-topic
E - Environment		
Mitigating climate change and greenhouse gases Energy efficiency and renewable energy Biodiversity	E1 Climate change	Climate change mitigation
		Climate change adaptation
		Energy
	E4 Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems
		Impacts and dependencies on ecosystem services
S - Social responsibility		
Well-being of employees and workplace community Equal opportunity employer Ensuring access to high-quality information on products and services Ensuring access to products and services and non-discrimination Responsible communication and marketing Data security, data protection and privacy	S1 Own workforce	Working conditions
		Equal treatment and equal opportunities for all
	S4 Consumers and end-users	Information-related impacts for consumers and/or end-users
		Personal safety of consumers and/or end-users
		Social inclusion of consumers and/or end-users
G - Governance		
Taking responsibility into account in procurement and partner selection Preventing corruption, a shadow economy and money laundering Compliance with regulations and requirements	G1 Business conduct	Protection of whistleblowers
		Management of relationships with suppliers
		Corruption and bribery
Entity-specific disclosures		
	-	Sustainable products
	-	Local influence
	-	Financial stability

The material impacts, risks and opportunities are described in separate tables at the beginning of each topical standard, which include a description of where the material impacts, risks and opportunities are focused on the Group's business model, its own operations and upstream and downstream value chain. The material impacts presented in the tables also include an explanation of their actual or potential impacts on people and the environment and whether the impact is positive or negative. The material impacts, risks and opportunities are largely concentrated in the POP Bank Group's own operations and, through business and customer relationships, also in the downstream value chain. Impacts for climate change and biodiversity in particular arise in the downstream value chain due to the POP Bank Group's customer financing, i.e. the Group's loan portfolio. The Group's operating area means that the value chain is concentrated in Finland. The impacts, risks and opportunities associated with partners and the POP Bank Group's funding also extend to the upstream value chain.

Stakeholder expectations and the sustainability matters identified in the double materiality assessment have anticipated and current impacts on the Group's business model, strategy and decision-making. For many of the material impacts, risks and opportunities, the POP Bank Group has existing practices and approaches, which are described in more detail in the topical standards. The POP Bank Group was working on an update of its strategy during 2024, which also takes into account the results of the sustainability and double materiality assessment. Based on the material sustainability topics, the Group's sustainability goals were defined and guidelines were updated and new guidelines were developed. The review of guidelines, actions and goals will be continued and sustainability-related data and understanding will be developed.

The impacts of material sustainability issues on people and the environment largely arise from the POP Bank Group's business model and strategy, particularly in social responsibility and governance. The impacts on biodiversity and climate change do not directly arise from the Group's business model or strategy. However, the impacts of climate change and biodiversity are linked to the Group's strategy and business model, as impacts on the environment and people arise, for example, through the Group's financing and stakeholders have expectations regarding the POP Bank Group and climate change mitigation.

Impacts are focused on the Group's own operations and on customer relationships, i.e. in the downstream value chain. Impacts related to climate change and biodiversity mainly arise through customer financing. The impacts on social responsibility issues, regarding customers and employees, arise mainly through our own operations. The POP Bank Group also has a number of partners and suppliers, for example regarding information systems, products and services, so the impacts on people and the environment are generated through these business relationships, i.e. in the upstream value chain.

The expected time horizons of the impacts are concentrated over the medium and long term. The time horizons regarding climate change, biodiversity and sustainable products extend over the long term, but impacts on biodiversity and thus on people and the environment, for example through energy efficiency and the transition to renewable energy, and through the sectors financed, can be seen to materialise over the medium term. In terms of social responsibility and good governance side, impacts can be seen to emerge over a number of different time horizons. The potential positive and negative impacts of working conditions and equal treatment on people can realise over the short and medium term. In terms of customers and local influence, the impacts may be realised over the short and medium term. Positive impacts, such as the development of financial skills, responsible communication and marketing or the development of the product range, may only become apparent over the medium term. POP Bank Group has systematic practices and continuous development in relation to information security, but a cyber-attack, for example, can have immediate, short-term impacts on customers. The Group also has existing practices on themes related to governance, such as preventing corruption and bribery and protecting whistleblowers, but potential shortcomings could have an impact on people and society in the short term. The time horizon for the impacts of financial stability and cooperation and supplier relations is seen as medium to long term.

During 2024, the POP Bank Group's material risks and opportunities have not had financial effects on its financial position, financial performance or cash flows. The POP Bank Group has also not identified any material risks or opportunities that present a significant risk that a material adjustment to the carrying amounts of assets and liabilities disclosed in the financial statements will be required in the next financial year.

The resilience of the POP Bank Group's strategy and business model regarding its capacity to address its material impacts and risks and to take advantage of its material opportunities is currently assessed as being generally good. Resilience was assessed by means of an Executive Board questionnaire, which assessed resilience on a scale of 1 to 5 for each of the material sustainability matters and their impacts, risks and opportunities. The assessment also took into account the time horizons defined for these sustainability matters in question, which are mainly concentrated in the medium and long term. For all material sustainability matters, the average resilience score was at least level 3 (moderate), but weighted towards level 4 (good) or higher. The sustainability matters whose average score was below level 4 were related to climate and biodiversity, where areas for improvement have been identified in terms of the quantity and availability of information.

The POP Bank Group has identified material topics outside the ESRS disclosure requirements that are reported on an entity-specific basis. These material topics concern sustainable products (Paragraph 2.3), local influence (Paragraph 3.3) and financial stability (Paragraph 4.2), and their material impacts, risks and opportunities.

1.4 MANAGEMENT OF SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES

IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The impacts, risks and opportunities related to the sustainability of the POP Bank Group have been identified as part of the double materiality assessment. The aim of the assessment is to identify the Group's actual and potential impacts on the environment and people, as well as sustainability-related risks and opportunities that have or may have financial effects.

In addition to the double materiality assessment, the POP Bank Group identifies and assesses sustainability-related impacts, risks and opportunities as part of business processes, such as the product management procedure, as part of loan approval, and in the selection of partners and suppliers.

The POP Bank Group's double materiality assessment was carried out between 2023 and 2024, and it was based on a stakeholder questionnaire carried out in 2022. The stakeholder questionnaire's respondents were the POP Bank Group's customers, employees, members of the administration and management, and partners, and there were 1,460 responses. In-depth stakeholder interviews were carried out in connection with the double materiality assessment and an employee survey conducted in 2023 and other internal materials and external sources, such as the European Central Bank's material, were also used for the double materiality assessment. Representatives of employees, customers, partners and Board members participated in the stakeholder interviews.

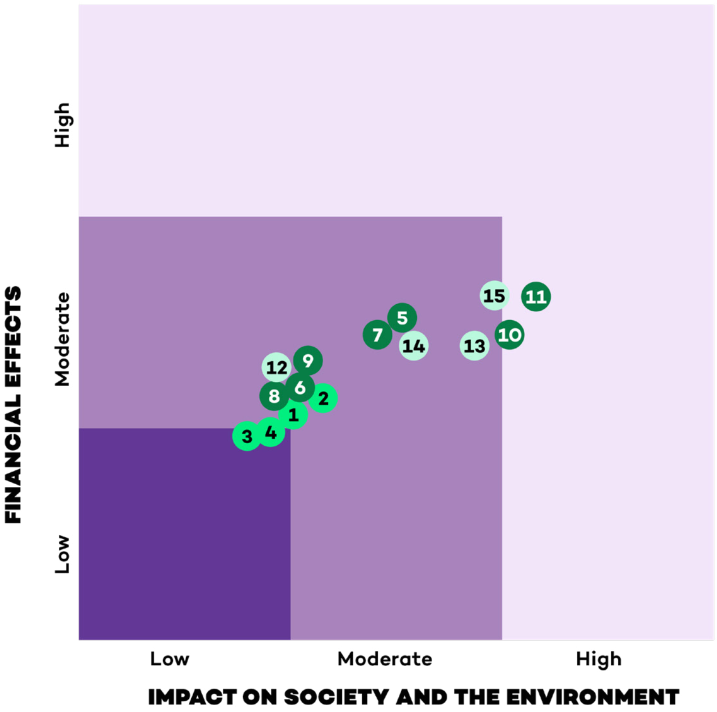
Based on stakeholders' views, internal materials and an initial questionnaire conducted on the management, material sustainability themes and their impacts, risks and opportunities were defined. Some of the identified sustainability themes were identified as non-material in the initial questionnaire on the management and these themes were no longer included separately in the materiality scoring. Based on the questionnaire, the sustainability matter concerning resource use and the circular economy was not identified as a material theme. The impact assessment did not focus on specific actions, business relationships or geographical areas that could increase the risk of adverse impacts. The prioritisation of sustainability matters took into account certain functions in the business model that have material impacts on stakeholders, such as information security and data protection.

Impacts in which the POP Bank Group participates through its own operations or business relationships have been taken into consideration in the process. The consideration of these impacts is based on knowledge of our own operations and business relationships, internal materials and the results of stakeholder interviews. Material sustainability topics were prioritised in a workshop for experts from management and personnel. In the workshop, an assessment was conducted from a double materiality perspective, i.e. the assessment considered the POP Bank Group's impacts on the environment and people and the sustainability topics' financial risks and opportunities for the POP Bank Group. The connections of the impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies have been considered as part of the double materiality analysis.

Sustainability topics were assessed on the basis of severity and likelihood, using a rating scale of 1 to 3 (1-limited, 2-moderate, 3-significant). The assessment of the severity of the impacts considered the scale and scope of the impacts and, for negative impacts, the remediability. The assessment of the severity of the risks and opportunities considered the magnitude of the financial effects. The time horizons of the impacts of the material sustainability topics were also assessed as part of the double materiality assessment. The time horizons were defined as short-term (less than one year), medium-term (1–5 years) and long-term (more than 5 years).

The likelihood and severity scores that were achieved during the workshop were then multiplied together so the severity was raised to second potency. This then produced a total materiality score for each topic on a scale of low (under 5), moderate (5-10) and high (over 10). The rating for the significance of materiality was assessed separately for impacts on people and the environment and for financial effects. Scores for both negative and positive impacts were taken into account when selecting the overall materiality significance rating. If the overall materiality rating was 10 or above, the topic was considered material for the POP Bank Group. If the overall materiality rating was less than 5, the topic was assessed to be non-material to the Group. Topics that were given a low rating, which were not assessed to be material, were working conditions and rights of value chain workers, water resources and pollution. Topics with a moderate rating were considered to be potentially material and were further assessed in the workshop. The POP Bank Group has separately verified that no material negative or positive impact has dropped out to the calculation method used for the scores.

A few of the material sustainability issues remained on the threshold between low and moderate, even though the workshop participants still considered them as material sustainability issues for the POP Bank Group, so the decision was made to rate them as material sustainability matters. These included impacts, risks and opportunities related to sustainable products and biodiversity. Sustainable products were considered to be material in terms of stakeholder expectations and needs, and climate and environmental well-being, for example. Biodiversity, on the other hand, was identified as having become an important theme in the financial sector, and was therefore defined as a material sustainability topic. The two topics which were rated as moderate did not emerge as being material. These were reporting and employee diversity.



ENVIRONMENT
1. Climate change adaptation and mitigation
2. Energy
3. Biodiversity: Impacts on the extent and condition of ecosystems and impacts and dependencies on ecosystem services
4. Sustainable products

SOCIAL

5. Working conditions
6. Equal treatment and opportunities for all
7. Information-related impacts for consumers and/or end-users
8. Social inclusion of consumers and/or end-users: Access to products and services and non-discrimination
9. Social inclusion of consumers and/or end-users: Responsible marketing practices
10. Personal safety of consumers and/or end-users
11. Local influence

CORPORATE GOVERNANCE

12. Management of relationships with suppliers
13. Corruption and bribery
14. Protection of whistle-blowers
15. Financial stability

During 2024, the final results of the double materiality assessment were specified to correspond with the topics and sub-topics of the ESRS. In addition, the time horizons of the material impacts were completed. The final results of the double materiality assessment and the additions made to them were discussed and approved by the POP Bank Centre's Executive Board and Board of Directors.

The POP Bank Group does not currently prioritise sustainability risks over other risks. The double materiality assessment and its annual review is part of the POP Bank Group's overall risk management and thus contributes to the overall risk profile and the assessment of risk management processes.

The POP Bank Centre's Board of Directors and the Executive Board shall discuss and, if necessary, update the identified impacts, risks and opportunities and the means to manage them at least annually and, if necessary, whenever there are material changes in the operating environment that may have an impact on the material impacts, risks and opportunities.

A double materiality assessment has been carried out for the first time in the POP Bank Group for reporting under ESRS standards. The POP Bank Group will review the final results of the assessment annually and conduct a more extensive update if there are significant changes in the strategic and operational activities, operating environment, products or in other corresponding areas. The next review of the assessment will be carried out by 31 December 2025.

DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In the POP Bank Group's double materiality assessment, the identification and assessment of material impacts related to climate change adaptation and mitigation and energy has been based on the views of stakeholders and the review of the financing targets in the Group's loan portfolio. Following the double materiality assessment, the results of the GHG emissions calculation were reviewed and the impacts of climate change on the loan portfolio were investigated through an expert judgement.

Impacts on climate change

As part of its calculation of GHG emissions, the POP Bank Group has reviewed its operations and value chain to identify the sources of GHG emissions and their impact on climate change. The emissions calculation project assessed emission sources through the GHG Protocol emission categories.

The emission categories and climate change impacts were classified and identified in an internal workshop in which the POP Bank Group's experts discussed value chain emissions (Scope 3 – GHG emissions). GHG emissions and their calculation methods are described in more detail in section *E1-6* of *E1 Climate Change*.

Description of the process of identifying climate-related physical and transitional risks

The double materiality assessment identified that extreme weather-related events pose risks for the POP Bank Group's assets and for targets funded through the value chain and the investees. Through this and the Group's GHG emissions, climate change emerged as a material topic for the Group in the double materiality assessment.

The value chain's physical and transition risks were identified and assessed after the double materiality assessment as an expert judgement regarding the loan portfolio. The material sectors have been assessed for the loan portfolio on the basis of their magnitude from the perspective of capital adequacy. For the material sectors, a more detailed assessment of the potential physical and transitional risks focusing on these sectors has been carried out. For potential risks, the likelihoods and the intensity of the impact have been assessed.

The assessment took into account the impact of material physical and transition risks on credit risk, taking into account the diversification of the loan portfolio across sectors and the diversification of the physical locations of credits and their collateral. The materiality of the credit risk in relation to the POP Bank Group's own funds has then been assessed.

Climate scenarios have been used to assess the materiality of the physical and transitional risks of the loan portfolio in broad terms. Due to the lack of more detailed data, there is uncertainty in the assessment. The climate scenarios focusing on northern Europe have been examined from the perspective of what risks could arise in the future also in Finland as a result of climate change. For the time being, the study of the scenarios has focused, in terms of physical risks, on the scenario in which global warming is limited to 4.5°C. In terms of transition risks, the focus is on a scenario where global warming is limited to 1.5°C. The 4.5°C climate scenario for physical risks takes into account the most material climate-related factors, such as an increase in precipitation and the temperature, as described in the IPCC's Sixth Assessment Report.

Climate scenarios have been used to assess the likelihood of credit losses due to climate change that, if realised, would jeopardise the capital adequacy of the POP Bank Group. The scenarios were used as the basis for an expert judgement of the likelihood of occurrence of losses which, given the diversified nature of the portfolio, could lead to credit losses that could jeopardise capital adequacy.

No other assessment has been made of physical or transitional risks to the investment portfolio, as the bulk of the Group's investment activity consists of a liquidity buffer that is used to meet industry regulatory requirements for liquidity risk management. Investment activities, which can be influenced by active sustainability criteria, represent only a small part of the POP Bank Group's balance sheet.

The physical risks to the POP Bank Group's own sites and assets have not been assessed in any other way, as it has not been deemed necessary to maintain a risk identification process for these due to their low significance. The transition risks to the POP Bank Group's own operations have been assessed at the top level by considering the GHG emissions generated by the Group and mirroring them against the scenario where global warming is limited to 1.5°C. This scenario has been used to assess the risks that would arise if the POP Bank Group were to fail to meet the emission reduction targets of the Paris Agreement.

DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL BIODIVERSITY AND ECOSYSTEM-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In the POP Bank Group, biodiversity and ecosystems have been identified as a material sustainability topic for the first time as part of the double materiality assessment, which is why the processes of identifying impacts, risks, dependencies and opportunities related to biodiversity and ecosystems have so far been limited.

For biodiversity and ecosystems, impacts on the extent and condition of ecosystems and impacts and dependencies on ecosystem services emerged as material topics. The topics were seen as material to the POP Bank Group through its value chain. No material impacts, risks, dependencies or opportunities were identified in relation to the POP Bank Group's own operations, as biodiversity and ecosystems were not considered to have a direct link to the credit institution operations carried out at branches and online. For this reason, the datapoints related to the branches have been identified as non-material for the POP Bank Group in the Sustainability Report.

The POP Bank Group has identified and assessed the actual and potential impacts on biodiversity and ecosystems that are specifically related to the POP Bank Group's loan portfolio. The double materiality assessment looked at the diversification of the loan portfolio across sectors and based on this biodiversity-related impacts were identified as arising in particular from the financing of agriculture, forestry and construction. After the double materiality assessment, the examination of the results was continued by examining the relationship of biodiversity and ecosystems to the sectors concerned with an expert judgement.

The POP Bank Group has identified and assessed the risks related to biodiversity and ecosystem as part of a double materiality assessment. Following this, the POP Bank Group conducted a general review of the identified impacts to determine what types of transitional and physical risks are associated with the main sectors and customer segments in the POP Bank Group's loan portfolio. Due to the limited scope of the assessment carried out and the limited amount of information available, it was not possible to identify the material transitional and physical risks to the POP Bank Group's loan portfolio at a precise level.

The POP Bank Group has not yet had sufficient resources to examine systemic risks related to biodiversity or to identify or assess dependencies. Due to this, the POP Bank Group is not aware of what impact the lack of information has on the final results of the analysis.

The POP Bank Group has identified and assessed the opportunities related to biodiversity and ecosystem opportunities as part of the double materiality assessment. At this point it was identified that by financing projects that have a positive impact on biodiversity it is possible to meet sustainability goals and attract new customers, investors and partners or fulfil their changing demands and preferences. The POP Bank Group has not yet assessed or identified opportunities related to biodiversity and ecosystem opportunities in other ways.

As part of the double materiality assessment, stakeholders were able to assess how material a sustainability topic they consider biodiversity to be from the perspective of the POP Bank Group's operations. The POP Bank Group has so far not yet consulted affected communities in any other way in connection with biodiversity and ecosystems.

The POP Bank Group has not yet carried out a more in-depth assessment of the impacts, risks, dependencies and opportunities for biodiversity and ecosystems. On the basis of current information, the POP Bank Group has not identified the need for mitigation measures in connection with biodiversity.

IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE COMPANY'S SUSTAINABILITY REPORT

LIST OF DISCLOSURE REQUIREMENTS COMPLIED WITH

Disclosure Requirement	**Page number in the Sustainability Report**
Social information: S1 Own workforce	
ESRS S1 ESRS 2 SMB-3 Material impacts, risks and opportunities and their interaction with strategy and business model	86
ESRS S1-1 Policies related to own workforce	86
ESRS S1-2 Processes for engaging with own workers and workers' representatives about impacts	88
ESRS S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	89
ESRS S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	89
ESRS S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	91
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LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page number in the sustainability report
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		24
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		24
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				27
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	No response referring to ESRS E1-1 paragraph 17
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		No response referring to ESRS E1-1 paragraph 17
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		No response referring to ESRS2 paragraph 81
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not material
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				69
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Not material
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		70
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		71
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	80

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page number in the sustainability report
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Transitional provision
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Transitional provision
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Transitional provision
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Transitional provision
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				84
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				84
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				No response referring to ESRS2 paragraph 62
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				No response referring to ESRS2 paragraph 62
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				No response referring to ESRS2 paragraph 62

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page number in the sustainability report
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				86
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				86
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				87
ESRS S1-1 Due diligence policies on issues addressed by the fundamental Internation-al Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		87
ESRS S1-1 processes and measures for preventing trafficking in human beings par-agraph 22	Indicator number 11 Table #3 of Annex I				88
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				88
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				89
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		95
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Transitional provision
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		95
ESRS S1-16 Excessive CEO pay ratio para-graph 97 (b)	Indicator number 8 Table #3 of Annex I				95
ESRS S1-17 Incidents of discrimination para-graph 103 (a)	Indicator number 7 Table #3 of Annex I				96
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Ta-ble #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		96
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page number in the sustainability report
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				98
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		99
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				102
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				110
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Not applicable
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		114
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				114

2 ENVIRONMENTAL INFORMATION

2.1 INFORMATION IN ACCORDANCE WITH ARTICLE 8 OF REGULATION (EU) 2020/852 (TAXONOMY REGULATION)

The EU taxonomy for sustainable finance (Taxonomy Regulation EU/2020/852) that entered into force in 2021 is a classification system that defines environmentally sustainable economic activities regarding financing and investment. Six environmental objectives have been set for taxonomy-eligible activities. These objectives are related to climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Taxonomy-aligned activities must contribute significantly to at least one environmental objective, without causing significant harm to any of the environmental objectives, and meet the minimum social safeguards.

For the 2024 financial year, the POP Bank Group will publish information on how and to what extent the POP Bank Group's operations are related to economic activities considered environmentally sustainable under the Taxonomy Regulation. As a credit institution, POP Bank carries out taxonomy reporting in accordance with the sector guidelines that supplement the reporting prescribed in EU/2021/2178.

In an assessment of the taxonomy eligibility and alignment of the loan portfolio, the most significant criteria were the granting of loans to private or corporate customers, product information about the loan and information about its purpose of use, as well as information about collateral. Among the categories in the taxonomy table, the POP Bank Group identified taxonomy-eligible assets related to households. Among loans to households, all residential mortgage loans and loans for housing renovation and energy efficiency improvements, as well as motor vehicle loans taken out after 1 January 2021, were included in taxonomy-eligible liabilities.

The POP Bank Group uses data from the energy performance certificate register of the Housing Finance and Development Centre of Finland (Ara) to assess the climate change mitigation criteria of households' mortgages, which are related to the energy efficiency of the properties to be financed. Energy performance certificate data are linked to mortgages based on the collateral data, and the assessment is carried out by comparing the properties' data with the taxonomy's country-specific thresholds. However, an energy performance certificate is not available for some properties used as collateral for mortgage loans, for example because it is not required by law due to the year of construction. In these cases, the sites do not meet the criteria for significant advancing. Based on the method presented above, some of the loans to households meet the criteria for significant contribution, but compliance with all the 'do no significant harm' criteria could not be verified based on the data available, so they have not been reported as being taxonomy-aligned.

The POP Bank Group's corporate lending were classified as non-NFRD based on customer data and the bank's own assessment. Because of the non-NFRD classification, no taxonomy-eligible assets were identified in terms of corporate lending.

For assessing the taxonomy eligibility and taxonomy alignment of the Group's investments, data was obtained from Suomen Sijoitustutkimus Oy (hereinafter 'Sijoitustutkimus') and MSCI ESG Research LLC (hereinafter 'MSCI'). The NACE classification of economic activities published by the EU was used as the starting point in the taxonomy classification of investments. The Group's investments have been divided into categories in accordance with the taxonomy table by combining the industry categories based on the EU taxonomy with the investment-specific NACE codes obtained from Sijoitustutkimus and MSCI. The classification into NFRD and non-NFRD categories is based on NFRD data obtained from MSCI. The taxonomy data of both the investments' taxonomy indicators and the NFRD (Non-Financial Reporting Directive) are based on the figures reported by companies in the previous year. MCSI has collected and reported the data as they have been reported by companies in their previous year's reporting.

In addition, investments are divided into equity instruments and debt securities in accordance with the accounting classification. The calculation of taxonomy-eligible and taxonomy-aligned proportions is based on the investment-specific taxonomy turnover % and taxonomy CapEx % figures obtained from MSCI. Taxonomy-eligible and taxonomy-aligned proportions for each investment on the Group's balance sheet have been calculated through key figures and investment-specific book values. When examining the GAR (green asset ratio) of investments, it is worth noting that the Group has a large number of bond investments in public sector entities, which are not taxonomy-eligible.

The data presented in the taxonomy tables are limited by possible inaccuracies in the data obtained through MSCI and in the NACE codes reported by companies. Inaccuracies may distort the totals presented in the tables and the breakdown by sector. It is worth keeping in mind that information about the taxonomy-eligible operations of financial companies was not yet available when the financial statements report for 2023 was being prepared, but that the information is included in the reporting for 2024 which means there are differences between the comparison periods.

For 2024, the POP Bank Group's GAR based on turnover was 0.25% and based on CapEx it was 0.33%. The GARs are significantly affected by the fact that the POP Bank Group has not yet been able to assess the taxonomy alignment of residential mortgage loans and housing renovation loans in accordance with the technical screening criteria. As required by the regulation, the GAR indicator means the share of taxonomy-aligned activities of the total assets of the POP Bank Group.

The POP Bank Group is monitoring the development of the Taxonomy Regulation and its impact on the Group and its customers. It is expected that the number of companies subject to the taxonomy reporting obligation will increase in line with the extension of the scope of the Corporate Sustainability Reporting Directive (CSRD). The Taxonomy Regulation will be taken into account in product design processes for products relevant to the classification system. Going forward, the POP Bank Group aims to support its customers and counterparties in achieving their sustainability goals and to develop a set of criteria and monitoring for responsible lending. So far, the POP Bank Group has not set more specific targets in its strategy for financing or investing under the Taxonomy Regulation.

0. SUMMARY OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION

		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	13.6	0.25%	0.33%	86.82%	41.4%	13.2%

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	**GAR (flow)**	2.1	0.26%	0.31%	13.04%	47.68%	-
	Trading book*	-	-	-			
	Financial guarantees	-	-	-			
	Assets under management	-	-	-			
	Fees and commissions income**	-	-	-			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

**Fees and commissions income from services other than lending and AuM

Institutions shall disclose forward-looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

***% of assets covered by the KPI over banks´ total assets

****based on the Turnover KPI of the counterparty

*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Note 1: Across the reporting templates: cells shaded in grey should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs´inclusion in these KPI will only apply subject to a positive result of an impact assessment.

1.ASSETS FOR THE CALCULATION OF GAR - TURNOVER

Million EUR	Disclosure reference date T																														
		Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL				
	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transi-tional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sus-tainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sus-tainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sus-tainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sus-tainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sus-tainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transi-tional	Of which enabling
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3,214.5	2,394.1	12.6	0.0	4.1	3.4	0.4	0.2	0.0	0.2	0.0	-	-	-	4.3	-	-	-	0.2	-	-	-	0.0	-	-	-	2,405.1	13.6	0.0	4.1	3.7
Financial undertakings	153.2	29.4	0.8	0.0	0.1	0.0	0.0	-	-	-	-	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	29.7	0.8	0.0	0.1	0.0
Credit institutions	127.5	29.4	0.8	0.0	0.1	0.0	0.0	-	-	-	-	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	29.6	0.8	0.0	0.1	0.0
Loans and advances	40.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	87.0	29.4	0.8	0.0	0.1	0.0	0.0	-	-	-	-	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	29.5	0.8	0.0	0.1	0.0
Equity instruments	0.1	0.0	0.0		0.0	0.0	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.0	0.0		0.0	0.0
Other financial corporations	25.7	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	0.0	-	-
of which investment firms	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which management companies	0.1	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.1	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which insurance undertakings	25.5	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.0	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.9	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.0	-	-
Equity instruments	24.7	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
Non-financial undertakings	66.2	18.9	11.8	0.0	4.0	3.4	0.4	0.2	0.0	0.2	0.0	-	-	-	4.3	-	-	-	0.2	-	-	-	0.0	-	-	-	29.6	12.7	0.0	4.0	3.6
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	64.1	18.5	11.6	0.0	3.9	3.3	0.4	0.2	0.0	0.2	0.0	-	-	-	4.1	-	-	-	0.1	-	-	-	0.0	-	-	-	28.8	12.6	0.0	3.9	3.6
Equity instruments	2.1	0.4	0.2		0.1	0.1	-	-		-	-	-		-	0.2	-		-	0.0	-		-	-	-		-	0.8	0.2		0.1	0.1
Households	2,995.0	2,345.8	-	-	-	-	-	-	-	-					-	-	-	-									2,345.8	-	-	-	-
of which loans collateralised by residential immovable property	2,240.4	2,240.4	-	-	-	-	-	-	-	-					-	-	-	-									2,240.4	-	-	-	-
of which building renovation loans	99.5	99.5	-	-	-	-	-	-	-	-					-	-	-	-									99.5	-	-	-	-
of which motor vehicle loans	5.9	5.9	-	-	-	-																					5.9	-	-	-	-
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets excluded from the numerator for GAR calculation (covered in the denominator)	2,266.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial and Non-financial undertakings	2,101.8																														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	2,089.4																														
Loans and advances	1,804.8																														
of which loans collateralised by commercial immovable property	252.7																														
of which building renovation loans	14.3																														
Debt securities	256.5																														
Equity instruments	28.1																														
Non-EU country counterparties not subject to NFRD disclosure obligations[3]	12.4																														
Loans and advances	-																														
Debt securities	11.2																														
Equity instruments	1.2																														
Derivatives	29.3																														
On demand interbank loans	4.3																														
Cash and cash-related assets	9.6																														
Other categories of assets (e.g. Goodwill, commodities etc.)	121.5																														
Total GAR assets	5,480.9	2,394.1	12.6	0.0	4.1	3.4	0.4	0.2	0.0	0.2	0.0	-	-	-	4.3	-	-	-	0.2	-	-	-	0.0	-	-	-	2,405.1	13.6	0.0	4.1	3.7
Assets not covered for GAR calculation	832.4																														
Central governments and Supranational issuers	274.0																														
Central banks exposure	558.3																														
Trading book	-																														
Total assets	6,313.3	2,394.1	12.6	0.0	4.1	3.4	0.4	0.2	0.0	0.2	0.0	-	-	-	4.3	-	-	-	0.2	-	-	-	0.0	-	-	-	2,405.1	13.6	0.0	4.1	3.7
Off-balance sheet liabilities - Companies subject to disclosure requirements under the Non-Financial Reporting Directive (NFRD).[4]																															
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The amount of taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(2) The amount of taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(3) The determination for investments outside the EU is made based on the ISIN code of the loan ledger.
(4) The POP Bank Group does not have off-balance sheet liabilities that meet the NFRD requirements.

1.ASSETS FOR THE CALCULATION OF GAR - TURNOVER

Disclosure reference date T-1

Million EUR	Total [gross] carrying amount	Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3,125.2	2,313.1	7.6	-	0.8	2.3	19.7	0.2	0.0	0.2	3.4	-	-	-	4.9	-	-	-	3.1	-	-	-	0.0	-	-	-	2,314.7	8.7	-	0.8	2.3
Financial undertakings	130.9	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-
Credit institutions	107.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-
Loans and advances	40.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	66.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-
Equity instruments	0.1	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
Other financial corporations	23.2	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
of which investment firms	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which insurance undertakings	23.1	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.8	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
Equity instruments	22.3	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
Non-financial undertakings	89.5	20.0	7.6	-	0.8	2.3	19.7	0.2	0.0	0.2	3.4	-	-	-	4.9	-	-	-	3.1	-	-	-	0.0	-	-	-	21.3	8.7	-	0.8	2.3
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	62.9	19.3	7.3	-	0.7	2.2	19.0	0.2	0.0	0.2	3.1	-	-	-	4.5	-	-	-	2.8	-	-	-	0.0	-	-	-	20.6	8.4	-	0.7	2.2
Equity instruments	26.6	0.6	0.2		0.2	0.1	0.6	-		-	0.3	-		-	0.3	-		-	0.3	-		-	-	-		-	0.7	0.3		0.2	0.1
Households	2,904.7	2,293.1	-	-	-	-	-	-	-	-					-	-	-	-									2,293.1	-	-	-	-
of which loans collateralised by residential immovable property	2,121.2	2,121.2	-	-	-	-	-	-	-	-					-	-	-	-									2,121.2	-	-	-	-
of which building renovation loans	166.9	166.9	-	-	-	-	-	-	-	-					-	-	-	-									166.9	-	-	-	-
of which motor vehicle loans	5.0	5.0	-	-	-	-																					5.0	-	-	-	-
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets excluded from the numerator for GAR calculation (covered in the denominator)	2,211.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial and Non-financial undertakings																															
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																															
Loans and advances																															
of which loans collateralised by commercial immovable property																															
of which building renovation loans																															
Debt securities																															
Equity instruments																															
Non-EU country counterparties not subject to NFRD disclosure obligations[3]																															
Loans and advances																															
Debt securities																															
Equity instruments																															
Derivatives																															
On demand interbank loans																															
Cash and cash-related assets																															
Other categories of assets (e.g. Goodwill, commodities etc.)																															
Total GAR assets	5,336.3	2,313.1	7.6	-	0.8	2.3	19.7	0.2	0.0	0.2	3.4	-	-	-	4.9	-	-	-	3.1	-	-	-	0.0	-	-	-	2,314.7	8.7	-	0.8	2.3
Assets not covered for GAR calculation																															
Central governments and Supranational issuers																															
Central banks exposure																															
Trading book																															
Total assets	6,127.3	2,313.1	7.6	-	0.8	2.3	19.7	0.2	0.0	0.2	3.4	-	-	-	4.9	-	-	-	3.1	-	-	-	0.0	-	-	-	2,314.7	8.7	-	0.8	2.3
Off-balance sheet liabilities - Companies subject to disclosure requirements under the Non-Financial Reporting Directive (NFRD).[4]																															
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The amount of taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(2) The amount of taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(3) The determination for investments outside the EU is made based on the ISIN code of the loan ledger.
(4) The POP Bank Group does not have off-balance sheet liabilities that meet the NFRD requirements.

1.ASSETS FOR THE CALCULATION OF GAR - CAPEX

Million EUR	Disclosure reference date T																														
		Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL				
	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]					Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]				Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]				Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]				Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]				Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]				Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]				
			Of which environmentally sustainable (Taxonomy-aligned)[2]					Of which environmentally sustainable (Taxonomy-aligned)[2]				Of which environmentally sustainable (Taxonomy-aligned)[2]				Of which environmentally sustainable (Taxonomy-aligned)[2]				Of which environmentally sustainable (Taxonomy-aligned)[2]				Of which environmentally sustainable (Taxonomy-aligned)[2]				Of which environmentally sustainable (Taxonomy-aligned)[2]			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3,214.5	2,398.8	16.8	0.0	4.0	4.1	3.0	2.7	0.2	0.7	0.1	-	-	-	3.2	-	-	-	0.1	-	-	-	0.0	-	-	-	2,409.7	18.0	-	4.0	4.2
Financial undertakings	153.2	29.6	0.9	0.0	0.1	0.1	0.0	0.0	-	0.0	-	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	29.9	0.9	-	0.1	0.1
Credit institutions	127.5	29.6	0.9	0.0	0.1	0.1	0.0	0.0	-	0.0	-	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	29.7	0.9	-	0.1	0.1
Loans and advances	40.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	87.0	29.5	0.9	0.0	0.1	0.1	0.0	0.0	-	0.0	-	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	29.7	0.9	-	0.1	0.1
Equity instruments	0.1	0.0	0.0		0.0	0.0	0.0	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.0	0.0		0.0	0.0
Other financial corporations	25.7	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	0.0	0.0
of which investment firms	0.1	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	0.0	0.0
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.1	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	0.0	0.0
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which management companies	0.1	0.0	0.0	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.1	0.0	0.0	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which insurance undertakings	25.5	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.9	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Equity instruments	24.7	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
Non-financial undertakings	66.2	23.3	15.9	0.0	3.9	4.0	3.0	2.7	0.2	0.7	0.1	-	-	-	3.2	-	-	-	0.1	-	-	-	0.0	-	-	-	34.1	17.1	-	3.9	4.1
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	64.1	22.7	15.7	0.0	3.9	4.0	2.9	2.7	0.2	0.7	0.1	-	-	-	3.0	-	-	-	0.1	-	-	-	0.0	-	-	-	33.2	16.9	-	3.9	4.1
Equity instruments	2.1	0.6	0.2		0.1	0.1	0.0	0.0		-	0.0	-		-	0.2	-		-	0.0	-		-	-	-		-	0.9	0.2		0.1	0.1
Households	2,995.0	2,345.8	-	-	-	-	-	-	-	-					-	-	-	-									2,345.8	-	-	-	-
of which loans collateralised by residential immovable property	2,240.4	2,240.4	-	-	-	-	-	-	-	-					-	-	-	-									2,240.4	-	-	-	-
of which building renovation loans	99.5	99.5	-	-	-	-	-	-	-	-					-	-	-	-									99.5	-	-	-	-
of which motor vehicle loans	5.9	5.9	-	-	-	-																					5.9	-	-	-	-
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets excluded from the numerator for GAR calculation (covered in the denominator)	2,266.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial and Non-financial undertakings	2,101.8																														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	2,089.4																														
Loans and advances	1,804.8																														
of which loans collateralised by commercial immovable property	252.7																														
of which building renovation loans	14.3																														
Debt securities	256.5																														
Equity instruments	28.1																														
Non-EU country counterparties not subject to NFRD disclosure obligations[3]	12.4																														
Loans and advances	-																														
Debt securities	11.2																														
Equity instruments	1.2																														
Derivatives	29.3																														
On demand interbank loans	4.3																														
Cash and cash-related assets	9.6																														
Other categories of assets (e.g. Goodwill, commodities etc.)	121.5																														
Total GAR assets	5,480.9	2,398.8	16.8	0.0	4.0	4.1	3.0	2.7	0.2	0.7	0.1	-	-	-	3.2	-	-	-	0.1	-	-	-	0.0	-	-	-	2,409.7	18.0	-	4.0	4.2
Assets not covered for GAR calculation	832.4																														
Central governments and Supranational issuers	274.0																														
Central banks exposure	558.3																														
Trading book	-																														
Total assets	6,313.3	2,398.8	16.8	0.0	4.0	4.1	3.0	2.7	0.2	0.7	0.1	-	-	-	3.2	-	-	-	0.1	-	-	-	0.0	-	-	-	2,409.7	18.0	-	4.0	4.2
Off-balance sheet liabilities - Companies subject to disclosure requirements under the Non-Financial Reporting Directive (NFRD).[4]																															
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The amount of taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(2) The amount of taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(3) The determination for investments outside the EU is made based on the ISIN code of the loan ledger.
(4) The POP Bank Group does not have off-balance sheet liabilities that meet the NFRD requirements.

1.ASSETS FOR THE CALCULATION OF GAR - CAPEX

Million EUR	Disclosure reference date T-1																														
	Total [gross] carrying amount	Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which environmentally sustainable (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3,125.2	2,315.5	10.5	-	0.9	2.1	21.9	0.1	0.0	0.0	4.3	-	-	-	7.6	-	-	-	3.3	-	-	-	0.0	-	-	-	2,319.3	11.6	-	0.9	2.1
Financial undertakings	130.9	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-
Credit institutions	107.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-
Loans and advances	40.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	66.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-
Equity instruments	0.1	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
Other financial corporations	23.2	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
of which investment firms	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
of which insurance undertakings	23.1	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0.8	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
Equity instruments	22.3	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
Non-financial undertakings	89.5	22.4	10.5	-	0.9	2.1	21.9	0.1	0.0	0.0	4.3	-	-	-	7.6	-	-	-	3.3	-	-	-	0.0	-	-	-	25.9	11.6	-	0.9	2.1
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	62.9	21.7	10.3	-	0.8	2.1	21.2	0.1	0.0	0.0	4.0	-	-	-	7.0	-	-	-	3.0	-	-	-	0.0	-	-	-	24.9	11.4	-	0.8	2.1
Equity instruments	26.6	0.7	0.2		0.1	0.0	0.7	-		-	0.3	-		-	0.6	-		-	0.3	-		-	-	-		-	1.0	0.2		0.1	0.0
Households	2,904.7	2,293.1	-	-	-	-	-	-	-	-					-	-	-	-									2,293.1	-	-	-	-
of which loans collateralised by residential immovable property	2,121.2	2,121.2	-	-	-	-	-	-	-	-					-	-	-	-									2,121.2	-	-	-	-
of which building renovation loans	166.9	166.9	-	-	-	-	-	-	-	-					-	-	-	-									166.9	-	-	-	-
of which motor vehicle loans	5.0	5.0	-	-	-	-																					5.0	-	-	-	-
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets excluded from the numerator for GAR calculation (covered in the denominator)	2,211.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial and Non-financial undertakings																															
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																															
Loans and advances																															
of which loans collateralised by commercial immovable property																															
of which building renovation loans																															
Debt securities																															
Equity instruments																															
Non-EU country counterparties not subject to NFRD disclosure obligations[3]																															
Loans and advances																															
Debt securities																															
Equity instruments																															
Derivatives																															
On demand interbank loans																															
Cash and cash-related assets																															
Other categories of assets (e.g. Goodwill, commodities etc.)																															
Total GAR assets	5,336.3	2,315.5	10.5	-	0.9	2.1	21.9	0.1	0.0	0.0	4.3	-	-	-	7.6	-	-	-	3.3	-	-	-	0.0	-	-	-	2,319.3	11.6	-	0.9	2.1
Assets not covered for GAR calculation																															
Central governments and Supranational issuers																															
Central banks exposure																															
Trading book																															
Total assets	6,127.3	2,315.5	10.5	-	0.9	2.1	21.9	0.1	0.0	0.0	4.3	-	-	-	7.6	-	-	-	3.3	-	-	-	0.0	-	-	-	2,319.3	11.6	-	0.9	2.1
Off-balance sheet liabilities - Companies subject to disclosure requirements under the Non-Financial Reporting Directive (NFRD).[4]																															
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The amount of taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(2) The amount of taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the reported percentage of the taxonomy share for each company based on revenue-based data.
(3) The determination for investments outside the EU is made based on the ISIN code of the loan ledger.
(4) The POP Bank Group does not have off-balance sheet liabilities that meet the NFRD requirements.

2. GAR SECTOR INFORMATION - TURNOVER[2]

Breakdown by sector - NACE 4 digits level (code and label)[1]	Climate Change Mitigation				Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)[2]		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able	Mn EUR	Of which environ-mentally sustain-able
C17.12 - Manufacture of paper and paperboard	0.0	0.1			-	-			-	-			-	-			-	-			-	-			0.2	0.1		
C21.20 - Manufacture of pharmaceutical preparations	0.2	0.0			-	-			-	-			-	-			-	-			-	-			0.5	0.0		
C22.29 - Manufacture of other plastic products	1.8	0.3			-	-			-	-			-	-			-	-			-	-			2.0	0.3		
C24.31 - Cold drawing of bars	-	0.0			-	0.0			-	-			0.0	-			0.0	-			-	-			0.1	0.1		
C25.71 - Manufacture of cutlery	1.3	0.3			0.0	0.0			-	-			0.0	-			0.0	-			-	-			1.3	0.3		
C26.11 - Manufacture of electronic components	2.6	0.7			0.1	0.0			-	-			-	-			-	-			-	-			3.6	0.8		
C26.30 - Manufacture of communication equipment	0.1	0.0			-	-			-	-			-	-			-	-			-	-			0.1	0.0		
C26.60 - Manufacture of irradiation, electromedical and electrotherapeutic equipment	0.1	0.0			-	-			-	-			-	-			-	-			-	-			0.1	0.0		
C27.51 - Manufacture of electric domestic appliances	0.0	-			-	-			-	-			-	-			-	-			-	-			0.1	-		
C27.90 - Manufacture of other electrical equipment	0.5	-			-	-			-	-			-	-			-	-			-	-			0.5	-		
C28.11 - Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	0.1	0.1			-	-			-	-			-	-			-	-			-	-			0.2	0.1		
C28.15 - Manufacture of bearings, gears, gearing and driving elements	0.1	0.1			-	-			-	-			-	-			-	-			-	-			0.4	0.1		
C28.22 - Manufacture of lifting and handling equipment	0.0	0.0			0.2	0.2			0.0	-			-	-			-	-			-	-			0.3	0.2		
C28.25 - Manufacture of non-domestic cooling and ventilation equipment	0.1	0.0			0.0	-			-	-			-	-			-	-			-	-			0.1	0.0		
C28.92 - Manufacture of machinery for mining, quarrying and construction	0.1	0.0			-	-			-	-			-	-			-	-			-	-			0.1	0.0		
C28.95 - Manufacture of machinery for paper and paperboard production	0.2	0.1			0.0	-			-	-			0.0	-			-	-			-	-			0.3	0.1		
C29.32 - Manufacture of other parts and accessories for motor vehicles	0.3	0.0			0.1	0.0			-	-			-	-			-	-			-	-			0.3	0.0		
D35.11 - Production of electricity	1.3	1.0			-	-			-	-			-	-			-	-			-	-			1.3	1.0		
D35.22 - Distribution of gaseous fuels through mains	0.1	0.1			0.0	0.0			0.0	-			0.0	-			0.0	-			-	-			0.1	0.1		
E37.00 - Sewerage	0.2	-			-	-			-	-			-	-			-	-			-	-			0.2	-		
E38.22 - Treatment and disposal of hazardous waste	0.5	0.2			-	-			-	-			-	-			-	-			-	-			0.5	0.2		
F41.20 - Construction of residential and non-residential buildings	4.6	5.5			0.0	0.0			-	-			-	-			-	-			-	-			6.4	6.1		
F42.99 - Construction of other civil engineering projects n.e.c.	0.2	-			-	-			-	-			-	-			-	-			-	-			0.2	-		
G46.74 - Wholesale of hardware, plumbing and heating equipment and supplies	0.9	0.0			-	-			-	-			-	-			-	-			-	-			0.9	0.0		
G47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	0.1	-			-	-			-	-			-	-			-	-			-	-			1.1	-		
G47.19 - Other retail sale in non-specialised stores	0.0	0.0			-	-			-	-			-	-			-	-			-	-			0.3	0.0		
G47.73 - Dispensing chemist in specialised stores	0.4	0.4			-	-			-	-			-	-			-	-			-	-			0.4	0.4		
H50.20 - Sea and coastal freight water transport	1.5	1.5			-	-			-	-			-	-			-	-			-	-			1.5	1.5		
H51.10 - Passenger air transport	0.0	0.0			-	-			-	-			-	-			-	-			-	-			0.2	0.0		
H52.23 - Service activities incidental to air transportation	0.2	0.0			-	-			-	-			0.0	-			-	-			-	-			0.2	0.0		
J61.20 - Wireless telecommunications activities	0.0	0.6			0.0	-			-	-			-	-			-	-			-	-			2.1	0.6		
J62.01 - Computer programming activities	0.0	0.0			-	-			-	-			-	-			-	-			-	-			0.2	0.0		
L68.20 - Renting and operating of own or leased real estate	0.0	-			-	-			-	-			-	-			-	-			-	-			1.7	-		
Q86.10 - Hospital activities	0.0	0.0			0.0	0.0			0.0	-			0.0	-			0.0	-			-	-			0.1	0.1		

(1) The breakdown is based on the company's main industry classification under the NACE system.
(2) Sectors with a total share of taxonomy-eligible activities of less than 0.1 mEUR are not reported in the table.

2. GAR SECTOR INFORMATION - CAPEX[2]

Breakdown by sector - NACE 4 digits level (code and label)[1]	Climate Change Mitigation				Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)[2]		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable	Mn EUR	Of which environmentally sustainable
C10.51 - Operation of dairies and cheese making	0.1	0.1			-	-			-	-			-	-			-	-			-	-			0.1	0.1		
C11.05 - Manufacture of beer	0.3	0.0			-	-			-	-			0.0	-			-	-			-	-			0.3	0.0		
C20.11 - Manufacture of industrial gases	0.3	0.2			-	-			-	-			0.0	-			-	-			-	-			0.3	0.2		
C21.20 - Manufacture of pharmaceutical preparations	0.1	0.0			-	-			-	-			0.0	-			-	-			-	-			0.1	0.0		
C22.29 - Manufacture of other plastic products	0.1	0.0			-	-			-	-			1.4	-			-	-			-	-			1.6	0.0		
C23.99 - Manufacture of other non-metallic mineral products n.e.c.	0.5	0.1			-	-			-	-			-	-			-	-			-	-			0.5	0.1		
C25.21 - Manufacture of central heating radiators and boilers	0.4	0.4			-	-			-	-			-	-			-	-			-	-			0.4	0.4		
C25.71 - Manufacture of cutlery	0.3	0.3			-	-			-	-			-	-			-	-			-	-			0.4	0.3		
C26.11 - Manufacture of electronic components	0.6	0.1			0.0	-			-	-			0.4	-			-	-			-	-			1.1	0.1		
C27.51 - Manufacture of electric domestic appliances	0.3	0.1			-	0.0			-	-			-	-			-	-			-	-			0.3	0.1		
C27.90 - Manufacture of other electrical equipment	-	-			-	-			-	-			-	-			-	-			-	-			0.2	-		
C28.11 - Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	0.0	0.0			0.0	0.0			-	-			0.0	-			0.0	-			-	-			0.1	0.1		
C28.15 - Manufacture of bearings, gears, gearing and driving elements	0.1	0.1			0.0	0.0			-	-			0.0	-			-	-			-	-			0.2	0.1		
C28.22 - Manufacture of lifting and handling equipment	1.5	1.5			-	-			-	-			-	-			-	-			-	-			1.6	1.5		
C28.29 - Manufacture of other general-purpose machinery n.e.c.	0.2	0.0			-	-			-	-			-	-			-	-			-	-			0.2	0.0		
C28.95 - Manufacture of machinery for paper and paperboard production	1.1	0.2			-	-			-	-			-	-			-	-			-	-			1.1	0.2		
C28.99 - Manufacture of other special-purpose machinery n.e.c.	0.4	0.1			-	-			-	-			-	-			-	-			-	-			0.5	0.1		
C29.32 - Manufacture of other parts and accessories for motor vehicles	0.8	0.2			0.0	-			0.0	-			0.0	-			0.0	-			-	-			0.9	0.2		
D35.11 - Production of electricity	0.4	0.1			0.0	0.0			0.0	-			0.0	-			-	-			-	-			0.5	0.1		
D35.12 - Transmission of electricity	0.6	-			-	-			-	-			0.6	-			-	-			-	-			0.6	-		
D35.22 - Distribution of gaseous fuels through mains	0.1	0.1			-	-			-	-			-	-			-	-			-	-			0.2	0.1		
E38.22 - Treatment and disposal of hazardous waste	0.0	0.0			-	-			-	-			0.1	-			-	-			-	-			0.1	0.0		
F41.20 - Construction of residential and non-residential buildings	2.8	2.8			2.7	2.6			-	-			-	-			-	-			-	-			2.9	2.8		
F42.13 - Construction of bridges and tunnels	0.1	0.0			-	-			-	-			-	-			-	-			-	-			0.1	0.0		
F42.99 - Construction of other civil engineering projects n.e.c.	0.0	0.0			-	-			-	-			0.0	-			-	-			-	-			0.4	0.0		
G46.75 - Wholesale of chemical products	0.1	0.0			-	-			-	-			0.0	-			0.0	-			-	-			0.1	0.0		
G47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	5.4	6.3			0.0	0.0			-	-			-	-			-	-			-	-			7.5	7.2		
G47.19 - Other retail sale in non-specialised stores	0.0	0.0			0.0	-			-	-			0.0	-			0.1	-			-	-			0.1	0.0		
G47.73 - Dispensing chemist in specialised stores	0.1	0.0			-	-			-	-			-	-			-	-			-	-			1.0	0.0		
H50.20 - Sea and coastal freight water transport	0.1	0.0			-	-			-	-			-	-			-	-			-	-			0.1	0.0		
H51.10 - Passenger air transport	0.2	0.0			-	-			-	-			0.0	-			-	-			-	-			0.2	0.0		
H52.29 - Other transportation support activities	-	-			-	-			-	-			-	-			-	-			-	-			0.1	-		
J61.20 - Wireless telecommunications activities	0.0	0.5			0.0	-			-	-			-	-			-	-			-	-			2.2	0.5		
J62.01 - Computer programming activities	2.5	1.3			0.1	0.1			-	-			0.0	-			-	-			-	-			3.6	1.4		
L68.20 - Renting and operating of own or leased real estate	0.4	-			0.0	-			-	-			0.0	-			-	-			-	-			0.4	-		
M72.11 - Research and experimental development on biotechnology	0.1	0.0			-	-			0.0	-			0.0	-			0.0	-			-	-			0.1	0.1		
P85.20 - Primary education	0.8	0.2			-	-			-	-			-	-			-	-			-	-			0.8	0.2		

(1) The breakdown is based on the company's main industry classification under the NACE system.
(2) Sectors with a total share of taxonomy-eligible activities of less than 0.1 mEUR are not reported in the table.

3. GAR KPI STOCK - REVENUE

% (compared to total covered assets in the denominator)	Disclosure reference date T																														
	Climate Change Mitigation					**Climate Change Adaptation**				**Water and marine resources**				**Circular economy**				**Pollution**				**Biodiversity and Ecosystems**				**TOTAL**					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	74.5%	0.4%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	0.1%	-	-	-	0.0%	-	-	-	0.0%	-	-	-	74.8%	0.4%	0.0%	0.1%	0.1%	58.6%
Financial undertakings	19.2%	0.5%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%	-	-	-	-	-	-	-	19.4%	0.5%	0.0%	0.0%	0.0%	2.8%
Credit institutions	23.0%	0.7%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%	-	-	-	-	-	-	-	23.2%	0.7%	0.0%	0.0%	0.0%	2.3%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7%
Debt securities, including UoP	33.7%	1.0%	0.0%	0.1%	0.0%	0.0%	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%	-	-	-	-	-	-	-	33.9%	1.0%	0.0%	0.1%	0.0%	1.6%
Equity instruments	40.7%	2.0%		0.1%	0.0%	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	43.4%	2.0%		0.1%	0.0%	0.0%
Other financial corporations	0.1%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4%	0.0%	0.0%	-	-	0.5%
of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which management companies	32.0%	5.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.0%	5.0%	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	32.0%	5.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.0%	5.0%	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which insurance undertakings	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%	-	0.0%	-	-	0.5%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.6%	-	0.0%	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.5%
Non-financial undertakings	28.6%	17.8%	0.0%	6.1%	5.1%	0.6%	0.4%	0.0%	0.3%	0.1%	-	-	-	6.5%	-	-	-	0.2%	-	-	-	0.0%	-	-	-	44.7%	19.2%	0.0%	6.1%	5.5%	1.2%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	28.9%	18.1%	0.0%	6.1%	5.2%	0.6%	0.4%	0.0%	0.3%	0.1%	-	-	-	6.4%	-	-	-	0.2%	-	-	-	0.0%	-	-	-	44.9%	19.6%	0.0%	6.1%	5.6%	1.2%
Equity instruments	19.0%	8.4%		4.3%	2.7%	-	-		-	-	-		-	11.3%	-		-	1.5%	-		-	-	-		-	37.6%	8.9%		4.3%	2.7%	0.0%
Households	78.3%	-	-	-	-	-	-	-	-					-	-	-	-									78.3%	-	-	-	-	54.6%
of which loans collateralised by residential immovable property	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	40.9%
of which building renovation loans	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	1.8%
of which motor vehicle loans	100.0%	-	-	-	-																										0.1%
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total GAR assets	**43.7%**	**0.2%**	**0.0%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**-**	**-**	**-**	**0.1%**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**-**	**43.9%**	**0.2%**	**0.0%**	**0.1%**	**0.1%**	**86.8%**

(1) The amount of GAR-based taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.
(2) The amount of GAR-based taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.

3. GAR KPI STOCK - REVENUE

% (compared to total covered assets in the denominator)	Disclosure reference date T-1																														
	Climate Change Mitigation					**Climate Change Adaptation**				**Water and marine resources**				**Circular economy**				**Pollution**				**Biodiversity and Ecosystems**				**TOTAL**					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	74.0%	0.2%	-	0.0%	0.1%	0.6%	0.0%	0.0%	0.0%	0.1%	-	-	-	0.2%	-	-	-	0.1%	-	-	-	0.0%	-	-	-	74.1%	0.3%	-	0.0%	0.1%	58.6%
Financial undertakings	-	-	-	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%	-	-	-	-	2.5%
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%	-	-	-	-	2.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4%	-	-	-	-	1.3%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
Other financial corporations	-	-	-	-	-	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2%	-	-	-	-	0.4%
of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which insurance undertakings	-	-	-	-	-	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2%	-	-	-	-	0.4%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	1.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.1%	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.4%
Non-financial undertakings	22.3%	8.4%	-	0.9%	2.5%	22.0%	0.2%	0.0%	0.2%	3.7%	-	-	-	5.4%	-	-	-	3.4%	-	-	-	0.0%	-	-	-	23.8%	9.7%	-	0.9%	2.6%	1.7%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	30.8%	11.6%	-	1.0%	3.5%	30.3%	0.3%	0.0%	0.3%	4.9%	-	-	-	7.2%	-	-	-	4.4%	-	-	-	0.0%	-	-	-	32.8%	13.4%	-	1.0%	3.5%	1.2%
Equity instruments	2.4%	0.9%		0.6%	0.2%	2.4%	-		-	1.0%	-		-	1.3%	-		-	1.0%	-		-	-	-		-	2.6%	1.0%		0.6%	0.2%	0.5%
Households	78.9%	-	-	-	-	-	-	-	-					-	-	-	-									78.9%	-	-	-	-	54.4%
of which loans collateralised by residential immovable property	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	39.7%
of which building renovation loans	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	3.1%
of which motor vehicle loans	100.0%	-	-	-	-																										0.1%
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total GAR assets	**43.3%**	**0.1%**	**-**	**0.0%**	**0.0%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**-**	**-**	**-**	**0.1%**	**-**	**-**	**-**	**0.1%**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**-**	**43.4%**	**0.2%**	**-**	**0.0%**	**0.0%**	**87.1%**

(1) The amount of GAR-based taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.
(2) The amount of GAR-based taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.

3. GAR KPI STOCK - CAPEX

% (compared to total covered assets in the denominator)	Disclosure reference date T: Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	74.6%	0.5%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	-	-	-	0.1%	-	-	-	0.0%	-	-	-	0.0%	-	-	-	75.0%	0.6%	-	0.1%	0.1%	58.6%
Financial undertakings	19.3%	0.6%	0.0%	0.1%	0.0%	0.0%	0.0%	-	0.0%	-	-	-	-	0.0%	-	-	-	0.0%	-	-	-	-	-	-	-	19.5%	0.6%	-	0.1%	0.0%	2.8%
Credit institutions	23.2%	0.7%	0.0%	0.1%	0.0%	0.0%	0.0%	-	0.0%	-	-	-	-	0.0%	-	-	-	0.0%	-	-	-	-	-	-	-	23.3%	0.7%	-	0.1%	0.0%	2.3%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7%
Debt securities, including UoP	33.9%	1.1%	0.0%	0.1%	0.1%	0.0%	0.0%	-	0.0%	-	-	-	-	0.0%	-	-	-	0.0%	-	-	-	-	-	-	-	34.1%	1.1%	-	0.1%	0.1%	1.6%
Equity instruments	40.7%	2.0%		0.0%	0.0%	0.1%	-		-	-	-		-	-	-		-	-	-		-	-	-		-	43.6%	2.0%		0.0%	0.0%	0.0%
Other financial corporations	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4%	0.0%	-	0.0%	0.0%	0.5%
of which investment firms	6.2%	0.1%	0.4%	0.1%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.2%	0.1%	-	0.1%	0.0%	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	6.2%	0.1%	0.4%	0.1%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.2%	0.1%	-	0.1%	0.0%	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which management companies	32.0%	5.0%	-	-	-	1.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.0%	5.0%	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	32.0%	5.0%	-	-	-	1.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.0%	5.0%	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which insurance undertakings	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%	-	-	-	-	0.5%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.6%	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.5%
Non-financial undertakings	35.3%	24.0%	0.0%	5.9%	6.1%	4.5%	4.1%	0.2%	1.0%	0.1%	-	-	-	4.8%	-	-	-	0.2%	-	-	-	0.0%	-	-	-	51.5%	25.8%	-	5.9%	6.2%	1.2%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	35.5%	24.5%	0.0%	6.0%	6.2%	4.6%	4.3%	0.2%	1.0%	0.1%	-	-	-	4.7%	-	-	-	0.1%	-	-	-	0.0%	-	-	-	51.7%	26.3%	-	6.0%	6.3%	1.2%
Equity instruments	29.0%	9.5%		3.0%	2.8%	0.8%	0.0%		-	0.0%	-		-	9.0%	-		-	1.1%	-		-	-	-		-	44.1%	10.1%		3.0%	2.8%	0.0%
Households	78.3%	-	-	-	-	-	-	-	-					-	-	-	-									78.3%	-	-	-	-	54.6%
of which loans collateralised by residential immovable property	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	40.9%
of which building renovation loans	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	1.8%
of which motor vehicle loans	100.0%	-	-	-	-																										0.1%
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total GAR assets	**43.8%**	**0.3%**	**0.0%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**-**	**-**	**-**	**0.1%**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**-**	**44.0%**	**0.3%**	**-**	**0.1%**	**0.1%**	**86.8%**

(1) The amount of GAR-based taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.
(2) The amount of GAR-based taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.

3. GAR KPI STOCK - CAPEX

% (compared to total covered assets in the denominator)	Disclosure reference date T-1																														
	Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	74.1%	0.3%	-	0.0%	0.1%	0.7%	0.0%	0.0%	0.0%	0.1%	-	-	-	0.2%	-	-	-	0.1%	-	-	-	0.0%	-	-	-	74.2%	0.4%	-	0.0%	0.1%	58.6%
Financial undertakings	-	-	-	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2%	-	-	-	-	2.5%
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%	-	-	-	-	2.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4%	-	-	-	-	1.3%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
Other financial corporations	-	-	-	-	-	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2%	-	-	-	-	0.4%
of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
of which insurance undertakings	-	-	-	-	-	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2%	-	-	-	-	0.4%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	1.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.1%	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.4%
Non-financial undertakings	25.0%	11.7%	-	1.1%	2.3%	24.5%	0.1%	0.0%	0.0%	4.8%	-	-	-	8.5%	-	-	-	3.7%	-	-	-	0.0%	-	-	-	28.9%	13.0%	-	1.1%	2.4%	1.7%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	34.5%	16.4%	-	1.3%	3.3%	33.8%	0.1%	0.0%	0.1%	6.3%	-	-	-	11.1%	-	-	-	4.8%	-	-	-	0.0%	-	-	-	39.5%	18.1%	-	1.3%	3.3%	1.2%
Equity instruments	2.5%	0.8%		0.5%	0.2%	2.5%	-		-	1.1%	-		-	2.3%	-		-	1.1%	-		-	-	-		-	3.8%	0.8%		0.5%	0.2%	0.5%
Households	78.9%	-	-	-	-	-	-	-	-					-	-	-	-									78.9%	-	-	-	-	54.4%
of which loans collateralised by residential immovable property	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	39.7%
of which building renovation loans	100.0%	-	-	-	-	-	-	-	-					-	-	-	-									100.0%	-	-	-	-	3.1%
of which motor vehicle loans	100.0%	-	-	-	-																										0.1%
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total GAR assets	**43.4%**	**0.2%**	**-**	**0.0%**	**0.0%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**-**	**-**	**-**	**0.1%**	**-**	**-**	**-**	**0.1%**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**-**	**43.5%**	**0.2%**	**-**	**0.0%**	**0.0%**	**87.1%**

(1) The amount of GAR-based taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.
(2) The amount of GAR-based taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.

4. GAR KPI FLOW – TURNOVER

% (compared to flow of total eligible assets)	Disclosure reference date T																														
	Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	81.1%	0.00	0.0%	0.1%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	81.3%	0.5%	0.0%	0.1%	0.4%	52.3%
Financial undertakings	36.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.5%
Credit institutions	36.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.5%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	36.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	36.5%	0.3%	0.0%	0.0%	0.0%	0.5%
Equity instruments	40.5%	2.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	43.3%	0.0%		0.0%	0.0%	0.0%
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
Non-financial undertakings	24.9%	20.8%	0.0%	2.9%	17.3%	0.2%	0.2%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	11.5%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	51.1%	23.2%	0.0%	2.9%	17.4%	1.1%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	25.0%	21.3%	0.0%	3.0%	18.0%	0.2%	0.2%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	12.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	52.0%	23.9%	0.0%	3.0%	18.2%	1.0%
Equity instruments	22.8%	12.4%		0.9%	4.9%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.1%	0.0%		0.0%	2.9%	0.0%		0.0%	0.0%	0.0%		0.0%	36.5%	12.4%		0.9%	4.9%	0.1%
Households	82.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0.0%	0.0%	0.0%									82.8%	0.0%	0.0%	0.0%	0.0%	50.7%
of which loans collateralised by residential immovable property	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0.0%	0.0%	0.0%									100.0%	0.0%	0.0%	0.0%	0.0%	39.9%
of which building renovation loans	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0.0%	0.0%	0.0%									100.0%	0.0%	0.0%	0.0%	0.0%	2.0%
of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	0.0%
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total GAR assets	**42.4%**	**0.2%**	**0.0%**	**0.0%**	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**42.5%**	**0.3%**	**0.0%**	**0.0%**	**0.2%**	**13.0%**

(1) The amount of GAR-based taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.
(2) The amount of GAR-based taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.

4. GAR KPI FLOW - CAPEX

% (compared to flow of total eligible assets)	Disclosure reference date T: Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)[1]	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)[2]	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	81.4%	0.5%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	81.5%	0.6%	0.0%	0.0%	0.4%	52.3%
Financial undertakings	36.3%	0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.1%	0.0%	0.5%
Credit institutions	36.3%	0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.1%	0.0%	0.5%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	36.3%	0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	36.7%	0.3%	0.0%	0.1%	0.0%	0.5%
Equity instruments	40.5%	2.0%		0.0%	0.0%	0.1%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	43.5%	2.0%		0.0%	0.0%	0.0%
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0%
Non-financial undertakings	38.1%	24.5%	0.0%	2.2%	18.0%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	61.5%	27.7%	0.0%	2.2%	18.0%	1.1%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Debt securities, including UoP	38.5%	24.8%	0.0%	2.2%	18.7%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	62.7%	28.2%	0.0%	2.2%	18.8%	1.0%
Equity instruments	32.2%	19.3%		0.8%	5.4%	0.5%	0.2%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	2.2%	0.0%		0.0%	0.0%	0.0%		0.0%	41.6%	19.3%		0.8%	5.4%	0.1%
Households	82.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0.0%	0.0%	0.0%									82.8%	0.0%	0.0%	0.0%	0.0%	50.7%
of which loans collateralised by residential immovable property	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0.0%	0.0%	0.0%									100.0%	0.0%	0.0%	0.0%	0.0%	39.9%
of which building renovation loans	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0.0%	0.0%	0.0%									100.0%	0.0%	0.0%	0.0%	0.0%	2.0%
of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	0.0%
Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total GAR assets	**42.6%**	**0.3%**	**0.0%**	**0.0%**	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**42.6%**	**0.3%**	**0.0%**	**0.0%**	**0.2%**	**13.0%**

(1) The amount of GAR-based taxonomy eligibility is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.
(2) The amount of GAR-based taxonomy alignment is calculated based on the ownership share or loan receivable, multiplied by the percentage share of each company's reported taxonomy ratio based on revenue data.

5. KPI OFF-BALANCE SHEET EXPOSURES - TURNOVER

		Disclosure reference date T																													
	% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The POP Bank Group has no financial collaterals towards NFRD companies.
(2) The POP Bank Group has no assets under management (AuM).

5. KPI OFF-BALANCE SHEET EXPOSURES - CAPEX

		Disclosure reference date T																													
	% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation					Climate Change Adaptation				Water and marine resources				Circular economy				Pollution				Biodiversity and Ecosystems				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The POP Bank Group has no financial collaterals towards NFRD companies.
(2) The POP Bank Group has no assets under management (AuM).

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

2.2 E1 CLIMATE CHANGE

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The POP Bank Group's climate-related material impacts, risks and opportunities have been identified as part of the double materiality assessment, which is described in more detail in section *IRO-1* of ESRS2 General *Disclosures*. Impacts, risks and opportunities are identified and managed, for example, as part of lending, banks' investment operations, calculating GHG emissions, selecting partners and maintaining relationships.

Material topic	Impacts	Risks	Opportunities
Climate change adaptation	**Negative** • The POP Bank Group's own operations and value chain generate GHG emissions, which contribute to climate change and thus to extreme weather-related events. Exceptional extreme weather-related events can pose a risk to employees or value chain workers (e.g. storm water flooding or inadequate ventilation during a heat wave). The impacts are likely to increase in the long term as climate change progresses.	• Extreme weather-related events or natural disasters may cause damage to the POP Bank Group's own and financed assets and infrastructure, causing operational disruptions and loss of collateral (e.g. water damage). The largest sectors financed by the POP Bank Group are vulnerable to extreme climate-related events, which are becoming increasingly difficult to predict. (P) • Climate change can cause financial damage to the POP Bank Group, for example if a customer's livelihood is destroyed or if there is a pause in operational activities, as a result of which the customer is unable to meet its payment obligations. (S, F) • Climate change may pose risks to the sectors in which POP Banks have invested. (S, F)	

	Impacts	Risks	Opportunities
Climate change mitigation	**Negative** • The POP Bank Group and its value chain generate greenhouse gases. **Positive** • Reducing GHG emissions will mitigate global warming and have a positive impact on the environment, for example by reducing water and energy consumption or by switching from fossil energy production methods to renewable energy sources. In addition, reducing GHG emissions can improve air and water quality. • By committing to reducing GHG emissions and the related targets in its own operations, and through the emissions financed and invested in, the POP Bank Group and its stakeholders can reduce negative impacts on people and the environment. • Financing investments that reduce GHG emissions can mitigate climate change.	• Stakeholders are demanding a reduction in greenhouse emissions, and if the POP Bank Group does not commit to this it could negatively impact the POP Bank Group's customer and partner relationships and funding. Financing high carbon intensity sectors can also affect the incentives of investors or other partners. (T)	• Stakeholders are positive about reducing GHG emissions, the POP Bank Group may be able to obtain funding, for example, on better terms and emission reductions may attract new customers and help to retain existing ones.

	Impacts	Risks	Opportunities
Energy	**Negative** • The production of purchased energy has negative environmental impacts (e.g. GHG emissions, waste and water acidification). These impacts are likely to diminish over the long term as a result of the increasingly renewable and environmentally friendly energy transition.. **Positive** • Energy production is one of the biggest factors contributing to climate change. Energy efficiency measures and the transition away from fossil fuels to renewable energy, such as solar and wind power, will mitigate the advance of climate change and overall environmental impacts.	• Failure to meet legal requirements on energy efficiency may lead to fines. This may result in financial losses for the POP Bank Group through the financing of customers as their solvency may be weakened. (T) • Energy inefficiency can affect collateral and lower property values if, for example, renewable energy is not taken into account or new technologies are not used. (T) • A strategic risk, which is associated with the rapid deployment of renewable energy sources and requires rapid development of technological innovations. This may pose risks to the sectors financed by the POP Bank Group and may affect the solvency of the Group's customers. (T)	• A commitment to energy efficiency and thus to reducing GHG emissions may enhance the reputation of the POP Bank Group and attract customers. • Better energy efficiency leads to lower energy costs. It will also reduce the impact of a potential energy crisis on the POP Bank Group's value chain, including by mitigating the Group's credit risk. • The use of technological solutions focused on energy efficiency may reduce costs and increase efficiency. Financing projects that improve energy efficiency may improve the solvency of value chain operators, as costs are reduced and reduce value chain emissions, which may improve the Group's financing terms and conditions and attract new customers.

ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

In the table presented in the *Material Impacts, Risks and Opportunities* paragraph in *E1 Climate Change*, the POP Bank Group has indicated whether it considers a material risk to be a climate-related physical risk with (P) or a climate-related transition risk with (T). The risks presented in the table have been identified as part of the double materiality assessment.

After the double materiality assessment, physical and transitional risks were assessed separately from the perspective of capital adequacy. The assessment has been carried out as an expert judgement, and due to the lack of more detailed data, there is uncertainty related to the outcome. With regard to climate change impacts and extreme weather-related events, the potential physical risks identified in the loan portfolio are river floods, which may affect real estate and buildings. However, these physical risks are not expected to affect capital adequacy in the short or medium term, but risks may materialise in the long term. No material transition risks regarding the loan portfolio have been identified in the short and medium term. For the POP Bank Group's own operations, the achievement of the emission reduction goals under the Paris Agreement was identified as a transition risk. The Group has not yet set emission reduction goals, but they are expected to be set in 2025.

The POP Bank Group has conducted a climate-related resilience analysis as an expert judgement with the aim of identifying the climate resilience of the company's strategy and business model. The resilience analysis is limited to the loan portfolio for the value chain, and in particular to agriculture and forestry customers, mortgages and real estate, and construction projects. Physical and transitional risks were assessed for the loan portfolio. The resilience analysis also looked at the company's own operations in terms of transition risks. Physical risks have not been taken into account for own operations, as these risks have not been assessed as material. The resilience analysis was conducted during 2024, after the climate-related physical and transition risks had been assessed and specified following the double materiality analysis.

Climate scenarios were not used in the resilience analysis. A 4.5°C climate scenario has been used to identify physical climate risks and a 1.5°C climate scenario has been used to identify transition risks, and the identified risks have been taken into account in the resilience analysis.

The POP Bank Group's resilience analysis did not assess how the transition to a lower-carbon and resilient economy will affect its surrounding macroeconomic trends, energy consumption and mix, and technology deployment assumptions. The assessment of the risks' financial impacts and the assessment of their impacts on the POP Bank Group's operations has taken into account current regulation and anticipated regulatory amendments and political changes. Examples include building permit practices and subsidy systems for different sectors, which are seen to mitigate risks. Physical and transitional risks have been identified mainly in the short and medium term, as there is uncertainty in the long-term assessment of risks. For this reason, the resilience analysis also focuses mainly on the short and medium term.

From the perspective of the implementation of the POP Bank Group's strategy, the identified climate-related physical or transition risks have not been identified as having an impact the ability to conduct the core banking operations in its current form, in line with the strategy. The Group's current strategy is based on local focus, including the financing of local business, corporate and agricultural activities. The sustainability of the strategy is supported by the structure of the loan portfolio, in which financing for corporate and agricultural customers only makes up part of the loan portfolio, as the main focus is on housing finance. Corporate and agricultural customers are similarly diversified in terms of their sector or type of production and from a geographical perspective, which reduces the impacts of climate change. Mortgage lending to private customers forms the bulk of the loan portfolio, which is also geographically dispersed.

In the long term, climate-related risks may materialise if various extreme weather-related events cause an increase in widespread damage to the agricultural and forestry sector and to real estate. Transition risks have not yet been identified for the short or medium term, but the Group has identified that the assessment of transition risks is challenging regarding the long term due to potential rapid changes.

Based on the resilience analysis carried out by the POP Bank Group, climate-related risks were not considered to have financial effects on the POP Bank Group's capital adequacy in the short or medium term. The POP Bank Group considers it possible that climate-related will materialise in the long term, but it is challenging to estimate their financial effects on the POP Bank Group on the basis of the data used in the resilience analysis. So far, the POP Bank Group has not separately assessed its ability to adapt its strategy and business model to climate change in the short, medium and long term.

E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

The Pop Bank Group does not yet have a transition plan for climate change mitigation. The Group aims to set emission goals during 2025, after which the preparation of a transition plan could be possible in the medium term.

E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The POP Bank Group aims to identify its impacts on climate and mitigate climate change in its own operations and value chain. In terms of climate change-related impacts, risks and opportunities, the POP Bank Group's key policies are the lending and collateral policy, the credit risk strategy, the investment policy, the Code of Conduct for suppliers and partners and the responsible procurement policy. The credit risk strategy and the lending and collateral policy address climate change adaptation. The investment policy and the Code of Conduct for suppliers and partners address climate change mitigation and adaptation. The responsible procurement policy covers climate change mitigation and adaptation and energy efficiency.

The aim of the credit risk strategy is to describe the framework and principles according to which credit risk management is organised at the POP Bank Group. According to the credit risk strategy banks are required to take into account potential risks related to climate change, environmental and social responsibility and governance in their lending and pricing of loans. The credit risk strategy is approved by the Board of Directors of POP Bank Centre and the policy is applied in all entities of the POP Bank Group. The implementation of the credit risk strategy is supervised by the bank's executive management with regard to its own lending and the POP Bank Centre's risk control.

The banks' lending process is guided by the lending and collateral policy. The policy requires that as part of the loan granting process, the bank must assess the loan applicant's exposure to environmental factors, climate change impacts, and economic and political changes. In addition, the bank must assess the loan applicant's business from an ethical, social and environmental perspective and consider the principles of sustainability and good governance of the business. During 2024, the policy was updated with regard to environmentally sustainable lending. The lending and collateral policy is approved by the Executive Board of POP Bank Centre and the policy is applied in all entities of the POP Bank Group. The implementation of the lending and collateral policy is supervised at each bank and at the POP Bank Centre.

The banks' investing activities are guided by the investment guidelines, which contain operational guidelines on responsible investing and a recommendation for considering the defined sustainability criteria in the POP Banks' direct and indirect investments. External asset managers are required to sign the UN Principles for Responsible Investment, and, when making indirect and direct investments, the guidance is to prefer investments that consider sustainability characteristics. For example, in the case of direct equity investments, efforts must be made to assess the impact of the investment on the production of GHG emissions and to select investments that mitigate climate change. The guidelines are approved by the Board of Directors of the POP Bank Centre and is applied in all entities of the POP Bank Group. The Board of Directors is responsible for ensuring compliance with the guidelines.

The aim of the Code of Conduct for partners and suppliers and responsible procurement policy prepared by the POP Bank Centre is to manage environmental risks and negative impacts on the environment related to partners and the supply chain. In accordance with the Code of Conduct for suppliers and partners, the POP Bank Group's suppliers must comply with environmental legislation, identify their own impacts on the environment and avoid causing negative impacts on the environment. The responsible procurement policy provides guidance on how to take environmental perspectives into account in procurement, such as checking the supplier's environmental commitments, if any, and giving preference to lower-emission and energy-efficient products or services. The Code of Conduct for partners and suppliers and the responsible procurement policy were drafted during 2024, and their content and compliance with them are described in more detail in section *G1-1* of *G1 Business conduct*.

E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

To achieve the goals and objectives of the POP Bank Group's climate-related policies, actions are taken as part of the lending process, by providing financing for climate change mitigation investments and taking environmental factors into account in procurement. In addition, the aim is to take investments' sustainability factors into account in banks' investing activities.

The granting of loans and the related assessment of environmental factors and risks are part of the normal business activities of banks. Guidance on the assessment of environmental and climate factors is provided in the lending and collateral policy. A project to continuously develop of sustainable financing guidelines was started at the POP Bank Group in the second half of 2024. The aim of the project is to enable to Group to make higher quality lending decisions in terms of sustainability. As part of the project, the POP Bank Group will diversify the qualitative data sources on sustainability and integrate the information gained from these sources into the lending process. A more accurate qualitative assessment will enable the Group's banks to more accurately assess the climate impact of their financing targets. The Group's climate impact reporting capabilities will also be developed and improved at the same time.

The POP Bank Group's green loan product (Vihreä laina), which has been part of the loan product selection since 2021, was updated during 2024 with the addition of a guarantee from the European Investment Fund. The green loan product (Vihreä laina) was previously suitable for private customers' investments into climate change mitigation or energy efficiency improvements, but after the update, the product will also be available for businesses and housing company customers. The launch of the updated product was accompanied by employee training on the product's features and processes of the product, and the lending and collateral policy was also updated. The update of the Vihreä laina product is expected to increase the number of Vihreä laina loans granted and thus also improve energy efficiency and reduce GHG emissions in the downstream value chain, through customer lending.

The Code of Conduct for suppliers and partners was completed during 2024 and the plan is to include it as an annex to each new contract with the POP Bank Centre. An online course on procurement was prepared during 2024 for the employees of POP Bank Centre and Bonum Bank Plc who participate in procurement. The content of the course also included guidelines on responsible procurement and taking environmental factors into consideration in procurement. The responsible procurement policy and the Code of Conduct for suppliers and partners were also made available for use by the Group's entities. The actions related to procurement are expected to reduce climate risks in the upstream value chain, i.e. in the supply chain. Taking environmental responsibility into account in procurement can also have a mitigating effect on climate change, but so far it is not possible to assess the impact of actions, for example on selecting a suitable partner.

In addition to procurement, some of the POP Bank Group's sites are aiming to reduce the climate impact of their site in line with WWF's Green Office programme. Bonum Bank Plc's and POP Bank Centre's offices in Espoo have been granted Green Office certification, and during 2024 POP Bank Lannevesi joined the Green Office network to seek certification. Green Office provides a model for creating an environmental management system aimed at reducing the carbon footprint of an office.

The POP Bank Group will set GHG emission reduction goals and establish measures to achieve these goals during 2025. After this, the Group will then be able to disaggregate in more detail decarbonisation levers and the projected reductions in GHG emissions. The POP Bank Group is not yet able to disaggregate the GHG emission reductions achieved as a result of the actions. The POP Bank Group has not yet undertaken any climate-related actions that would have required significant amounts of CapEx or OpEx.

E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The POP Bank Group has set sustainability goals for 2024, and the goals cover the period 2025–2027. Goals have been set for climate change mitigation and energy efficiency.

Increasing the share of green lending will have an impact on reducing GHG emissions and energy efficiency through lending. Depending on the target of the green loan, the investment may be aimed at reducing emissions or improving energy efficiency or both. For example, a green loan can be used to finance energy renovations in buildings that reduce emissions and improve energy efficiency, or the purchase of lower-emission vehicles or machinery.

The overall goal for GHG mitigation for 2025 is to set emission reduction targets and to develop an action plan to reduce emissions. The goal will be updated once the precise emission reduction goals have been set.

Achievement of the goals will be monitored from 2025 onwards and progress will be reported as part of the Sustainability Report. The results of the double materiality assessment and the views of stakeholders, including customers and partners, determined in connection with the double materiality assessment, were used in the setting of the goals.

Top-level target	Target	Metric
We will promote the selection of sustainable products and services We contribute to our climate impact by offering our customers sustainable loan and investment products and by developing our product selection.	1. We are increasing the share of green lending of total loans granted	We will grant green loans amounting to at least EUR 10 million in 2025 and EUR 15 million in 2026.
We will mitigate greenhouse gas (GHG) emissions We identify GHG reduction measures to be implemented in our operations and value chain and set targets for the timeline of these measures and reduction of emissions.	1. We set emission reduction targets and measures to reduce emissions	Emission targets have been set and a plan of measures developed for 2025.

E1-5 – ENERGY CONSUMPTION AND MIX

The Pop Bank Group's total energy consumption in 2024 was 7,447 MWh. Of energy consumption, 54% came from renewable sources, 33% from fossil sources, 8% from nuclear and 5% from other sources.

Energy consumption data have been retrieved for the period 1 January – 31 October 2024, and the data for the rest of the year have been estimated based on the monthly average of the previous year. Consumption at new sites was estimated on the basis of the monthly average for the year of calculation.

Energy consumption and mix	2024
Total fossil energy consumption (MWh)	**2,467**
Share of fossil sources in total energy consumption (%)	**33%**
Consumption from nuclear sources (MWh)	**581**
Share of consumption from nuclear sources in total energy consumption (%)	**8%**
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	2,768
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	1,276
The consumption of self-generated non-fuel renewable energy (MWh)	0
Total renewable energy consumption (MWh)	**4,044**
Share of renewable sources in total energy consumption (%)	**54%**
Energy consumption from other sources (MWh)	**355**
Share of consumption from other sources in total energy consumption (%)	**5%**
Total energy consumption (MWh)	**7,447**

E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

The POP Bank Group strives to identify the climate and environmental impacts of its operations and to promote sustainable development with its operations. The calculation of emissions helps to identify and assess the Group's impact on climate change, which makes it possible to plan the reduction of GHG emissions and negative climate impacts. The POP Bank Group aims to set emission reduction targets during 2025. The POP Bank Group's GHG emissions are not covered by an emission trading scheme and the Group does not operate in an emission-intensive sector.

In 2024, the POP Bank Group's market-based total GHG emissions were 152,707 metric tonnes of CO2eq and location-based total GHG emissions were 152,296 metric tonnes of CO2eq. The Group's market-based GHG intensity based on net revenue was 463.8 metric tonnes of CO2eq per EUR million in 2024.

The POP Bank Group's GHG emissions were calculated in accordance with the international GHG Protocol. The quality requirements for the data were set in line with the GHG Protocol and the aim was to use as much of the primary data available from operations as possible. Estimated data were used for emission sources for which no primary data were available. The emission factors were chosen in accordance with the principles of conservatism and prudence. In addition, the calculation of the loan portfolio and the investment portfolio coming under Scope 3 value chain emissions was carried out in accordance with the methodologies of the Partnership Carbon Accounting Financials (PCAF).

	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO2eq)	114
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO2eq)	866
Gross market-based Scope 2 GHG emissions (tCO2eq)	1,277
Significant scope 3 GHG emissions	
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	151,316
1 Purchased goods and services	7,055
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	153
4 Upstream transportation and distribution	92
5 Waste generated in operations	9
6 Business traveling	78
7 Employee commuting	770
8 Upstream leased assets	167
15 Investments	142,991
Total GHG emissions	
Total GHG emissions (location-based) (tCO2eq)	152,296
Total GHG emissions (market-based) (tCO2eq)	152,707

BIOGENIC EMISSIONS

Biogenic emissions of CO2 separately from the Scope 1 and 2 GHG emissions	2024
Scope 1 (tCO2eq-bio)	6
Scope 2 (tCO2eq-bio)	858
Total (tCO2e-bio)	**864**

REVENUE-BASED GHG INTENSITY

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO2eq/Monetary unit)	462.6 tCO2eq / m€
Total GHG emissions (market-based) per net revenue (tCO2eq/Monetary unit)	463.8 tCO2eq / m€

CONNECTIVITY OF GHG INTENSITY BASED ON REVENUE WITH FINANCIAL REPORTING INFORMATION

	2024
Net revenue used to calculate GHG intensity	329,2 m€
Net revenue (other)	-
Total net revenue (in financial statements)	329,2 m€

CALCULATION METHODOLOGY FOR DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) EMISSIONS FROM OWN OPERATIONS

Scope 1 and 2 emissions include direct and indirect emissions from own operations. The calculation of Scope 1 and 2 emissions has included the sites of the banks, POP Bank Centre and Bonum Bank Plc, and the data used in the calculation were collected from each site using a questionnaire. The data on Scope 1 and 2 emissions in 2024 were collected over the period 1 January – 31 October 2024. The data for November and December were estimated for each site, based on the monthly average of the previous year. Consumption at new sites was estimated on the basis of the monthly average during the year of calculation.

In the calculation of Scope 1 and 2 emissions, the aim was to primarily use measured data. 20% of the Scope 1 emissions based on data collected in 2024 were estimated. Of the market-based Scope 2 emissions based on the data collected, 30% were estimated and 42% of the location-based Scope 2 emissions were estimated.

Scope 1 emissions

Direct emissions from POP Bank Group's own operations, i.e., Scope 1 emissions, include emissions from the fuels used in own and leased vehicles and emissions from energy production, such as oil heating, at own sites.

In the calculation of the emissions of vehicles, the fuel-specific emission conversion factors according to DEFRA's international emission factor database were used. The fuel-specific emission conversion factors do not fully correspond to the liquid fuels sold in Finland in terms of the bio-component, but they are commonly used in the calculation of emissions. The calculation of the biogenic emissions of fuels took into account the bio-component reported by DEFRA.

DEFRA's fuel oil emission conversion factor applicable to heating fuel oil was used to calculate emissions from the energy production arising from own operations. The quality of the fuel used in the emission conversion factor may not fully correspond to the heating fuel oil sold in Finland.

Scope 2 emissions

Indirect GHG emissions from POP Bank Group's own operations, i.e., Scope 2 emissions, include consumption of purchased energy and heating of own sites. District cooling was not in use in the POP Bank Group's sites in 2024. The data required for the calculation were collected for each site, and the data collected are based partly on measured and partly on estimated electricity and heat consumption.

For electricity consumption, in the market-based methodology, emission factors were obtained from the electricity suppliers based on the contract. If it was not possible to verify the origin of the electricity, the residual distribution of Finnish electricity production was used. Average emission data for electricity consumed in Finland were used for the location-based method.

For heat consumption, in the market-based methodology, emission factors were obtained from the electricity suppliers based on the contract. If no emission value was publicly available, the average value of district heat production in Finland reported by Statistics Finland was used. The average value of district heat production in Finland was also used for the location-based method.

Biogenic emissions were calculated from the biomass used for heat production. The DEFRA database's 'outside of scopes' emission conversion factors by fuel type were used for the calculation.

SCOPE 3 EMISSION INVENTORIES

The calculation of the value chain emissions, i.e., Scope 3 emissions, has included an emission inventory, which determines the company's material emission categories. The material emission categories were determined at the POP Bank Group in 2024 at a workshop of experts from POP Bank Centre, Bonum Bank Plc and a member cooperative bank. The basic data used in the workshop were data from accounting and other sources. All 15 categories of Scope 3 emissions were discussed at the workshop. For each category, an assessment was made of the significance of the category and the potential sources of emissions associated with it. In addition to the content of the calculation, the data to be collected were also defined at the workshop. During the workshop, the significant categories identified for Scope 3 were upstream purchased goods and services, indirect emissions from fuel production and electricity transmission, transportation and distribution, waste generated in operations, business travelling, employee commuting and leased assets, and downstream investments, which include the POP Bank Group's loan portfolio, investment portfolio and investment properties.

SCOPE 3 CALCULATION METHODS

The POP Bank Group's Scope 3 emissions will be published for the first time for the year 2024. The calculation was carried out for the categories in the emission inventory.

An attempt was made to collect measured data for the Scope 3 emissions calculation, but for many categories measured data were not available. In these cases, sector-specific emission conversion factors were used to estimate emissions in the calculation. It was necessary to use estimates especially in the calculation of the loan and investment portfolio, and so far, in many cases, it was not possible to perform calculations based on measured data. The calculation of emissions for the loan portfolio and government bonds is fully estimated, but most of the data for listed equity and corporate bonds were based on the emissions reported by the investee companies.

The high percentage share of estimated emissions introduces uncertainty into the results. However, the POP Bank Group is working on improving the quality of the data in order to improve the quality of the results.

Category 1 Purchased goods and services

The calculation of purchased goods and services takes into account, for products, the data on material consumption for postage paper and bank cards and, for services, the cost of purchases and the cost of maintaining investment property. The calculation of emissions from purchased goods and services was carried out by retrieving the purchase expense accounts from the accounting and allocating the expenses to different emission categories. The categories to be calculated are as follows: ICT and development costs, financial and payment services, expert and HR services, office overheads and maintenance, marketing and communication, employee-related overheads, property maintenance, information logistics, security and insurance costs, health care and training. Regarding the purchased goods and services, it is important to consider the structure of the POP Bank Group and the fact that there is no central procurement unit, which means that are no clearly identifiable individual large suppliers of the purchased goods and services, and that purchases are spread out among a large number of small partners.

The accounting data used in the calculation were obtained for the period 1 January – 31 October 2024. To estimate the costs for the rest of the year, the monthly average costs for the period 1 January – 31 October 2024 were used. Estimation was done separately for each category.

Purchased services were calculated on a cost basis, and euro-based emission conversion factors were retrieved from the DEFRA database according to the type of service purchased. Emission conversion factors based on euro-denominated consumption were chosen due to the lack of product-based data. There tends to be more uncertainty related to emission conversion factors based on consumption and in the use of sector-specific averages so they may be less representative. In the calculation of purchased products, emission conversion factors for the bank card plastic and postage paper were obtained from the Ecoinvent 3.10 source.

Category 3 Fuel- and energy-related indirect emissions

The calculation of indirect emissions related to fuels and energy is based on the Scope 1 and 2 emissions data collection. The calculation takes into account the well-to-tank emissions of fuels, electricity generation and heat, in other words, emissions generated from the production and distribution of motive power, as well as emissions generated from electricity transmission and distribution. Emission conversion factors for fuels were obtained from the DEFRA database. The emission conversion factors for electricity were obtained from the Climatiq source and the general emission value for electricity transmission was used in the calculation. Data on energy loss occurring in electricity transmission losses were obtained from Fingrid. A weighted average emission conversion factor was calculated for the upstream fuel emissions of purchased heat based on the fuel mix and well-to-tank emission conversion factors. Emission factors were obtained from DEFRA.

Category 4 Upstream transportation and distribution

Emissions from transportation and distribution were calculated using emissions data reported by suppliers, volume data and costs in euros. For transportation and distribution, 12% of emissions are based on data reported by suppliers. The figures from suppliers were obtained for the period 1 January – 31 October 2024. Monthly averages were used to estimate the figures for November – December, using the period 1 January – 31 October 2024 to calculate the averages. For one supplier, the calculation of emissions was done on a cost basis, where the costs were collected for the period 1 January – 30 November 2024, and the costs for December were estimated using the monthly average of the costs.

The emission conversion factors for the volume-based and cost-based calculations were retrieved from the DEFRA database. There tends to be more uncertainty related to emission conversion factors based on consumption so they may be less representative.

Category 5 Waste generated in operations

The basic data used in the calculation of waste emissions is the amount of waste measured and reported in the POP Bank Centre's Green Office programme. Waste volumes were estimated for a large share of the sites based on the POP Bank Centre's waste volumes, taking into account the number of employees and office days per bank. In addition, for some individual sites, data on the amount of waste were measured using a questionnaire, so no estimate was used for these.

The waste volumes of the POP Bank Centre and the individual sites were collected for the period 1 January – 31 October 2024. The waste volumes for November – December were estimated by calculating monthly averages for the period 1 January – 31 October 2024.

Waste-specific emission conversion values retrieved from Ecoinvent 3.8 source were used in the calculation. There is uncertainty in the selected emission conversion factors because the emission factors for waste do not take into account the geographical differences in waste treatment methods in Finland.

Category 6 Business travelling

The POP Bank Group's emissions from business travelling mainly arise from four components: business travel by private car, hotel services used during business travel, business travel by train and business travel by air. The data used for the calculation consisted mainly of kilometres driven by car, accommodation, and, to a lesser extent, public transport. No accurate data was available for air travel, so this was excluded from the calculation. The POP Bank Group's travel costs are low, which means that air travel is not considered to make up a significant part of the emission calculation.

The data used for the calculation of business travelling were collected for the period 1 January – 31 October 2024. The business travelling figures for November – December were estimated by calculating monthly averages for the period 1 January – 31 October 2024.

The business travelling car trips covered by the kilometre allowance were calculated using the average emission values for passenger cars using the emission conversion factors from the DEFRA database. DEFRA's emission conversion factors do not take into account differences between countries. The data on hotel nights used for business travelling accommodation were obtained from hotel service providers' reports, and the emission value per hotel night was calculated as the average for Finland using the emission conversion factors on Hotelfootprints.com as a source. Public transport data were assumed to be train travel, and the emission data were retrieved from the data of the Finnish Environment Institute.

Category 7 Employee commuting

The data needed to calculate the emissions from the POP Bank Group's employee commuting were collected with an employee questionnaire for the year 2023, which asked for information on the number of days worked on site at POP Bank Group, the number of kilometres travelled for commuting, the mode of transport used and the fuel category, if any. The calculation was based on the passenger-kilometres estimated in the questionnaire. The results of the calculation were updated to reflect the number of employees in 2024. The emission conversion factors from the DEFRA database, which do not take into account differences between countries, were used for the calculation.

Category 8 Upstream leased assets

Leased assets and their emissions were calculated on the basis of equipment records obtained from the POP Bank Group's partners and the equipment records obtained from third parties at the sites. The POP Bank Group's equipment was replaced throughout the Group during 2024. The calculation was performed using data on the old equipment for the period 1 January – 31 March 2024 and on the new equipment for the period 1 April to 31 December 2024.

Emissions were calculated using manufacturer-specific emission conversion factors and, when there were no accurate data, the emission conversion factors from the Ecoinvent 3.8 source. The model-specific carbon footprints for products took into account emissions from manufacturing. If no data were available, an average of 75% of the total carbon footprint was calculated to produce the emissions arising during manufacturing. The share of the calculated manufacturing emissions per piece of equipment was divided by an average lease term of 3 years.

Some of the carbon footprints for products include life-cycle emissions, so it is possible that emissions arising during use are included twice in the calculation. For leasing equipment, emissions from recycling or waste treatment are also included in the POP Bank Group's carbon footprint.

Category 15 Investments

Category 15 of the POP Bank Group's Scope 3 emissions calculation includes emissions from the loan and investment portfolio and from investment properties. The POP Bank Group joined the Partnership Carbon Accounting Financials (PCAF) initiative in 2023. The initiative aims to develop and implement a consistent way for the financial sector to measure and report GHG emissions from loans and investments. The calculation of Scope 3 GHG emissions indirectly caused by the financial activities of the POP Bank Group observes the methodologies of PCAF and those published in the GHG Protocol standard.

Category 15 emissions are calculated according to the classes defined by PCAF, except for investment properties, which are not calculated according to the PCAF methodology. The calculation according to the PCAF methodology was performed for the classes of loans collateralised by residential and commercial immovable property, corporate loans, listed equity and corporate bonds and government bonds. Of the classes defined by PCAF, project finance and motor vehicle loans were excluded from the calculation, as the necessary data have not yet been disaggregated. For investment properties, the calculation was performed according to the GHG protocol.

Genuinely measured emissions data for the loan portfolio and government bonds are not available, so estimates were used in the calculation, which introduces uncertainty into the results. Estimates and measured data were used for listed equity and corporate bonds and investment property.

The POP Bank Group's category 15 emissions were calculated as at 31 October 2024 due to scheduling reasons. Between 31 October 2024 and 31 December 2024, gross amount of the loan portfolio has increased by 0.67% and the market value of the investment portfolio has decreased by 1.54%. The changes in the amounts for the loan and investment portfolio between 31 October 2024 and 31 December 2024 are not significant, so the timing of the calculation is not considered to have a material impact on the final result of the calculation.

Loan portfolio

The calculation of the POP Bank Group's loan portfolio includes loans collateralised by residential and commercial immovable property and corporate loans. The calculation and loan-to-value ratio of loans collateralised by residential and commercial immovable property and corporate loans was performed and defined at the customer level.

CALCULATION METHOD FOR LOANS COLLATERALISED BY RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTY

	Financed emissions, Scope 1 and 2 tCO2eq, year 2024	Scope 1 and 2 emissions intensity (tCO2eq / EUR million in loan receivables), year 2024	Coverage (%)
Mortgages and loans collateralised by residential immovable property	54,775	20.93	99%
Loans for commercial real estate and premises	4,214	57.86	73%
Loans to housing companies and real estate companies	2,589	27.68	35%

The calculation of the emissions of the POP Bank Group's loans collateralised by immovable property takes into consideration residential real estate, housing company shares, secondary residences, commercial real estate, housing companies and real estate companies. The emission estimates of the immovable properties used to calculate emissions from loans collateralised by immovable property are based on the collateral's surface area in square metres and energy performance certificates, where available. In the absence of an energy performance certificate, PCAF estimates are used in the calculation for properties that do not have an energy performance certificate. The emission conversion factors were obtained from the PCAF database. Option 2 in the PCAF standard's methodology was used for the calculation.

According to the PCAF standard, the calculation of real estate collateral includes the properties' Scope 1 and Scope 2 emissions according to the properties' loan-to-value ratio. Emissions are presented at the portfolio level based on the collateral-specific data. The emissions intensity was calculated by dividing the financed emissions by the amount of loan receivables in EUR millions.

According to PCAF's scale that measures data quality, properties and apartments for which energy performance certificates were used in the calculation receive the score 3. Sites with no energy performance certificates available are rated 4. Sites with incomplete data were excluded from the calculation.

CALCULATION METHOD FOR CORPORATE LOANS

Main line of business	Financed emissions, Scope 1 and 2 tCO2eq, year 2024	Financed emissions, Scope 3 tCO2eq, year 2024	Scope 1 and 2 emission intensity (tCO2eq / EUR million in loan receivables), year 2024
Construction	4,613	31,690	60.04
Electrical & machinery	102	1,521	22.41
Electricity, gas & water	1,109	340	446.78
Financial intermediation & business activity	2,935	10,792	13.97
Food production, beverages & tobacco	1,240	6,550	95.86
Manufacturing & recycling	1,295	6,214	90.04
Metal & metal products	814	6,278	71.98
Mining & quarrying	436	445	356.97
Petroleum, chemicals & non-metallic mineral products	904	2,788	193.28
Post & telecommunications	2	41	8.24
Public administration	714	4,420	21.04
Sale, maintenance & repair of vehicles	3,116	29,600	50.77
Textiles, leather & wearing apparel	51	687	20.16
Transport	5,221	7,434	279.48
Transport equipment	19	222	24.35
Wood, paper & publishing	616	2,467	65.60
Total	**23,186**	**111,490**	**49.82**

The calculation of corporate loan emissions is based on information on the nature and scale of the business of the customer companies. This information includes the company's sector, turnover, amount of equity and balance sheet total. The business-related data of companies used in the calculation is provided by Vainu.io. The emissions calculated on the basis of the scope of business operations concern the corporate loans' Scope 1, Scope 2 and Scope 3 emissions. Presented amounts of the category 15 in the main table in the beginning of the paragraph E1-6 does not include scope 3 emissions of companies of the corporate loans.

The emission conversion factors from the PCAF database and Option 3 of the PCAF standard methodology were used in the calculation. The geographical area of the PCAF's emission conversion factors used in the calculation of the corporate loans emissions was Finland. The corporate loan emissions attributable to the POP Bank Group were calculated using a factor, which is calculated as the share of loans granted from the company's balance sheet total. If the loan amount was greater than the company's total balance sheet value, all the Scope 1 and 2 emissions caused by the counterparty were included in the emissions attributable to the POP Bank Group.

Not all of the corporate customer sectors defined in the POP Bank Group's loan portfolio correspond directly to the sectors defined by PCAF and their emission conversion factors, so in these cases the corporate customer sector is defined as the closest corresponding sector class in PCAF. The sample excludes customers whose main business is solely property management, as the turnover arising from the property management fee would not give a true picture of the emissions arising from the business. For these cases, the calculation was carried out as part of the calculation of loans collateralised by immovable property.

The emissions intensity was calculated by dividing the financed emissions by the amount of loan receivables in EUR millions.

Overall, the quality of the corporate loan data is rated 4 on the PCAF scale.

The coverage of the calculation of emissions from corporate loans is 70%. The corporate loan coverage includes the share calculated on the basis of data on business operations, plus the share calculated on the basis of companies' loans collateralised by immovable property. Excluded from the calculation are loans for which the information on debtors is insufficient to carry out the calculation and sectors for which no suitable emission factors can be found.

Investments

The calculation of POP Bank Group's investments includes listed equity and corporate bonds and government bonds, which come under the PCAF classes, and investment properties, which do not come under the PCAF classes. In accordance with the PCAF's guidelines, no emissions are calculated for central bank deposits.

CALCULATION METHOD FOR LISTED EQUITY AND CORPORATE BONDS

Investment	Financed emissions, Scope 1 and 2 tCO2eq, year 2024	Scope 1 and 2 emissions intensity (tCO2eq / EUR million invested), year 2024
Bonds	6,199	38.03
Investment funds	6,661	57.23
Shares	246	83.26
Total	**13,105**	**46.42**

The POP Bank Group's financed emissions from investments were estimated in accordance with the PCAF's guidelines by adding up the POP Bank Group's share of ownership in the investments to produce the share of emissions. The calculation of Scope 1 and Scope 2 emissions for listed equity and corporate bonds was performed according to Option 1 of the PCAF methodology. Financed Scope 3 emissions were not calculated due to lack of data.

Non-UCITS funds calculate and report their own emissions, and this information was obtained from the separate funds for the calculation. In the calculation of the POP Bank Group's financed emissions, the fund's emissions intensity factor was used as the factor to calculate the emissions from the funds for which the POP Bank Group is responsible. The reporting methods of non-UCITS funds vary, so for some of the funds, the emissions intensity was calculated by the POP Bank Group in order to harmonise the figures. Non-UCITS funds that do not report their emissions were excluded from the calculation, as it was not possible to estimate the emissions with sufficient accuracy.

For other mutual funds, the emissions intensity figures were obtained from MSCI ESG Research LLC and the figures were used as the basis for the calculation of the POP Bank Group's financed emissions.

Data on total emissions and Enterprise Value Including Cash (EVIC) values for listed equity were obtained from MSCI ESG Research. In the calculation, the factor determining the POP Bank Group's share was obtained by comparing the market value of the investment at the time of the calculation with the EVIC of the counterparty. The POP Bank Group's financed emissions were obtained by multiplying the factor determining the Group's share by the total emissions of the counterparty.

Emissions intensity was calculated by dividing emissions by the total value of investments.

Some investments report calculations based on actual emissions and some investments use estimated source data. The share of emissions reported by the investments accounted for 93% of the calculation, while the share of estimated emissions accounted for 7%. Overall, the most common data quality score is 2 on the PCAF scale.

For some investments, no emissions factor is available, so these investments were excluded from the calculation. The coverage of the calculation of emissions from listed equity and corporate bonds was 72%.

CALCULATION METHOD FOR GOVERNMENT BONDS

Government bonds	Financed emissions, Scope 1 tCO2eq, year 2024	Scope 1 emission intensity (tCO2eq / EUR million invested), year 2024
Total	**44,104**	**159.39**

The POP Bank Group's calculation of the financed emissions from government bonds is based on the monetary amount of the bonds divided by the target country's total GPD adjusted by the country's purchasing power parity (PPP) after which the total emissions of the target country are obtained by multiplying with the respective ratio. The source of the PPP-adjusted GDP is the World Bank, and country-specific emission estimates are taken from the PCAF database. Financed Scope 1 emissions were calculated for government bonds. According to PCAF guidelines, financed Scope 2 and Scope 3 emissions should, where possible, be reported for government bonds, but due to a lack of data it was not yet possible to do so.

The emissions intensity was calculated by dividing the financed emissions by the total value of the investments.

The calculated emissions received a data quality score of 4 on the PCAF scale. The coverage of the calculation of emissions of corporate bonds is 90%.

CALCULATION METHOD FOR INVESTMENT PROPERTIES

Investment properties	Scope 1 and 2 emissions (location-based), tCO2eq, year 2024
Total	**1,018**

The calculation of emissions from investment properties was carried out in accordance with the GHG protocol. Data on the investment properties' electricity and heat consumption and floor areas were used to calculate the emissions of the POP Bank Group's investment properties. For those sites where only the floor area was known, electricity and heat consumption was estimated based on the average energy consumption of the office building reported by Motiva. The Scope 2 emissions of the sites were calculated using location-based country-specific averages for electricity and heat emissions.

Sites for which no data on energy consumption or surface area could be found were excluded from the calculation. The calculation covered 43% of investment properties in relation to the number of properties.

E1-7 – GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

The POP Bank Group has not yet purchased any carbon credits or undertaken any GHG removals or storage that would have been a result of the mitigation projects identified by the Group. Therefore, the total amount of GHG removal and storage and the total amount of carbon credits outside the value chain in metric tonnes of CO2eq is 0. In 2025, in line with its sustainability goals, the POP Bank Group will set emission reduction targets and establish a plan to reduce GHG emissions. Potential GHG mitigation projects may also be specified in conjunction with this.

2.3 SUSTAINABLE PRODUCTS

In the POP Bank Group, sustainable products have been identified as entity-specific information that is not covered by the topical standards. The impacts, risks and opportunities related to the POP Bank Group's sustainable products have been identified as part of the double materiality assessment, which is described in more detail in section *IRO-1* of ESRS2 *General Disclosures*. The impacts, risks and opportunities related to sustainable products are managed through collaboration with partners and management of partnerships, and as part of normal business operations, for example through product management procedures and ensuring a sustainable product range for customers.

Material topic	Impacts	Risks	Opportunities
Sustainable products	**Positive** • Products that advance sustainable development channel financing to responsible projects and create a positive impact on people and the environment. • Sustainable products also offer the POP Bank Group the opportunity to work with stakeholders, including partners, to create new solutions that can reduce the impact on people and habitats. .	• Stakeholders, such as customers, investors and partners, have growing understanding of and demands regarding sustainability. Failure to offer sustainable and responsible products can pose a financial risk in terms of losing customers or investors, or in the failure to attract new stakeholders. • Market demand and supply in terms of sustainable products is increasing, and financial risk may arise from more advanced product development by competitors. • Risk of greenwashing if environmental and climate targets are not carefully integrated into the product.	• Product development and the launch of new products for different customer segments, such as a special loan for renovation of energy-efficient houses, a green corporate loan and mortgage loan, green bonds and bonds linked to sustainability targets, will offer the POP Bank Group an opportunity to serve existing customers with a wider range of products and attract new customers and investors. • Investors increasingly favour companies that have integrated sustainability into their products, which means that taking sustainability into account in the product portfolio may give them a competitive advantage over other competitors.

A key sub-area of the POP Bank Group's business, which has an impact on people and the environment, is financing customers' investments and providing investment products to customers. The POP Bank Group aims to reduce negative impacts on the environment and people by providing financing to its customers for investments that support the climate change mitigation and by offering investments that support sustainable development, and by informing customers about the related opportunities. Investment products that support sustainable development may promote environmental or social characteristics, or both, or the target of the investment product may be to make sustainable investments.

The material impacts, risks and opportunities related to sustainable products are managed through principles followed in product management, a lending and collateral policy, guidelines related to investment advice, and in the selection of partners and the maintenance of relationships with them.

PRODUCT MANAGEMENT PROCEDURE AND PARTNERS

The principles followed in product management are applied to new products and product updates, as well as to sustainable products. As part of the product management process, potential risks to customers and the environment should be identified, among other things. Greenwashing is prevented through a product management process and assessments by the compliance function. The procedures and principles for product management are described in more detail in section *S4-1* of *S4 Consumers and End-Users*.

When choosing partners, the sustainability of the supplier and the product is taken into account. More information on the contract policy and the due diligence report is provided in sections *G1-1* and *G1-2* of *G1 Business conduct*. Active cooperation is carried out with suppliers of products and services to ensure that customers have access to an adequate range of products and services.

With regard to financial products and funds, the POP Bank Group only selects partners who have signed the UN-supported Principles for Responsible Investment (PRI) and who are members of Finnish sustainable investment forum Finsif.

Responsible investment is part of the investment processes of POP Bank Group's partners. Typically, partners have integrated the application of sustainability principles directly into the investment process. For partners, sustainability factors and risks are considered and assessed as part of the investment decision making and analysis process. Information on partners' responsible investment is monitored through regular discussions with partners, and through investment materials provided by partners and information available from public sources.

ENVIRONMENTALLY SUSTAINABLE LENDING

The lending and collateral policy guides the banks' lending processes and provides guidance on good lending practice. The policy was updated in 2024 in terms of environmentally sustainable lending and the principles to be followed. For more information on the lending and collateral policy, see section *E1-2* of *E1 Climate Change*.

The POP Bank Group has been offering the Vihreä laina green loan product to its private customers since 2021. The criteria of the green loan product were updated during 2024, and from autumn 2024 it has also been offered to corporate and housing company customers. In addition, training on the updated product was organised for employees of the POP Bank Group. For more information on updates to the Vihreä laina loan product, see *section* E1-3 *of E1* Climate Change.

Quantitative targets for the period 2025–2026 were set for the Vihreä laina loans granted. This target is explained in more detail in section *E1-4* of *E1 Climate Change*.

SUSTAINABLE INVESTMENT PRODUCTS

The POP Bank Group assesses customers' sustainability preferences in line with the sustainable finance regulation as part of investment advice. POP Banks' investment advisors are instructed on how to assess the sustainability preferences. Regarding sustainability preferences, customers are asked about their preferred minimum percentage of sustainable investments and taxonomy-aligned investments. Customers are also asked whether they only want to be recommended investment solutions that take into account the principal adverse impacts on sustainability.

During 2024, issues concerning sustainability preferences were clarified, and additional training was provided for employees.

Most of the funds offered through the POP Bank Group's investment advice have a Morningstar sustainability rating. In 2024, the average sustainability rating of these funds was 3.6 measured on a scale of 1–5. The Morningstar sustainability rating describes the sustainability of those companies included in the fund, in relation to the holdings of other funds in the same comparison category, as determined by Morningstar. A mutual fund is issued with a sustainability rating, if at least 50 per cent of its assets are invested in companies for which Sustainalytics has determined a company-specific sustainability rating.

The funds offered by the POP Bank Group are classified into three different categories, or articles, in terms of sustainability. Articles 6, 8 and 9 describe the level of sustainability of the investment. The main objective of 'dark green' Article 9 investment products is to make sustainable investments. The main objective of 'light green' Article 8 investment product is to promote environmental and social characteristics. 'Grey' Article 6 investment products do not actively promote environmental and social characteristics.

Of the funds offered through the POP Bank Group's investment advice, 9% were compliant with Article 6, 86% were compliant with Article 8 and 5% were compliant with Article 9 at the end of 2024.

The POP Bank Group has set a goal to introduce new sustainable investment products to the range of investment products offered to customers. New sustainable investment products should be classified as Article 8 at least. The target is described in more detail in *section S4-5 of S4 Consumers and end-users*.

2.4 E4 BIODIVERSITY AND ECOSYSTEMS

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The POP Bank Group's material impacts, risks and opportunities related to biodiversity and ecosystems have been identified as part of the double materiality assessment, which is described in more detail in section *IRO-1 of ESRS2 General Disclosures*. The identified material impacts, risks and opportunities do not relate to the POP Bank Group's own operations but arise from its value chain through the financing of its customers. Following the double materiality assessment, a team of experts carried out an assessment at the Group of the impacts, risks, dependencies and opportunities, but the POP Bank Group has not yet carried out a more in-depth assessment in relation to these.

Material topic	Impacts	Risks	Opportunities
Impacts on the extent and condition of ecosystems	**Negative** • Climate change and land and water use are drivers that contribute to the deterioration of biodiversity and together pose a risk to the environment. The construction, agriculture and forestry activities that are financed by the POP Bank Group affect and change land use, which causes the destruction and fragmentation of habitats and disruption, and negatively impacts biodiversity. **Positive** • Taking biodiversity into account in financial and investing activities are opportunities that have a positive impact on preserving biodiversity.	• Violation of environmental regulations can lead to fines and delays, which reduce financial returns and can damage the value of assets. The disruption of threatened species or the discovery of certain species in a particular area where a new project is being planned may affect the progress of the project.	• Taking biodiversity into account in finance and investment activities and in the sustainability strategy will help achieve the sustainability targets, which can attract new customers, investors and partners; or at least meet their changing needs and preferences.

Material topic	Impacts	Risks	Opportunities
Impacts and dependencies on ecosystem services		• The ecosystems on which organisations are dependent can be disrupted and pose new kinds of risks to business, for example in agriculture, forestry and construction, including regarding the availability of raw materials. Stricter regulation can lead to changes in the business operations and supply chains of certain industries in the future. This can, for example, lead to credit losses or reduce the number of projects or investments that need financing. • Biodiversity loss can undermine production processes and thus reduce the credit worthiness of many companies. Loans are extensively granted to companies that are highly dependent on at least one ecosystem service. This means that these companies are dependent on ecosystem services to continue producing their products or providing their services. If the degradation of nature continues at the current level, these companies will suffer and the risk level of banks' credit portfolios will increase. • Biodiversity loss also affects the POP Bank Group's customers, which can result in, for example, credit losses.	

E4-1 – TRANSITION PLAN AND CONSIDERATION OF BIODIVERSITY AND ECOSYSTEMS IN STRATEGY AND BUSINESS MODEL

The impacts, dependencies, risks and opportunities related to biodiversity and ecosystems identified in the double materiality assessment result from the POP Bank Group's strategy and business model. The POP Bank Group's business operations are built around local focus and providing financing to private and corporate customers, and the Group's financing of corporate clients has been identified to create impacts, risks and opportunities that are related to biodiversity and ecosystems. The impacts are considered to be particularly pronounced in the financing of agriculture and forestry customers and construction.

The impacts, dependencies, risks and opportunities related to biodiversity and ecosystems have not yet led to the adaptation of the Pop Bank Group's strategy and business model. In line with the POP Bank Group's sustainability targets, a biodiversity assessment will be prepared during 2025 with the aim of increasing the POP Bank Group's understanding of the impacts and dependencies of its business operations on biodiversity. This increase in understanding will allow the POP Bank Group to more accurately assess the needs to adapt the POP Bank Group's strategy and business model arising from the impacts, risks, dependencies and opportunities related to biodiversity and ecosystems.

Experts carried out an assessment of the resilience of the POP Bank Group's strategy and business model in relation to biodiversity and ecosystems. As no material impacts, risks or opportunities from the perspective of biodiversity and ecosystems have been identified relating to the POP Bank Group's own operations, the resilience analysis was limited to just the POP Bank Group's value chain. In terms of the value chain, the resilience analysis has been limited to cover the credit portfolio, with a particular focus on agriculture and forestry customers and construction projects. In terms of risks, the analysis has only addressed transitional and physical risks, as the POP Bank Group has not yet had sufficient resources to examine systemic risks related to biodiversity. The resilience analysis factors in short-, medium- and long-term time horizons.

In connection with the double materiality assessment, stakeholders were asked about their views on the materiality of biodiversity from the perspective of the POP Bank Group's operations. To date, the POP Bank Group has not yet engaged stakeholders in any other ways for a more in-depth assessment of the impacts and risks regarding biodiversity and ecosystems, or in a resilience analysis.

The assumption of the resilience analysis carried out by the POP Bank Group is that without significant actions, biodiversity will decline as a result of climate change, and especially in the long term, negative impacts and risks are expected to become more pronounced if climate change and biodiversity loss continue at the current rate.

The resilience analysis is based on an expert assessment of the relationship of biodiversity and ecosystems to agriculture, forestry and construction that was carried out after the double materiality assessment. In the resilience analysis, financial effects were examined only from the perspective of capital adequacy. The POP Bank Group's expert assessment identified a number of sector-specific physical risks, including, for agriculture, uncertainties in production caused by pests and diseases, loss of crop yield due to decline in pollination services and soil degradation due to monoculture, and, for construction, ecosystem degradation and species loss. In addition, the POP Bank Group's expert assessment identified a number of sector-specific transition risks, such as, for agriculture and forestry, the risks associated with changes in policy and legislation, and, for construction, risks caused by changes in policy and technology. The current business model and strategy were seen as being resilient to the identified transitional and physical risks on account of the diversification of the POP Bank Group's credit portfolio.

Based on the resilience analysis carried out by the POP Bank Group, biodiversity and ecosystems were not considered to have financial effects on the POP Bank Group's capital adequacy in the short or medium term. The POP Bank Group considers it possible that risks related to biodiversity and ecosystems will materialise in the long term, but it is difficult to estimate the financial effects on the POP Bank Group on the basis of the data used in the resilience analysis.

ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The POP Bank Group's own operations are not considered to have a material negative impact on land degradation. The POP Bank Group's double materiality assessment has identified that customers receiving financing from the Group, in particular agriculture and forestry customers, may have a potential impact on land degradation. The expert assessment carried out after the double materiality assessment was unable to identify the material negative impacts of the projects financed by the Group on land degradation due to lack of information. However, the POP Bank Group has not carried out a more in-depth assessment of whether its loan portfolio causes actual material negative impacts on land degradation.

The POP Bank Group has not identified any material negative impacts that are related to desertification, as the POP Bank Group does not operate in areas where desertification occurs.

The POP Bank Group's own operations are not considered to have material negative impacts on soil sealing. The POP Bank Group has identified that the projects it finances, particularly construction projects, may have a potential impact on soil sealing. However, based on the Group's expert assessment, the projects financed by the Group are not, at least for the time being, considered to have material negative impacts on soil sealing, as the Group's financing of real estate construction is heavily concentrated on residential real estate, where the negative impacts on soil sealing are substantially smaller and more dispersed than they are for commercial and industrial properties. The POP Bank Group has not, however, carried out a more in-depth assessment of whether its loan portfolio causes actual material negative impacts on soil sealing.

POP Bank Group does not have own operations that affect threatened species. The POP Bank Group has identified that the customers it finances may have a potential impact on threatened species. However, according to the POP Bank Group's expert assessment, the projects funded by the Group are not expected to have any impacts on threatened species, at least for the time being, because threatened species are taken into account in environmental permit decisions, among other things. The POP Bank Group has not, however, carried out a more in-depth assessment of whether its loan portfolio causes actual material negative impacts on threatened species.

E4-2-E4-3 – POLICIES, ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS

The POP Bank Group does not have any policies for managing the material impacts, risks, dependencies and opportunities related to biodiversity and ecosystems. As there are no policies, the POP Bank Group has not carried out any actions during 2024 that would significantly contribute to the achievement of the aims of the policies related to biodiversity and ecosystems.

The POP Bank Group has, however, updated the criteria of its 'Vihreä laina' loan product during 2024, which are described in more detail in section E1-3 of *E1 Climate Change*. The current criteria of the green loan also take into account sustainable agriculture from the perspective of biodiversity. For example, a financed project could involve converting production to organic production and switching to crop rotation, or cultivating unconventional crops or breeding animals. The POP Bank Group is not monitoring the impact of updating the criteria of the green loan on biodiversity.

E4-4 – TARGETS RELATED TO BIODIVERSITY AND ECOSYSTEMS

The POP Bank Group has set sustainability targets for 2024, and the targets cover the period 2025–2027. The target set for biodiversity and ecosystems is to carry out a biodiversity assessment during 2025. The purpose of the assessment is to develop the POP Bank Group's understanding of the impacts and dependencies of its operations on biodiversity. As the targets cover the period 2025–2027, the POP Bank Group has not carried out any actions during 2024 that will significantly contribute to the achievement of the targets related to biodiversity and ecosystems.

E4-5 – IMPACT METRICS RELATED TO BIODIVERSITY AND ECOSYSTEMS CHANGE

Over the next few years, the POP Bank Group will work towards increasing understanding of the impacts of biodiversity and ecosystems. Pop Bank Group has not yet set any metrics that are related to its material impacts on biodiversity and ecosystems.

3 SOCIAL INFORMATION

3.1 S1 OWN WORKFORCE

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The POP Bank Group's material impacts, risks and opportunities related to own workforce have been identified as part of the double materiality assessment, which is described in more detail in section *IRO-1 of ESRS2 General Disclosures*. Impacts, risks and opportunities are also identified and managed, for example, through employee surveys, training, cooperation with occupational health care services and early support practices.

Material topic	Impacts	Risks	Opportunities
Working conditions	**Positive** • Equal treatment, fair pay and a focus on employee wellbeing increase job satisfaction and motivation, improve performance and productivity and reduce sickness absences. • Refraining in principle from termination of employment for economic or production-related reasons improves the opportunities of the own workforce to earn an income and reduces psychological stress and harm. In addition, the work motivation of the own workforce may increase, having a positive impact on coping at work and the quality of customer service. • Communicating responsibility policies internally to the own workforce can increase employee satisfaction with the POP Bank Group. • Involving employees in sustainability matters can increase a sense of belonging in the workplace community and work motivation. **Negative** • Poor internal (sustainability) communications can increase employees' dissatisfaction with the POP Bank Group and decrease work motivation. • A potential weakening of work-life balance and inflexible working time have a negative impact on the recovery, coping at work and mental wellbeing of the POP Bank Group's own workforce.	• Increasing employee turnover and a reduced ability to attract new workforce may slow down operational activities and weaken the productivity of the POP Bank Group's operations. • A reduction in employee efficiency and an increase in potential sickness absences can have a negative impact on the productivity of operations and the cost-effective organisation of services.	• Lower employee turnover and improved work efficiency, enhanced customer satisfaction and increased skills of motivated and thriving employees. In addition, a reduction in sickness absences lowers costs. • Consideration of employee wellbeing improves the attractiveness of the POP Bank Group in the employer market and creates a positive image of the POP Bank Group as a responsible operator. • Effective communication can improve employee commitment to the POP Bank Group and enhance the Group's attractiveness in the employer market.

Material topic	Impacts	Risks	Opportunities
Equal treatment and opportunities for all	**Positive** • A workplace culture that supports equality has a positive impact on the motivation of the own workforce and the meaningfulness of work. Appropriate and equal pay can have a positive impact on the own workforce's income and increase their work motivation, and have a positive impact on coping at work and wellbeing. **Negative** • If employees do not perceive the working environment and the opportunities it offers as being equal, this has a negative impact on job motivation and job satisfaction.	• Unequal treatment and large gender pay gaps negatively affect the reputation or stakeholders' perception of the POP Bank Group.	• Lower employee turnover, reduction in sickness absences and improved work efficiency among employees who experience equality. • Stakeholders' image of the POP Bank Group as an equal opportunity employer enhances the Group's attractiveness in the employer market and creates a positive image of the POP Bank Group as a responsible operator. • Equal wages can improve the POP Bank Group's reputation among employees and strengthen the POP Bank Group's attractiveness as an employer.

ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The actual and potential impacts on the own workforce identified in the double materiality assessment result from or are related to the POP Bank Group's strategy and business model. The impacts, risks and opportunities have emerged through an examination of the POP Bank Group's own operations, workforce and nature of work. In the POP Bank Group, the nature of the work is office and knowledge work, which has been taken into account in the assessment of material impacts, risks and opportunities. Material impacts, risks and opportunities have been identified through stakeholder interviews and surveys and a management workshop, as described in more detail in section *IRO-1* of *ESRS2 General Disclosures*. The identified material impacts, risks and opportunities are reflected in the POP Bank Group's strategy and business model, for example, by the fact that one of the seven focus areas of the strategy is competence development and improve operational efficiency. A skilled workforce is a prerequisite for the implementation of strategy and business model.

All persons belonging to the POP Bank Group's workforce are covered by the information reported in accordance with *ESRS2 General Disclosures*. Own workforce includes employees in an employment relationship as well as people employed through service-sector companies, such as workers hired through employment agencies or consultants. Consultants and employment agency workers are not included in the numerical data reported due to the scope of the standard, but they are taken into account in the identification of impacts, risks and opportunities.

The potential material risks and opportunities arising from the impacts and dependencies on the POP Bank Group's own workforce relate to its entire own workforce and not to specific groups of people. The double materiality assessment has not been used to gain an insight into how workers, who have particular characteristics or who work in particular contexts or perform particular activities, are at greater risk of suffering from harm.

The material negative impacts identified by the POP Bank Group in terms of working conditions and equal treatment and equal opportunities are related to individual incidents.

The actions related to the material positive impacts identified by the POP Bank Group include the provision of occupational health care services, staff training, regular internal communication, individualised working time flexibilities and pay reviews. The material positive impacts identified by the POP Bank Group apply to all its employees in an employment relationship. Persons employed through service-sector companies are subject to the above-mentioned actions, except for the provision of occupational health care services, individualised working time flexibilities and pay reviews, as these actions come under the contracts between these persons and their employers. In addition, different entities of the POP Bank Group may have different practices regarding the scope of the actions mentioned above.

All material risks and opportunities for the company arising from impacts on its own workforce and dependencies on its own workforce are described in the table presented in the previous section.

The POP Bank Group has not yet drawn up any transition plans related to the climate and environment, so therefore it has not been possible to identify any potential material impacts arising from the transition plans on the POP Bank Group's own workforce.

The POP Bank Group's operations are not associated with material risks related to forced or child labour, which is due to the type of operations or the geographical areas in which the operations are carried out, as the POP Bank Group operates in Finland.

S1-1 – POLICIES RELATED TO OWN WORKFORCE

The material impacts, risks and opportunities associated with the POP Bank Group's own workforce are managed through the POP Bank Group's Code of Conduct, HR policy, and guidelines of its early support practices and substance abuse programme. The above-mentioned common Group policies cover the own workforce of the entire Group.

In the POP Bank Group, each entity in the Group is an independent operator, which as a member of the Group is committed to the shared values, policies and guidelines. The Group's entities may also have their own internal guidelines. For example, a plan to promote equality, a health and safety plan and a workplace community development plan are created at the entity level. In addition to the Code of Conduct and other internal guidelines, the POP Bank Group complies with the regulations that are in force and the collective agreement for the financial sector.

The Code of Conduct approved by the Board of Directors of POP Bank Centre describes the minimum requirements according to which the employees, executive management and administration of the POP Bank Group must operate. The Code of Conduct relates to material impacts, risks and opportunities that cover non-discrimination and equality. According to the Code of Conduct, employees are required to act in accordance with regulations, requirements and internal guidelines and to treat stakeholders fairly and equally. The Code of Conduct also explains the employer's responsible practices and according to these the Group's employees must be treated equally and be given equal opportunities. The Code of Conduct is available internally on the POP Bank Group's intranet and publicly on the website.

The POP Bank Group's HR policy, which has been approved by the Board of Directors of POP Bank Centre, is intended to guide the creation of a sustainable working environment where employees can develop and thrive. The HR policy relates to the material impacts, risks and opportunities in terms of working conditions and equal treatment. The policy covers issues such as equal treatment and non-discrimination, development of wellbeing and skills, leadership, safety of the work environment, communication in the workplace community and employee involvement. The HR policy is available internally on the POP Bank Group's intranet.

The aim of the substance abuse programme's guidelines, approved by the POP Bank Centre's Executive Board, is to prevent employees from using addictive substances that are harmful to health. The programme aims to reduce the health problems and costs associated with risky behaviour. The guidelines are related to the material impacts, risks and opportunities related to working conditions that concern sickness absences and employee wellbeing. The guidelines have been made into a template for use by the Group's entities, and is available internally on the POP Bank Group's intranet.

The purpose of the guidelines of the early support practices, approved by the POP Bank Centre's Executive Board, is to ensure that any factors that impair work, safety or wellbeing at work are addressed at a sufficiently early stage in the workplace. The guidelines relate to the material impacts, risks and opportunities related to working conditions that cover sickness absences and employees' performance and wellbeing, such as coping and recovery. The guidelines have been made into a template for use by the Group's entities, and is available internally on the POP Bank Group's intranet.

As part of its Code of Conduct, the POP Bank Group is committed to respecting the Fundamental Principles and Rights at Work defined in the International Labour Organization (ILO) Declaration and the principles of the UN Universal Declaration of Human Rights. Furthermore, the POP Bank Group operates only in Finland, which is strongly committed to the protection and promotion of human rights through national legislation and international cooperation. The POP Bank Group has not conducted a policy-specific comparison to determine whether its workforce-related policies align with internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. Compliance with human and labour rights is monitored through the whistleblowing channel. The Group ensures there is regular dialogue with employees and their representatives in accordance with the Co-operation Act. Topical issues related to employees are discussed under the leadership of the employer's representatives responsible for personnel matters at the regular meetings of working groups. Potential human rights impacts are dealt with on a case-by-case basis in the same way as other breaches of regulations or internal guidelines. Remedial action is determined on a case-by-case basis. Processing and remedial action may include the development of processes and approaches, as well as potential employment or other legal consequences.

The POP Bank Group complies with national legislation and is committed to respecting the fundamental principles and rights at work defined in the International Labour Organization (ILO) Declaration and the principles of the UN Universal Declaration of Human Rights, which prohibits human trafficking, forced labour and child labour.

The POP Bank Group has not established a Group-wide workplace accident prevention policy or management system. Each entity in the POP Bank Group is independently responsible for ensuring that health and safety is carried out in accordance with the law. The Group complies with the Occupational Health Care Act and develops and monitors accident prevention measures at the entity level in cooperation with occupational health care and insurance providers. Health and safety organisations operate locally and are responsible for addressing issues that promote health and safety in their entities.

In line with the POP Bank Group's HR policy, the Group promotes diversity and non-discrimination in all personnel matters and ensures equality and inclusiveness for all employees regardless of gender, age, ethnic background, religion, sexual orientation or other personal characteristics. The Group's Code of Conduct also prohibits discrimination and describes how to promote equal treatment. Where required by regulation, the Group's entities shall draw up an entity-specific plan to promote equality, which includes an action plan to promote equality. In addition, the Group's entities may have separate policies on, for example, prevention of and intervention into harassment.

The Pop Bank Group does not yet have a specific policy commitments related to inclusion or positive action for people from groups at particular risk of vulnerability in its own workforce.

Discrimination is prohibited in the POP Bank Group as stated in the POP Bank Group's Code of Conduct, which employees are required to review annually in the form of an online course. A report of possible discrimination or harassment can be made to the supervisor, HR or any representative of the employer, and the employer will intervene in the situation immediately. The Code of Conduct has guidelines on the promotion of diversity and inclusion and on taking diversity and inclusion into account in recruitment, career development and remuneration, for example.

S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

The POP Bank Group consists of independent entities and therefore the Group does not have common processes in place as part of its due diligence process for engaging with its own workforce about actual or potential material impacts on them. In the POP Bank Group, no person has been specified on the Group level that has operational responsibility for ensuring that engagement happens and that the results inform the company's approach.

In the Group's entities that apply the Co-operation Act, engage in regular dialogue with their employees in accordance with the Co-operation Act. In addition, entities with more than 20 employees have a health and safety committee, which deals with matters concerning employees and develops activities to improve working conditions and work capacity.

In addition, the POP Bank Group ensures there is active internal communication, for example by providing communication on current issues on the intranet or in internal meetings. Quarterly briefings are also organised for all Group employees on upcoming issues that have an impact on either banks or customers and which employees should be aware of.

Employees' views, satisfaction and wellbeing are also regularly assessed through employee surveys. The results of the surveys are reported to all the employees and the results are discussed at different levels of the organisation and with shop stewards. Any grievances that emerge from the surveys are addressed and improvements are sought together with employees. Any development measures will be implemented on a unit-by-unit basis.

Employees' views have also been studied as part of the double materiality assessment. The results of the double materiality assessment have identified material sustainability topics and the results of the assessment have also been used as background material for setting the POP Bank Group's sustainability goals.

S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

The POP Bank Group consists of independent entities that are committed to a common HR policy, but they define their own detailed processes. Grievances are addressed and corrected on a case-by-case basis. Depending on the impact, remedies for negative impacts and grievances may include occupational health care services, early support practices, mediation with HR or an external workplace coach, and discussion and training on matters in the workplace community. In addition, a development plan can be drawn up at the level of the Group or individual entity to remedy negative impacts or grievances, if necessary. Each entity is responsible for ensuring that practices are in place to remedy adverse impacts and that they are properly reported in accordance with the regulations.

The POP Bank Group is committed to ensuring that its own workforce can easily raise concerns and that these contacts are processed. The own workforce can raise their concerns with the health and safety representative, shop stewards, HR, supervisors and management. In addition, the own workforce can submit potential grievances for processing by the whistleblowing channel established the POP Bank Group.

If an employee raises a concern with, for example, HR or a supervisor, the issue will be treated confidentially and will be followed up. The remedy is determined on a case-by-case basis.

The whistleblowing channel is a grievance handling mechanism used by the POP Bank Group.

The whistleblowing channel is available to all employees, and instructions on how to submit a report to the whistleblowing channel are available on the POP Bank Group intranet and in internal online training. Reports submitted to the whistleblowing channel are received by the Compliance Officer, the data protection officer and internal audit's Audit Director. Recipients are responsible for the proper investigation of the reports and for taking the necessary measures. If the report is found to require action, it is reported to the Board of Directors of the member credit institution and the POP Bank Centre. The processing of whistleblowing reports and the protection of whistleblowers from retaliation are described in more detail in section *G1-1* of *G1 Business Conduct*.

Currently, the POP Bank Group does not separately assess the awareness of its own workforce on the processes for reporting concerns. However, the POP Bank Centre's Compliance Officer, the data protection officer and the Audit Director monitor the number of reports received through the channel and report on this annually to the POP Bank Centre's Board of Directors.

S1-4 – TAKING ACTION ON MATERIAL IMPACTS AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES

Due to the organisational structure of the POP Bank Group, actions are taken to manage material impacts, risks and opportunities at both the Group and the entity level. The Group's entities are committed to common policies and guidelines that ensure the equality and competence of employees are taken care of and to promote wellbeing at work within the POP Bank Group. In addition to the principles and Group-level actions, the Group's entities may have their own actions and initiatives to develop personnel matters. The POP Bank Group has not created a separate action plan for material impacts, risks and opportunities related to its own workforce.

The results of the employee survey, whistleblowing reports and reports received through other channels are used to identify negative impacts of actions related to own workforce. The processing of the reports and results helps to identify the actions needed, either at the Group or at the entity level. There is also active cooperation with the occupational health service, and action plans are drawn up locally with the occupational health care service.

The POP Bank Group has no overall process to ensure that the individual practices of the Group's entities do not have negative impacts on employees. In the Group's entities that apply the Co-operation Act, the need for change negotiations are assessed separately.

During 2024, the management of the POP Bank Centre has not been made aware of any actual material impacts on its own workforce that would have required significant remedial action.

Each entity in the POP Bank Group is responsible for ensuring that it has sufficient resources to comply with the common policies. At the Group level, material impacts are monitored by the POP Bank Centre's HR department. The Board has the ultimate responsibility for managing material impacts.

Working conditions

At the POP Bank Group, all employees and their capabilities are valued.

Negative impacts on work-life balance and well-being at work are prevented through early support practices and by promoting employee wellbeing, for example by providing occupational health care services and various flexibilities that improve the work-life balance, such as the opportunity to work remotely. As part of the early support practice, the supervisor has a one-to-one discussion with the employee about any factors that may impair working capacity, if the need arises. As a result of the discussion, solutions are sought to improve the situation.

The negative impacts of poor internal communication are prevented by ensuring a timely and clear flow of information to employees. Internal communication takes place regularly through various platforms, such as the intranet, training sessions, and entity and team meetings. For example, quarterly reviews are organised for employees to discuss topical and future issues relating to employees or customers.

The POP Bank Group has a role-based training programme, with specific training requirements for different roles. The aim of the training programme is to develop the skills of the Group's employees. The POP Bank Group has also been involved in the national Responsible Workplace programme since 2020. The programme commits to the seven principles of a responsible workplace. The aim of the role-based training programme, the commitment to the Responsible Workplace programme, and the provision of occupational health care services and flexible working hours are designed to have a positive impact on the own workforce.

In relation to employee turnover and wellbeing, risks are mitigated and opportunities are utilised by developing practices that enhance wellbeing and motivation at work. To maintain and develop wellbeing and motivation at work, the POP Bank Group focuses on supervisory work by training supervisors, providing occupational health care services, conducting regular performance and pay reviews, and maintaining employee skills through a role-based training programme.

The effectiveness of the actions is monitored and assessed by monitoring the results of employee surveys, the amount of sickness absences at the entity level and by consulting employees on their views, for example in various working groups.

Equal treatment

The POP Bank Group respects the diverse nature of the workplace community and people's individual characteristics. All employees are treated equally, regardless of gender, age, origin, convictions, health, sexual orientation or other personal characteristics.

Efforts are made to prevent negative impacts related to equal treatment through training and pay salary and recruitment practices. Information is provided on the POP Bank Group's policies and practices, for example, in connection with the mandatory online course on the Group's Code of Conduct. The Group also offers voluntary online courses on its training platform on equality, non-discrimination and inclusiveness. To promote transparency in recruitment, job vacancies are published on the POP Bank Group's website and are open to all employees. The person best suited to the vacant role will be selected on the basis of their skills, potential for development and performance.

The effectiveness of the actions is monitored and assessed by monitoring the results of employee surveys and by consulting employees on their views, for example in various working groups.

In relation to equal treatment and pay, risks are mitigated and opportunities are utilised, for example by observing equal pay criteria and carrying out regular pay reviews, where qualification and performance are assessed in accordance with the pay discussion model set out in the collective agreement. Equality and non-discrimination are outlined in the POP Bank Group's Code of Conduct, which employees are required to complete an online course on annually.

S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The POP Bank Group has set sustainability goals for 2024, and the goals cover the period 2025–2027. Concerning own workforce, a target was set to promote equality, skills and wellbeing at work. The achievement of this target will be measured with the results of the employee survey and its NPS score that measures employee satisfaction. The purpose of the development of employee equality, wellbeing and skills is to reduce the material negative impacts and promote the positive impacts on our own workforce, while managing risks and opportunities.

The results of the double materiality assessment and the views of stakeholders, including employees, determined in connection with the double materiality assessment, and the results of the employee survey were used in the setting of these goals. A workshop in which the goals were discussed was organised, and POP Bank Centre's Executive Board and experts from the POP Bank Centre and Bonum Bank Plc participated. The goals were approved by the Board of Directors of the POP Bank Centre. The setting of the goals are reported as part of the Sustainability Report and the goals will be published on the POP Bank Group website.

Progress towards the goals will be reported in the future as part of sustainability reporting. In addition, efforts will be made to examine the goals at a more detailed level in relation to the material impacts, risks and opportunities and, if necessary, the goals will be updated in this respect.

The targets and metrics related to our own workforce are set out in the sustainability goals as follows:

Top-level target	Target	Metric
We promote employee well-being We develop employee well-being and provide opportunities to maintain and develop professional skills. We do not discriminate and we treat our employees equally.	1. We promote the equality, skills and well-being at work of our employees	We aim for a minimum NPS score of 28 in the Group's job satisfaction survey.

The NPS score from the 2023 employee survey was used as the basis for the target's metric.

S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

Gender	Number of employees (head count) 2024
Male	202
Female	628
Other	-
Not reported	-
Total Employees	**830**

2024

	Female	Male	Other*	Not disclosed	Total
Number of employees (FTE)					
	588.9	181.83	-	-	770.73
Number of permanent employees (FTE)					
	553.11	170.78	-	-	723.89
Number of temporary employees (FTE)					
	35.79	11.05	-	-	46.84
Number of non-guaranteed hours employees (FTE)					
	3.28	1.01	-	-	4.29
Number of full-time employees (FTE)					
	545.32	168.37	-	-	713.69
Number of part-time employees (FTE)					
	40.31	12.44	-	-	52.75

*Gender as specified by the employees themselves.

Employee turnover (headcount)	2024
Total new employment relationships started during the year	**193**
Permanent	116
Temporary	77
Total employment relationships terminated during the year	**116**
Permanent	65
Temporary	51
Number of employees	**830**
Employee turnover (%)	14%
New hire rate (%)	26%

The data has been collected from the POP Bank Group's HR system.

The data on the number of employees and employee turnover expressed in head count are provided on the situation at the end of the reporting period.

Fixed-term employment contracts are used for example for project work, deputyships or to provide internships for students.

The head count disclosed as full-time equivalent (FTE) is calculated as person-workyears. For monthly-paid employees, the figure is calculated by multiplying the head count with the percentage of working time. For hourly-paid workers, the figure is calculated by setting the number of hours worked in proportion to the monthly salary. In the figures for full-time equivalence, absences have not been deducted, so absences are calculated in accordance with the normal working time percentage for the workforce. The full-time equivalent figure is calculated as an average for the different months.

S1-8 – COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

The POP Bank Group has employees only in Finland, and the Group complies with the collective agreement for the financial sector. Of employees 93% are covered by a collective agreement. Managers on a manager's contract are not covered by a collective agreement. Data on the number of persons covered by collective agreements has been retrieved on the situation at the end of the reporting period, and all employees in an employment relationship have been included in the calculation of the figure.

The POP Bank Group has no information on how many of its employees are covered by employee representation. All employees are entitled to join labour market organisations, and due to legal restrictions, membership in such organisations cannot be reported. The Group does not have an agreement with its employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

	Collective Bargaining Coverage		Social dialogue
Coverage Rate:	**Employees – EEA (for countries with >50 empl. representing >10% total empl.)**	**Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)**	**Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)**
0-19%			n/a
20-39%			n/a
40-59%			n/a
60-79%			n/a
80-100%	Finland		n/a

S1-9 – DIVERSITY METRICS

Diversity	Headcount	%
Age distribution of employees		
Under 30 years old	178	21%
30-50 years old	432	52%
Over 50 years old	220	27%
Gender distribution of top management*		
Female	44	58%
Male	32	42%

*Senior executive management = CEOs and Executive Board members

Data on the age distribution of employees has been retrieved from the POP Bank Group's HR system. The figures are reported as the head count as at the end of the reporting period, and the percentage is calculated as a proportion of the number of employees in the Group. The reported data includes all employees in an employment relationship as well as employees with a valid employment contract who are on long-term leaves.

Data on senior executive management and its gender distribution was obtained through a survey sent to the Group's entities.

S1-10 – ADEQUATE WAGES

In the POP Bank Group, each employee is paid at least the minimum pay defined in the collective agreement for the financial sector, which is determined by qualification classes.

S1-11 – SOCIAL PROTECTION

All POP Bank Group employees work in Finland, and all its employees are covered by social protection through public programmes or benefits offered by POP Bank Group entities, such as voluntary insurance coverage.

S1-12 – PERSONS WITH DISABILITIES

The percentage of persons with disabilities among the POP Bank Group's employees cannot be reported due to legal restrictions on data collection. The POP Bank group aims to meet the needs of specific groups on an individual basis.

S1-14 – HEALTH AND SAFETY METRICS

In the POP Bank Group, 100% of employees are covered by at least statutory occupational health care services. The percentage is expressed in terms of head count. No fatalities resulting from work-related injuries or work-related ill health have occurred in the POP Bank Group during 2024. During 2024, the Group recorded 8 injuries which occurred while commuting or work-related injuries, and the rate of work-related injuries is 5.9.

The data has been collected from the POP Bank Group's entities using a survey, as the banks are independent units that are responsible for organising their own occupational health care services and insurance cover. The rate of work-related injuries is calculated by dividing the number of work-related injuries by the number of total hours worked by employees in its own workforce and multiplying this by 1,000,000. The number of total hours worked is estimated on the basis of normal hours of work, taking into account entitlements to periods of paid leave of absence from work.

S1-15 – WORK-LIFE BALANCE METRICS

Of POP Bank Group's employees 100% are entitled to family leave.

Employees that took family-related leave	**2024**
Employees that took family-related leave (%)	**6%**
Female (%)	5%
Male (%)	1%

The figures reported include employees in an employment relationship who have declared that they are on family leave. The report also includes those persons whose family leave started before the start of the reporting period but whose leave has continued during the reporting period. The data has been collected from the POP Bank Group's HR system.

S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

Gender pay gap	**2024**
Employees (%)	0%
Senior Employees (%)	11%
Employees in an employment relationship (%)	25%

Total remuneration Ratio	**2024**
The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for employees (excluding the highest-paid individual)	8.5

The data related to pay gaps and total remuneration has been retrieved from the POP Bank Group's HR system. In the calculation of the gender pay gap, the hourly pay of employees paid monthly is calculated by dividing the monthly pay by the hourly pay divisor in the collective agreement. For hourly-paid workers, the data on hourly pay as at the end of the reporting period has been used. The average hourly pay of men and women is used to calculate the pay gap. The gender pay gap refers to differences in pay compared to the average salary level of male employees.

Factors such as differences in job roles, work experience, and the number of years in employment can influence the pay gap between women and men.In the calculation of the rate of total remuneration, the annual total remuneration of the highest paid individual has been compared to the median annual remuneration of employees in an employment relationship.

S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

Incidents on discrimination and harassment

The POP Bank Group's whistleblowing channel has received one report of harassment during 2024. The report has been handled in accordance with the principles of the whistleblowing channel. POP Bank Group has not been made aware of any incidents of discrimination or harassment through workers' representatives during 2024.

The report received has not led to fines, penalties or compensation for damages.

The information has been collected through a questionnaire sent to the Group's entity and through the whistleblowing channel.

Complaints

The Whistleblowing channel has received two complaints during 2024. The number of complaints received through other channels used by members of our own workforce has not been separately collected. The complaints received have not led to fines, penalties or compensation for damages.

Severe human right incidents

No severe human rights incidents related to the POP Bank Group's workforce have arisen during 2024, and the Group has not received fines or penalties or paid compensation for damages regarding human rights incidents.

The information has been collected through a questionnaire sent to the Group's entity and through the whistleblowing channel.

3.2 S4 CONSUMERS AND END-USERS

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The POP Bank Group's material impacts, risks and opportunities related to consumers and end-users have been identified as part of the double materiality assessment, which is described in more detail in section *IRO-1* of *ESRS2 General Disclosures*. Impacts, risks and opportunities are identified and managed also as part of normal activities, for example in the product management procedure and when selecting partners and maintaining relationships.

Material topic	Impacts	Risks	Opportunities
Information-related impacts for consumers and/or end-users	**Positive** • Customer service representatives must receive appropriate training on the products and services offered to enable them to provide the necessary information to customers and ensure the veracity of the information. Training can have a positive impact on the customer service representative's self-confidence and, in turn, on increasing customers' knowledge, leading to more informed decisions. • Promoting the financial literacy of customers by offering courses and training and through the planning of their finances with a bank advisor. **Negative** • For complex products and services, such as interest rate hedges or investment products with a complex structure or high risk, particular care should be taken to ensure that the customer has understood the nature of the product, the terms and conditions and any other factors that may influence the decision. If a customer makes a decision based on inadequate information, it can have an impact on their finances. • Possible disruptions and service interruptions affect the customer experience. Providing customers with timely communication helps them prepare for any interruptions or disruptions.	• Providing customers with inadequate information, for example about an investment product, could lead to sanctions and exposure to significant reputational risk. • If high-quality information on products and services is not available in different channels (or different languages), or if customer service representatives do not provide information in a sufficiently comprehensive way to different customer segments, this can create uncertainty in the customer's purchasing decision.	• High-quality, multi-channel information on different products and services could attract new customers.

Material topic	Impacts	Risks	Opportunities
Social inclusion of consumers and/or end-users	**Positive** • Collaboration with different operators that offer guarantees or financing can facilitate corporate customers' access to products (financing). Collaboration can also enable access to products based on the topic, such as climate and environmental loans. • The POP Bank Group plays an important role in ensuring and enabling access to banking services. For example, the Group has a large number of agricultural entrepreneurs as customers, and the continuity of their business may depend on the availability of finance. These entrepreneurs may play a significant role in maintaining and promoting the vitality of small communities. • Providing customers with sufficient and accurate information on products and services and on the Group's topical issues, and complying with good marketing practice. Sufficient and up-to-date information increases customer satisfaction. **Negative** • A limited range of products and services, or shortcomings in the product range for different customer groups, can have a negative impact on people's financial inclusion, the development of financial literacy skills and their finances in general. • For corporate customers, business growth is often made possible by financing. If products intended for different corporate customers are not available reasonably easily, this could limit business growth, innovation or even business continuity. • In marketing, providing insufficient information to the customer can lead to dissatisfaction and decisions that negatively affect the customer.	• Discrimination of customers or a limited range of services or products can pose financial risks, both in terms of reputational risk and loss of customers. • Any false promises or greenwashing and poor commitments can negatively affect customer trust, reputation and stakeholder views, thus reducing operating income.	• Ensuring the availability of products and services with a variety of options to serve different customer groups can attract new customers and investors and retain existing customers. • Communications and marketing on sustainability actions can increase POP Bank Group's operating income as a result of a growth in positive visibility. If the POP Bank Group is seen as a responsible operator, it could provide new customers. • Communication on sustainability actions provides the POP Bank Group with the opportunity to differentiate itself with a positive image and develop the POP Bank Group's reputation and brand. Improving the POP Bank Group's reputation could attract new customers and retain existing ones.

Material topic	Impacts	Risks	Opportunities
Personal safety of consumers and/or end-users	**Positive** • Effective information security practices help manage risks and reduce potential financial effects, reputational damage and negative impacts on customers. **Negative** • Inadequate consideration of information security, data protection and privacy protection may expose the POP Bank Group to, among other things, data leaks, identity thefts and denial of service attacks, which may have a negative impact on customers, in the form of service interruptions and financial losses.	• Inadequate consideration of information security, data protection and privacy protection may result in losses for the POP Bank Group. • Non-compliance with regulation on information security, data protection and privacy protection could also lead to significant legal penalties and reputational damage.	• Effective information security practices and data protection practices could attract new customers and help manage risks and reduce potential financial effects and reputational damage. • Actively training and providing guidance to customers on secure banking practices can prevent customers' financial losses and retain customers.

ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The actual and potential impacts on consumers and end-users identified in the double materiality assessment result from or are related to the POP Bank Group's strategy and business model. The impacts, risks and opportunities were identified through an examination of the POP Bank Group's products and services. The identified material impacts, risks and opportunities can be found in the POP Bank Group's strategy and business model, for example, in the fact that the POP Bank Group aims to achieve the highest level of customer satisfaction in its sector. The POP Bank Group's values include sustainability, customer focus and speed.

All the POP Bank Group's consumers and end-users come under the information reported in accordance with *ESRS2 General Disclosures*. Consumers and end-users include private and corporate customers.

The POP Bank Group does not offer consumers or end-users products that are inherently harmful to people or that increase risks for chronic disease. The POP Bank Group does not offer consumers and end-users services that may have adverse impacts on their privacy protection, personal data protection, freedom of expression and non-discrimination, excluding any potential information security and data protection risks. Of the POP Bank Group's consumers and end-users, there may be a greater need for underage, elderly and financially vulnerable persons and persons with disabilities in particular, to have accurate and easily accessible product or service information in order to avoid potentially harmful use of the product or service. These consumers and end-users may also be particularly vulnerable to impacts on privacy and marketing and sales strategies.

The material risks and opportunities potentially arising from impacts and dependencies on the POP Bank Group's consumers and end-users relate to all its consumers and end-users and not to specific groups of consumers and end-users. The risks and opportunities may, however, have different impacts on different groups of consumers or end-users. The double materiality assessment was not used explicitly to gain an understanding of how consumers or end-users with certain features or who use certain products or services may be at greater risk of harm than others.

The material negative impacts identified by the POP Bank Group are not systemic and relate to individual cases.

The actions related to the material positive impacts identified by the POP Bank Group include developing the accessibility of digital services, offering the POP Taloushetki financial advice service to customers, organising customer webinars and events, maintaining a comprehensive network of bank branches and providing a personal service advisor to customers. The material positive impacts identified by the POP Bank Group cover all its consumers and end-users.

All material risks and opportunities that the business operations face from the impacts and dependencies on consumers and end-users are described in the table presented in the *Material impacts, risks and opportunities* section of *S4 Consumers and end-users*.

S4-1 – POLICIES RELATED TO CONSUMERS AND END-USERS

The material impacts, risks and opportunities related to the POP Bank Group's consumers and end-users are managed through a number of policies, the most relevant of which are the POP Bank Group's Code of Conduct, the Code of Conduct for partners and suppliers, the information and communication policy, the responsible marketing policy, the product management policy and the data protection and information security policy. The aim of these policies is to ensure equal treatment of customers, availability of products and services, access to high-quality information, ethical marketing and timely communication practices, and compliance with data protection and information security practices.

The policies are available to employees on the POP Bank Group's intranet and they apply to all groups of consumers and end-users. In addition to the above-mentioned policies, the POP Bank Group's customer business is conducted in compliance with the applicable regulation, good banking practice and other internal guidelines of the Group, such as those related to lending and investment services.

The POP Bank Group's policies regarding consumers and end-users are in line with the POP Bank Group's Code of Conduct. In accordance with its Code of Conduct, the POP Bank Group complies in all its operations with the national legislation it is obliged to comply with and is committed to respecting the fundamental principles and rights at work defined in the International Labour Organization (ILO) Declaration and the principles of the UN Universal Declaration of Human Rights. The POP Bank Group operates only in Finland, which is a country that is strongly committed to the protection and promotion of human rights through national legislation and international cooperation. The POP Bank Group has not been made aware of any incidents that took place in 2024 related to consumers or end-users regarding non-compliance with the UN's Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises.

Social inclusion of consumers and end-users

The POP Bank Group, together with its network of partners, offers a comprehensive range of products for consumers and end-users to ensure that products and services are available to all customer segments. With a comprehensive range of products and services, the POP Bank Group can have an impact on the financial inclusion, the development of the financial literacy skills and the financial situation in general of consumers and end-users.

The POP Bank Group's product management policy is applied to all new products and services and when making significant changes to products or systems. The product management procedure ensures that all key issues and factors are taken into account before decisions are made on products or services. In line with the product management policy, customer interests, targets and characteristics are taken into account throughout the product life cycle. The procedure takes into account issues such as sustainability matters, a product's distribution channels, marketing materials, data protection and information security, and the target market, including target groups for which the product is not suitable. The development of new products and service processes takes into account regulatory requirements, internal guidelines, the business strategy, the business plan, capital adequacy management and the premises of risk management.

The banks are responsible for their compliance with the approval procedure for a new product or service. The product management policy is approved by the Board of Directors of the POP Bank Centre and the policy is applied in all entities of the POP Bank Group.

In accordance with the POP Bank Group's Code of Conduct, all POP Bank Group customers are treated fairly and equitably, and the POP Bank Group knows its customers and familiarises itself with their operations to the extent and in the manner required by regulation and the customer relationship. This ensures it is possible to offer them suitable products and services. The Code of Conduct is approved by the Board of Directors of the POP Bank Centre and it is applied in all entities of the POP Bank Group.

The responsible marketing policy describes how ethics, social responsibility and environmental responsibility are taken into account in the POP Bank Group's marketing. The policy aims to ensure that marketing practices are honest, transparent and fair to all parties. In line with the policy, marketing takes into account equality and non-discrimination in both its messages and practices. The responsible marketing policy is approved by the POP Bank Centre's Executive Board and the policy is taken into account in the marketing of the Group's entities. In addition, the POP Bank Group's website and digital services take into account accessibility requirements.

Information-related impacts for consumers and end-users

The POP Bank Group's product management procedure ensures that sufficient and high-quality information is available on products and services. The POP Bank Group complies with the applicable regulatory disclosure obligations regarding information provided to customers.

The POP Bank Group's information and communication policy describes the key principles according to which the Group communicates with its stakeholders, such as customers. The policy describes the different communication channels and their purpose. For example, an important communication channel regarding customers is the website, which provides up-to-date information on the POP Bank Group's products and services, as well as related price lists, terms and conditions, obligations and rules. The policy also describes the principles of communication on disruptions. The information and communication policy is approved by the POP Bank Centre's Board of Directors and all entities within the Group comply with the policy.

All POP Bank Group employees are provided with induction on their duties. In line with the Code of Conduct and good business practice, employees must also comply with the guidelines related to their work and ensure their skills are up to date.

Personal safety of consumers and end-users

The POP Bank Group offers its customers a secure banking service and ensures that their privacy is protected. Banking secrecy, the confidentiality of customer data and the secrecy obligation regarding contracts are observed in all operations.

The POP Bank Group's information security policy describes the key principles observed by the POP Bank Group to protect and ensure the confidentiality, availability, authenticity and integrity of customer data and services. The POP Bank Group implements continuous information security risk management in accordance with the information security policy. The information security policy is approved by the POP Bank Centre's Board of Directors and all entities within the Group comply with the policy.

The POP Bank Group complies with a data protection policy to protect the confidentiality of customer data and customers' privacy. The aim of the data protection policy is to ensure that in the Group the personal data of customers and other persons are processed in accordance with the regulation on personal data protection and that personal data are sufficiently protected by appropriate measures throughout the life cycle of the personal data processing. The data protection policy is approved by the POP Bank Centre's Board of Directors and all entities within the Group comply with the policy.

S4-2 – PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

In its due diligence process, the POP Bank Group does not have general processes for engaging with consumers and end-users about material actual and potential positive and negative impacts that do or are likely to affect them, and whether and how the views of consumers and end-users are taken into account in the company's decision-making processes.

However, the POP Bank Group does engage and communicate with consumers and end-users about the impacts that affect them through a number of channels as part of its normal business activities. Such channels include online and mobile banking, websites and meetings with customers. Communication takes place directly with the consumer or end-user or, where appropriate, through a guardian. At the Group level, operational responsibility for communication lies with the Chief Operating Officer of the POP Bank Centre.

The POP Bank Group's customer service and communication channels are used to inform customers about issues related to products and services, possible disruptions and service interruptions, changes in terms and conditions, fraud attempts targeted at customers, and possible changes in the processing of personal data or derogations in data protection.

The views of consumers and end-users are ascertained through customer meetings, customer satisfaction surveys and by involving customers, where appropriate, in product development, by receiving customer feedback and complaints, and as part of a double materiality assessment.

The views of consumers and end-users are processed by the banks and, where appropriate, by the POP Bank Centre. These views are taken into account in decisions and actions, for example when drawing up development measures and in annual business planning. The results of the double materiality assessment have, for example, been used to specify the POP Bank Group's material sustainability topics and in setting the POP Bank Group's sustainability goals. In terms of product development, customer views were ascertained during the conceptualisation of the POP Talousturva product, which was launched in 2024. Customer views were also taken into account when defining the features of the loan guarantee product. In addition, the POP Bank Group's entities may have varying practices for taking the views of consumers and end-users into account in their decisions and actions.

S4-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

The POP Bank Group is committed to ensuring that consumers and end-users can raise their concerns and that these are addressed and, where appropriate, directed to the right person. Consumers and end-users can raise their concerns or needs for processing through the channels set up by the POP Bank Group, for example by using the contact form on the website, by email or by contacting their own bank, for example using messages sent through online banking. Customers and other stakeholders can access the contact form on the POP Bank Group's website. Consumers and end-users can raise their concerns or needs to alternative dispute resolution channels maintained by third parties, such as the Finnish Financial Ombudsman Bureau, the Consumer Dis-putes Board or the general courts.

Consumers and end-users also have the opportunity to submit customer complaints. Information on how to submit customer complaints and on the process is provided on the POP Bank Group website. Customers are instructed to make any complaints either by online banking message or by letter. The bank will process the complaint and respond within 15 working days of receipt of the complaint, and a final response to the complaint will be issued within 35 working days of receipt of the complaint. The bank will keep the customer informed of the progress of the complaint. If the bank issues a solution to the complaint that does not fully meet the demands of the customer who submitted the complaint, the bank will provide a written explanation of its stance and inform the customer of the option to refer the matter for processing by an alternative dispute resolution body. The banks and the POP Bank Centre handle customer complaints to identify and address recurring and systematic errors and potential legal and operational risks. The executive management and the Boards of Directors of the banks and the POP Bank Centre monitor and process customer complaints.

Consumers and end-users have the possibility to submit questions and concerns related to data protection, processing of personal data and information security to the dedicated email addresses set up for these topics or directly to the bank.

The POP Bank Group supports the accessibility of the channels for reporting concerns by maintaining its website and the contact form on the website, email accounts dedicated to data protection and information security, and by providing customers direct channels for contacting their own bank.

The POP Bank Group does not currently separately assess consumers' awareness of the existence of reporting channels and their processes, but information on contact methods and channels is openly communicated on the website and at customer meetings. There is no separate policy in place regarding the protection of individuals against retaliation for using the processes for consumers and end-users to raise their concerns. These reports are treated confidentially and in accordance with banking secrecy.

If the POP Bank Group has caused a material adverse impact on consumers or end-users, the matter is immediately brought to the attention of the POP Bank Group's Board of Directors. The Board of Directors of the POP Bank Centre decides on the appropriate remedies for the actual impact caused on a case-by-case basis.

S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

The POP Bank Group has identified the actual and potential negative impacts on consumers and end-users as part of its double materiality assessment. In addition, impacts are identified as part of normal business activities, for example in conjunction with the product management procedure. Where necessary, actions are specified to manage the identified negative impacts and the implementation and effectiveness of these actions is monitored. In the POP Bank Group, impacts were identified in the course of normal business activities, for example in the product management procedure and in the selection of partners, and management measures were put in place to address these impacts. No management measures were set separately for the identified material impacts following the double materiality assessment. The plan is to define management measures for the negative impacts identified in the double materiality assessment during 2025.

The banks' responses to the annual product management survey will be used to specify the actions related to consumers and end-users in terms of the impacts. The survey gauges customer feedback on products and services, customer feedback and complaints, as well as other notifications and contacts related to, for example, data protection and information security.

The product management procedure and survey processes, as well as the handling of notifications in accordance with appropriate responsibilities ensure that remedial action is also taken for negative impacts. During 2024, the POP Bank Group was not made aware of any actual material impacts on consumers and end-users that would have required significant remedial action.

In terms of material impacts and risks, the effectiveness of the actions is monitored and evaluated by addressing feedback from POP Banks as part of the product management survey, feedback and complaints from customers, and any contacts from the authorities or other independent operators.

The POP Bank Group has not been notified of any serious human rights issues or cases of human rights incidents related to consumers and end-users in 2024.

Information-related impacts for consumers and end-users

Consumers and end-users must be given sufficient information on products and services so that they can make appropriate decisions. Material negative impacts on consumers and end-users related to adequate product information are prevented and mitigated through the POP Bank Group's product management procedure. The procedure ensures, among other things, that the information on the products and services is high quality and easy to understand, the target audience of the product or service and the legality of the marketing material before the product or service is offered to customers.

Material negative impacts caused by service interruptions and disruptions are prevented and mitigated with timely customer communication. In the event of possible disruptions to services and products, the POP Bank Group has defined a process of communication on disruptions to ensure that consumers and end-users are informed as quickly as possible of disruptions that may have negative impacts on them. The Group has designated employees who monitor the situation regarding disruptions and provide information to consumers and end-users about disruptions and planned service interruptions through the agreed channels.

In addition to the product management procedure and customer communications, the material risks associated with providing adequate product information are mitigated by providing the employees working at the customer interface with comprehensive training. The training is offered in the form of online courses organised by the POP Bank Group, as training organised by product owners and as training organised by product companies. In addition, risks are mitigated by making information about products and services as widely available as possible to customers through various channels, such as websites.

Material opportunities are benefited from by comprehensively providing information about the POP Bank Group's products and services through its various channels, such as its website, newsletters and social media channels. The POP Bank Group's communications and marketing activities take into account product launches and other topical themes related to products, services and finances. In addition customer meetings' aim is to actively inform customers about the products that are suitable for their situation and the range of sustainable products available.

Resources have been allocated, depending on the impact, from the POP Bank Centre's business unit to manage the impact on consumers and end-users related to data. Resources include business unit team leaders, product owners and the marketing and communications team.

Social inclusion of consumers and end-users

Material negative impacts on consumers and end-users due to a limited or inadequate range of products and services are prevented and mitigated by regularly reviewing the POP Bank Group's range of products and services to ensure that it meets customers' needs. The range of products and services is reviewed at the POP Bank Centre and Bonum Bank Plc, and the responses to the product management survey received from the Group's banks are also used in the review. For example, the Vihreä laina loan product was relaunched during 2024 and the updated product is now also suitable for corporate customers.

Negative impacts related to the range of products and services are also prevented and mitigated through active cooperation with product and service suppliers. Regular meetings and contacts with product companies ensure, among other things, that product information is up-to-date and that customers have access to a sufficient range of products and services.

The material negative impacts related to insufficient marketing is prevented and mitigated with prior checks on marketing materials carried out by the compliance function, which includes a review the materials and making sure they conform with the legislation in force.

Material risks related to discrimination against consumers and end-users are prevented and mitigated by providing training to employees through an online course on the POP Bank's Code of Conduct, which states that customers must be treated fairly and equitably and must not be subjected to discrimination. In addition, material risks are prevented and mitigated by improving the accessibility of digital services. Accessibility testing was carried out on the website during 2024. The testing will identify areas for improvement and specify remedies that will make the website easier to use.

Material risks related to potential greenwashing and false promises are prevented and mitigated through the product management procedure and reviews by the compliance function.

Material opportunities will be benefited from by providing customers with sufficient and clear information about the POP Bank Group's operations, products and services, and sustainability through the Group's communication channels, such as the website, newsletters and customer meetings.

During 2024, the POP Bank Group was involved in the Farmers' Social Insurance Institution's Support the Farmer project and the Digital and Population Data Services Agency's Continuing power of attorney mandate campaign and it offered the POP Taloushetki financial advice service to consumers and end-users. The primary purpose of these additional actions and initiatives is to contribute to positive social outcomes for consumers and end-users.

Since 2022, the POP Bank Group has been part of the partner network of the Support the Farmer project of the Farmers' Social Insurance Institution. The project aims to identify farmers' exhaustion and need for help and provide them with guidance on access to expert help. The results of the project will be monitored by the Farmers' Social Insurance Institution.

The aim of the Digital and Population Data Services Agency's Continuing power of attorney mandate campaign is to highlight the importance of power of attorney mandates and to encourage people to prepare a continuing power of attorney mandate. The effectiveness and results of the actions will be monitored by the Digital and Population Data Services Agency, for example in terms of the comprehensiveness of the messages.

The POP Bank Group also aims to promote customers' financial success and knowledge of their own finances. The banks offer customers the POP Taloushetki service through which customers are given financial advice. The number of POP Taloushetki service sessions and customer satisfaction with the meetings are monitored. In 2024, the POP Taloushetki service achieved a NPS score of 85.

Resources have been allocated, depending on the impact, from the POP Bank Centre's business unit to manage the impact on the social inclusion of consumers and end-users. Resources include business unit team leaders, product owners and the marketing and communications team.

Personal safety of consumers and end-users

Taking information security and data protection into account is an integral part of all POP Bank Group's activities. Information security is continuously developed in line with best practices, and secure operating models are an integral part of the development processes. The Group maintains and continuously develops an information security management system that includes management methods to ensure the confidentiality, integrity and availability of services and data. Risk events are reported and processed centrally. In the processing, the root causes of the incident are analysed and measures are defined to prevent similar incidents from happening again. The implementation of the measures is monitored and controlled by the risk control function.

Material risks are mitigated through employee training and internal communication. In the POP Bank Group, employees must attend regular training on data protection and the rights of data subjects, as well as other training on data protection intended for the entire personnel or targeted at different groups of employees. With regard to information security risks, employees must regularly participate in information security training in accordance with the training plan. In addition to the training, security awareness is maintained by providing information on topical issues regarding information security on the intranet. The POP Bank Group's employees, customers and external parties can report any fraudulent activities they have detected in relation to POP Bank to the e-mail address dedicated to security matters. All reports are read and measures are taken on a case-by-case basis.

Material opportunities will be benefited from by actively communicating to customers about secure banking and fraud attempts. In addition to information provided through online channels, during 2024 the POP Bank Group organised a webinar on how to identify fraud attempts, banks held customer events related to the topic and the Group also participated in Finance Finland's Stick it to the scammers anti-fraud campaign, sharing campaign content related to preventing fraud. The purpose of these actions and initiatives is also to contribute to positive social outcomes for consumers and end-users.

Resources from both the POP Bank Centre and the banks have been designated to manage the material impacts on the personal safety of consumers and end-users. With regard to data protection, the POP Bank Group has a designated data protection officer who, among other things, monitors compliance with data protection regulation throughout the amalgamation, provides information on obligations under data protection regulation and acts as a point of contact for authorities and data subjects. Each bank is also responsible for the implementation of data protection in its own operations, and the banks have a designated data protection contact person and deputy. Regarding information security, the POP Bank Centre's Head of Information Security is responsible, among other things, for the coordination of the information security management system and the continuous monitoring of the situation regarding information security and the related reporting to the management and other internal stakeholders. The POP Bank Centre's IT unit and business development unit are responsible for the security processes related to the acquisition, maintenance and development of the POP Bank Group's shared systems, as well as the secure practices in the management of external suppliers. At the banks, the CEO has overall responsibility for information security, and banks have also appointed an information security officer.

S4-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The POP Bank Group set sustainability goals during 2024, and the goals cover the period 2025–2027. In terms of positive impacts and opportunities regarding consumers and end-users, targets were set in relation to a sustainable product range, customer success and customers' financial literacy.

The results of the double materiality assessment and the views of stakeholders, including customers, determined in connection with the double materiality assessment, were used in the setting of the goals. A workshop on the goals was organised and POP Bank Centre's Executive Board and experts from the POP Bank Centre and Bonum Bank Plc participated. The goals were approved by the Board of Directors of the POP Bank Centre. The setting of the goals is reported as part of the Sustainability Report and the goals will be published on the POP Bank Group website.

Progress towards the goals will continue to be reported as part of sustainability reporting. The aim will also be to carry out a more detailed examination of the goals in relation to the material impacts, risks and opportunities and update the goals in this respect, if necessary.

The targets and metrics related to consumers and end-users are as follows:

Target	Metric
We will add sustainable investments to the product portfolio	New sustainable funds will be added to the product range for customers by the end of 2027.
We increase our corporate customers' understanding of sustainability themes through customer encounters and by training employees	A sustainability guide for corporate customers will be produced by the end of 2026. Employees have been trained and sustainability themes have been discussed in meetings with corporate customers. The aim is to make training and discussions part of our approaches by 2027.
We support our customers' financial well-being and skills	We offer personal financial advice to our customers through the POP Taloushetki service. We aim to achieve a minimum NPS score of 75 in the NPS survey on the Taloushetki service. In terms of customer satisfaction, we aim for a minimum NPS score of 33 for private customers and 31 for business customers.* NPS figures are monitored annually. *NPS figures based on the EPSI Rating study

In addition to the metrics presented in the table, the training of employees on sustainability issues can be monitored using the number of training sessions organised. Monitoring the addressing of sustainability themes in meetings with corporate customers is currently at the planning stage, and the metric is not yet being monitored.

3.3 LOCAL INFLUENCE

In the POP Bank Group, local influence is identified as entity-specific information that is not covered by the topical standards. Material impacts, risks and opportunities related to the Group's local influence have been identified as part of the double materiality assessment described in section *IRO-1* of *ESRS2 General Disclosures*. The positive impacts and opportunities related to local influence are taken into consideration at Group level and locally in the banks. Local focus plays a material role in the Group's strategy, and this is also reflected in the physical presence of the banks in several localities. Banks actively work with local communities. In addition, at the Group level, local influence is exercised by participating in national campaigns or events, for example. Risks are managed by continuously developing digital services for customers, so that the customer can choose the channel that is most appropriate for them.

Material topic	Impacts	Risks	Opportunities
Local influence	**Positive** • POP Bank Group plays a significant role as a local service provider in many, especially small, localities in Finland where financial services might otherwise be limited. This also gives people in these communities the opportunity to visit a physical bank branch in their own locality. • Local influence increases the positive impact on people in the communities where POP Banks provide their services and this revitalises these areas. • POP Bank Group pays taxes in Finland. The corporation taxes paid by POP Banks on their profits are distributed to the state and partly to local authorities, thus also benefiting local communities.	• Urbanisation means that migration flows are concentrated in larger localities. This could potentially weaken the significance of local focus among customers and thus the POP Bank Group's competitive advantage as a 'local bank' could be weakened if, for example, other service models, such as digitalisation, are not invested in. Competition for customers who have moved to larger localities is also growing. • As the use of digital services increases, the importance of local presence may diminish in the long term.	• POP Banks' strong position as a local bank promotes more personalised customer relationships, which helps to build customer loyalty. • POP Banks' work to support local vitality and well-being, such as providing older people with guidance on matters related to banking services, supporting school children and associations in various events, promoting financial literacy in local communities and supporting local entrepreneurs, creates a positive image of the POP Bank Group as a promoter of well-being, which has a positive impact on customer experience.

ACTIONS RELATED TO LOCAL INFLUENCE

The POP Bank Group's strategy is centred around its customers and local focus. The Group's mission is to promote its customers' financial well-being, prosperity and local success and its vision is to be a bank that combines personal and digital services, which achieves the highest level of customer satisfaction and efficient decision-making, and that maintains capital adequacy and outperforms the market in profitable growth. Personalised service, customer insight and local and regional knowledge help to make quick decisions, for example when financing customer projects and investments.

The POP Banks are cooperative banks owned by their member customers that implement their owners' intent, which is founded on the Group's mission to promote its customers' financial well-being and prosperity, as well as local success. POP Bank membership entitles each member, according to the rules of POP Bank, to either participate in the bank's decision-making at cooperative meetings or participate in electing the members of the representative council, which has the highest decision-making power.

The POP Bank Group consists of 18 member cooperative banks. POP Banks had a total of 72 branches at the end of 2024, of which three were branches focusing on digital banking. In line with the vision of the POP Bank Group's strategy, POP Banks want to combine personal and digital service. In order to facilitate positive impacts, customers are able to visit physical bank branches in several locations. Digital services and channels are also provided and continuously developed to help customers manage the risks associated with local influence. The number of customers using the POP Bank Group's digital channels has continued to grow, and digital channels have increasingly become the main channels for customers. In 2024, the focus of digital channel development was on channel modernisation. The POP Mobile mobile bank, online bank and PIN application will be updated as part of the project to update the core banking system. The aim of the updates is to create digital channels that are easy to use, encourage self-service and are accessible.

Many POP Banks have been operating for more than 100 years, during which time they have contributed to developing the vitality of their region in a variety of ways, including by financing job-creating businesses and supporting the well-being of the local community in other ways. Because the areas of operation are different, the support needed by local communities is also individual. The local POP Banks have also carried out extensive cooperation with educational institutions over several years and have helped various sports and cultural organisations to promote the well-being of children and young people in particular.

To create positive impacts and utilise opportunities during 2024, several POP Banks organised their own events or visited schools, associations, businesses and various events. These events have covered topics such as safe and secure transactions, continuing power of attorney mandates and savings. In addition, digital guidance has been provided for older people, and there have been school visits to provide younger people with information on managing their own finances. POP Banks have cooperated with educational institutions, for example by offering internships, participating in career projects and distributing scholarships.

POP Banks have supported and sponsored local sports clubs and events, cultural events, local associations, entrepreneurs and schools, and activities arranged for war veterans and invalids. For example, in 2024, POP Bank Pohjanmaa was one of the main partners of the Lakia-Jukola orienteering event. During the year, POP Bank Järvi-Suomi donated EUR 10,000 to the local Mannerheim League for Child Welfare towards activities to prevent bullying. The banks have also organised their own sports events and baseball and football camps for children and young people.

To create positive impacts and utilise opportunities, the POP Bank Group has been involved in the Global Money Week coordinated in Finland by the Finnish Foundation for Share Promotion on behalf of the OECD, where educational content on financial literacy is distributed to young people. The POP Bank Group participated in the Global Money Week by providing information on student loans. The Group has also been involved in the Vastuullinen työnantaja responsible employer campaign, the Digital and Population Data Services Agency's continuing power of attorney mandate campaign and the Välitä viljelijästä Support the Farmer project. In addition, POP Banks' summer employees have shared their experiences about working in Finance Finland's Instagram campaign.

As Finnish company, POP Bank Group has also been granted the Key Flag symbol of the Association for Finnish Work.

The POP Bank Group does not yet have a policy on local influence, but local focus is a strong aspect of the Group's strategy. No action plans, indicators or targets regarding local influence have been set at the Group level.

TAX FOOTPRINT

The POP Bank Group operates in Finland, and therefore the Group pays taxes in accordance with Finnish laws and regulations. Corporate taxes paid by the POP Banks on their profits are distributed to the state and partly to the municipalities, thus also benefiting the banks' customer areas, which also benefits local communities. The POP Bank Group's income taxes for taxable profit for 2024 were EUR 14.1 million and effective tax rate with deferred taxes included 19.2 per cent.

Other direct taxes include property taxes and parafiscal charges that are included in the operating expenses. The POP Bank Group's tax footprint for 2024 was EUR 45.9 million.

The POP Bank Group pays value added tax (VAT) as indirect tax. Sales and brokerage of financial services are not subject to VAT, which is why VAT for purchases related to these services cannot be deducted. For other activities, the Group is liable for VAT. As a result, the VAT included in purchases mainly remains as an expense of the Group. The tax included in purchases is not included in tax footprint. The Group also pays the State of Finland taxes collected on payments, such as withholding tax on wages paid to employees and tax at source on interest paid on customer deposits.

The Group does not actively seek to affect the effective tax rate by the structure of the Group. Efforts are made to ensure the appropriateness of the payment of taxes by preparing tax returns carefully. Operational tasks related to income tax returns have been outsourced to Figure Financial Management Ltd. The Group does not have a separate tax function. Group taxation responsibilities are included in the financial management organisation and customer and product-related tax matters in legal organisation. The POP Bank Group discusses openly with tax authorities. Possible tax risks are reported to the Management Team and the Board of Directors of POP Bank Centre.

(EUR 1,000)	**2024**
Taxes payable	
Income tax	14,126
Real estate tax	167
Employers' social security and pension fees	11,572
Other taxes	71
Total taxes payable	**25,936**
Taxes collected	
Value added tax	336
Withholding tax on wages	11,912
Tax at source	7,737
Total taxes collected	**19,985**
Total tax footprint*	**45,921**

*The calculation of the tax footprint is based on accounting figures and is accrual-based.

4 GOVERNANCE INFORMATION

4.1 G1 BUSINESS CONDUCT

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The POP Bank Group's material impacts, risks and opportunities related to business conduct have been identified as part of the double materiality assessment, which is described in more detail in section *IRO-1* of *ESRS2 General Disclosures*.

Material topic	Impacts	Risks	Opportunities
Protection of whistleblowers	**Positive** • When the identity of whistleblowers is protected by law, whistleblowers will not face any consequences and more whistleblowing reports will be received. **Negative** • If the identity of whistleblowers were not protected by law, whistleblowers could face consequenc- es and fewer whistleblowing reports would be received.	• If whistleblowers are not protected, the whistleblowing channel would not receive as many reports. Failure to address potential misconduct could result in sanctions and repu- tational damage.	• Protecting whis- tleblowers means that misconduct is detected earlier and more extensively, as whistleblowing reports are submitted through a secure channel. This helps to manage the implementation of good governance and prevent reputational and financial risks.

Material topic	Impacts	Risks	Opportunities
Management of relationships with suppliers	**Positive** • In the medium and long term, there may be positive impacts to the stakeholders of suppliers resulting from the advancement of suppliers' socially and environmentally sustainable operations if the POP Bank Group systematically implements due diligence concerning the POP Bank Group's way of operating and implements its responsible procure- ment policy. **Negative** • When value chains are long and involve many participants, it is particularly important to take sustainability into account in procurement and partner selection. If sustainability is not properly taken into account, the POP Bank Group may be supporting, for example, exploitation of the work- force or pollution of the environment.	• Negative choices in procurement or partner selection can have a significant impact on reputation and customer confidence, with potential- ly long-lasting financial effects. • Procurement that ignores sustain- ability can also lead to breaches of the law, which in turn can lead to legal consequences and financial sanctions, as well as the cancella- tion of contracts. • Selecting unreliable partners may expose the POP Bank Group to op- erational disruptions such as supply chain interruptions, slowdowns or reduced quality of service.	• Effective supplier management in terms of sustainability requirements, such as through longer-term contracts or material efficiency, reduces operational costs and minimises risks to future revenues in the medium and long term.

Material topic	Impacts	Risks	Opportunities
Corruption and bribery	**Positive** • Effective implementation and strengthening of the prevention of corruption, a grey economy and bribery, including through strengthening employee skills, can increase employees' confidence in the fair treatment of employees and stakeholders. **Negative** • Corruption, grey economy and money laundering can lead to a range of serious negative impacts, such as damage to the company's reputation and trust among stakeholders, diversion of resources away from core business and service delivery to the community, increased oversight and regulation, and damage to employees' morale.	• Corruption and bribery within an organisation and poor anti-mon- ey laundering practices can lead to long-term damage to reputa- tion and to trust, which can have long-term and significant financial effects. • Corruption, bribery and supporting the grey economy, as well as poor anti-money laundering practices, can also lead to significant legal measures, including sanctions and other legal costs.	• Effective processes to prevent corruption, grey economy, bribery and money laundering can improve stake- holder confidence.

G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

POP Bank Group's business conduct is guided by the Group's values and strategy, applicable laws, regulations, instructions and orders issued by the authorities, industry practices, the Code of Conduct, as well as own rules and internally binding guidelines. In terms of material impacts, risks and opportunities related to business conduct, the key policies include the anti-bribery and anti-corruption policy, the whistleblowing policy, the Code of Conduct for partners and suppliers, the responsible procurement policy, the contract policy, the preventing money laundering and other financial crime policy and the compliance with sanctions policy.

The POP Bank Group's corporate culture is based on internally binding guidelines. In addition to the policies mentioned above, the general policies regarding corporate culture are set out in the POP Bank Group's HR policy, which is described in more detail in section *S1-1* of *S1 Own Workforce*. The Code of Conduct that covers the Group's employees, management and administration also sets requirements for good business practices. The Code of Conduct was updated and compiled into a single package in 2024 and an annual online training for employees was created to ensure compliance with the Code of Conduct. The Code of Conduct and HR policy are approved and implemented by the Board of Directors of POP Bank Centre. The POP Bank Group is, however, made up of independent entities that may have their own particular characteristics related to corporate culture.

Training programmes on business conduct have been created for the employees of the POP Bank Group, and the content of these training programmes varies depending on the training programme role. The POP Bank Group's training programme package was updated in 2023 to better meet the training needs of its employees and to take into account the diversity of the employees in different roles. The training programme role defines the training requirements for the role, the mandatory nature of the training, the duration of the training, the renewal cycle and the monitoring of the fulfilment of the training requirements. Completion of the training is documented. Compliance with training requirements may be monitored as part of the compliance function's normal supervisory work, with any findings reported to the POP Bank Centre and the relevant bank's Executive Board or Board of Directors, as appropriate.

Anti-bribery and anti-corruption policies

The POP Bank Group has zero tolerance to bribery, corruption and other unethical means of influence. The Group's policies on anti-bribery and anti-corruption cover employees, the executive management and members of the administration. The POP Bank Group's policies on anti-bribery and anti-corruption comply with international and national regulations and guidelines applicable to the sector. The Group's policies on anti-corruption and anti-bribery are seen to be consistent with the UN Convention against Corruption and Bribery, but a detailed comparison has not been made.

The anti-bribery and anti-corruption policies aim to identify and prevent any risks related to corruption and bribery. The policies set out the approaches for receiving and giving gifts and hospitality, the register of gifts and the participation in and organisation of representation events. The policies state that employees must not seek personal gain by exploiting their own position, or the bank's assets, knowledge or business opportunities. Furthermore, they aim to prevent potential conflicts of interest by avoiding high-risk combinations of duties in operations through the separation of supervisory tasks related to operational and risk management, for example, at all organisational levels within the Group. The anti-bribery and anti-corruption policies are approved and implemented by the Board of Directors of POP Bank Centre.

Among the POP Bank Group's internal functions, management and those functions working at the customer interface, making credit decisions or working on preventing money laundering and financial crime, are considered to be the most vulnerable to corruption and bribery.

Whistleblowing and protection of whistleblowers

In the POP Bank Group, it is possible to report suspected misconduct confidentially by using a whistleblowing channel designated for this purpose. The purpose of the whistleblowing channel is to help ensure that the POP Bank Group adheres to the principles of sound corporate governance and maintains a healthy corporate culture. The channel is internally accessible to all employees. An external whistleblowing channel is intended to be launched in 2025.

Whistleblowing reports are submitted informally through the whistleblowing channel, and whistleblowers do not need specific evidence to support the suspected violation, as a justifiable suspicion is sufficient. The recipient of the reports is responsible for ensuring that the reports submitted are appropriately and impartially investigated and the necessary measures are taken as a result. Reports are received by the POP Bank Centre's Compliance Officer, the data protection officer and internal audit's Audit Director. All known and suspected violations are investigated. The compliance function may ask the POP Bank Centre's internal audit to conduct a more detailed investigation, if this is necessary, based on the significance of the violation under investigation. If necessary, the report will be sent directly to the Board of Directors of the POP Bank Centre, which will decide on the necessary further action. The aim is to inform the whistleblower of the progress of the process within one month of receipt of the report.

In the POP Bank Group, whistleblowing reports are submitted by email. The confidentiality of the report is guaranteed by ensuring that the identity of the whistleblower is not disclosed to the recipients of the report. The competence of the employees who receive whistleblowing reports is based on the required qualifications for the roles of these employees.

The POP Bank Group ensures that people who report suspected violations are protected and that they are not subject to retaliatory measures, discrimination or other improper behaviour as a result of submitting a whistleblowing report. A whistleblower can submit a whistleblowing report if they feel they have been subjected to discrimination or improper behaviour as a result of their report. The identity of the whistleblower and the personal data of the person who is the subject of the report may be disclosed only to persons to whom the information is necessary for the purpose of the inquiry or for whom the right of to obtain information is established by law.

Instructions for submitting whistleblowing reports are available on the POP Bank Group intranet. An online course on submitting whistleblowing reports is available for employees. In addition, the compliance function regularly trains employees on submitting whistleblowing reports.

In addition to the whistleblowing channel, the central institution's compliance function and internal audit carry out regular audits on the operators in the amalgamation. These audits aim to identify any non-compliance with regulations or guidelines, and to ensure that the amalgamation is operating in accordance with the regulations and guidelines. Further investigation and remedial action is taken as necessary based on the findings of the audits. In addition, the POP Bank Centre's risk control unit monitors the risks and capital adequacy of the amalgamation's banks. Continuous monitoring can identify any changes in a bank's risk position, for example, caused by non-compliance with regulations or guidelines.

Contract policy

Negotiations regarding the selection of suppliers and partners throughout the POP Bank Group take place at the POP Bank Centre. The Executive Board of the POP Bank Centre has approved a contract policy, which is intended to serve as a guideline for business operations at the POP Bank Centre in the preparation and management of contracts and to ensure a consistent approach and adequate risk management in the preparation of contracts. The policy defines the matters to be taken into account in the content of the service contract and the processes for monitoring and supervising the contracts. The policy requires the Code of Conduct for partners and suppliers to be taken into consideration when contracts are drawn up and that the conduct of partners to be monitored in accordance with the Code of Conduct. The contract policy also requires due diligence reports to be compiled on suppliers and partners before contracts are signed in order to establish the background of the potential partner, based on basic information, financial data and sustainability information, among other things. The POP Bank Centre's Executive Board is responsible for compliance with the contract policy.

Code of Conduct for partners and suppliers and responsible procurement policy

During 2024, the POP Bank Centre prepared a Code of Conduct for partners and suppliers and a responsible procurement policy that were approved by the Executive Board. The purpose of the Code of Conduct is to ensure that partners and suppliers are committed to operating legally and ethically, to respecting human and labour rights, and to complying with health and safety regulations and environmental legislation. POP Bank Centre takes the Code of Conduct into account as part of contract negotiations and the aim is to incorporate the Code of Conduct into contracts. The Code of Conduct is also available to the Group's other entities and the recommendation is that the Code of Conduct is also included in contracts concluded by other entities in the Group.

The purpose of the responsible procurement policy is to assist the assessment of the responsibility of a supplier or partner in terms of the environment, social responsibility and good governance. The policy is used in the selection of the supplier and to complete the sustainability information in the due diligence process. The policy has been taken into use in the POP Bank Centre and has also been distributed to the Group's entities for their access and use.

Policies related to preventing money laundering and other financial crime and compliance with sanctions

The POP Bank Group's common policies on preventing money laundering and other financial crime and on compliance with sanctions provide general guidelines for the POP Bank Group's ability to detect potential money laundering or other criminal activity as effectively as possible and its ability to deal with it appropriately. The policies related to preventing money laundering and other financial crime and compliance with sanctions are approved and enforced by the Board of Directors of POP Bank Centre. An essential aspect of the effective prevention of money laundering and other financial crime is, among other things, that every POP Bank Group employee knows their responsibilities and obligations in the prevention of crime. This is reflected in the policies and more detailed instructions on operations and procedures, for example by defining principles for adequate training of all employees on topics related to preventing money laundering and other financial crime. Each employee is regularly provided with relevant training on a theme according to their job description, for example through a range of online courses and training.

The policy related to preventing money laundering and other financial crime also includes a high-level description of the mechanisms for detecting, the appropriate reporting to the authorities and addressing any transactions carried out by customers that may indicate money laundering, terrorist financing or violation of sanctions. In addition to the policy's high-level description, more detailed modes of operation and procedures have been developed to put the measures into practice.

G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

The POP Bank Centre will, wherever possible, invite tenders from suppliers for Group-wide procurements when selecting a service provider. In connection with the decision-making, alternative service providers that can offer the same service or product to the POP Bank Group are also considered. Service providers and the services they offer are compared with each other in terms of price, risks and the characteristics related to the service provider, among other things.

Before selecting a service provider, a due diligence report of the service provider is carried out at POP Bank Centre to ensure the suitability of the service provider, for example by looking into the company's basic information, financial data and possible public offences. On the basis of the report, the person responsible for drawing up the contract and the compliance function will issue an opinion on the suitability of the service provider. The opinions will be used to assess whether or not it will be possible to work with the service provider. During 2024, a requirement was added to the due diligence report to identify the service provider's environmental, social and governance practices, which will be taken into account as part of the overall assessment of the suitability of the service provider. The POP Bank Group's Code of Conduct is also taken into account in contract negotiations.

A responsible person appointed from the POP Bank Centre will continuously monitor compliance with the obligations set out in the contract in the Group-level cooperation. In addition to monitoring the contractual obligations, the service provider's compliance with the Code of Conduct is closely monitored. If the due diligence report identified that the service provider is exposed to a high sustainability risk (geographical, sector or product risk), the provider will be monitored more comprehensively than a service provider with no exposure to similar risks. In situations where a service provider is found to be operating in breach of the Code of Conduct, the first priority is to attempt to influence the service provider's approaches.

G1-3 – PREVENTION AND DETECTION OF CORRUPTION BRIBERY AND MONEY LAUNDERING

Prevention of corruption and bribery
The POP Bank Group does not tolerate direct or indirect corruption, bribery or unethical influencing in any form. The employees, executive management and administration are committed to the anti-bribery and anti-corruption policies. The policies are available to employees on the POP Bank Group intranet and the executive management is responsible for ensuring that familiarity with the policies is sufficient to enable compliance with them. Everyone who has committed to the policies is responsible for ensuring compliance with them.

The POP Bank Group's entities maintain gift registers which have the aim of promoting transparency and an anti-bribery operating culture. The entities have a separately designated person responsible for the gift register who provides written approval for the giving or receiving of significant gifts and hospitality entered in the register. Gifts and hospitality that cost more than a certain amount of euros are recorded in the gift registers. A gift register and a summary of compliance with the anti-bribery and anti-corruption policies, and any findings and deviations are discussed at least once a year by the Board.

The POP Bank Group conducts regular risk assessments to identify and minimise potential corruption and bribery risks. In addition, the risk of corruption and bribery is prevented, for example by training employees, maintaining a gift register and including due diligence reports in the selection of service providers.

The POP Bank Group has established confidential reporting channels through which employees, customers and partners can report suspected cases of corruption or bribery. Observations can be reported through the whistleblowing channel or by contacting the person responsible for the gift register or the central institution's compliance function.

The POP Bank Group has established processes to deal with allegations of corruption and bribery. All cases are processed confidentially, protecting the rights of both suspect and informant. Cases are handled by persons other than those suspected or involved. Any potential violation of the policy are reported immediately to the company's CEO and the Board of Directors, and the Board of Directors decides on remedial action. Remedial actions may include, for example, labour law actions or other legal penalties.

The Group provides regular training for employees on how to identify and prevent corruption and bribery. The training programmes include both online courses and online training, and they are regularly updated. The POP Bank Group's employees and management must complete an online course on preventing corruption and bribery every two years.

The online course covers the concepts of corruption and bribery, the harmful effects of corruption and the actions that companies are expected to take to prevent corruption.

The Board of Directors of each POP Bank Group entity discusses and approves the anti-corruption and anti-bribery policies. From 2025 onwards, the identification and prevention of corruption and bribery will be part of the training programme for administration.

The training programme covers 100% of the POP Bank Group's employees and managers. The training programme covers 0% of the Board Members.

Preventing money laundering and other financial crime
The approaches to preventing money laundering and other financial crime are described at the top level in the policies and guidelines that are directly binding on each POP Bank Group entity, covering, among other things, know your customer procedures, identification and reporting of suspicious transactions and compliance with financial sanctions. In addition, to support compliance with the top-level policies and guidelines, more detailed instructions on procedures and processes have been compiled, which describe in more detail the measures required to implement the different requirements in practice. The guidelines, policies and instructions on procedures are available to staff on the POP Bank Group's intranet, and responsible parties and persons have been defined to ensure that they are always up-to-date.

Activities aimed at preventing money laundering and other financial crime are partly centralised at the POP Bank Centre and the central credit institution Bonum Bank Plc. For example, systems for automated monitoring of transactions are being developed centrally across the POP Bank Group to ensure that operations are as efficient and risk-based as possible. In addition, the centralisation of activities has the advantage that some measures and policies to prevent money laundering and other financial crime can be implemented directly by a party independent of the individual member credit institution's own business, so that decision-making can take better account of risk factors specifically related to money laundering.

In the POP Bank Group, the management receives regular reports on the risks of money laundering and other financial crime and the status of risk management. Reporting is carried out for the executive management and the Board of Directors of the POP Bank Centre, POP Banks and Bonum Bank Plc and the reporting also covers, where appropriate, recommended measures by independent functions to better manage risks.

Training in the prevention of money laundering and other financial crime is offered to all POP Bank Group employees. The content and scope of the training depends on the person's work duties, and the most comprehensive training in this topic area is offered to experts in the prevention of money laundering and other financial crime at the POP Bank Centre, Bonum Bank Plc and POP Banks, among others. Training is compulsory and must be renewed at regular intervals.

G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY

At the end of 2024, a survey was carried out at the POP Bank Group to find out whether there had been any incidents of corruption or bribery at the Group. All POP Banks in the amalgamation, Bonum Bank Plc and POP Bank Centre responded to the survey.

Based on the survey responses, no incidents of corruption or bribery were identified in the POP Bank Group in 2024. POP Bank Group was not convicted or fined in corruption or bribery incidents during 2024. No action to address violations was carried out as no incidents were detected.

4.2 FINANCIAL STABILITY

In the POP Bank Group, financial stability is identified as entity-specific information that is not covered by the topical standards. Material impacts, risks and opportunities related to the Group's financial stability have been identified as part of the double materiality assessment, which is described in more detail in section *IRO-1* of *ESRS2 General Disclosures*. Financial stability is controlled through capital adequacy management processes.

Material topic	Impacts	Risks	Opportunities
Financial stability	**Positive** • Bank group with strong capital adequacy and individual banks build trust in customer relationships, which is important for the POP Bank Group's customer base. • Bank group with strong capital adequacy is more resilient to economic fluctuations, so economic fluctuations also have less impact on customers. **Negative** • A significant change in capital adequacy could have negative impacts on customers and stakeholders due to a deterioration of the Group's financial position.	• A significant change in capital adequacy could have significant financial effects, affecting solvency, resulting in loss of customers, partners and investors, and cause reputational risk and the potential risk of sanctions required by the supervisory authority.	• A stable financial position also reflects as lower financing costs when applying for finance from the market, leading to better profitability and competitive advantage. • Bank group with strong capital adequacy is more resilient to economic fluctuations, which gives it flexibility and the ability to retain stability in difficult circumstances. • Bank group with strong capital adequacy has a better chance of achieving higher credit ratings, thus contributing to the ability to raise funds from the market at low cost, lowering the cost of funding.

Capital adequacy means that a bank has sufficient capital to cover potential losses, which is important for customers, depositors and other stakeholders, as well as for the wider economy. Strong capital adequacy protects customers by reducing the risk of bank failure and insolvency. Capital adequacy reinforces public confidence in the banking system, which is responsible behaviour and reduces the risk of financial instability. POP Banks' comprehensive capital adequacy management process supports the POP Bank Group's ability to meet its financial obligations in different market situations, thus strongly linking the capital adequacy management process to sustainability.

The risk appetite framework comprises the overall risk management approach and targets and describes risk tolerance and risk appetite. The capital adequacy management policy describes the principles according to which capital adequacy management and internal capital adequacy assessment are organised in the POP Bank Group. The Board of Directors of POP Bank Centre approves the risk appetite framework and the capital adequacy management principles.

The POP Bank Group's capital adequacy management includes the comprehensive identification of risks, taking into account the business strategy and possible changes in the external environment. The objective of capital adequacy management is to ensure that the amalgamation and its member credit institutions have sufficient capital buffers to cover risks at all times, both under normal conditions and in the event of potential unexpected stressed conditions. Capital adequacy management aims to comprehensively identify material risks and assess their magnitude and the capital requirements they require.

The risk appetite set by the Board of Directors of POP Bank Centre defines a target for the capital adequacy position. The capital adequacy position is monitored by setting control limits on the capital adequacy of the amalgamation and member credit institutions. Capital adequacy targets are set at the Group level for both the capital adequacy ratio under the EU Capital Requirements Regulation and the capital adequacy based on internal risk assessment and internal capital. The POP Bank Group's strategic target is to achieve capital adequacy of over 17.5%, which is significantly higher than the overall capital adequacy requirement of 12.75% set for the Group by the financial regulator.

The POP Bank Group's liquidity position is strong. 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%. The amalgamation's LCR ratio was 315.1% on 31 December 2024.

POP BANK GROUP FINANCIAL STATEMENTS 31 DECEMBER 2024 (IFRS)

POP BANK GROUP'S INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Interest income*		271,043	232,682
Interest expenses*		-83,110	-54,574
Net interest income	**6**	**187,933**	**178,108**
Net commissions and fees	7	44,630	44,016
Net investment income	8	4,009	-2,355
Other operating income	9	4,288	4,685
Total operating income		**240,860**	**224,453**
Personnel expenses	10	-54,599	-49,204
Other operating expenses	11	-71,556	-63,703
Depreciation and amortisation	12	-5,007	-5,917
Total operating expenses		**-131,161**	**-118,824**
Impairment losses on financial assets	17	-22,429	-17,271
Associate´s share of profits	21	2,558	968
Profit before taxes		**89,828**	**89,326**
Income tax expense	13	-17,222	-17,714
Profit from continuing operations		**72,605**	**71,611**
Profit from discontinued operations after taxes	5	-	45,229
Profit for the period		**72,605**	**116,840**

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

POP BANK GROUP'S STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Profit for the financial year		**72,605**	**116,840**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gains/(losses) arising from remeasurement of defined benefit plans	34	-15	697
Net changes in fair value of equity instruments	30	211	141
Capital gains and losses for equity instruments	30	23	-
Deferred taxes	30,34	-44	-168
Total		**175**	**671**
Items that may be reclassified to profit or loss			
Cash flow hedges	27	-468	-
Movement in fair value reserve for liability instruments	30	4,968	6,812
Deferred taxes	27,30	-900	-1,350
Total		**3,600**	**5,462**
Other comprehensive income items total		**3,775**	**6,133**
Comprehensive income for the financial year		**76,380**	**122,972**

POP BANK GROUP'S BALANCE SHEET

(EUR 1,000)	Note	31 Dec 2024	31 Dec 2023
Assets			
Liquid assets	18	567,900	495,644
Loans and receivables from credit institutions	15,16,19	44,751	61,502
Loans and receivables from customers	15,16,19	4,743,620	4,562,254
Derivatives	27	29,267	16,165
Investment assets	15,20	725,289	792,043
Investments in associates	21	24,680	22,123
Intangible assets	22	8,884	7,986
Property, plant and equipment	23	25,422	24,930
Other assets	24	81,099	86,470
Tax assets	25	6,066	5,453
Total assets		**6,256,978**	**6,074,569**

(EUR 1,000)	Note	31 Dec 2024	31 Dec 2023
Liabilities			
Liabilities to credit institutions	15,16,26	52,614	131,144
Liabilities to customers	15,16,26	4,384,387	4,330,320
Derivatives	27	2,636	4,661
Debt securities issued to the public	28	940,776	787,156
Other liabilities	29	82,908	97,734
Tax liabilities	25	34,172	35,449
Total liabilities		**5,497,492**	**5,386,463**
Equity capital			
Cooperative capital			
Cooperative contributions		10,792	10,714
POP Shares		58,388	60,391
Total cooperative capital	**30**	**69,180**	**71,105**
Reserves	30	163,725	157,795
Retained earnings	30	526,581	459,206
Total equity capital		**759,486**	**688,106**
Total liabilities and equity capital		**6,256,978**	**6,074,569**

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

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

Details of equity are presented in more detail in Note 30. The fair value reserve includes a hedge accounting reserve, which is presented in more detail in Note 27.

(EUR 1,000)	Coopera-tive capital	Fair value reserve	Other reserves	Retained earnings	Total equity capital
Balance 1 Jan 2023	**70,860**	**-10,220**	**162,325**	**343,709**	**566,674**
Comprehensive income					
Profit for the financial year	-	-	-	116,840	**116,840**
Other comprehensive income	-	5,575	-	558	**6,133**
Total comprehensive income	**-**	**5,575**	**-**	**117,398**	**122,972**
Transactions with shareholders					
Change in cooperative capital	245	-	-	-	**245**
Profit distribution	-	-	-97	-1,689	**-1,786**
Transfer of reserves	-	-	212	-212	**-**
Total	**245**	**-**	**115**	**-1,901**	**-1,541**
Balance 31 Dec 2023	**71,105**	**-4,645**	**162,440**	**459,206**	**688,106**

POP BANK GROUP'S CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Cash flow from operations			
Income statement		72,605	116,840
Adjustments to profit for the financial year		34,966	39,402
Increase (-) or decrease (+) in operating assets		**-123,419**	**-310,523**
Loans and receivables from credit institutions	19	409	3,234
Loans and receivables from customers	19	-203,041	-127,049
Investment assets	20	72,899	-74,386
Other assets	24	6,314	-112,322
Increase (+) or decrease (-) in operating liabilities		**-63,862**	**-45,854**
Liabilities to credit institutions	26	-78,530	-46,338
Liabilities to customers	26	49,130	-33,215
Other liabilities	29	-14,349	41,878
Income tax paid		-20,113	-8,179
Total cash flow from operations		**-79,709**	**-200,136**
Cash flow from investing activities			
Changes in subsidiary investments		-10	53,403
Purchase of PPE and intangible assets		-8,365	-10,242
Proceeds from sales of PPE and intangible assets		419	2,242
Total cash flow from investing activities		**-7,956**	**45,403**
Cash flow from financing activities			
Change in cooperative capital, net	30	-1,925	245
Interests paid on cooperative capital and other profit distribution		-3,095	-1,789
Debt securities issued, increase	28	336,016	378,475
Debt securities issued, decrease	28	-185,526	-168,219
Payment of lease liabilities	35	-1,890	-1,692
Total cash flow from financing activities		**143,579**	**207,020**

(EUR 1,000)	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Change in cash and cash equivalents			
Cash and cash equivalents at period-start		516,334	464,047
Cash and cash equivalents at the end of the period		572,249	516,334
Net change in cash and cash equivalents		**55,915**	**52,287**
Cash and cash equivalents			
Liquid assets	18	567,900	10,624
Receivables from credit institutions payable on demand	18,19	4,349	505,710
Total		**572,249**	**516,334**

ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT

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

NOTES

NOTES CONCERNING THE PREPARATION OF THE FINANCIAL STATEMENTS

NOTE 1 POP BANK GROUP

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

The member credit institutions of POP Bank Centre coop include 18 cooperative banks, Bonum Bank Plc, which serves as the central credit institution for the member cooperative banks and POP Mortgage Bank, which is a mortgage bank. The amalgamation of POP Banks is an economic entity referred to in the Act on the Amalgamation of Deposit Banks (599/2010) (hereinafter referred to as the "Amalgamation Act") the members of which and the central institution are jointly liable for each other's debts and commitments. The amalgamation of POP Banks consists of POP Bank Centre coop, which is the central institution, and its member credit institutions and the companies included in their consolidation groups, as well as credit institutions, financial institutions and service companies in which entities belonging to the amalgamation jointly hold more than 50 per cent of the votes. The companies included in the consolidation groups of the member credit institutions are primarily real estate companies.

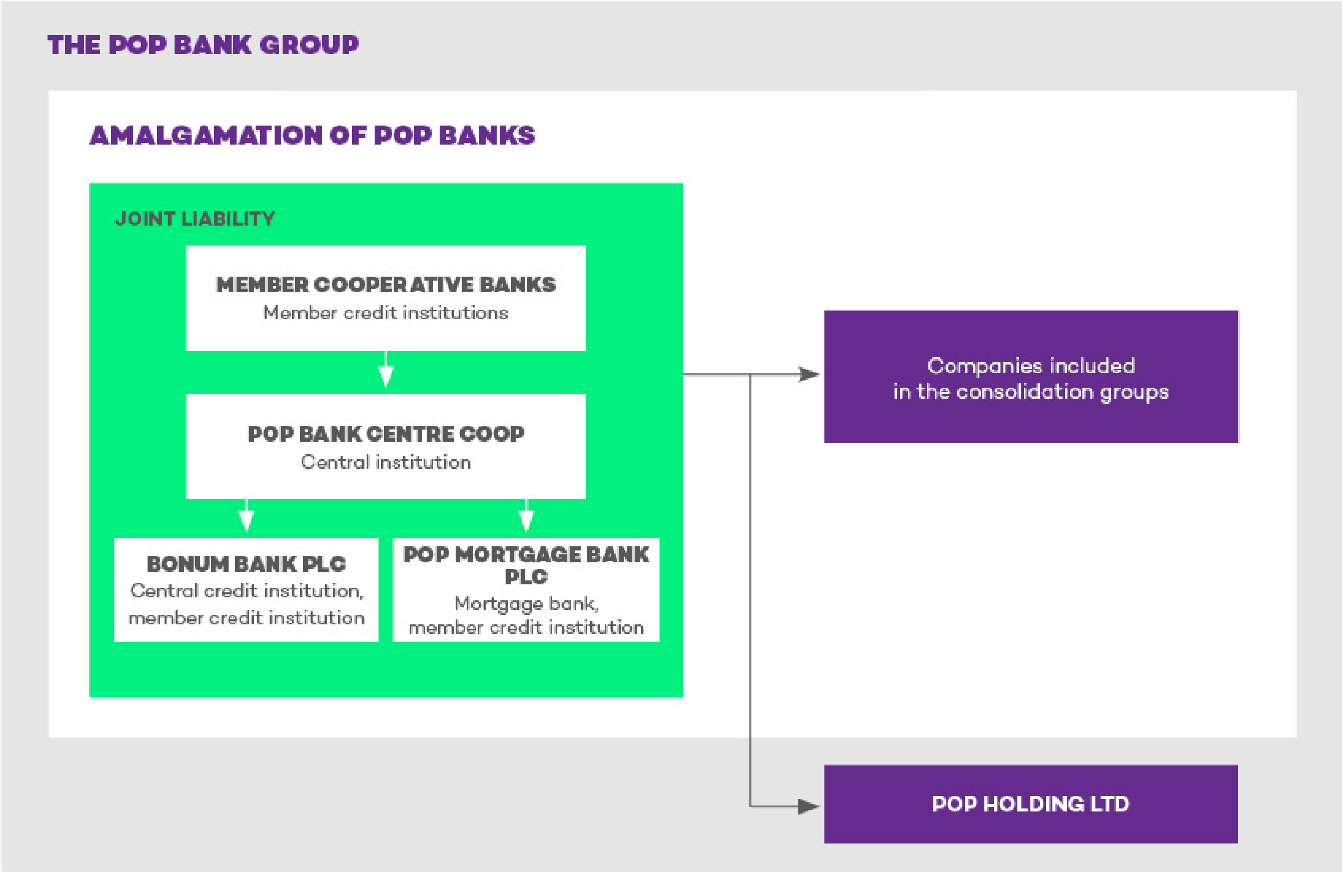
POP Bank Group also includes other entities besides the entities included in the amalgamation of POP Banks. During the financial year 2023, POP Bank Group relinquished control over Finnish P&C Insurance Ltd and continues as a minority shareholder in the company. The company's income and expenses are presented in the comparison period as discontinued operations in accordance with IFRS 5. Finnish P&C Insurance Ltd has been consolidated into the financial statements of POP Bank Group as an associated company after the sale. The minority share in the insurance company is owned by POP Holding Ltd, which is wholly owned by POP Banks and POP Bank Centre coop and is not within the scope of joint liability.

In accordance with the Amalgamation Act, the central institution shall prepare financial statements as a combination of the financial statements or the consolidated financial statements of the central institution and its member credit institutions in accordance with the International Financial Reporting Standards (IFRS).

POP Bank Group does not form a group of companies referred to in the Accounting Act (1336/1997) or a consolidation group referred to in the Act on Credit Institutions (610/2014). POP Bank Centre coop or its member cooperative banks do not exercise control pursuant to IFRS accounting standards on each other, and therefore no parent company can be determined for the Group. In accordance with the Amalgamation Act, Board of Directors has ratified the Group's accounting policies suitable for this structure to the extent that the IFRS accounting standards do not acknowledge the Group's structure. The accounting policies that include a description of the technical parent company consisting of the member cooperative banks are presented in Note 2. The member cooperative banks and other Group companies consolidated in the IFRS financial statements included in the technical parent company are listed in Note 36.

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

POP BANK GROUP STRUCTURE



POP Bank Centre coop acts as the central institution responsible for group steering and supervision of the POP Bank Group in accordance with the Amalgamation Act. POP Bank Centre coop's registered office is Helsinki and its address is Hevosenkenkä 3, FI-02600 Espoo, Finland. POP Bank Centre coop has prepared the POP Bank Group's consolidated IFRS financial statements in accordance with the Act on the Amalgamation of Deposit Banks. The Board of Directors of POP Bank Centre coop has adopted the report and consolidated financial statements on 14 February 2025. The financial statements will be distributed to the general meeting of POP Bank Centre coop cooperative on 4 April 2025. Copies of the financial statements and the financial statements release of the POP Bank Group are available at the office of the central institution, address Hevosenkenkä 3, FI-02600 Espoo, Finland, and online at **www.poppankki.fi**.

NOTE 2 ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The consolidated financial statements of the POP Bank Group (hereinafter also referred to as the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations (IFRIC). The applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account when preparing the notes to the financial statements.

The obligation of the POP Bank Group to prepare financial statements in accordance with IFRS is based on the Act on the Amalgamation of Deposit Banks (599/2010; hereinafter referred to as the "Amalgamation Act").

Figures in the consolidated financial statements of the POP Bank Group are presented in thousand euros, unless otherwise stated. Figures in the notes are rounded, whereby the sum total of individual figures may deviate from the sum total presented in the calculations and tables.

Assets and liabilities denominated in currencies other than euro have been translated into euro at the exchange rate of the balance sheet date. Exchange rate differences resulting from measurement have been recognised in net investment income in the income statement except for financial instruments measured at fair value through other comprehensive income. The operating currency of all of the companies belonging to the POP Bank Group is euro.

The consolidated financial statements of the POP Bank Group are based on original cost, with the exception of financial assets and financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, hedged items in fair value hedging (with respect to the hedged risk) and hedging derivatives used in fair value hedging, that are measured at fair value.

Information concerning risks specified in the EU Capital Requirements Regulation (EU 2019/876) is disclosed in a separate Pillar III report published on the Internet page of the POP Bank Group.

2. THE EFFECT OF CLIMATE CHANGE ON FINANCIAL REPORTING

The main environmental impacts of the POP Bank Group's own business are related to the financing of customers' investments and other activities, as well as the Group's investment activities. The goal of POP Banks is to reduce the risk caused by environmental impacts and climate change by offering customers financing for investments that support climate change mitigation and adaptation, as well as by offering investment targets that support sustainable development and by informing customers about opportunities related to these. Sustainability is explained more detail in Sustainability report included in POP Bank Group's Board of Directors' report.

3. CONSOLIDATION PRINCIPLES

3.1 TECHNICAL PARENT COMPANY

In accordance with the Amalgamation Act, the consolidated financial statements of the POP Bank Group shall be prepared as a combination of the financial statements or consolidated financial statements of the central institution POP Bank Centre coop and its member credit institutions. The consolidated financial statements also include entities in which the entities referred to above have joint control.

POP Bank Centre coop or its member cooperative banks do not exercise control on each other, and therefore no parent company can be determined for the Group. In the IFRS financial statements, a "technical parent" company has been formed for the POP Bank Group from the member cooperative banks. The member cooperative banks and the central institution have individually or jointly control over the other entities combined in the Group's IFRS financial statements. Within the technical parent company, intra-group holdings, transactions, receivables and liabilities, distribution of profit and margins are eliminated. Cooperative capital comprises such cooperative contributions paid by members of cooperative banks which the member banks have an unconditional right to refuse the redemption.

3.2 SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

POP Bank Group's financial statements include the financial statements of the technical parent company, its subsidiaries and associates. Companies over which the Group exercises control are considered to be subsidiaries. The POP Bank Group has control over an entity if it has control over the company and is exposed, or has rights to, the variable returns of the company and the ability to affect those returns through its power over the company. The Group's control is based on voting rights.

POP Bank Group's intra-group holdings have been eliminated using the acquisition method. All intra-group transactions, receivables and liabilities, unrealised earnings and distribution of profit are eliminated in the Group's consolidated financial statements.

Associated companies are companies over which the Group exercises significant influence on business management and financing. Significant influence is based on voting rights. Associates are consolidated using the equity method.

A joint operation is a joint arrangement over which two or more parties exercise joint control and have rights concerning assets related to the arrangement and obligations related to liabilities. Mutual real estate companies are consolidated in the Group's financial statements as joint operations. Their income statement items, assets and liabilities are combined in accordance with the Group's holding.

4. ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND UNCERTAINTIES RELATED TO ESTIMATES

The application of IFRS requires the management's assessments and assumptions concerning the future. These affect the reported amounts in the financial statements and the information included in the notes. The management's main estimates concern the future and the key uncertainties related to the amounts at the balance sheet date. In particular, they are related to fair value assessment and impairment of financial assets. The management's estimates and assumptions are based on the best view at the balance sheet date, which may differ from the actual result. Due to the uncertainty of projecting the development of economy, the fair values and impairments of financial assets are subject to greater uncertainty than usual.

These estimates and assumptions, as well as the related uncertainty, are presented in more detail at financial statement item level in the sections 4.1–4.3.

4.1 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.

The policies on impairment of financial assets have been presented in detail in chapter 8.5 Impairment of financial assets.

4.2 DETERMINING FAIR VALUE

Determining the fair value of unquoted investments requires the management's judgement and estimates of several factors used in the estimates, which can differ from the actual outcomes, thereby leading to a significant change in the value of the available-for-sale investment and equity capital.

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

When the fair value of financial instruments is determined using a valuation technique, the management's judgement is needed in the choice of the valuation technique to be applied. Insofar as there is no market input available for the techniques, management must evaluate how other data can be used for the valuation. The principles for determining fair value are presented in more detail in sections 8.3 Determining fair value and 10. Property, plant and equipment and investment properties.

4.3 LEASE PERIODS OF CONTRACTS CLASSIFIED AS LEASES

Determining the lease periods of leases in effect until further notice requires discretion from the management, which requires the assessment of the economic life of the asset when it is reasonably certain that the leases have been made for a period longer than the term of notice. The assessment must take into account the conditions in which the leased asset will be used.

5. DISCONTINUED OPERATIONS

During the comparison period, POP Bank Group relinquished control of Suomen Vahinkovakuutus Oy and continues as a minority shareholder in the company. In the comparative period, the POP Bank Group applied IFRS 5 Non-current Assets Held for Sale and Discontinued Operations when classifying, presenting, and recognizing the sale of its insurance operations. The POP Bank Group reported the result of discontinued operations separately from the income and expenses of continuing operations during the comparative period.

6. 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.

7. CHANGES IN ACCOUNTING POLICIES

7.1 ADOPTION OF NEW IFRS STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The standard amendments and interpretations that entered into force in 2024 had no effect on the POP Bank group's financial statements.

7.2 ADOPTION OF NEW IFRS STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN FUTURE FINANCIAL YEARS

The standard amendments approved for application in the financial year beginning 1 January 2025 are not estimated to have an impact on POP Bank Group's financial statements.

POP Bank Group intends to adopt IFRS 18 Presentation and Disclosures standard for the financial year commencing 1 January 2027, if the standard has been approved for application in the EU. The Standard shall be applied in periods beginning on or after 1 January 2027, but its earlier application is permitted. IFRS 18 supersedes IAS 1 Presentation of Financial Statements. The adoption of the standard will have an impact on the presentation of POP Bank Group's financial statements. The POP Bank Group will assess the impact of the standard during the financial year 2025.

Other standard amendments to be adopted later are not expected to have a material impact on POP Bank Group's financial statements.

8. FINANCIAL INSTRUMENTS

8.1 CLASSIFICATION AND RECOGNITION OF FINANCIAL ASSETS

Classification

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

- Financial assets at amortised cost
- Financial assets at value through other comprehensive income
- Financial assets recognized at fair value through profit and loss.

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

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

Recognition

On initial recognition, all financial assets and financial liabilities are recognised at fair value. Transaction costs related to financial assets and financial liabilities at fair value through profit or loss are recognised on the income statement on the date of acquisition. Transaction costs from other financial instruments are included in the acquisition cost.

Purchases and sales of financial instruments are recognised on the settlement date. Loans granted are recognised in the balance sheet on the date when the customer draws down the loan. Instruments issued are recognised in the balance sheet at the latest on the date when the customer makes the subscription.

Financial assets and financial liabilities are offset in the balance sheet if POP Bank Group currently has a legally enforceable right of set-off in the normal course of business and in the event of default, insolvency or bankruptcy, and it has the intention and ability to settle the asset and liability on a net basis. POP Bank Group has not offset the financial assets and financial liabilities on the balance sheet.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the rights have been transferred to another party so that substantially all the risks and rewards of ownership of the financial asset are transferred. In addition, an agreement included in financial assets is derecognised on the balance sheet if the rights to cash flows that are based on the agreement are transferred to another party or if the agreement includes an obligation to pay the cash flows in question to one or several recipients. If a consideration is received, but all the risks and rewards of ownership of the transferred asset are substantially retained, the transferred asset is recognised in its entirety and a financial liability is recognised for the consideration received.

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

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

8.2 BUSINESS MODELS FOR MANAGING FINANCIAL ASSETS AND MEASUREMENT

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

In POP Bank Group, financial assets are managed according to three business models:

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

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

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

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

POP Bank Group does not actively trade financial assets. The purpose of POP Bank Group's investment activities is to invest surplus with long-term objective and to maintain investment portfolio for liquidity purposes.

Financial assets measured at amortised cost

Financial assets measured at amortised cost includes loans and receivables and the debt instruments, which are, according to the investment policy, intended to be held to maturity with terms of regular payments of interest and principal either in part or entirety (SPPI-test). In addition, liquid assets held to maintain liquidity, which are held until the maturity and can basically only be sold due to a deterioration in credit risk or a liquidity crisis, can also be classified to this measurement class. Assets classified to category consist of liquidity portfolio investments.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income includes debt instruments, which are, according to the investment policy, intended to be held in order to collect contractual cash flows or sold, if necessary, for reaching the objectives of the business model (combination-business model). Classification requires, that the contractual terms of the instrument include regular payments of interest and principal either in part or in entirety (SPPI-test).

Among other things, investments which can be sold to cover liquidity needs, for example, and liquid assets which have to be tested on regular sales in order to demonstrate the liquidity of those assets are classified to this measurement class.

Changes in financial instrument's fair value is recognised in items of other comprehensive income. The increase and decrease of expected credit losses are recognised in the income statement and in items of other comprehensive income. When sold, the change in fair value is recognised from other comprehensive income to net investment income in the income statement and expected credit loss in impairment losses on financial assets in the income statement.

Financial assets measured at fair value through profit or loss

Financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. Financial assets measured at fair value through profit or loss include shares and participations and debt instruments, which do not meet the SPPI-test. An exception is made with regards to shares which are measured at fair value through other comprehensive income.

POP Bank Group does not have financial assets held for trading purposes.

Hedging derivatives are recorded at fair value through profit or loss.

Changes in fair value are recognised in the net investment income.

Equity instrument assets measured at fair value through other comprehensive income

POP Bank Group has adopted the exception in IFRS 9, according to which changes in the fair value of investments in shares may be recognised in other comprehensive income. The exception is adopted to investments in shares regarded strategic to POP Bank Group's business operations.

Changes in fair value are recognised in other comprehensive income. In case such an investment is subsequently sold, the result of the sale is recognised in equity. The election can be made only at initial recognition and it is irrevocable.

Financial liabilities measured at amortised cost

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

Financial liabilities measured at fair value

Derivative contracts are recognised in financial liabilities at fair value through profit or loss. The POP Bank Group has no other financial liabilities measured at fair value through profit or loss.

8.3 DETERMINING FAIR VALUE

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

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

Current bid price is used as the quoted market price of financial assets.

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

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

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

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

The fair value hierarchy level into which an item measured at fair value is fully classified is determined by the input data, which is at the lowest level and is significant in respect to the whole item. The significance of the input data is evaluated considering the whole item, which is valued at fair value. Level 2 and 3 valuation models are also described more in detail in Note 16 to the financial statements.

8.4 DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

The POP Bank Group hedges its interest rate risk using derivatives. The objective of hedge accounting is to ensure that changes in the cash flows or fair value of the hedging instrument fully or substantially offset the equivalent changes in the hedged item. The relationship between the hedging and hedged instruments is defined in a formalized manner. This formal designation means that the hedging relationship and risk management objectives between the derivative and the hedged item are documented prior to the application of hedge accounting. If there is sufficient correlation between the value changes of the hedging derivative and the hedged item or cash flows, the hedge is deemed effective.

The POP Bank Group applies IFRS 9 Financial Instruments to all hedging relationships, except for fixed-rate funding, where the carve-out model under IAS 39 is applied. The carve-out model allows hedging of assets and liabilities as a group with similar risk profiles (known as macro hedging), including deposits as hedged items.

The fair value hedge targets fixed-rate deposits and fixed-rate bonds issued.

Positive fair values of derivatives are presented as assets under Derivatives, while negative fair values are presented as liabilities under Derivatives. Changes in the fair value of derivatives under hedge accounting are recognized in the income statement under Net income from hedge accounting. The interest from hedging derivatives is recorded on a net basis, where interest on derivatives hedging assets is presented under interest income, and interest on derivatives hedging liabilities is presented under interest expenses. Interest on derivatives is presented on the balance sheet as a net amount either under Other assets or Other liabilities, depending on the interest payment situation at the review date.

The cash flow hedge targets the floating-rate loan portfolio of member cooperative banks, with interest rate options as the hedging instruments. The hedging addresses interest rate risk arising from changes in the reference rate of the floating-rate loan portfolio.

For the hedged item, the position is open, meaning that during the contract period, new loan agreements are added, and old agreements are removed from the hedged position. Consequently, the open position comprises a continuous series of closed positions, which are evaluated continuously for risk management purposes over the hedging period. The hedged item is based on forecasts indicating that member banks have layers of future floating cash flows over the derivative's maturity period, which these hedging instruments protect. The currency, maturity, and reference rate of the interest rate options fully match the characteristics of the hedged item, ensuring no ineffectiveness arises.

The accounting treatment of derivatives under cash flow hedging corresponds to that of fair value derivatives, except that changes in the fair value of the effective portion of the hedge are recognized in Other comprehensive income. Fair value changes recognized in equity are transferred to profit or loss during the period in which the cash flows of the hedged item occur. If the cash flows are no longer expected to occur, amounts accumulated in equity are reclassified to Net investment income in the income statement. The premiums for the hedging options are amortized over the maturity of the hedging contract as an adjustment to interest income in the income statement.

8.5 IMPAIRMENT OF FINANCIAL ASSETS

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

To determine expected credit losses, financial instruments are classified in stages from 1 to 3. Stage 1 represents financial instruments whose credit risk has not increased significantly since the initial recognition. Expected credit losses are determined for such financial instruments based on expected loan losses for 12 months. Stage 2 represents financial instruments whose credit risk has increased significantly after the initial recognition on the basis of qualitative or quantitative criteria and, for stage 3, financial instruments whose counterparty has been declared as default. Expected credit losses are determined for financial instruments classified in Stage 2 and 3 based on the expected credit losses over the entire life of the instrument.

The calculation of expected credit losses in POP Bank Group is based on four main segments:

- Private customers (excl. agricultural customers)
- Corporate customers (excl. agricultural customers)
- Agricultural customers
- Investment portfolio

The calculation of expected credit losses is based on the Probability of Default (PD), the loss ratio (LGD, Loss Given Default) and the Exposure at Default (EAD) for each segment.

The probability of default (PD) is measured by the historical credit rating model. The credit rating models are defined for the four main segments described above. Credit rating models constructed using statistical methods are used to estimate the PD of private and corporate customers. The credit rating model for agricultural customers is constructed by an expert and is based on the customers' financial ratios. Management estimates have been used to set PDs for agricultural customers, as there are few cases of default in the segment for statistical modelling.

Loss given default (LGD) refers to the expected portion of the loan loss on the remaining capital if the counterparty is classified as default. The parameters for calculating loss shares in the POP Bank Group are determined on the basis of expert estimates. Industry-specific LGD data from the Finnish market have been used to determine LGD values.

The exposure at default (EAD) is calculated for each loan and off-balance sheet item separately on the basis of repayments under the terms of the contract, with the exception of contracts without maturity whose lifecycle is determined on the basis of expert judgment. In the EAD calculation of off-balance sheet items, CCF coefficients shall be applied in accordance with the standardised credit risk standard for the credit risk calculation, except for card credits for which a credit equivalent value (CCF) has been determined on the basis of expert judgment.

Estimated credit losses are estimated using future information available with reasonable ease. For the purpose of calculating expected credit losses, the POP Bank Group has developed a model based on three macroeconomic scenarios and related implementation probabilities to correct the parameters used in the calculation when estimating expected credit losses. The macroeconomic scenarios are based on the projected growth rate of Finland's Gross Domestic Product over the next three years.

In the measurement of expected credit losses, a transition will be made from the recognition of expected credit losses over 12 months to the recognition of expected credit losses throughout the lifetime of the contract as the credit risk increases significantly after the initial recognition, after which the contract is transferred from stage 1 to stage 2. The credit risk is considered to have increased significantly, when forbearance measures to the contract have been made less than 12 months ago, contract has been overdue for more than 30 days, or another qualitative risk factor has been identified in the customer's situation such as a significant change in the customer's business that is not yet reflected in the payment delay. In addition, the credit risk is considered significantly increased if the counterparty credit rating has deteriorated significantly. The threshold value determined by expert estimation of significant impairment is based on the change in PD value between the time of reporting and the time of the contract origination.

POP Bank Group applies the definition of default in accordance with Article 178 of Regulation 575/2013 of the European Parliament and of the Council when calculating expected credit losses. Liabilities are classified in stage 3 when they meet the definition criteria. For non-retail customers, which are customers with a turnover of more than EUR 50 million and liabilities of more than EUR 1 million, the definition of default applies at customer level and to retail customers at contract level. However, all receivables from a retail customer are recorded as defaulted (customer-level default) if the amount of the customer's liabilities exceeds 20 per cent of the customer's total liabilities.

The contract is considered defaulted at the latest when the liability under the default criteria has been continuously delayed for more than 90 days. In addition, a customer is considered defaulted when repayment is considered unlikely for example if the customer has been declared bankrupt or similar proceedings, or if the customer has forbearance measures that causes a change in the present value of the liability of more than 1 per cent. The contract or customer is considered defaulted for a period of 90 days after the conditions for default have ceased to exist.

POP Banks do not have contracts that are originated as impaired.

If the customer has not fulfilled the criteria for default for at least 3 months, the customer's liability will return to either stage 2 or stage 1, depending on whether the exposures meet a significant increase in the credit risk criteria at the time of return. The contract will return from stage 2 to stage 1 without a separate trial period if the contract no longer meets the criteria for significant credit risk growth.

POP Bank Group applies an exception of IFRS 9 -standard to financial assets at fair value through profit or loss, in which all instruments with a low credit risk are classified in stage 1 and instruments with higher credit risk are classified in stage 2.

A loss allowance on financial assets recognised at amortised cost and fair value through other comprehensive income and for off-balance sheet items is recognised in the income statement. Loss allowance in the income statement consists of the expected credit loss calculated for the financial asset, where the expected credit losses previously recognised have been deducted. A loss allowance is cancelled if a realised credit loss is recognised for the financial asset. The loss allowance on financial assets recognised at amortised cost reduces the carrying amount of the financial assets. The loss allowance for financial assets at fair value through other comprehensive income is recognised in the statement of comprehensive income. The loss allowance on off-balance sheet commitments is recognised as a provision in other provisions and liabilities.

9. INTANGIBLE ASSETS

The most significant intangible assets of the POP Bank Group are comprised of banking and insurance information systems and licenses. An intangible asset is recognised in the balance sheet at acquisition cost if it is probable that the expected economic benefits associated with the asset will flow to the POP Bank Group and the acquisition cost of the asset can be measured reliably. Acquisition cost includes all costs that are directly attributable to bringing the asset to its working condition for its intended use. POP Bank Group has capitalised also internally produced intangible assets. The capitalised expenditures for internally produced intangible assets includes, for example, license fees, purchased services, in-house work and other external costs related to projects.

POP Bank Group has started a system reform project at the beginning of 2022, which will renew the core banking system used by the banking segment, the customer information system, the authority reporting solution, the data storage and reporting solution and the office infrastructure. Part of the costs of the system reform project are capitalised as an intangible asset.

Amortization of the acquisition costs of intangible assets begins when the asset is ready for use. Indications of impairment for intangible assets are reviewed annually, and the carrying value of unfinished intangible assets is tested annually for potential impairments. An impairment test may also be conducted at other times if there are indications that the asset's value may have decreased, such as due to technological obsolescence.

In an impairment test, the recoverable amount of the asset is determined, which is either the fair value less costs to sell or the value in use of the asset. Primarily, the recoverable amount is determined through the net selling price of the asset. If the selling price cannot be determined due to the nature of the asset, the value in use is calculated. The value in use is defined through estimated cost savings or other operational benefits. The anticipated savings are discounted to their present value using an appropriate discount rate, which reflects the market-based interest rate and the risk profile associated with the POP Bank Group's operations and the specific asset.

If the carrying amount of an intangible asset exceeds its recoverable amount, an impairment loss is recognized. The impairment is recorded immediately in the income statement. The impairment loss is reversed if there is a change in circumstances and the recoverable amount of the asset increases from the time of the impairment recognition. However, the reversal of an impairment loss cannot exceed the original carrying value of the asset.

Configuration costs related to Software as a Service (SaaS) cloud service agreements are recognized mainly as expenses and customisation costs as prepayments or expenses, depending on whether the customisation services are distinct from the actual cloud service agreement. In the cloud service arrangement, the software is controlled by a third party, and the software's configuration and customisation functions are not capitalised as an intangible asset. The prepayment recognised under the cloud service agreement is released as an expense during the agreement period from the time the asset is ready for use.

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The properties owned by the POP Bank Group are divided into owner-occupied properties and the investment properties. Owner-occupied properties are recognised under property, plant and equipment and investment properties under investment assets on the balance sheet.

The purpose of investment properties is to yield rental revenue or increase in value on capital. If a property is used both by the Group and for investment purposes, the parts are presented separately only if they can be divested separately. In this case, the division is based on the floor area of the properties. If the parts cannot be divested separately, the property is considered to be an investment property only when only a small part of it is used by the owner.

Both owner-occupied properties and investment properties are measured at acquisition cost less depreciation and impairment. Machinery and equipment as well as other property, plant and equipment are similarly also measured at acquisition cost less depreciation and impairment. Depreciation is based on the useful life of the assets. The average useful life for buildings is 30–40 years. The useful life for technical equipment, renovations and machinery and equipment is 3–10 years. Land is not subject to depreciation.

Indications of impairment of property, plant and equipment and investment properties are assessed on each balance sheet date. If such indications exist, the recoverable amount from the asset will be estimated. These indications are, for example, significant decrease in the market value of the property or evidence of physical damage. If the future generated income is expected to be lower than the acquisition cost without depreciation, the resulting difference will be recorded as impairment loss and charged to expenses.

Depreciation and impairment on property, plant and equipment are recognised in the income statement under depreciation, amortisation and impairment. Depreciation on investment properties is recognised in the income statement under net investment income. Capital gains and losses are determined as the difference between the income received and balance sheet values. Proceeds from the sale of owner-occupied properties are recognised under other operating income and losses under other operating expenses. Proceeds and losses from the sale of investment properties are recognised in net investment income.

11. LEASES

11.1 THE POP BANK GROUP AS THE LESSOR

POP Bank Group leases properties it owns or parts thereof by way of operating leases. In the leases, the essential risks and benefits of ownership remain with the lessor. The Group has classified all its leases as operative leases. Investment properties are recognised as investment assets on the balance sheet, and other properties are recognised as property, plant and equipment. Rental revenue from investment properties is recognised in net investment income and from other properties in other operating income.

11.2 THE POP BANK GROUP AS THE LESSEE

POP Bank Group has obtained mostly commercial premises, office equipment and company cars for employees through contracts classified as leases. At the time of establishing a contract, POP Bank Group assesses whether the contract is a lease or includes a lease. A contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

POP Bank Group as a lessee is required to recognise on its balance sheet a right-of-use asset and a lease liability arising from a lease. Lease liabilities are presented under other liabilities and the related interest expenses under net interest income. The right-of-use asset is presented under property, plant and equipment and depreciation is presented under depreciation and impairment losses. POP Bank Group has applied the exemptions included in the standard, according to which leases with a term of 12 months or less, or leases where the underlying asset is of low value, need not be recognised on the balance sheet. The expenses arising from these leases are recognised under other operating income.

A right-of-use asset is initially measured at acquisition cost. After the beginning of the contract, right-of-use assets are measured at acquisition cost less accumulated depreciation and impairment losses. Depreciation on a right-of-use asset is recognised using the straight-line method. Depreciation period for commercial premises with lease valid until further notice is generally 2 years. For fixed-term contracts, the depreciation period is in principle the contractual period. Depreciation times for office equipment vary from 2 to 5 years.

A lease liability is initially measured at the present value of the lease payments remaining unpaid at the beginning of the contract. The incremental borrowing rate of interest is used in the calculation of lease liabilities. The interest rate used for additional credit is the interest rate determined by the central credit institution of the amalgamation of POP Banks for credits granted within the group.

The economic lifetime of a leased asset is taken into consideration when determining the lease period. The management's estimates are significant, particularly when determining the lease period for contracts valid until further notice and the incremental borrowing rate of interest. Contracts valid until further notice are assigned a lease period based on the management's estimate in cases when it is reasonably certain that they are entered into for a period that exceeds their notice period.

12. PROVISIONS

A provision is recognised when a legal or factual obligation has emerged to the POP Bank Group due to a previous event and the fulfilment of the obligation is likely. A provision is recognised when the Group can reliably assess the amount of the obligation. Any remuneration paid by a third party is recognised as a separate item when receiving the remuneration is considered practically certain. The provision is measured at the present value of the amounts paid to fulfil the obligation.

13. EMPLOYEE BENEFITS

The Group's employee benefits consist mainly of short-term employee benefits, such as holiday pay and bonus payments, which are expected to be paid in connection with the work performance they are related to or within the following 12 months.

Benefits related to the termination of employment consist of severance payments.

Post-employment benefits consist of pensions and other benefits paid out after the termination of employment. Statutory pension cover is arranged through external pension insurance companies. Most of the Group's pension arrangements are defined contribution plans. Defined benefit plans are contracts that include additional pension cover.

Expenses from defined contribution plans are recognised in personnel expenses in the period during which they are charged by the insurance company. The asset or liability recognised in respect of a defined benefit plan is the present value of the obligation on the closing date less the fair value of plan assets. The present value of the pension obligation has been calculated by discounting the estimated cash flows using the discount rate based on the market yield of high-quality bonds issued by companies.

The amount of the pension liability is calculated annually by independent actuaries. The obligation is calculated using the projected unit credit method.

Pension costs are charged to expenses over the employees' working lives and recognised in personnel expenses. Items resulting from remeasurements of the net defined benefit liability are recognised in other comprehensive income in the period they occur. These items will not be reclassified to the income statement in later financial periods.

14. PRINCIPLES FOR RECOGNISING INCOME AND EXPENSES

14.1 INTEREST INCOME AND EXPENSES

Interest income and expenses are amortised over the maturity of the contract using the effective interest rate method, in proportion to the remaining carrying amount in the balance sheet. Interest income and expenses are recognised in net interest income. Interest income on impaired receivables (receivables registered on stage 3) is calculated for net amount where expected credit loss is deducted.

Negative interest income on financial assets is recognised in interest expenses and positive interest costs on financial liabilities in interest income.

14.2 COMMISSION INCOME AND EXPENSES

Fee income is recognized to the extent that the Group expects to be entitled to the fee in exchange for services rendered to the customer. The treatment of fees is carried out in accordance with IFRS 15 Revenue from Contracts with Customers. Fee income is recognized either at a point in time or over time. Fees that are considered an integral part of the effective interest rate of a financial instrument are treated as adjustments to the effective interest rate in accordance with IFRS 9 Financial Instruments.

Fee income is divided into fees from retail and corporate customers. Within the POP Bank Group, the most significant fee income streams consist of daily banking fees, loan origination and administration fees, and fund management fees. In addition, fee income is earned from legal advisory services, the sale of third-party products, and other banking-related services. The amount of fees is determined individually based on the listed price or contractual agreements. Most fees are charged immediately after the service is rendered or, for continuous services, on a monthly basis.

Fee expenses primarily arise from payment transaction service costs and other banking service expenses.

14.3 DIVIDENDS

Dividends are primarily recognised when the General Meeting of Shareholders of the distributing entity has made a decision on dividend pay-out and the right to receive dividends has emerged. Dividend income is recognised in net investment income.

14.4 PRESENTATION OF INCOME STATEMENT ITEMS

Income statement items are presented in the financial statements using the principles below.

Net interest income	Interest income and expenses on financial assets and liabilities, the amount of amortisation on the difference between the nominal and acquisition values, interest on interest-rate derivatives and fees that are accounted as part of the financial asset's effective interest.
Commission income and expenses	Commission income from lending, deposits and legal tasks, products transmitted, such as funds and insurances, commission income and expenses from payments, commission income from securities.
Net investment income	Net income from available-for-sale financial assets (realised capital gains and losses, impairment losses, dividends), net income from investment property (rental and dividend income, capital gains and losses and maintenance charges and expenses related to investment property, depreciation and impairment losses).
Other operating income	Rental and dividend income and capital gains from owner-occupied properties, other operating income.
Personnel expenses	Wages and salaries, social expenses and pension expenses.
Other operating expenses	Other administrative expenses, expenses related to low-value and short-term leases, sales losses from owner-occupied properties, charges to financial authorities, other expenses related to business operations
Impairment losses on financial assets	Impairment losses on financial assets, expected credit losses and realised credit losses and cancellations of credit losses

15. INCOME TAX

Income tax expense shown in the income statement includes current tax, based on the taxable income of the POP Bank Group companies for the financial year, adjustments for income tax for prior financial years and change in deferred taxes. Tax expenses are recognised in the income statement except when they are directly linked to items entered into equity capital or other items in the statement of comprehensive income, in which case the tax effect is also included in these items.

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

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

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

NOTE 3 GOVERNANCE AND MANAGEMENT

The structure of the POP Bank Group and amalgamation of POP Banks is presented in Note 1.

The operations of the amalgamation of POP Banks are regulated by the European Union's regulations, national legislation and regulations issued by the authorities. The key national acts are the Act on Credit Institutions (610/2014; hereinafter referred to as the "Credit Institutions Act), Act on the Amalgamation of Deposit Banks (599/2010; hereinafter referred to as the "Amalgamation Act"), Co-operatives Act (421/2013), Act on Co-operative Banks and Other Credit Institutions in the Form of a Cooperative (423/2013), Limited Liability Companies Act (624/2006) and Act on Insurance Companies (521/2008). In addition, the amalgamation complies with good banking practice and policies concerning the processing of personal data in its operations.

The scope of consolidation of the POP Bank Group differs from the scope of consolidation of the amalgamation of POP Banks. The POP Bank Group consists of the amalgamation of POP Banks and entities over which the entities included in the amalgamation exercise control as referred to in the Accounting Act (1336/1997).

The POP Bank Group entities not included in the amalgamation are entities other than credit and financial institutions or service companies. Most significant of them is POP Holding Ltd, which owns 30 per cent of Finnish P&C Insurance Ltd.

1. ENTITIES INCLUDED IN THE AMALGAMATION OF POP BANKS

1.1 CENTRAL INSTITUTION POP BANK CENTRE COOP

POP Bank Centre coop is the central institution of the amalgamation of POP Banks, and it is licensed as the central institution of an amalgamation of deposit banks. POP Bank Centre coop is owned by its member cooperative banks; they use their voting rights in a cooperative meeting of POP Bank Centre coop.

1.2 POP BANKS

POP Banks are member credit institutions of POP Bank Centre coop with deposit bank licenses. POP Banks are co-operatives (cooperative banks) in terms of company form. The cooperative meeting of the members of the bank or an elected representatives' meeting is the supreme decision-making body of POP Banks. The cooperative meeting or representatives' meeting elects a Supervisory Board for the bank, which elects the Board of Directors. The Managing Director is appointed by the Supervisory Board or the Board of Directors, depending on the bank's rules.

1.3 CENTRAL CREDIT INSTITUTION BONUM BANK PLC

Bonum Bank Ltd is a member credit institution and subsidiary of POP Bank Centre coop. Bonum Bank Plc is licensed as a deposit bank. As a member credit institution and subsidiary of POP Bank Centre coop, Bonum Bank Plc is included in the scope of both the member credit institutions of the central institution and group management. Bonum Bank Plc operates as the central credit institution of POP Banks, and it can also engage in other banking operations besides central credit institution operations.

1.4 MORTGAGE BANK POP MORTGAGE BANK PLC

POP Mortgage Bank Plc is a member credit institution and subsidiary of POP Bank Centre coop. POP Mortgage Bank Plc has authorisation to engage in mortgage banking operations. As a member credit institution and subsidiary of POP Bank Centre coop, POP Mortgage Bank Plc is included in the scope of both the member credit institutions of the central institution and group management. POP Mortgage Bank Plc operates as the mortgage bank of POP Banks, and is responsible for acquiring external funding by issuing secured bonds for the amalgamation in cooperation with Bonum Bank Plc.

1.5 OTHER ENTITIES IN THE AMALGAMATION

Other entities belonging to the amalgamation include the companies included in the consolidation groups of the member co-operative banks and the central institution, and they are primarily real estate companies. In addition, the amalgamation includes those credit institutions, financial institutions and service companies in which entities included in the amalgamation jointly hold over 50 per cent of the votes.

2. ADMINISTRATIVE ORGANS OF THE CENTRAL INSTITUTION OF THE AMALGAMATION OF POP BANKS

2.1 COOPERATIVE MEETING OF POP BANK CENTRE COOP

The cooperative meeting is the supreme decision-making body of POP Bank Centre coop. The cooperative meeting confirms the rules and adopts the financial statements and balance sheet of the central institution and elects the members of the Supervisory Board and the auditor. One member shall be elected to the Supervisory Board from each member credit institution; however, not from a subsidiary of the central institution acting as a member credit institution.

2.2 SUPERVISORY BOARD OF POP BANK CENTRE COOP

It is a key task of the Supervisory Board of POP Bank Centre coop to supervise that the operations of the central institution are managed with expertise and care in compliance with the legislation, guidelines and the members' interests and that the ratified guidelines and decisions by the cooperative meeting are followed. The Supervisory Board gives a statement to the Board of Directors for POP Bank Group's strategy and a statement to the spring cooperative meeting for the POP Bank Centre coop financial statements, consolidated financial statements and report of the Board of Directors. The Supervisory Board also processes other issues presented by the Board of Directors.

The Supervisory Board elects and discharges the members of the Board of Directors, the Managing Director and elects Managing Director's deputy as well as decides on the fees of Board of Directors.

The Supervisory Board elects an executive and nomination committee from among its number to prepare matters related to the appointment and salaries and remuneration of the Supervisory Board and Board members, the Managing Director and his deputy. The Supervisory Board elects an audit committee from among its number to take care of the supervisory duties for which the Supervisory Board is responsible.

2.3 BOARD OF DIRECTORS OF POP BANK CENTRE COOP

The Board of Directors of the central institution manages the central institution professionally in accordance with sound and prudent business practice. The Board of Directors is responsible for the appropriate and reliable organisation of governance and operations of the central institution.

The Board of Directors of the central institution confirms the POP Bank Group's strategy after hearing the Supervisory Board. The Board of Directors ratifies the amalgamation's risk level and risk appetite based on business plans and approves the plan concerning the maintenance of capital adequacy proportioned to the risk level. The Board of Directors sets the target level for capital adequacy and confirms the level and structure of capital required by the risk profile. The Board of Directors is also responsible for proactive capital planning and adapting the capital adequacy management planning and proactive capital planning into reliable governance and guidance. The Board of Directors annually estimates the suitability, comprehensiveness and credibility of the capital adequacy management, and confirms the capital adequacy management plan of the amalgamation.

The Board of Directors is responsible for the sufficiency of the risk management system at the amalgamation level. It is the task of the Board of Directors to guide the operation of the amalgamation and issue binding guidelines based on the Amalgamation Act 17 § to its member credit institutions concerning their risk management, reliable governance and internal control to secure their solvency and capital adequacy. The Board of Directors supervises that the companies belonging to the amalgamation operate in compliance with the laws, decrees, regulations and instructions issued by the authorities, their own rules and the binding guidelines of the amalgamation. Moreover, it is the duty of the Board of Directors to oversee the functioning and sufficiency of internal control and risk management, approve the principles and guidelines of risk management and the risk category-specific strategies.

The assessment of reliability, suitability and professional skills of the Board member candidates is carried out following pre-defined and neutral selection grounds. A diverse composition of the Board of Directors aims at the optimum ability to develop and manage the efficiency, competitiveness and risk management of the central institution and amalgamation. In planning the composition of the Board of Directors, it is ensured that the required competence is represented at each time. Regional representation is also part of the assessment of diversity. Equal representation of both genders in the Board of Directors is an important aspect of diversity. The Board of Directors approves the objective of equal representation of genders and prepares the operating principles with which the objective is achieved and maintained.

The Board of Directors annually reviews its work and the knowledge and skills, experience and diverse collectively necessary for its work and the job description of new members.

The members of the Board of Directors shall have the preconditions for successfully taking care of their duties and sufficient time for it. A Board member and member of the executive management must have sufficient expertise in the amalgamation's business, related key risks and managerial work.

At least half of the Board members must be elected from persons who are employed by a member credit institution of the amalgamation.

Board members must be reliable persons with a good reputation. The reliability, suitability and professional skills of persons elected as Board members are assessed in connection with their election and at regular intervals thereafter. The Board of Directors of the central institution has specified a maximum number of board memberships of a Board member. A member of the Board of Directors may be a member of a maximum of four other boards of directors. When calculating the number of board memberships, memberships of the boards of directors within the POP Bank Group or those related to the Group's cooperative relationships or membership in the administrative organs of entities with no commercial purposes, such as non-profit or charity organisations and housing associations can be excluded.

2.4 MANAGING DIRECTOR OF POP BANK CENTRE COOP

The central institution is led by a Managing Director or CEO responsible for the day-to-day management and administration of the central institution in accordance with the instructions and orders issued by the Board of Directors.

The Managing Director prepares the matters presented to the Board of Directors and assists the Board of Directors in the preparation of matters presented to the Supervisory Board and the cooperative meeting. The CEO is required to seek the approval of the Board of Directors for any secondary jobs.

3. CONTROL AND RISK AND CAPITAL ADEQUACY MANAGEMENT OF THE AMALGAMATION OF POP BANKS

In accordance with the Amalgamation Act, POP Bank Centre coop, the central institution of the amalgamation of POP Banks, is responsible for supervising the operations of the member credit institutions and issuing them binding guidelines concerning risk management, reliable governance and internal control to secure their liquidity coverage ratio and capital adequacy and for issuing instructions concerning the preparation of the consolidated financial statements of the amalgamation for the purpose of compliance of harmonised accounting policies. Moreover, the central institution can confirm general operating principles for its member credit institutions to follow in their operations significant from the point of view of the amalgamation as specified in its rules.

The central institution supervises that the entities included in the amalgamation comply with laws, decrees, instructions and regulations issued by the authorities, their own rules and the Group's internal binding guidelines in their activities.

The central institution issues instructions to member credit institutions and, if necessary, interferes in the operations of the member credit institution in accordance with separately agreed principles and procedures. The Board of Directors of the central institution decides on the use of the necessary control methods.

The member credit institutions, within limits set by confirmed business risk thresholds, carry their business risks independently and are liable for their capital adequacy. A member credit institution of the amalgamation may not take such high risk in its operations that it causes essential risks to the combined liquidity coverage ratio or capital adequacy of the entities included in the amalgamation.

The capital adequacy, liquidity coverage ratio and customer risks of the entities included in the amalgamation of POP Banks are supervised at the consolidated amalgamation level in accordance with the Amalgamation Act. The entities included in the amalgamation must have the minimum combined own funds sufficient for covering the consolidated risks of companies included in the amalgamation specified in more detail in the Act on Credit Institutions. In addition, the combined own funds of the entities included in the amalgamation must be sufficient in relation to the combined customer risks and combined significant holdings of the entities included in the amalgamation.

The central institution has reliable governance that enables the effective risk management of the amalgamation and sufficient internal control and risk management systems considering the operations of the amalgamation.

In accordance with the Amalgamation Act, the Financial Supervisory Authority may grant the central institution a permit to decide on granting certain exceptions related to capital adequacy and liquidity to its member credit institutions. On the reporting date, the central institution has exempted the member credit institutions from own funds requirement for intra-group exposures, large exposure limitation for exposures between the central credit institution and member credit institutions, amalgamation's internal items are exempted from leverage ratio measurements both liquidity coverage ratio (LCR) and net stable Funding Ratio (NSFR) requirements. Bonum Bank Plc manages both LCR and NFSR at amalgamation level.

The principles followed in the risk management of the amalgamation of POP Banks are described in more detail in Note 4 on risk management.

4. JOINING AND RESIGNING FROM THE AMALGAMATION OF POP BANKS

Credit institutions whose rules or Articles of Association are compliant with the provisions of the Amalgamation Act and whose rules or Articles of Association the central institution has approved can be members of the central institution of the amalgamation of POP Banks. The central institution's Supervisory Board decides on acceptance as a member based on a written application.

A member credit institution has the right to resign from the central institution in accordance with the rules of the central institution and the provisions of the Co-operatives Act and Amalgamation Act when the conditions laid down by them are met. The combined amount of the own funds of the companies included in the amalgamation must remain at the level required by the Amalgamation Act despite the resignation of a member credit institution.

A member credit institution can be dismissed from the central institution in accordance with the rules of the central institution and the Co-operatives Act if the member credit institution has neglected its duties arising from its membership. Furthermore, a member credit institution can be dismissed from the central institution if it has, in spite of a warning issued by the Supervisory Board, neglected compliance with the instructions issued by the central institution under section 17 of the Amalgamation Act in a way that significantly threatens the joint liquidity coverage or the application of principles concerning the capital adequacy management or the preparation of financial statements or the supervision of compliance with them in the amalgamation. A member credit institution can also be dismissed if the member credit institution has otherwise acted essentially in violation of the general operating principles of the amalgamation ratified by the central institution or the interests of the central institution or the POP Bank Group. The decision on dismissing a member credit institution is made by a cooperative meeting of the central institution at the proposal of the Supervisory Board.

The provisions of the Amalgamation Act on the liability to pay off a member credit institution are also applied to a credit institution that has resigned or has been dismissed from the central institution if less than five years has passed since the end of the calendar year in which the member credit institution resigned or was dismissed when the demand concerning liability to pay is made to the member credit institution.

5. CENTRAL INSTITUTION'S LIABILITY FOR DEBT AND JOINT LIABILITY OF MEMBER CREDIT INSTITUTIONS

The central institution of the amalgamation of POP Banks is liable for the debt and commitments of its member credit institutions in accordance with the Amalgamation Act. As a support measure referred to in the Amalgamation Act, the central institution is liable to pay any of its member credit institutions an amount that is necessary to prevent the credit institution from being placed in liquidation. The central institution is liable for the debts of a member credit institution, which cannot be paid using the member credit institution's capital.

Each member credit institution is liable to pay a proportion of the amount, which the central institution has paid either to another member credit institution as part of support action or to a creditor of such member credit institution in payment of an amount overdue which the creditor has not received from the member credit institution. Furthermore, in the case of the central institution's default, a member credit institution has unlimited refinancing liability for the central cooperative's debts as referred to in the Co-operatives Act.

Each member credit institution's liability for the amount the central institution has paid to the creditor on behalf of a member credit institution is divided between the member credit institutions in proportion to their last adopted balance sheets. The combined annual amount collected from each member credit institution in order to prevent liquidation of one of the member credit institutions may in each financial year account for a maximum of 0.5 per cent of the last confirmed balance sheet of each member credit institution.

6. SUPERVISION OF THE AMALGAMATION OF POP BANKS

The Financial Supervisory Authority supervises the central institution in accordance with the Amalgamation Act. The member credit institutions are supervised by the Financial Supervisory Authority and the central institution. The resolution authority of the amalgamation is the Financial Stability Authority.

The Financial Supervisory Authority supervises that the central institution controls and supervises the operations of the member credit institutions in accordance with the provisions of the Amalgamation Act and that the entities included in the amalgamation meet their statutory requirements.

The central institution supervises that the companies belonging to the amalgamation operate in compliance with the legislation and decrees on the financial market, regulations issued by the authorities, their own rules and Articles of Association and the instructions issued by the central institution in accordance with section 17 of the Amalgamation Act. Furthermore, the central institution supervises the financial position of the companies belonging to the amalgamation.

The internal audit unit of the amalgamation's central institution is responsible for organising the internal audit in the central institution and member credit institutions, and it controls organising the internal audit in other companies belonging to the amalgamation.

7. PROTECTION BY THE DEPOSIT GUARANTEE FUND AND THE INVESTORS' COMPENSATION FUND

According to the legislation concerning the Deposit Guarantee Fund, the deposit banks belonging to the amalgamation of POP Banks are considered to constitute a single bank in respect of deposit insurance.

The Deposit Guarantee Fund reimburses a maximum total of EUR 100,000 to an individual account holder who has receivables from deposit banks belonging to the amalgamation of POP Banks. The Financial Stability Board administers the Deposit Guarantee Fund and carries out duties related to deposit protection.

Furthermore, in accordance with the legislation on the investors' compensation fund, the amalgamation of POP Banks is considered to constitute a single bank in terms of deposit insurance. The Investors' Compensation Fund reimburses a maximum total of EUR 20,000 to an investor who has receivables from entities belonging to the amalgamation of POP Banks.

8. FINANCIAL STATEMENTS AND AUDIT OF THE POP BANK GROUP

In accordance with the Amalgamation Act, the financial statements of the POP Bank Group shall be prepared in compliance with the International Financial Reporting Standards (IFRS) referred to in the Accounting Act. In accordance with IFRS, other significant entities included in the POP Bank Group must also be consolidated in the financial statements. The accounting policies are described in Note 2 POP Bank Group's accounting policies under IFRS.

In accordance with the Amalgamation Act, the central institution is liable to issue instructions to the member credit institutions for the purpose of harmonising the accounting policies applied in preparing the financial statements of the POP Bank Group. The member credit institutions are liable to provide the central institution of the POP Bank Group the information required for consolidating the financial statements.

The central institution has one auditor that must be a firm of Authorised Public Accountants. The auditor is elected by the cooperative meeting. The auditor's term of office is a calendar year. The auditor also audits the consolidated financial statements referred to in the Amalgamation Act. The central institution and its auditors have the right to receive a copy of the documents concerning the audit of a member credit institution for the purpose of auditing the consolidated financial statements of the POP Bank Group.

A member credit institution is not obliged to publish interim reports pursuant to Chapter 12, section 12 of the Act on Credit Institutions, or the capital adequacy information pursuant to the EU's Capital Requirements Regulation ("Pillar III disclosures"). Information pursuant to Capital Requirements Regulation is disclosed in a separate report of the amalgamation of POP Banks.

9. REMUNERATION

Remuneration scheme refers to the decisions, contracts, policies and procedures followed in rewarding the management and personnel.

Remuneration is divided into fixed and variable remuneration. Fixed remuneration refers to salaries tied to a specific period of time and variable remuneration refers to remuneration tied to the beneficiary's performance or financial factors.

The variable remuneration includes both short- and long-term remuneration. In short-term remuneration, the earning period is the calendar year and the reward is paid in cash.

In the POP Bank Group, variable remuneration is company-specific. POP Bank Group does not have a uniform remuneration scheme Remuneration schemes are based on the business strategy, objectives and values of each member credit institution or company, and they are aligned with the company's long-term interests. The remuneration schemes are in harmony with the bank's proper and effective risk management and risk-bearing capacity. Remuneration does not encourage risk-taking that would exceed the risk level defined on the basis of the risk-bearing capacity of the member credit institutions or the company or otherwise sustainable risk level.

The member credit institution- and company-specific remuneration schemes are based on EU legislation, national legislation and the regulations, guidelines and opinions issued by the Financial Supervisory Authority and European Banking Authority.

The amalgamation of POP Banks follows the Act on Credit Institutions, with the exceptions mentioned below, when deciding on the remuneration scheme of the executive management and employees of the member credit institutions.

The remuneration principles at the member credit institutions are confirmed by each member credit institution's Board of Directors, which also monitors and supervises compliance with the remuneration schemes and regularly assesses their functionality. The executive management is responsible for the implementation of remuneration in accordance with the confirmed remuneration principles. The amalgamation of POP Banks bank does not have a joint remuneration committee for the management of the remuneration scheme. It has not been deemed necessary as each entity belonging to the amalgamation makes decisions on remuneration independently.

The internal audit function of the amalgamation conducts a centralised, independent assessment of the amalgamation's remuneration scheme and practices once a year. The internal audit reports the assessment results to the Board of Directors of the amalgamation annually.

The remuneration of control functions independent from business operations is not dependent on the earnings of the supervised business unit at the amalgamation of POP Banks.

The member credit institutions in which variable remuneration is in use have different remuneration schemes. The systems differ with regard to, inter alia, the personnel included in their scope, the amount of remuneration and the remuneration criteria.

The member credit institution may decide not to pay any variable remuneration either partially or at all by way of a decision of the Board of Directors, for example in the event the member credit institution's capital adequacy is below the level specified for it.

The payment criteria for severance pay or other comparable remuneration that is paid to a beneficiary if employment terminates prematurely are laid down so that compensation is not paid for failed performance. Provisions on the payment of variable remuneration are laid down in the Act on Credit Institutions.

If the variable remuneration exceeds EUR 50,000 during the earning period and the remuneration corresponds to more than a third of the total annual amount of the beneficiary, chapter 8 sections 11§ and 12§ of the Act on Credit Institutions on deferring and paying variable remuneration in other than cash shall be followed.

The amalgamation of POP Banks has identified significant risk-takers who can impact the risk profile of the amalgamation or a member credit institution or through their actions cause considerable financial risk to the amalgamation or member credit institution. The persons affecting the risk profile of the Amalgamation include the Managing Directors and other people participating in the management and decision-making in the member credit institutions, central institution or other companies along with other people with a major impact on the company's risk exposure and people associated with functions independent of business operations. Each group member is responsible for keeping its own information accurate and up to date.

The member credit institutions publish a report on compliance with the provisions of the Act on Credit Institutions regarding remuneration on their websites. Salaries and bonuses for the financial year are presented in Note 11 to the POP Bank Group's financial statements. The information required by the EU Capital Requirements Regulation No 575/2013 article 450 on the remuneration of people who influence the POP Bank Group's risk exposure is presented in a Pillar III report separate to the financial statements and board of directors' report.

NOTE 4 RISK MANAGEMENT IN THE POP BANK GROUP

1. OBJECTIVES AND PRINCIPLES OF RISK AND CAPITAL ADEQUACY MANAGEMENT IN BANKING

The strategic objectives of risk management in the POP Bank Group are to ensure the risk-bearing capacity in all circumstances and to keep the amalgamation's and its member credit institutions' risks at a moderate level in relation the their risk-bearing capacity, thus ensuring business continuity. Risk-bearing capacity is built upon risk management proportionated to the scope and complexity of the institution and sufficient capitalisation based on profitable business operations. The purpose of the risk management is to ensure that all significant risks resulting from business activities are identified, assessed, measured and monitored on a regular basis and that they are proportionate to the risk-bearing capacity of the amalgamation and the individual member credit institutions.

The purpose of capital adequacy management is to ensure the sufficient amount, quality and efficient use of the capital. Capital is held to cover the material risks arising from the amalgamation's business strategy and plan and to secure the uninterrupted operations 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.

The central institution is responsible for the risk and capital adequacy management of the Group. The central institution provides guidance to the member credit institutions to ensure risk management and supervises that the member institutions operate in accordance with regulation, their own rules, guidelines issued by the central institution and in accordance with appropriate and ethically acceptable procedures. The member credit institutions of the amalgamation, within limits set by confirmed business risk thresholds, carry their business risks independently in their operations and are liable for their capital adequacy. The capital adequacy, liquidity coverage ratio and customer risks of the entities included in the amalgamation of POP Banks are supervised both at the level of individual member institutions and at the consolidated amalgamation level. Violations of the risk management principles are addressed in accordance with the agreed operating models.

Risk and capital adequacy management is regulated by EU legislation, Act on Credit Institutions (610/2014), Act on the Amalgamation of Deposit Banks (24.6.2010/599; hereinafter referred to as the "Amalgamation Act") and the standards, regulations and guidelines issued by the Financial Supervisory Authority and European Banking Authority.

Most significant risks of the amalgamation consist of credit, liquidity, market and operational risk. Credit risk is mitigated careful evaluation of customer repayment capacity and by diversification and collateral. Liquidity risk is mitigated by maintaining a sufficient liquidity reserve and by diversification of funding regarding timing and counterparty. The most significant subtypes of market risk are the interest rate risk in the banking book and risks stemming from investment activities. Asset and liability management and interest rate derivatives are used to mitigate the interest rate risk. Investment risk is mitigated through diversification and investment counterparty and allocation limits. Operational risk is managed through clear processes and training of personnel, guidelines and control mechanisms.

The business of the amalgamation of POP Banks is focused on the low-risk part of retail banking in accordance with its strategy. The amalgamation does not have excessively large customer or investment risk concentrations regarding its financial risk-taking ability.

The risk control function reports regularly to the Board of Directors of the central institution on the risks position by the amalgamation and member credit institutions. Systems and practices intended for reporting and monitoring of risks meet the requirements set for risk management, taking the nature and scope of the amalgamation's operations into account. The amalgamation's corporate governance, internal control and risk management comply with the requirements of legislation and the requirements of the authorities.

Risk management is an essential part of the internal controls of the amalgamation. The purpose of internal controls is to ensure that the institution complies with regulations, carries out comprehensive risk management and operates efficiently and reliably. Moreover, internal controls serve to ensure that the objectives and goals set for different levels of the amalgamation are achieved in accordance with internal guidelines.

2. ORGANISATION OF RISK AND CAPITAL ADEQUACY MANAGEMENT

The role of the Supervisory Board and the Board of Directors in amalgamation's risk management has been described in the Note 3 Governance and management.

2.1 EXECUTIVE MANAGEMENT

The amalgamation's executive management is responsible for the practical implementation, continuous monitoring, supervision and reporting of capital adequacy and risk management to the Board of Directors of the amalgamation. The executive management also ensures that the responsibilities, authorisations, processes and reporting relationships related to risk management have been clearly defined and sufficiently described and that the employees are familiar with risk management and the related processes and methods to the extent required by their duties.

2.2 RISK CONTROL FUNCTION

The task of the central institution's independent risk control function is to supervise the risks and capital adequacy of the member credit institutions. Its task is to form a comprehensive view of the risks associated with the business operations of the amalgamation and member credit institutions, develop risk management methodologies and operating models for identifying, measuring and controlling risks and coordinate and develop the capital adequacy management process, risk control and reporting.

The risk control function prepares instructions for the Board of Directors of the central institution to decide on. It also supports, advises and educates the member credit institutions in the organisation and development of risk and capital adequacy management. The risk control function monitors the development of the risk exposures of the member credit institutions and gives feedback to the member credit institutions on them and the adequacy of the own funds in proportion to the risk exposures. The control function's duty is also to ensure that the risk measurement methods are appropriately and sufficiently accurate and reliable and to monitor that the risk management guidelines, business risk thresholds and risk strategies approved by the Board of Directors are followed.

The risk control function regularly reports a summary of the activities of the risk control function and the observations made by it and risk situation to the Board of Directors. The risk control function ensures that the combined effect of the significant risks taken by all member credit institutions in their business operations on earnings and the own funds is reported to the Board of Directors as part of internal capital adequacy assessment process.

2.3 COMPLIANCE FUNCTION

The compliance function monitors the amalgamation's and its member credit institutions' compliance with the applicable laws, statutory guidelines and orders, market self-regulation and the amalgamation's internal guidelines. The compliance function is also responsible for keeping the central institution's and its member credit institutions senior and operative management aware of any significant changes to key regulations and the implications of such changes. The compliance function prepares guidelines for applying the regulations.

The compliance function reports regularly on its activities and findings to the central institution's operating management, the Board of Directors and the Audit Committee of the Supervisory Board. The Compliance function has been centralised for all member credit institutions of the amalgamation of POP Banks.

The compliance risk is managed by monitoring developments in legislation; by providing business operations with guidelines, training and advice on operating methods that comply with the regulations; and by monitoring the compliance of procedures.

2.4 INTERNAL AUDIT

Internal audit is an independent and objective assessment and securing activity. The purpose of the activity is to support the Supervisory Board, Board of Directors and Executive management of the central institution in reaching the objectives by offering a systematic approach to the assessment and development of the organisation's control, management and governance processes and the effectiveness of risk management.

The internal audit unit of the amalgamation's central institution is responsible for organising the internal audit in the central institution and member credit institutions, and it controls organising the internal audit in other companies belonging to the amalgamation. The head of audit is responsible for the operation of the internal audit unit. Internal audit acts functionally under the Board of Directors of the central institution and administratively under the Managing Director. The Board of Directors of the central institution confirms the operating principles of internal audit.

Internal audit assesses the coverage and reliability of the amalgamation's capital adequacy management process and the sufficiency and effectiveness of the control procedures. Internal audit reports its key audit observations and the recommendations related to the capital adequacy management process it has issued to the Board of Directors of the central institution and the Audit Committee of the Supervisory Board at least annually. Significant deviations regarding the capital adequacy management observed in the audit are reported immediately to the central institution's Board of Directors and the Audit Committee of the Supervisory Board.

2.5 MEMBER CREDIT INSTITUTIONS

The amalgamation's member credit institutions, member cooperative banks and Bonum Bank Plc, comply with the risk and capital adequacy management principles specified by the central institution.

Except for the central credit institution, the member credit institutions of the amalgamation are engaged in retail banking in line with their strategy. By operating only in this business area, the member credit institutions are able to keep the business operations risks at a manageable and low level.

At POP Banks, the highest administrative organ is the cooperative meeting or representatives' meeting, which elects the members of the Supervisory Board. The Supervisory Board elects the members of the Board of Directors. At Bonum Bank Plc, the Annual General Meeting elects the members of the Board of Directors. The Supervisory Board elects an Audit Committee from among its number, which assists the Supervisory Board in implementing its control obligation.

The Board of Directors of the member credit institution confirms, inter alia, internal guidelines concerning internal control and risk management, business objectives, risk limits concerning different risk categories and capital adequacy management plan. Furthermore, the Board of Directors is responsible for the adequacy of risk management and supervises the business operations, risk exposure and adequacy of risk-bearing capacity of the bank. In the capital adequacy management process, the member credit institution prepares, among other things, result, growth and capital adequacy estimates. Based on the forecasts, the member credit institution maps the necessary measures by means of which the capital adequacy objective in accordance with the business strategy can be achieved.

The executive management of the member credit institution is responsible for the implementation of internal control and risk management and reports regularly to the Board of Directors on the business operations, risk-bearing capacity and risk exposure of the member credit institution.

The central institution's independent risk control function and Compliance function guides the supervision of the amalgamation's risks. In addition to this, the largest member credit institutions have their own independent persons in charge of risk control, who is responsible for the implementation of risk control at the member credit institution as instructed by the central institution. The other member credit institutions have a contact person responsible for the function.

Primary responsibility, control responsibility and assessment responsibility have been specified for the duties of risk management and distribution of responsibilities. The member credit institution responsible for business operations has the primary responsibility for the implementation of internal control and practical risk management measures, and it is also responsible for compliance with the risk management guidelines and procedures.

ORGANISATION OF RISK MANAGEMENT AND INTERNAL CONTROL

I LINE OF DEFENCE

MEMBER CREDIT INSTITUTIONS
- Day-to-day risk management
- Supervisor control
- The executive management and Board of Directors of the member credit institution have the primary responsibility for control

II LINE OF DEFENCE

INDEPENDENT RISK CONTROL AND COMPLIANCE OF THE CENTRAL INSTITUTION
- Control
- Instruction
- Support, processes, tools

III LINE OF DEFENCE

CENTRAL INSTITUTION'S INTERNAL AUDIT
- Independent assessment of control based on risk-based audit activity

The central institution's risk control function supervises risk management in the amalgamation, and the Compliance function supervises the compliance of the operations. Internal Audit, which operates within the central institution, conducts independent audit and assurance tasks to ensure the adequacy and efficiency of the control procedures.

3. CAPITAL ADEQUACY MANAGEMENT

The objective of capital adequacy management is to ensure that the amalgamation of POP Banks and its member credit institutions have an adequate capital buffer to achieve their business strategy and to cover the material risks arising from them in all circumstances. The capital adequacy position is managed in accordance with the risk appetite framework and related limits set by the amalgamation.

Monitoring and controlling of capital adequacy are implemented by setting limits for both the amalgamations' and the member credit institutions' capital adequacy. The limits are set both for the capital adequacy ratio calculated in accordance with the Capital Requirements Regulation (EU 2019/876) (hereinafter the EU Capital Requirements Regulation) and for the economic capital requirement which is based on an internal risk assessment (Pillar II).

As part of the capital adequacy management process the aim is to identify all material risks and assess their magnitude and required capital requirements. Under the supervision of the central institution, the member credit institutions of the amalgamation prepare their own capital plans and stress tests on an annual basis using harmonised principles defined by the central institution. Based on the capital plans of the member credit institutions, the capital plan of the amalgamation is prepared, which includes a summary of the development of the capital and exposures of the amalgamation in different scenarios. The process ensures that the amalgamation's growth, profitability and risk-bearing capacity objectives are appropriate and consistent. The baseline scenario of the capital plan forms the basis for budgeting for member credit institutions and the amalgamation.

The key figures, capital requirements and main items of capital adequacy calculations of the amalgamation are presented in the Board of Directors' report in the financial statements. More detailed information is presented in a separate Pillar III report in accordance with Part Eight of the EU Capital Requirements Regulation.

3.1 PILLAR I CAPITAL ADEQUACY RATIO

The amalgamation's most significant Pillar I capital requirements are comprised of exposures secured by real estate and both corporate and retail receivables. The amalgamation applies the standardised approach for the calculation of the capital requirement for credit risk, and the basic indicator approach for calculating the capital requirement for operational risk. Member credit institutions of the amalgamation do not engage in trading activities, so the capital requirement for market risk is only calculated for foreign exchange risk.

Own funds of the amalgamation are comprised of cooperative contributions, POP Shares, retained earnings and reserves less the deductions pursuant to the EU Capital Requirements Regulation. Profit for the financial year is not included in the own funds.

4. BANKING RISKS

4.1 CREDIT RISK

The most significant risk of the amalgamation is the credit and counterparty risk. Credit risk refers to a situation in which a counterparty cannot fulfil its contractual obligations. The most significant source of credit risk is loans, but credit risk can also arise from other kinds of receivables, such as debt securities, and off-balance-sheet commitments, such as unused credit facilities and overdraft limits and guarantees.

4.1.1 Management of credit risk

The Board of Directors of the central institution controls the credit risk management of the member credit institutions, the methods used in it and the control and reporting of credit risk. The Board of Directors of the central institution approves the credit risk strategy specifying the target risk level and the principles concerning guidelines on risk-taking, customer selection and collateral. Credit risk management aims at limiting the effects of credit risks resulting from lending activities on profit and balance sheet to an acceptable level. The Board of Directors of the central institution approves the customer group and industry division principles and risk and monitoring limits of the credit portfolio used in the monitoring the quality of the credit portfolio. The credit risk strategy is supplemented by credit risk and collateral management guidelines, which lay the foundation for the management of credit risk by the member credit institutions. The central institution's risk control function is responsible for the preparation and maintenance of the credit risk strategy. The credit risk strategy is updated at least annually or whenever there are essential changes in the operating environment or business model of the amalgamation, legislation or regulatory requirements.

Credit strategy approved in central institution's Board of Directors forms directly credit strategy at individual member credit institution. Credit risk strategy and other operative credit risk guidelines specify the maximum limits for risk concentrations and act as guidelines for the targeting of lending by customer sector, industry and credit grade.

Credit decisions are based on the customer's credit worthiness and ability to pay and the fulfilment of the other credit criteria, such as requirements for collateral. The main principle is decision making by two persons having lending authorization. The lending decisions are made within the decision-making authorizations confirmed by the Board of Directors of each member credit institution and within the risk guidelines approved by the Central institution's Board of Directors. Member credit institutions primarily grant loans and guarantees in their own operating areas. This ensures local and sufficiently thorough knowledge of the customer.

To ensure the repayment of exposures, exposures should primarily be secured by collateral. Collaterals are valued prudently at fair value, and the development of market values is monitored regularly utilizing both statistical models and good knowledge of the operating area. The collateral valuation coefficients used for valuating collaterals are harmonized in the member credit institutions of the amalgamation.

Monitoring expected credit losses (ECL) is an essential part of the credit risk management. Principles of impairment and calculation of expected credit losses are described in Note 2 POP Bank Group's accounting policies under IFRS. Impairment losses on loans and receivables, off-balance sheet items and changes during the financial year are presented in Note 17 Impairment of financial assets.

Exposures of customers and non-performing receivables are reported monthly to the Boards of Directors of the member credit institutions. The reports include, amongst other things, the amount and development of credit risk by customer group, industry sector and credit grade category. The risk control function reports to the central institution's Board of Directors on the development of credit risks, risk position, non-performing receivables, forbearance and expected credit losses on a quarterly basis or more often if deemed necessary.

The assessment of the credit worthiness of a customer is based on a good customer knowledge, the customer's occupation and income data, ability to pay and surplus calculation and a credit rating models. Private and corporate customers with open exposures are scored with the behaviour scoring model based on payment behaviour. Agricultural customers with exposures are scored regularly using a credit rating model. New customers who are applying for a loan are scored with application scoring. The purpose of the scoring is to group the customers according to their risk.

Loans and receivables are categorised in rating categories 1–8 by probability of default (PD) of the receivable. Rating category 1 represents the receivables of the lowest risk and risk category 8 represents the receivables of the highest risk. Both the customer and the receivable are categorised as defaulted (rating category 8), if a default criteria described in accounting policies is met. Receivables categorised as defaulted are classified in stage 3 as per IFRS 9 in the calculation of excepted credit losses. Receivables with a significant increase in credit risk are classified in stage 2. Other receivables are classified in stage 1. The principles for calculating expected credit losses are described more in detail in Note 2.

Loans and receivables, debt securities and off-balance sheet items in the highest-risk rating category 8 totalled 162,408 (156,554) thousand in gross value at the end of reporting period.

RECEIVABLES BY RATING CATEGORY

LOANS AND RECEIVABLES FROM CUSTOMERS BY RATING CATEGORY AND BY ECL STAGE

(EUR 1,000)	PD value		31 Dec 2024				31 Dec 2023
Rating category	**Lower**	**Upper**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
1-4	0.00	1.50	3,493,335	21,340	-	3,514,675	3,605,356
5	1.50	5.00	759,681	26,740	-	786,421	519,948
6	5.00	25.00	163,351	95,359	-	258,710	239,884
7	25.00	100.00	498	81,097	-	81,595	95,725
8	100.00	100.00	-	185	158,262	158,447	153,941
Gross value			**4,416,864**	**224,722**	**158,262**	**4,799,847**	**4,614,855**
ECL			**7,005**	**4,400**	**44,822**	**56,227**	**52,601**
Net value			**4,409,859**	**220,321**	**113,440**	**4,743,620**	**4,562,254**

DEBT SECURITIES BY RATING CATEGORY AND BY ECL STAGE

(EUR 1,000)	PD value		31 Dec 2024				31 Dec 2023
Rating category	**Lower**	**Upper**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
1-4	0.00	1.50	562,259	31	-	562,290	620,880
5	1.50	5.00	3,719	-	-	3,719	6,710
6	5.00	25.00	-	1,205	-	1,205	2,859
7	25.00	100.00	-	73	-	73	488
8	100.00	100.00	-	-	300	300	-
Gross value			**565,978**	**1,309**	**300**	**567,586**	**630,937**
ECL			**55**	**-**	**-**	**55**	**125**
Net value			**565,922**	**1,309**	**300**	**567,531**	**630,179**

Expected credit losses from debt securities measured at fair value through other comprehensive income totalled EUR 1,010 (633) thousand, of which EUR 106 thousand is in Stage 1, EUR 279 thousand in Stage 2 and EUR 624 thousand in Stage 3.

OFF BALANCE-SHEET COMMITMENTS BY RATING CATEGORY AND BY ECL STAGE

(EUR 1,000)	PD value		31 Dec 2024				31 Dec 2023
Rating category	**Lower**	**Upper**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
1-4	0.00	1.50	300,662	1,315	-	301,977	292,096
5	1.50	5.00	30,398	3,100	-	33,498	16,605
6	5.00	25.00	4,105	1,146	-	5,251	5,883
7	25.00	100.00	-	132	-	132	389
8	100.00	100.00	-	-	3,846	3,846	3,065
Gross value			**335,165**	**5,693**	**3,846**	**344,704**	**318,037**
ECL			**455**	**282**	**676**	**1,413**	**994**
Net value			**334,710**	**5,412**	**3,170**	**343,291**	**317,042**

4.1.2 Breakdown of loans by customer groups

The amalgamation's key customer groups are private customers, agricultural customers and small companies. The amalgamation's loan portfolio totalled EUR 4,743,620 (4,562,254) thousand at the end of 2024.

BREAKDOWN OF LOANS BY CUSTOMER GROUPS

(EUR 1,000, net value)	31 Dec 2024	31 Dec 2023	Change, %	Main collateral type
Private customers	2,974,896	2,886,375	3.1%	Residential real estate
Corporate customers	1,181,068	1,094,082	8.0%	Other real estate
Agricultural customers	587,656	581,797	1.0%	Other real estate
Total	**4,743,620**	**4,562,254**	**4.0%**	

The primary target groups of the non-retail lending are micro and small companies, self-employed persons and agriculture and forestry customers operating in the operating area of the member credit institution. In lending to corporate customers, the basis for granting a loan is the customer's financial position, debt servicing capacity, analysis of financial statements, coverage of the collateral offered and the customer's credit rating.

CORPORATE LENDING BY INDUSTRY

	31 Dec 2024		31 Dec 2023	
(EUR 1,000)	Net value	%	Net value	%
Real estate	478,262	40.5%	432,138	39.5%
Construction	158,182	13.4%	153,798	14.1%
Wholesale and retail trade	89,749	7.6%	92,061	8.4%
Industry	85,517	7.2%	88,224	8.1%
Transport and storage	47,516	4.0%	49,616	4.5%
Other industries	321,842	27.3%	278,245	25.4%
Total	**1,181,068**	**100.0%**	**1,094,082**	**100.0%**

4.1.3 Loan portfolio by collateral and stages

Lending to private customers is mainly secured by residential real estate collateral. Other collateral is used according to need. A majority, 62.3 (62.0) per cent of the amalgamation's loans has been granted against residential collateral. The loans to private customers are booked in the balance sheets of POP Banks, whereas Visa credit cards and unsecured digital consumer credits are booked in the balance sheet of the central credit institution. The table below shows the amount exposed to credit risk by collateral and stages.

LOAN BOOK BY COLLATERAL TYPE AND BY ECL STAGE 31 DEC 2024

(EUR 1,000, net value)	Stage 1	Stage 2	Stage 3	Total
Residential real estate	2,798,615	107,344	47,735	2,953,694
Other real estate	1,181,488	93,470	48,756	1,323,713
Financial collateral	238,145	7,527	11,570	257,242
Guarantee	67,314	8,004	2,740	78,058
Other collateral	91,271	1,873	318	93,462
Non-collateralized	33,025	2,105	2,321	37,451
Total	**4,409,859**	**220,321**	**113,440**	**4,743,620**

LOAN BOOK BY COLLATERAL TYPE AND BY ECL STAGE 31 DEC 2023

(EUR 1,000, net value)	Stage 1	Stage 2	Stage 3	Total
Residential real estate	2,667,454	144,478	39,119	2,851,051
Other real estate	1,101,261	112,337	58,052	1,271,650
Financial collateral	91,783	2,770	256	94,810
Guarantee	35,378	3,834	2,010	41,221
Other collateral	63,509	8,339	3,384	75,233
Non-collateralized	212,484	7,035	8,771	228,290
Total	**4,171,869**	**278,793**	**111,593**	**4,562,255**

4.1.4. Concentration risk

Credit risk concentration arises when the counterparties are financially dependent on each other and operate in a similar operating environment, in which case individual events can have effects on a significant number of counterparties at the same time. Similar concentration risk may also arise when similar collateral is held for credit facilities.

The total amount of loans granted by the amalgamation or an individual member credit institution to a single customer and/or customer group cannot exceed the maximum amounts confirmed in the EU's Capital Requirements Regulation, or the regulations and guidelines provided by the Finnish Financial Supervisory Authority or other supervisory authorities. At the amalgamation level, the maximum concentration risk limit has been defined for customer groups and risk industries as well as a euro-dominated limit for individual customer entities. In addition, a euro-denominated limit has been specified at the amalgamation level with new credit exceeding the limit the Central institution's Risk Control to be informed prior to the granting of the credit. There were no credit concentrations risks arising from lending in the amalgamation or at individual member credit institution at the end of the year.

4.1.5. Doubtful receivables, forbearances and impairment losses

The monitoring of credit risk is based on the continuous monitoring of doubtful receivables and past-due payments, forbearances and the quality as well as the composure of the loan portfolio. Problems that can be foreseen are addressed as early as possible. The main principals for managing doubtful receivables and problematic customers are defined in guidelines issued by the Central institution. The main principle of the guidelines is an active management of the receivables in arrears. Bank's risk position can be enhanced by contacting the customer in an early stage of arrears and timely actions for collections. Lengthened arrears affect the ECL staging as well as internal and authority reporting as problem loan.

PAST DUE EXPOSURES

	31 Dec 2024		31 Dec 2023	
(EUR 1,000)	Net value	% of loan portfolio	Net value	% of loan portfolio
Exposures 30-90 days past due	25,448	0.54%	31,542	0.69%
Exposures over 90 days past due	53,177	1.12%	49,789	1.09%
Exposures 90-180 days past due	15,955	0.34%	12,474	0.27%
Exposures 180 days - 1 year past due	14,430	0.30%	14,859	0.33%
Exposures over 1 year past due	22,792	0.48%	22,456	0.49%

Doubtful receivables are being followed and reported by criteria that are similar to the definitions of ECL stage 3 and forbearance. In addition to these criteria a single receivable or customer's all receivables can be classified as doubtful receivables by using bank's own consideration.

Forbearance is a temporary concession to contract terms due to customer's financial difficulties. Purpose of forbearance measures is to secure the customer's ability to pay and limit the credit risk of the receivables. Receivables that are more than 90 days past due with forbearance measures are included in stage 3. Receivables with more than one forbearance measure are also included in stage 3. Other receivables with forbearance measures are included in stage 2.

DOUBTFUL RECEIVABLES AND FORBEARANCE

(EUR 1,000, gross value)	31 Dec 2024	31 Dec 2023
- Receivables in stage 3	158,262	153,941
of which forbearance receivables	63,176	58,177
- Receivables in stage 2	224,722	283,577
of which forbearance receivables	137,260	123,877

Receivables in stage 3 are covered mainly by residential real estate or other real estate. Significant receivables that are in stage 2 or 3 are being evaluated monthly. In the survey actions for securing the receivable, valuation of the collateral, change in the credit classification and possible credit loss are being considered. Loans categorized in stage 3 increased by 2.8 per cent during the financial year.

LOAN BOOK IN STAGE 3 BY THE PRIMARY COLLATERAL TYPE 31 DEC 2024

(EUR 1,000)	Gross value	Eligible collateral*	ECL	Open credit risk**
Residential real estate	59,382	55,041	11,646	-
Other real estate	70,665	66,005	21,910	-
Financial collateral	19,017	-	7,446	11,570
Guarantee	5,151	327	2,411	2,413
Other collateral	401	125	83	193
Non-collateralized	3,646	-	1,325	2,321
Total	**158,262**	**121,497**	**44,822**	**16,497**

LOAN BOOK IN STAGE 3 BY THE PRIMARY COLLATERAL TYPE 31 DEC 2023

(EUR 1,000)	Gross value	Eligible collateral*	ECL	Open credit risk**
Residential real estate	47,864	44,146	8,954	1,190
Other real estate	79,217	72,735	21,751	1,834
Financial collateral	929	87	689	153
Guarantee	3,411	-	1,414	1,997
Other collateral	6,282	900	2,971	2,585
Non-collateralized	16,238	-	6,569	9,670
Total	**153,941**	**117,867**	**42,348**	**17,428**

*The tables only show the effect of eligible collateral arrangements for capital adequacy purposes. Receivables are also subject to non-secured collateral arrangements.

**Open credit risk after ECL and collaterals

Expected credit losses (ECL) increased by 6.4 (26.7) per cent to EUR 56.2 (52.6) million during the financial year. Increase in expected credit losses is explained mainly by the increase in ECL at stage 3, which was especially caused by financial difficulties within corporate customers credit portfolio.

The accounting policies for impairment on loans and other receivables are defined in Note 2 of the financial statements, and more detailed information about changes in expected credit losses is presented in Note 17 Impairment losses on financial assets.

4.2 MARKET RISK

Market risk refers to the possibility of losses caused by changes in interest rates and market prices. The market risk types are interest rate, currency, equity and commodity risk. Interest rate risk of the banking book is the most significant market risk in the POP Bank Group's banking business. Interest rate risks arise from the banking book of member credit institutions, consisting of lending and deposits, wholesale market funding and investment and liquidity portfolios. In investment activities, a change in interest rates results in market risk through a change in the market prices of the securities. Currency risk refers to the effect of changes in foreign exchange rates on earnings or own funds. Equity risk refers to effects on earnings due to changes in the market prices of, for example, public equities and fund units.

4.2.1 Management of market risk

The objective of market risk management is to identify and assess market risks related to the business operations, mitigate the risks to an acceptable level and report regularly on them. The Board of Directors of the POP Bank Amalgamation's central institution confirms the market risk strategy and market risk management guidelines, which create the foundation for market risk management at the member credit institutions.

The Boards of Directors of the member credit institutions confirm market risk management guidelines in accordance with the market risk strategy of the central institution. The process for managing a member credit institution's capital adequacy is a key part of the process for determining the risk capacity and appetite related to investing activities. The taking of market risk has been limited within the amalgamation regarding trading, interest rate risk, equity risk, currency risk, derivative contracts, structured products and commodity risk. Taking commodity risk is not allowed. The member credit institutions of the amalgamation do not engage in trading for own or customers' account, and the member credit institutions do not have a separate trading book.

The currency risk related to the Group's operations is low. Currency risk is not taken at all in lending; all loans are granted in euros. Currency risk may arise to a small extent mainly from mutual fund holdings in the investment portfolio and covering transactions related to the central credit institution's international payments. The use of derivatives is limited to hedging purposes only.

4.2.2 Interest rate risk in the banking book

Interest rate risk in the banking book refers to the negative effect of changes in interest rates on the market value of the amalgamation's balance sheet items and off-balance sheet items or net interest income. Banking book interest rate risk arises from differences in the interest terms of receivables and liabilities and mismatches in interest rate repricing and maturity dates.

Interest rate risk in the amalgamation and its member credit institutions is monitored using the net present value method and the net interest income model. The net present value method measures how changes in interest rates change the calculated market value of balance sheet items. In the net present value method, the market values of each balance sheet item are expected to be formed as the present value of the cash flows generated by the instrument in question. The net interest income model predicts the future net interest income as market interest rates change. The net interest income forecast is calculated at the reporting date using forward interest rates available in the market for the following four years. The amount of interest rate risk taken is assessed with the effect of diverse interest rate shocks on the net interest income and net present value. The effect of early loan prepayments and the behaviour of non-maturity deposits have been considered in the analysis.

The amalgamation's interest rate risk is managed by applying the risk limits issued by the central institution's Board of Directors for net interest income and changes in the present value of the balance sheet.

Primary tool to manage amalgamation interest rate risk is planning balances balance sheet structure such as assets and liabilities maturity and interest rate fixing structure. During the reporting period open banking book interest exposure was decreased gradually with hedging derivatives. Note 27 includes more detailed information for used instruments and volume.

THE INTEREST RATE SENSITIVITY ANALYSIS OF THE BANKING BOOK

Impact to interest margin (EUR 1,000)	Change	31 Dec 2024 1-12 mo.	31 Dec 2023 1-12 mo.
Interest rate risk	+2%-point	16,963	29,541
Interest rate risk	-2%-point	-21,222	-33,136

The interest rate risk calculations present the interest rate sensitivity concerning the impact of a change of 2 per cent at the time of reporting on net interest income for the following financial year.

4.2.3 Investment and liquidity portfolio

The investment portfolio of the amalgamation consists primary of securities included in liquidity portfolio and other investments. Investment activity is focusing investments which can be included to liquidity portfolio under LCR regulation. Market risk emerges in these investment activities, consisting of counterparty, interest rate, currency and general market price risks.

Member credit institutions can invest their liquidity surplus after the internal target limit of the liquidity buffer has been reached. The member credit institutions' objective in investing in securities is to obtain a competitive return on investment in terms of yield/risk ratio on a long-term perspective.

Risks arising from the investment and liquidity portfolio are managed by limits defined for the amalgamation, which ensures the diversification of investments in terms of timing, asset category, risk type and counterparty. Investment risks are also monitored through sensitivity analysis. The purpose of the limitation is that the price volatility of investment portfolio will not threaten the capital adequacy or profitability of the member credit institution or the entire amalgamation.

Risk appetite in the investment portfolio is assessed in relation to the earnings and own funds of the amalgamation. The breakdown and sensitivity analysis of investment assets at Group level are described in Note 20 Investment Assets.

4.3 LIQUIDITY RISKS

Liquidity risk refers to the capability of the POP Banks' amalgamation and its individual member credit institution to meet their commitments. Liquidity risk can be divided into short-term liquidity risk and long-term structural funding risk. Short-term liquidity risk refers to a situation in which an entity cannot without difficulty fulfil its liabilities to pay. Structural funding risk is a risk related to the availability and price of refinancing which arises when the maturities of receivables and liabilities differ from each other. Funding risk also arises if receivables and liabilities are concentrated on individual counterparties to too high a degree.

4.3.1 Management of liquidity risk

The executive management of the central institution prepares the amalgamation's strategy, principles and limits of liquidity management, which are determined based on the member credit institutions' liquidity needs and amalgamation-level risk appetite. The central institution's Board of Directors approves the liquidity strategy and the principles of liquidity management. In addition, the Board of Directors approves the funding plan and the liquidity contingency plan made by the central credit institution. The risk control function plans, develops and tests methods used in liquidity risk management and is responsible for risk reporting to the Board of Directors of the central institution. The central credit institution and its executive management assist the risk control function in this process. The Board of Directors of the central institution's approves the liquidity strategy, and the methods used in implementing the principles of liquidity management.

The executive management of the central credit institution is responsible for coordinating the implementation of the liquidity strategy at the amalgamation level, and it monitors and supervises the liquidity strategy implemented by the member credit institutions. The central credit institution coordinates the payment transactions of the member credit institutions and the acquisition and balancing of liquidity in the amalgamation. The task of the amalgamation's independent risk control function is to supervise and monitor the liquidity risk.

The central credit institution reports on the liquidity situation to the Board of Directors of the central credit institution and is responsible for the planning of the liquidity position and funding of the amalgamation. The Board of Directors of the central credit institution is responsible for monitoring the implementation of the liquidity strategy at the central credit institution.

4.3.2 Short-term liquidity risk

The liquidity management of the amalgamation follows the principles set out in the liquidity strategy, which aims to limit risk through a diversified financial structure. The most important means of securing a good liquidity position are maintaining a sufficient and high-quality liquidity reserve and diversifying funding sources. Intra-day liquidity, liquidity reserve and liquidity coverage ratio are the key means to limit and measure the liquidity risk of the amalgamation. The internal limits and controls of the amalgamation limits the liquidity risk associated with the business activities of the amalgamation and the member credit institutions and ensure that the regulatory requirements related to liquidity risk are met.

The key ratios for measuring short-term liquidity risk are the liquidity coverage ratio (LCR), specified in the EU's Capital Requirements Regulation and The Net Stable Funding Ratio (NSFR). LCR measures short-term liquidity risk and is responsible for ensuring that the liquidity reserve, consisting of good quality assets under LCR regulation, is sufficient to cover outflow net cash flows in stress situations for 30 days. The NSFR measures the reconciliation of assets and liabilities on the balance sheet with maturity more than one year and is responsible for ensuring that long-term lending is adequately funded by long-term funding.

LCR AND NSFR RATIOS

(per cent)	31 Dec 2024	30 Jun 2024	31 Dec 2023
LCR	315.1	230.3	273.9
NSFR	136.9	138.1	132.7

The central institution of amalgamation applies a permission by the Finnish Financial Supervisory Authority to decide that the requirements laid down in the sixth part of the EU Capital Requirements Regulation and EU's statutory orders based on the Regulation are not applied to its member credit institutions. According to the permission, the regulatory requirements for liquidity risk (LCR and NSFR) are met at the amalgamation level only. The central credit institution is responsible for meeting the regulatory requirements.

The liquidity reserve of the amalgamation consists of high-quality assets in accordance with the EU Capital Requirements Regulation, which can meet the liquidity need in stress situations either by selling the securities or by pledging them as collateral for central bank funding. At the end of 2024, the non-pledged financial assets and cash included in the primary liquidity reserve were in total of EUR 1,153.6 (1,032.7) million.

LIQUIDITY RESERVE, MARKET VALUE

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Cash and deposits with central banks	567,900	495,644
Government bonds	211,450	204,636
Debt securities issued or guaranteed by municipalities or the public sector	98,936	124,337
Covered bonds	63,760	47,083
Debt securities issued by financial institutions or corporates	165,422	113,328
Other liquid assets*	46,089	47,687
Total	**1,153,557**	**1,032,715**

*Item includes deposit repayable on demand EUR 4,084 (6,260) thousand and minimum reserve deposit EUR 40,402 (40,811).

In addition to the liquidity reserve, the member credit institutions of the amalgamation have various investment securities as other instruments, such as funds and debt securities in the amount of EUR 88.2 (100.1) million. These investment assets are not included in the primary liquidity reserve due to their liquidity in stressed situations involves uncertainty.

The amalgamation's central credit institution supervises the intra-day liquidity coverage by monitoring the balances of the payment accounts of the member credit institutions. The member credit institutions follow continuously their intra-day liquidity position.

4.3.3 Structural funding risk

The funding risk arising through the maturity transformation of lending and borrowing is an essential part of the amalgamation's business operations. The business operations are based on deposits received by the member credit institutions from their customers, which are used to finance the member credit institutions' lending to customers.

The table below shows the maturities of the amalgamation's liabilities. Current deposits are assumed to mature immediately.

MATURITY OF FINANCIAL LIABILITIES 31 DEC 2024

(EUR 1,000)	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities to central banks	-	-	-	-	-
Liabilities to credit institutions	44,762	6,000	1,852	-	52,614
Liabilities to customers	3,678,987	608,234	97,166	-	4,384,387
Derivatives	-	587	319	1,730	2,636
Debt securities issued	-	264,108	676,667	-	940,776
Lease liabilities	394	1,123	2,127	328	3,973
Total	**3,724,144**	**880,053**	**778,130**	**2,058**	**5,384,385**

MATURITY OF FINANCIAL LIABILITIES 31 DEC 2023

(EUR 1,000)	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities to central banks	70,000	8,400	-	-	78,400
Liabilities to credit institutions	5,531	7,000	40,213	-	52,744
Liabilities to customers	3,702,590	495,340	132,390	-	4,330,320
Derivatives	-	-	4,661	-	4,661
Debt securities issued	83,965	-	703,191	-	787,156
Lease liabilities	321	1,309	2,751	336	4,717
Total	**3,862,407**	**512,049**	**883,205**	**336**	**5,257,997**

4.4 REAL ESTATE RISK

Real estate risk refers to impairment, income or loss risk related to real estate property. Real estate investments are not included in the core business of the amalgamation's banking operations. The properties owned by the amalgamation of POP Banks are divided into owner-occupied properties and the investment properties.

Owner-occupied properties are recognized under property, plant and equipment and investment properties under investment assets on the balance sheet. Both properties used by member credit institutions of the amalgamation and investment properties are measured at acquisition cost less depreciation and impairment in the financial statements. The value of real estate assets is moderate compared to the balance sheet and own funds of the amalgamation. The balance sheet value of investment properties accounted for 0.5 (0.6) per cent of the balance sheet.

4.5 OPERATIONAL RISKS

Operational risk refers to the risk of financial loss caused by inadequate or failed internal processes, personnel, systems and external factors. For example, operational risks are included in all main and support business processes as well as outsourced functions and services.

The Board of Directors of the central institution approves the operational risk management guidelines and also the principles to be followed in business continuity management. All member credit institutions accept operational risk management guidelines and business continuity management principles for their own operations. The amalgamation´s overall operational risk level appetite is moderate. Capital is reserved for operational risks in the amalgamation´s capital adequacy management process.

Operational risks are primarily managed with risk management processes, instructions and risk area-specific mitigating actions (controls and measures) to correct the identified deficiencies and errors and to lower the risk level. Controls and measures of risk management include e.g. instructions and their continuous updating, review and monitoring, technical controls preventing improper and unauthorized use of systems, personnel-related and IT backup arrangements, identify and access management (IAM), business continuity plan, outsourcing agreement, insurance coverage, reporting, training and increasing competence.

Most relevant operational risk management processes in the POP Bank Group include regular self-assessment of operational risks (risk identification, assessment, determination and implementation of mitigating actions), registration and reporting of realized risk events and near-miss situations, risk appetite statements and metrics for operational risks, and a new product/service approval process.

The risk level of all risk areas that are part of POP Bank Group´s operational risk framework is regularly assessed and reviewed by central community's risk control function, and the risk status is monitored in the operational risk assessment report submitted to the Board of Directors of the central institution on a quarterly basis.

The operational risks related to 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 central community´s risk control and compliance function.

4.6 STRATEGIC RISK

Strategic risk arises from choosing a wrong strategy, unsuccessful implementation of strategy, changes in the competitive environment or responding too slowly to changes.

Strategic risks are minimized by means of regular updates of strategic and annual plans. Analyses of the condition and development of the POP Bank Group, as well as other analyses and estimates concerning the development of the sector, competition and financial operating environment are utilized in the planning.

NOTE 5 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 Local-Tapiola and continues as a minority shareholder in the company. The company was consolidated into POP Bank Group's financial statements as a subsidiary until the sale was completed.

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

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

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

NOTES TO INCOME STATEMENT

NOTE 6 NET INTEREST INCOME

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

Income and expenses recognised by valuation techniques are presented in Note 14.

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

NOTE 7 NET COMMISSIONS AND FEES

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

NOTE 8 NET INVESTMENT INCOME

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

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

NOTE 9 OTHER OPERATING INCOME

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Rental income from owner-occupied properties	35	37
Recognition of Deposit Guarantee Fund contribution and previously paid bank tax	3,161	3,921
Other income	1,092	726
Total other operating income	**4,288**	**4,685**

The fee collected by the Financial Stability Authority for deposit guarantee purposes is covered by the fees accumulated in the old deposit guarantee fund in accordance with the old Credit Institutions Act. Support fees paid into the old fund are recognized as income when the old fund transfers funds to the new fund, and an equal support fee is recorded as other operating expenses. The stability fee of the Financial Stability Authority is partially covered by the previously paid bank tax in comparison period.

NOTE 10 PERSONNEL EXPENSES

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Wages and salaries	-45,893	-40,661
Indirect personnel expenses	-1,027	-1,342
Pension expenses	-7,679	-7,201
Total personnel expenses	**-54,599**	**-49,204**

The information concerning the remuneration of key management personnel is presented in Note 37. Other information regarding remuneration is provided in Note 3 Governance and Control Systems.

NOTE 11 OTHER OPERATING EXPENSES

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Other operating expenses		
Other personnel expenses	-4,361	-3,727
Office expenses	-3,050	-2,218
Purchased services	-8,721	-6,069
ICT expenses	-31,200	-29,813
Telecommunications	-3,350	-3,135
Entertainment and marketing expenses	-2,996	-2,506
Rental expenses	-2,016	-1,908
Expenses arising from owner-occupied properties	-4,151	-3,770
Insurance and security expenses	-4,116	-5,849
Government charges and member fees	-752	-711
Audit fees	-560	-449
Other operating expenses	-6,283	-3,548
Total other operating expenses	**-71,556**	**-63,703**
Audit fees		
Audit services	-383	-388
Audit-related services according to Auditing Act 1.1,2 §	-82	-1
Tax advisory	-24	-51
Other services	-71	-9
Total audit fees	**-560**	**-449**

Rental expenses include the expenses of short-term and low-value leases.

Insurance and security expenses include EUR 3,161 (4,570) thousand of contribution collected by the Financial Stability Board for the deposit guarantee fund, which is fully covered by payments accounted for from the old Deposit Guarantee Fund, and a stability contribution of EUR 0 (925) thousand. Contributions from the old Deposit Guarantee Fund and previously paid bank tax recognised as income are presented in other operating income.

Other than audit services from KPMG Oy Ab to companies in POP Bank Group totalled to EUR 91 (56) thousand during the financial year 2024.

NOTE 12 DEPRECIATION, AMORTISATION AND IMPAIRMENT

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Depreciation and amortisation		
Buildings	-3,072	-3,077
Machinery and equipment	-579	-542
Intangible assets	-1,165	-1,691
Other	-4	-496
Total	**-4,820**	**-5,807**
Impairment		
Buildings	-187	-110
Total	**-187**	**-110**
Total depreciation, amortisation and impairment	**-5,007**	**-5,917**

More detailed information about right-off-use assets is provided in Note 35.

NOTE 13 INCOME TAX

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Current tax	-14,126	-14,229
Tax for prior financial years	24	-77
Other direct taxes	-6	-8
Change in deferred taxes	-3,114	-3,400
Total income tax expense	**-17,222**	**-17,714**

Reconciliation between tax expense in the income statement and tax expense calculated using the applicable tax rate

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Profit before tax	**89,828**	**134,554**
Income tax rate	**20%**	**20%**
Tax calculated at the tax rate	-17,966	-26,911
Tax-exempt income	643	9,287
Non-deductible expenses	-120	-14
Deductible expenses not included in the profit	77	38
Use of tax losses carried forward from previous years	127	15
Deferred tax assets not recognised on losses	-7	-52
Tax for prior financial years	24	-77
Tax expense in the income statement	**-17,222**	**-17,714**

NOTE 14 NET INCOME AND EXPENSES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Financial assets		
At fair value through profit or loss		
Interest income	137	125
Fair value gains and losses	2,009	-3,249
Dividend income	2,926	3,633
Capital gains and losses	-428	-410
Total	**4,644**	**99**
At fair value through other comprehensive income		
Interest income and expenses	6,851	7,655
Transferred from fair value reserve to the income statement	-287	-182
Dividend income	8	17
Capital gains and losses	134	70
Expected credit loss	-376	-78
Total	**6,330**	**7,482**
At amortised cost		
Interest income and expenses	264,370	224,872
Other income	9,468	8,620
Expected credit loss	-3,833	-11,262
Final credit losses	-18,220	-5,931
Total	**251,785**	**216,299**

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Financial liabilities		
At amortised cost		
Interest expenses	-71,100	-48,177
Total	**-71,100**	**-48,177**
Net income from foreign exchange operation	**194**	**122**
Derivatives and hedge accounting		
Fair value gains and losses	157	-1,120
Interest income and expenses	-12,257	-6,218
Total	**-12,100**	**-7,339**

NOTES TO ASSETS

NOTE 15 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS 31 DEC 2024

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

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

FINANCIAL ASSETS 31 DEC 2023

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Hedging derivatives	Expected credit loss	Total carrying amount
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**	**136,064**	**273,491**	**16,165**	**-52,726**	**5,903,406**
Other assets						**171,162**
Total assets						**6,074,569**

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

FINANCIAL LIABILITIES 31 DEC 2024

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

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

Financial assets are detailed in Notes 19 and 20. Financial liabilities are detailed in Notes 26, 27 and 28.

FINANCIAL LIABILITIES 31 DEC 2023

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

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

Financial assets are detailed in Notes 19 and 20. Financial liabilities are detailed in Notes 26, 27 and 28.

NOTE 16 FAIR VALUES AND VALUATION TECHNIQUES OF FINANCIAL ASSETS, FINANCIAL LIABILITIES AND INVESTMENT ASSET

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2024

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

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2024

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

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

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

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

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

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECOGNISED AT AMORTISED COST

ASSETS MEASURED AT AMORTISED COST 31 DEC 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	44,751	-	44,751	44,751
Loans and advances to customers	-	4,757,565	-	4,757,565	4,743,620
Debt securities	-	361,088	-	361,088	358,150
Investment property*	-	-	34,753	34,753	25,442
Total	**-**	**5,163,404**	**34,753**	**5,198,158**	**5,171,962**

*The fair value of investment properties is essentially based on the sales comparison approach.

LIABILITIES MEASURED AT AMORTISED COST 31 DEC 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities to credit institutions	-	52,515	-	52,515	52,614
Liabilities to customers	-	4,374,260	-	4,374,260	4,384,387
Debt securities issued to the public	-	943,307	-	943,307	940,776
Total	**-**	**5,370,082**	**-**	**5,370,082**	**5,377,777**

Debt securities issued to the public and liabilities to customers contain items subject to hedge accounting, for which the change in fair value has been recorded as an adjustment of the relevant balance sheet item.

ASSETS MEASURED AT AMORTISED COST 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	61,502	-	61,502	61,502
Loans and advances to customers	-	4,546,396	-	4,546,396	4,562,254
Debt securities	-	361,678	-	361,678	358,287
Investment property*	-	-	39,626	39,626	24,201
Total	**-**	**4,969,575**	**39,626**	**5,009,201**	**5,006,244**

*The fair value of investment properties is essentially based on the sales comparison approach.

LIABILITIES MEASURED AT AMORTISED COST 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities to credit institutions	-	131,122	-	131,122	131,144
Liabilities to customers	-	4,318,250	-	4,318,250	4,330,320
Debt securities issued to the public	-	775,605	-	775,605	787,156
Total	**-**	**5,224,977**	**-**	**5,224,977**	**5,248,620**

Debt securities issued to the public and liabilities to customers contain items subject to hedge accounting, for which the change in fair value has been recorded as an adjustment of the relevant balance sheet item.

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 POP Bank Group's IFRS financial statements Note 2 POP Bank Group's accounting policies. Investment properties are recognised in amortised cost.

Fair value hierarchies

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

Level 2 includes financial instruments measures using generally approved measurement techniques or models which are based on assumptions made on the basis of observable market prices. For example, the fair value of a financial instrument allocated to Level 2 may be based on the value derived from the market quotation of components of an instrument. This group includes, among other things, interest rate derivatives, including interest rate swaps, as well as other instruments not traded in liquid markets. The valuation methods for these instruments are based on generally accepted calculation models.

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

TRANSFERS BETWEEN FAIR VALUE HIERARCHIES

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

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

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

(EUR 1,000)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2024	**7,899**	**1,683**	**9,583**
Purchases	0	-	**0**
Sales	-811	-	**-811**
Matured during the financial year	-261	-	**-261**
Realised changes in value recognised in income statement	-11	-	**-11**
Unrealised changes in value recognised in the income statement	40	-	**40**
Changes in value recognised in other comprehensive income	-	-27	**-27**
Transfers from levels 1 and 2	-	602	**602**
Transfers to levels 1 and 2	-221	-	**-221**
Carrying amount 31 Dec 2024	**6,635**	**2,259**	**8,894**

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

*Sales include write-offs from the balance sheet resulting from the relinquishment of control for EUR 6,468 thousand.

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

31 DEC 2024

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

31 DEC 2023

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

The sensitivity of financial assets recurrently measured at fair value at level 3 has been calculated for interest rate linked investments by assuming a 1 percentage points change in interest rates and for other investments by assuming the market price of the security to change by 15 per cent.

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

NOTE 17 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Change of ECL due to write-offs	14,111	4,129
Change of ECL, receivables from customers and off-balance sheet items	-18,013	-15,333
Change of ECL, debt securities	-307	-135
Final credit losses	-18,220	-5,931
Impairment losses on financial assets total	**-22,429**	**-17,271**

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

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

Expected credit losses are determined for financial instruments classified in Stage 2 and 3 based on the expected credit losses over the entire life of the instrument.

The principles for calculating expected credit losses and determining the probability of default are presented in section 8.5 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 2024	**5,468**	**4,784**	**42,348**	**52,601**
Transfers to stage 1	306	-2,086	-1,854	**-3,633**
Transfers to stage 2	-205	1,953	-1,432	**316**
Transfers to stage 3	-309	-598	12,592	**11,684**
Increases due to origination	2,387	772	2,844	**6,003**
Decreases due to derecognition	-948	-603	-16,534	**-18,086**
Changes due to change in credit risk (net)	307	178	20,968	**21,453**
Decreases due to write-offs	-	-	-14,111	**-14,111**
Total	**1,538**	**-385**	**2,474**	3,627
ECL 31 Dec 2024	**7,006**	**4,399**	**44,822**	**56,227**

The largest change in expected credit losses on receivables from customers comes from changes in credit risk, that totalled EUR 21,453 (9,476) thousand. Transfers to stage 3 increased the provision by EUR 11,684 (14,211) thousand. The deductions due to derecognition totalled EUR 18,086 (8,606) thousand and decreases due to write-offs totalled EUR 14,111 (4,129) thousand.

DEBT SECURITIES

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

OFF-BALANCE SHEET COMMITMENTS

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

TOTAL ECL

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

RECEIVABLES FROM CUSTOMERS

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

DEBT SECURITIES

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

OFF-BALANCE SHEET COMMITMENTS

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

TOTAL ECL

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

BALANCE SHEET ITEM BY STAGE 31 DEC 2024

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

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

BALANCE SHEET ITEM BY STAGE 31 DEC 2023

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

NOTE 18 LIQUID ASSETS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Cash	9,568	10,624
Receivables from central banks repayable on demand	558,332	485,020
Total cash and cash equivalents	**567,900**	**495,644**

The cash assets mainly consist of deposits at the Bank of Finland.

NOTE 19 LOANS AND RECEIVABLES

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Loans and receivables from credit institutions		
Deposits		
Repayable on demand	4,349	20,690
Other	40,403	40,812
Total loans and receivables from credit institutions	**44,751**	**61,502**
Loans and receivables from customers		
Loans	4,639,238	4,457,662
Loans granted from government funds	836	1,172
Guarantees	310	348
Used overdrafts	46,580	45,250
Credit card receivables	56,656	57,823
Total loans and receivables from customers	**4,743,620**	**4,562,254**
Total loans and receivables	**4,788,371**	**4,623,756**

NOTE 20 INVESTMENT ASSETS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Measured at amortised cost		
Debt securities	358,150	358,287
At fair value through profit or loss		
Debt securities	4,535	5,143
Shares and participations	126,572	130,921
At fair value through other comprehensive income		
Debt securities	209,381	272,525
Shares and participations	1,210	966
Investment properties	25,442	24,201
Investment assets total	**725,289**	**792,043**

INVESTMENTS 31 DEC 2024

	Measured at amortised cost	At fair value through profit or loss		At fair value through other comprehensive income		
(EUR 1,000)	**Debt securities**	**Debt securities**	**Shares and participations**	**Debt securities**	**Shares and participations**	**Total**
Quoted						
Public sector entities	213,257	-	-	30,301	-	**243,558**
Other	144,948	1,924	122,403	177,622	-	**446,897**
Other						
Public sector entities	-	-	-	-	-	**-**
Other	-	2,611	4,168	1,459	1,210	**9,448**
Investments total	**358,205**	**4,535**	**126,572**	**209,381**	**1,210**	**699,903**

INVESTMENTS 31 DEC 2023

	Measured at amortised cost	At fair value through profit or loss		At fair value through other comprehensive income		
(EUR 1,000)	**Debt securities**	**Debt securities**	**Shares and participations**	**Debt securities**	**Shares and participations**	**Total**
Quoted						
Public sector entities	199,925	-	-	112,046	-	**311,971**
Other	158,362	2,370	125,864	124,317	-	**410,913**
Other						
Public sector entities	-	-	-	29,885	-	**29,885**
Other	-	2,773	5,057	6,277	966	**15,073**
Investments total	**358,287**	**5,143**	**130,921**	**272,525**	**966**	**767,842**

In investments portfolio the most significant market risks are interest rate and credit spread risks. Table below includes a summary of the sensitivity analyses of investments measured at fair value in different market risk scenarios. Analyses below sums impact from market shocks to profit and loss or comprehensive income statement.

SENSITIVITY ANALYSIS

(EUR 1,000)	Stress	31 Dec 2024 Effect on profit	31 Dec 2024 Effect on comprehensive income	31 Dec 2023 Effect on profit	31 Dec 2023 Effect on comprehensive income
Change in Risk-free Interest Rate	+100 bp	-1,196	-4,665	-1,153	-4,927
Change in Credit Spreads	+50 bp	-646	-2,663	-662	-3,022
Change in Listed and Unlisted Equities	-10%	-1,796	-	-1,596	-
Foreign Exchange risk	-10%	-953	-83	-1,375	-82

CHANGES IN INVESTMENT PROPERTY

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Acquisition cost 1 Jan	**43,107**	**42,182**
Increases	3,353	2,254
Decreases	-321	-1,894
Transfers	-502	566
Acquisition cost 31 Dec	**45,637**	**43,107**
Accumulated depreciation and impairment 1 Jan	**-18,906**	**-17,600**
Accumulated depreciation on decreases and transfers	55	406
Depreciation	-824	-817
Impairment losses	-520	-895
Accumulated depreciation and impairment 31 Dec	**-20,196**	**-18,906**
Carrying amount 1 Jan	**24,201**	**24,582**
Carrying amount 31 Dec	**25,442**	**24,201**

NOTE 21 INVESTMENTS IN ASSOCIATES

Name	Industry	Holding % 31 Dec 2024	Holding % 31 Dec 2023
Figure Financial Management Ltd	Services	25%	25%
Finnish P&C Insurance Ltd	Insurance co	30%	30%

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Carrying Amount 1 Jan	**22,123**	**230**
Increases	-	20,925
Share of profit for the financial year	2,558	968
Carrying Amount 31 Dec	**24,681**	**22,123**

Figure Financial Management Ltd provides financial management services to companies operating in the financial sector.

The POP Bank Group relinquished control of Finnish P&C Insurance Ltd, previously forming the insurance business segment, in a business transaction completed on 25 May 2023. POP Bank Group continues in the company as a minority shareholder with a 30 per cent ownership stake. Following the acquisition, Finnish P&C Insurance Ltd is an associate company, and its shares are accounted for using the equity method. Details of the sale are disclosed in Note 5.

NOTE 22 INTANGIBLE ASSETS

The most significant intangible assets are the information systems of banking, over which POP Bank Group has the control as referred to in IAS 38 Intangible assets. The work in progress intangible assets relate to an ongoing system renewal project within POP Bank Group.

CHANGES IN INTANGIBLE ASSETS 2024

(EUR 1,000)	IT systems	Intangible assets under development	Total
Acquisition cost 1 Jan	**15,497**	**12,147**	**27,644**
Increases	-	3,863	**3,863**
Decreases	-	-1,800	**-1,800**
Transfers	429	-429	**-**
Acquisition cost 31 Dec	**15,926**	**13,782**	**29,708**
Accumulated depreciation and impairment 1 Jan	**-13,982**	**-5,675**	**-19,658**
Depreciation	-1,165	-	**-1,165**
Accumulated depreciation and impairment 31 Dec	**-15,147**	**-5,675**	**-20,823**
Carrying amount 1 Jan	**1,515**	**6,472**	**7,986**
Carrying amount 31 Dec	**779**	**8,107**	**8,884**

CHANGES IN INTANGIBLE ASSETS 2023

(EUR 1,000)	IT systems	Intangible assets under development	Total
Acquisition cost 1 Jan	**33,162**	**8,043**	**41,204**
Increases	1,247	4,221	**5,468**
Decreases	-19,018	-10	**-19,028**
Transfers	107	-107	**-**
Acquisition cost 31 Dec	**15,497**	**12,147**	**27,644**
Accumulated depreciation and impairment 1 Jan	**-26,563**	**-5,675**	**-32,239**
Accumulated depreciation on decreases and transfers	14,795	-	**14,795**
Depreciation	-2,214	-	**-2,214**
Accumulated depreciation and impairment 31 Dec	**-13,982**	**-5,675**	**-19,658**
Carrying amount 1 Jan	**6,599**	**2,368**	**8,965**
Carrying amount 31 Dec	**1,515**	**6,472**	**7,986**

The deductions include EUR 18,767 thousand of deductions related to discontinued operations, accumulated depreciation for deductions of EUR 14,180 thousand related to discontinued operations, and depreciation of EUR 523 thousand related to discontinued operations.

NOTE 23 PROPERTY, PLANT AND EQUIPMENT

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Owner-occupied properties		
Land and water	1,598	1,612
Buildings	21,228	21,019
Machinery and equipment	1,904	1,609
Other tangible assets	692	690
Total property, plant and equipment	**25,422**	**24,930**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT 2024

(EUR 1,000)	Owner-occupied properties	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan	**58,956**	**8,940**	**848**	**68,745**
Increases	3,173	888	5	**4,067**
Decreases	-1,456	-244	-	**-1,700**
Transfers	502	-	-	**502**
Acquisition cost 31 Dec	**61,176**	**9,585**	**854**	**71,614**
Accumulated depreciation and impairment 1 Jan	**-36,324**	**-7,332**	**-158**	**-43,814**
Accumulated depreciation on decreases and transfers	1,221	230	-	**1,451**
Depreciation	-3,059	-579	-4	**-3,642**
Impairment losses	-187	-	-	**-187**
Accumulated depreciation and impairment 31 Dec	**-38,349**	**-7,681**	**-162**	**-46,192**
Carrying amount 1 Jan	**22,631**	**1,609**	**690**	**24,931**
Carrying amount 31 Dec	**22,826**	**1,904**	**692**	**25,422**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT 2023

(EUR 1,000)	Owner-occupied properties	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan	**58,512**	**9,421**	**849**	**68,782**
Increases	2,585	585	-	**3,170**
Decreases	-1,576	-1,065	0	**-2,642**
Transfers	-566	-	-	**-566**
Acquisition cost 31 Dec	**58,956**	**8,940**	**848**	**68,745**
Accumulated depreciation and impairment 1 Jan	**-33,758**	**-7,604**	**-152**	**-41,514**
Accumulated depreciation on decreases and transfers	682	848	-	**1,530**
Depreciation	-3,139	-576	-6	**-3,721**
Impairment losses	-110	-	-	**-110**
Accumulated depreciation and impairment 31 Dec	**-36,324**	**-7,332**	**-158**	**-43,814**
Carrying amount 1 Jan	**24,755**	**1,817**	**696**	**27,268**
Carrying amount 31 Dec	**22,631**	**1,609**	**690**	**24,931**

The deductions include EUR 2,233 thousand of deductions related to discontinued operations, accumulated depreciation for deductions of EUR 1,723 thousand related to discontinued operations, and depreciation of EUR 118 thousand related to discontinued operations.

The assets recognized in the balance sheet under operating leases are included in own-use properties and machinery and equipment. Detailed information on the assets under operating leases is provided in Note 35.

NOTE 24 OTHER ASSETS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Payment transfer receivables	1,407	216
Net defined benefit asset*	886	-
Accrued income and prepaid expenses		
Interest	37,257	48,799
Other	5,504	3,939
Advances paid to SaaS services	24,519	12,970
Other assets	11,527	20,546
Total other assets	**81,099**	**86,470**

*Defined benefit pension plans and related assets are presented in Note 34

NOTE 25 DEFERRED TAXES

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Tax assets		
Deferred tax assets	4,758	5,356
Income tax receivables	1,308	97
Total tax assets	**6,066**	**5,453**
Tax liabilities		
Deferred tax liabilities	32,974	29,457
Income tax liability	1,198	5,992
Total tax liabilities	**34,172**	**35,449**

DEFERRED TAX ASSETS

(EUR 1,000)	31 Dec 2023	Recognised through profit and loss	Recognised in other comprehensive income	Discontinued operations	31 Dec 2024
At fair value	**1,600**	-	-768	-	**832**
Cash flow hedging	**-**	-	94	-	**94**
Real estate depreciation adjustments	**1,884**	108	-	-	**1,992**
Defined benefit pension plans	**4**	0	4	-	**8**
Consolidations and other items	**1,868**	-35	-	-	**1,833**
Total deferred tax assets	**5,356**	**72**	**-670**	**-**	**4,758**

(EUR 1,000)	31 Dec 2022	IFRS 17 transition	Recognised through profit and loss	Recognised in other comprehensive income	31 Dec 2023
At fair value	**3,370**	-7	-1,200	-563	**1,600**
Real estate depreciation adjustments	**1,727**	157	-	-	**1,884**
Defined benefit pension plans	**286**	-143	-139	-	**4**
Consolidations and other items	**2,957**	-250	-	-839	**1,868**
IFRS 17 transition	**-50**	-	-	50	**-**
Total deferred tax assets	**8,290**	**-242**	**-1,339**	**-1,352**	**5,356**

DEFERRED TAX LIABILITIES

(EUR 1,000)	31 Dec 2023	Recognised through profit and loss	Recognised in other comprehensive income	Discontinued operations	31 Dec 2024
Appropriations	**28,435**	3,061	-	-	**31,496**
At fair value	**-146**	-	197	-	**50**
Consolidations and other items	**1,168**	258	1	-	**1,428**
Total deferred tax liabilities	**29,457**	**3,319**	**198**	**-**	**32,974**

The companies belonging to the POP Bank Group have EUR 3,313 (3,909) thousand of losses for which no deferred tax assets have been recognised. The losses will expire in 2025–2033.

(EUR 1,000)	31 Dec 2022	IFRS 17 transition	Recognised through profit and loss	Recognised in other comprehensive income	31 Dec 2023
Appropriations	**25,711**	2,779	-	-55	**28,435**
At fair value	**466**	47	160	-819	**-146**
Intangible assets	**13**	-13	-	-	**-**
Consolidation and others	**293**	312	-	563	**1,168**
IFRS 17 transition	**1,387**	74	-	-1,461	**-**
Total deferred tax liabilities	**27,870**	**3,198**	**160**	**-1,771**	**29,457**

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME AND RELATED DEFERRED TAXES 2024

(EUR 1,000)	Gross change	Deferred tax	Net change
Fair value reserve	5,202	-1,040	4,162
Hedging reserve	-468	94	-374
Defined benefit plans	-15	3	-12
Amounts recognised in other comprehensive income, total	**4,719**	**-944**	**3,775**

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME AND RELATED DEFERRED TAXES 2023

(EUR 1,000)	Gross change	Deferred tax	Net change
Fair value reserve	6,953	-1,378	5,575
Defined benefit plans	697	-139	558
Amounts recognised in other comprehensive income, total	**7,650**	**-1,517**	**6,133**

NOTES TO LIABILITIES AND EQUITY CAPITAL

NOTE 26 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

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

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

NOTE 27 DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

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

DERIVATIVES AND HEDGED ITEMS COVERED BY HEDGE ACCOUNTING

HEDGING INTEREST RATE DERIVATIVES

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

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

FAIR VALUE HEDGE

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

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

The nominal value of the fixed-rate deposits subject to fair value hedging at the end of reporting period was EUR 624,900 (524,900) thousand and the nominal value of the fixed-rate bond subject to fair value hedging at the end of reporting period was EUR 750,000 (500,000) thousand. The nominal values of derivative instruments correspond to the nominal values of the objects to be hedged.

PROFITS AND LOSSES FROM HEDGE ACCOUNTING AND HEDGE INEFFECTIVENESS

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

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

HEDGE ACCOUNTING RESERVE

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

MATURITY PROFILE OF THE NOMINAL AMOUNT OF HEDGING INTEREST RATE RISK

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

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

NOTE 28 DEBT SECURITIES ISSUED TO THE PUBLIC

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

DEBT SECURITIES ISSUED TO THE PUBLIC

Name	Issue date	Due date	Interest	Nominal (EUR 1,000)	Currency
BONUM 26102026	20 Oct 2021	20 Oct 2026	EB 3 months + 0.85%	20,000	EUR
BONUM 22042027	22 Apr 2022	22 Apr 2027	EB 12 months + 1.25%	50,000	EUR
BONUM 19072028	19 Jul 2023	19 Jul 2028	EB 6 months + 1.11%	50,000	EUR
POPA 22092025	22 Sep 2022	22 Sep 2025	2.625% / fixed	250,000	EUR
POPA 26042028	26 Apr 2023	26 Apr 2028	3.625% / fixed	250,000	EUR
Issued during the financial year					
BONUM 17042027	10 Apr 2024	17 Apr 2027	EB 3 kk + 1.95%	50,000	EUR
POPA 15102029	15 Oct 2024	15 Oct 2029	2,875% / fixed	250,000	EUR

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

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

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

NOTE 29 PROVISIONS AND OTHER LIABILITIES

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Provisions		
Expected credit losses	1,413	994
Other provisions	266	266
Other liabilities		
Pension liabilities	-	20
Payment transfer liabilities	18,005	22,857
Lease liabilities	3,973	4,717
Accrued expenses		
Interest payable	32,101	35,329
Advances received	873	880
Liabilities on card transactions	12,864	21,030
Other accrued expenses	13,413	11,641
Total provisions and other liabilities	**82,908**	**97,734**

The other provisions consist of a provision recorded for an ongoing legal proceeding.

Defined benefit pension plans and related liabilities are presented in Note 34 and lease liabilities are presented in Note 35.

CHANGE IN PROVISIONS

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Provisions 1 Jan	**1,259**	**1,550**
Change in expected credit losses	418	117
Increase/ decrease in other provisions	-	-407
Provisions 31 Dec	**1,678**	**1,259**

NOTE 30 EQUITY CAPITAL

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Cooperative capital, cooperative contributions	10,792	10,714
of which cancelled cooperative contributions	739	842
Cooperative capital, POP Shares	58,388	60,391
of which cancelled POP Shares	5,568	6,425
Restricted reserves		
Reserve fund	52,494	52,494
Reserves based on the Articles of Association/rules	3,341	3,341
Fair value reserve		
Shares and participations	714	527
Debt securities	-1,197	-5,171
Reserve for hedging instruments	-374	-
Non-restricted reserves		
Other non-restricted reserves	108,748	106,605
Retained earnings		
Profit (loss) for previous financial years	453,976	342,366
Profit (loss) for the financial year	72,605	116,840
Total equity capital	**759,486**	**688,106**
Total equity capital attributable to the owners of POP Bank Group	**759,486**	**688,106**

Cooperative capital and classification of contributions as capital equity
Cooperative capital of the POP Bank Group consists of cooperative contributions and POP shares.

Cooperative contributions
The capital equity of the POP Bank Group includes the cooperative contributions paid by the members of the member cooperative banks to the member cooperative banks, the payment of interest and refund of capital of which the bank has an unconditional right to refuse. The contribution conveys the member the right to participate in the governance and decision-making of the member cooperative bank.

On 31 December 2024, POP Banks had a total of 87.9 (87.9) thousand members.

POP shares
The POP Bank Group's equity capital also includes investments made by the members of the member cooperative banks in POP Shares issued by the member cooperative banks. In accordance with its' rules, the cooperative bank has an unconditional right to refuse from the payment of interest on POP Shares and refund of capital.

The member banks of the POP Bank Group issued a total of EUR 1,327 (3,105) thousand of POP Shares during the financial year 2024. POP Shares totalled to EUR 58,388 (60,391) thousand on 31

December 2024. The targeted interest rate on POP Shares is 1.25% - 4.0%. The interest to be paid is confirmed after the end of the financial year at the cooperative meeting according to the proposal of the Board of Directors. The interest rate objective can change annually. POP Shares do not convey voting rights or other rights to the member.

A cooperative contribution and POP Share may be refunded within 12 months after the end of the financial year when membership terminated, or POP Share was cancelled. If the refund of the cooperative contribution or POP Share cannot be made in full based on the provisions of the Co-Operatives Act or the Co-Operative Bank Act, the refund may take place subsequently if it is possible based on the next three financial statements.

Restricted reserves

Restricted reserves include the reserve fund, fair value reserve and other restricted reserves. The reserve fund consists of profits transferred to it during previous periods and of the portion transferred to it from member cooperative banks' revaluation reserves and loan loss provisions. The reserve fund can be used to cover losses for which non-restricted equity is not sufficient.

The fair value reserve includes the cumulative net change in the fair value of equity securities measured at FVOCI and the cumulative net change in the fair value of debt securities measured at FVOCI. The change in the fair value can be positive or negative. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment. An expected credit loss on debt security is recognised in the income statement and added to the fair value reserve. The fair value reserve also includes changes in the fair value of equity securities recognised in the fair value of comprehensive income, which are not transferred to retained earnings upon later disposal. The fair value reserve also includes a hedge accounting reserve, where the fair value of the cash flow hedging derivative is recorded.

Non-restricted reserves

Other non-restricted reserves consist of retained earnings based on the Articles of Association or other rules, or decisions taken by the general meeting or cooperative meeting.

Retained earnings

Retained earnings consist of the profit or loss for the period and earnings accrued in previous financial years that have not been transferred to equity reserves or distributed. In addition, it includes provisions for credit losses and depreciation differences included in banks' separate financial statements, net of deferred taxes. This item also includes gains and/or losses arising from the reassignment of defined benefit pension plans, less deferred tax.

There are no significant non-controlling interests in the subsidiaries owned by POP Bank Group at the time of the financial statements.

SPECIFICATION OF CHANGES IN FAIR VALUE RESERVE 2024

(EUR 1,000)	Debt securities	Shares and participations	Carrying amount 1 Jan
Fair value reserve 1 Jan	**-5,171**	**527**	**-4,644**
Fair value change, increases	9,110	348	**9,458**
Fair value change, decreases	-4,806	-137	**-4,943**
Transferred from fair value reserve to the income statement	287	-	**287**
Transferred from fair value reserve to retained earnings	-	23	**23**
Expected credit loss	376	-	**376**
Deferred taxes	-994	-47	**-1,040**
Fair value reserve 31 Dec	**-1,197**	**714**	**-483**

SPECIFICATION OF CHANGES IN FAIR VALUE RESERVE 2023

(EUR 1,000)	Debt securities	Shares and participations	Total
Fair value reserve 1 Jan	**-10,633**	**414**	**-10,219**
Fair value change, increases	12,631	141	**12,772**
Fair value change, decreases	-6,076	-	**-6,076**
Transferred from fair value reserve to the income statement	182	-	**182**
Expected credit loss	90	-	**90**
Deferred taxes	-1,365	-28	**-1,394**
Fair value reserve 31 Dec	**-5,171**	**527**	**-4,644**

OTHER NOTES

NOTE 31 OFFSETTING

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The tables below show the items that, in a certain situation, can be made as net payments, even though the items are shown gross in the balance sheet. The netting arrangement is based on a mutually enforceable general netting agreement (ISDA).

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

31 DEC 2023				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	**Recognised financial assets, gross**	**Recognised financial liabilities offset in balance sheet, gross**	**Carrying amount in balance sheet, net**	**Enforceable master netting arrangement**	**Financial instruments held as collateral**	**Cash held as collateral**	**Net amount**
Assets							
Derivatives	31,478	-	31,478	11,323	22,440	-	-
Total	**31,478**	**-**	**31,478**	**11,323**	**22,440**	**-**	**-**
Liabilities							
Derivatives	11,323	-	11,323	11,323	-	-	-
Total	**11,323**	**-**	**11,323**	**11,323**	**-**	**-**	**-**

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

NOTE 32 COLLATERAL GIVEN AND RECEIVED

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

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

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

NOTE 33 OFF-BALANCE SHEET COMMITMENTS

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

The expected credit losses of off-balance-sheet commitments are presented in Note 17.

NOTE 34 DEFINED BENEFIT PENSION

In addition to statutory cover (TyEL), POP Bank Group has defined benefit pension schemes for the management and persons who have been members of OP Bank Group Pension Fund. The retirement age of those covered by these insurance policies varies from 60 to 65 years.

In the pension scheme, the amount of assets describes the part of the obligation for which the insurance company is liable, and it is calculated using the same discount rate as the liability. The assets included in the scheme include 100% acceptable insurance policies. Because the liabilities have been insured, the company is not liable for significant risks. The company remains primarily liable for increases in pensions tied to employment pension index and the effect of changes in the discount rate and pay increases on the net liabilities.

(EUR 1,000)	**31 Dec 2024**	**31 Dec 2023**
Current service cost	9	97
Net interest	-8	35
Costs recognised in income statement	**1**	**132**
Remeasurements	15	-697
Comprehensive income before tax	**16**	**-565**
Present value of obligation 1 Jan	**14,517**	**16,413**
Current service cost	10	97
Interest expense	506	504
Actuarial gains (-)/losses (+) arising from experience adjustment	-448	-206
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	122	-1,064
Benefits paid	-1,323	-1,227
Present value of obligation 31 Dec	**13,384**	**14,517**
Fair value of plan assets 1 Jan	**14,497**	**14,982**
Interest income	514	469
Return on plan assets excl. items in interest expense/income	-341	-573
Benefits paid	-1,323	-1,227
Contributions paid	921	846
Fair value of plan assets 31 Dec	**14,269**	**14,497**

(EUR 1,000)	**31 Dec 2024**	**31 Dec 2023**
Present value of obligation	13,384	14,517
Fair value of plan assets	14,269	14,497
Net liability (+) / assets (-) in balance sheet 31 Dec	**-886**	**20**
Net liability (+) / assets (-) in balance sheet 1 Jan	**20**	**1,431**
Costs recognised in income statement	1	132
Contributions paid	-921	-846
Remeasurements in comprehensive income statement	15	-697
Net liability (+) / assets (-) in balance sheet 31 Dec	**-886**	**20**
Actuarial assumptions		
Discount rate, %	3.16%	3.65%
Pay development, %	2.00%	2.00%
Pension increase, %	2.15%	2.56%
Inflation rate, %	1.91%	2.32%

SENSITIVITY ANALYSIS - NET LIABILITIES

The table below shows the impact of changes in assumptions on net debt. When calculating sensitivities, it is assumed that other assumptions remain unchanged.

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Change of +0.5% in discount rate	45	-1
Change of -0.5% in discount rate	-50	1
Pay development +0.5%	18	23
Pay development -0.5%	-18	-22
Change of +0.5% in pension increase	740	750
Change of -0.5% in pension increase	-701	-713

The duration based on the weighted average of the liability is 11.3 (10.6) years.

The POP Bank Group estimates to pay approximately EUR 132 (473) thousand towards its defined benefit pension arrangements in 2025.

NOTE 35 LEASING

GROUP AS A LESSOR

The POP Bank Group has leased out e.g. residential and business premises it owns.

The minimum rents receivable includes the minimum rents payable based on irrevocable rental agreements. The non-cancellable portion of leases in effect until further notice is the lease in accordance with the term of notice.

FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Less than one year	309	257
Within 1–5 years	244	153
More than five years	2,606	1,224
Future minimum lease payments receivable total	**3,160**	**1,634**

GROUP AS A LESSEE

The POP Bank Group has leased out e.g. residential and business premises it owns.

RIGHT-OF-USE ASSETS 31 DEC 2024

(EUR 1,000)	Office Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan	**10,503**	**1,058**	**11,561**
Increases	1,054	-	**1,054**
Decreases	-29	-	**-29**
Acquisition cost 31 Dec	**11,528**	**1,058**	**12,585**
Accumulated depreciation and impairment 1 Jan	**-6,217**	**-754**	**-6,970**
Accumulated depreciation on decreases and transfers	24	-	**24**
Depreciation	-1,669	-133	**-1,802**
Accumulated depreciation and impairment 31 Dec	**-7,862**	**-887**	**-8,749**
Carrying amount 1 Jan	**4,287**	**304**	**4,590**
Carrying amount 31 Dec	**3,666**	**171**	**3,837**

RIGHT-OF-USE ASSETS 31 DEC 2023

(EUR 1,000)	Office Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan	**10,420**	**1,458**	**11,878**
Increases	1,659	169	**1,829**
Decreases	-1,576	-570	**-2,146**
Acquisition cost 31 Dec	**10,503**	**1,058**	**11,561**
Accumulated depreciation and impairment 1 Jan	**-5,922**	**-1,035**	**-6,957**
Accumulated depreciation on decreases and transfers	1,218	451	**1,670**
Depreciation	-1,513	-170	**-1,683**
Accumulated depreciation and impairment 31 Dec	**-6,217**	**-754**	**-6,970**
Carrying amount 1 Jan	**4,498**	**423**	**4,921**
Carrying amount 31 Dec	**4,287**	**304**	**4,590**

Right-of-use assets are presented in Property, plan and equipment.

LIABILITIES/LEASE LIABILITIES

Lease liabilities	31 Dec 2024	31 Dec 2023
Lease liabilities 1 Jan	**4,717**	**5,050**
Increases	1,080	1,763
Decreases	-1,824	-1,665
Discontinued operations	-	-431
Lease liabilities 31 Dec	**3,973**	**4,717**

Lease liabilities are presented in other liabilities.

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Total cash outflow for leases	-1,890	-1,692

AMOUNTS RECOGNISED IN PROFIT OF LOSS

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Interest on lease liabilities	-49	-36

Interest is presented in Net interest Income.

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Depreciation		
Office buildings	-1,669	-1,513
Machinery and equipment	-133	-170
Total	**-1,802**	**-1,683**

Depreciation is presented in Depreciation and amortisation.

(EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Expenses relating to short-term leases	457	246
Expenses relating to leases of low-value assets	1,559	1,662
Total	**2,016**	**1,908**

Expenses are presented in other operating expenses.

NOTE 36 ENTITIES INCLUDED IN THE POP BANK GROUP'S FINANCIAL STATEMENTS

The structure of the POP Bank Group is described in Note 1 the POP Bank Group and the scope of the IF-RS Financial Statements.

TECHNICAL PARENT COMPANY

The table below presents the member banks comprising the technical parent company of the POP Bank Group and their balance sheet total (FAS).

		(EUR 1,000)	
Name of the bank	**Domicile**	**Balance sheet 31 Dec 2024**	**Balance sheet 31 Dec 2023**
Honkajoen Osuuspankki	Honkajoki	127,725	109,302
Isojoen Osuuspankki	Isojoki	114,343	102,780
Järvi-Suomen Osuuspankki	Siilinjärvi	687,619	651,121
Kannonkosken Osuuspankki	Kannonkoski	71,327	71,552
Hetki Osuuspankki*	Keuruu	258,686	234,721
Konneveden Osuuspankki	Konnevesi	276,444	248,620
Kosken Osuuspankki	Koski Tl	228,216	223,651
Kurikan Osuuspankki	Kurikka	542,165	488,645
Kyrön Seudun Osuuspankki	Pöytyä	171,006	148,209
Kyyjärven Osuuspankki	Kyyjärvi	122,216	111,360
Lakeuden Osuuspankki	Seinäjoki	873,410	770,762
Lammin Osuuspankki	Hämeenlinna	278,414	248,911
Lanneveden Osuuspankki	Saarijärvi	99,888	86,498
Lappajärven Osuuspankki	Lappajärvi	138,646	123,931
Lavian Osuuspankki	Pori	118,016	103,206
Nivalan Järvikylän Osuuspankki	Nivala	176,941	146,944
Pohjanmaan Osuuspankki	Kauhava	888,777	843,564
Suomen Osuuspankki	Kauhajoki	1,756,440	1,654,104

*Keuruun Osuuspankki changed its name to Hetki Osuuspankki in June 2024.

SUBSIDIARIES AND ASSOCIATES CONSOLIDATED IN THE POP BANK GROUP

		Group's holding	
	Domicile	**31 Dec 2024**	**31 Dec 2023**
POP Bank Centre coop (central institution of the Group)	Helsinki	100.0%	100.0%
Bonum Bank Plc (wholly-owned subsidiary of POP Bank Centre coop)	Espoo	100.0%	100.0%
POP Mortgage Bank Plc (wholly-owned subsidiary of POP Bank Centre coop)	Espoo	100.0%	100.0%
POP Holding Ltd	Helsinki	100.0%	100.0%
Finnish P&C Insurance Ltd	Espoo	30.0%	30.0%
Figure Taloushallinto Ltd	Espoo	25.0%	25.0%

*During the financial year 2023, the POP Bank Group relinquished control of Finnish P&C Insurance Ltd. The business transaction was completed on 25 May 2023, involving 70 percent of the company's share capital. Further information on the sale of the insurance business is provided in Note 5 Discontinued Operations. Finnish P&C Insurance Ltd has been consolidated as an associate company after the acquisition.

JOINT ARRANGEMENTS

The group's holdings of less than 100 percent in mutual real estate limited liability companies and housing limited liability companies are treated as joint operations in the POP Bank group's financial statements. Through the companies, both premises for own use and investment properties are managed.

JOINT ARRANGEMENTS CONSOLIDATED IN THE POP BANK GROUP (KEY REAL ESTATE COMPANIES)

	Group's holding	
	31 Dec 2024	**31 Dec 2023**
Asunto Oy Keuruun Tarhiansuu	36.9%	36.9%
Asunto Oy Tampereen Kauppakatu 14	23.9%	23.9%
Asunto Oy Tampereen Koskilehmus	21.9%	21.9%
Kiinteistö Oy Kosken Pankkitalo	57.0%	53.6%
Kiinteistö Oy Lehto-Center	34.2%	34.2%
Kiinteistö Oy Liedon Torinkulma	45.8%	48.2%
Kiinteistö Oy Riihikuiva	82.7%	82.7%
Kiinteistö Oy Siilinjärven Pankkikeskus	66.5%	66.5%

NOTE 37 RELATED PARTY DISCLOSURES

The related parties of POP Bank Group comprise the companies and associates consolidated in the financial statements, and members of the Board of Directors and Executive Group and members of their immediate families. In addition, related parties include companies in which key management personnel or their immediate family members have control. Intercompany transactions of the POP Bank Group have been eliminated and are not included in the figures below. The group structure is presented in more detail in Note 36.

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

Transactions with related parties are presented below. In the reporting period 2024, the POP Banks have granted housing and consumption loans to related parties at ordinary terms. These loans are tied to generally applied reference rates.

RELATED-PARTY TRANSACTIONS

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

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

COMPENSATION TO KEY PERSONS IN MANAGEMENT

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

NOTE 38 EVENTS AFTER THE CLOSING DATE

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

SIGNATURES

We have adopted the Report of Board of Directors and the Consolidated Financial Statements of the POP Bank Group, referred to in the Act on the Amalgamation of Deposit Banks, for the financial year ended 31 December 2024. The Board of Directors' Report and the Financial Statements will be presented to the general meeting of POP Bank Centre coop on 4 April 2025.

The financial statements prepared in compliance with the applicable financial statement framework give a true and fair view of the assets, liabilities, financial position and profit or loss of the group of companies included in POP Bank Group's consolidated financial statements.

The Board of Directors' report contains an account giving a true view of the business development and performance of the companies included in POP Bank Group's consolidated financial statements, as well as a description of the most significant risks, uncertainties and other relevant aspects of the Group's status.

The sustainability report included in the Board of Directors' report has been prepared in compliance with the reporting standards referred to in Chapter 7 of the Accounting Act and Article 8 of the Taxonomy Regulation.

Espoo, 14 February 2025
Board of Directors of POP Bank Centre coop

Timo Kalliomäki
Chairman

Mikko Seppänen
Vice chairman

Jatta Heikkilä
Member of the Board

Ilkka Lähteenmäki
Member of the Board

Marja Pajulahti
Member of the Board

Matti Vainionpää
Member of the Board

AUDITOR'S NOTE

A report on the audit performed has been issued today.
Helsinki, 14 February 2025

KPMG Oy Ab

Tiia Kataja
Authorised Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

AUDITOR'S REPORT

To the members of POP Bank Centre coop

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of amalgamation POP Bank Group pursuant to the Act on the Amalgamation of Deposit Banks for the year ended 31 December 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of other comprehensive income, statement of changes in equity capital, cash flow statement and notes.

In our opinion the consolidated financial statements give a true and fair view of POP Bank Group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with the additional report submitted to the Board of Directors of POP Bank Centre coop.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of member institutions within POP Bank Group in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to member institutions within POP Bank Group are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 11 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Loans and advances to customers – measurement (accounting policies and notes 4, 15, 16, 17 and 19 to financial statements)	
• Advances to customers, totaling EUR 4.7 billion, are the most significant item on the POP Bank Group's consolidated balance sheet representing 76 percent of the total assets. • The calculation of expected credit losses (ECL) in accordance with IFRS 9 *Financial Instruments* is based on impairment models and expert estimates and involves assumptions, estimates and management judgement in determining, particularly, the probability of expected credit losses, measurement of collaterals and significant increases in credit risk. • The components of the ECL calculation are updated and refined in the light of actual credit risk developments, the evolution of the calculation process, and regulatory changes and requirements. • Due to the significance of the carrying amount of advances to customers, the complexity of the measurement methods applied and management judgement involved, the measurement of advances to customers is addressed as a key audit matter.	• We evaluated the appropriateness of the recognition and measurement principles for advances to customers, as well as tested controls over recognition and monitoring of impairment losses and measurement of advances to customers. • We assessed the impairment models, the underlying key assumptions, as well as tested controls over the ECL calculation process and credit risk models. We involved our own IFRS and financial instruments specialists. • We also requested other auditors of POP Bank Group institutions to issue an opinion that the institutions within POP Bank Group have complied with the instructions provided by POP Bank Centre coop in respect of measurement of advances to customers and determination of expected credit losses under IFRS 9. • Furthermore, we considered the appropriateness of the notes provided in respect of advances to customers and expected credit losses.
Investment assets (accounting policies and notes 4, 6, 8, 15, 16, 17, 20, 27 and 31 to financial statements)	
• The carrying amount of investment assets totals EUR 0.7 billion mainly consisting of investments measured at fair value. • The derivative assets amount to EUR 29 million and derivative liabilities EUR 3 million comprising contracts held for hedging purposes. Derivatives are measured at fair value in financial statements. • The fair value of financial instruments is determined using either prices quoted in an active market or POP Bank Group's own valuation techniques where no active market exists. Determining fair values involves management judgements, especially in respect of those instruments for which market-based data is not available. • In case of illiquid instruments, management judgement is involved in the measurement of investment assets, and the measurement of these items is addressed as a key audit matter.	• We evaluated the appropriateness of the accounting principles applied and the valuation techniques used by POP Bank Group. • Our audit work included testing controls over the process of measuring financial assets at fair value, among others. • As part of our year-end audit procedures we compared the fair values used in measurement of investment assets to external price references. We involved our own financial instruments specialists. • IFRS and financial instrument specialists were involved in the audit. • Furthermore, we considered the appropriateness of the notes on investment assets.

Control environment relating to financial reporting process and IT systems	
• In respect of the accuracy of the financial statements of POP Bank Group, the key reporting processes are dependent on technology. Therefore, information technology plays an essential role for business continuity, incident management and the accuracy of financial reporting. • The main risks relate to the integrity and confidentiality of information and the continuity of services. • Consequently, the IT environment related to the financial reporting process and the application controls of individual IT systems have a significant effect on the selected audit approach.	• We obtained an understanding of the financial reporting information systems and the associated control environment and tested the effectiveness of the related internal controls by using assurance reports from external service organisations, among others. • As part of our audit, we also performed substantive procedures and data analyses relating to various aspects in financial reporting process.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU in a manner explained in more detail in the notes to the financial statements and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing POP Bank Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate POP Bank Group, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of POP Bank Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on POP Bank Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause POP Bank Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the POP Bank Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the POP Bank Group as a basis for forming an opinion on the POP Bank Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the POP Bank Group audit. We remain solely responsible for our audit opinion.

- Audit of the consolidated financial statements of amalgamation POP Bank Group is based on the financial statements of POP Bank Centre coop and member institutions, as well as the auditors' reports submitted for the audit of POP Bank Group's consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Cooperative Meeting of POP Bank Centre coop in 2012 and our appointment represents a total period of uninterrupted engagement of 13 years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 14 February 2025

KPMG OY AB

Tiia Kataja
Authorised Public Accountant, KHT

This document is an English translation of the Finnish Assurance Report on the Sustainability Report. Only the Finnish version of the report is legally binding.

ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

To the members of POP Bank Centre coop

We have performed a limited assurance engagement on the POP Bank Group sustainability report of POP Bank Centre coop (business identity code 1090961-3) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1 January –31 December 2024 for the consolidated financial statements of the POP Bank Group as referred to in the Act on the Amalgamation of Deposit Banks.

OPINION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the POP Bank Group sustainability report does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);

2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which POP Bank Group has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the POP Bank Group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

BASIS FOR OPINION

We performed the assurance of the POP Bank Group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Authorized Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

We draw attention to the fact that the POP Bank Group sustainability report of POP Bank Group that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the POP Bank Group sustainability report. Our opinion is not modified in respect of this matter.

AUTHORIZED POP BANK GROUP SUSTAINABILITY AUDITOR'S INDEPENDENCE AND QUALITY MANAGEMENT

We are independent of the member institutions within POP Bank Group in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized POP Bank Group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director of POP Bank Centre coop are responsible for:

- the POP Bank Group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the POP Bank Group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a POP Bank Group sustainability report that is free from material misstatement, whether due to fraud or error.

INHERENT LIMITATIONS IN THE PREPARATION OF A SUSTAINABILITY REPORT

Preparation of the sustainability report requires Company to make materiality assessment to identify relevant matters to report. This includes significant management judgement and choices. It is also characteristic to the sustainability reporting that reporting of this kind of information includes estimates and assumptions as well as measurement and estimation uncertainty. Furthermore, when reporting forward looking information company has to disclose assumptions related to potential future events and describe Company´s possible future actions in relation to these events. Actual outcome may differ as forecasted events do not always occur as expected.

RESPONSIBILITIES OF THE AUTHORIZED POP BANK GROUP SUSTAINABILITY AUDITOR

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the POP Bank Group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the POP Bank Group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional scepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the POP Bank Group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the POP Bank Centre coop or the POP Bank Group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

DESCRIPTION OF THE PROCEDURES THAT HAVE BEEN PERFORMED

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We interviewed POP Pankkikeskus management and persons responsible for the preparation and gathering of the sustainability information.
- We familiarized with interviews to the key processes related to collecting and consolidating the sustainability information.
- We got acquainted with the relevant guidelines and policies related to the sustainability information disclosed in the sustainability report.
- We acquainted ourselves to the background documentation and other records prepared by the Company, as appropriate and assessed how they support the information included in the sustainability report.
- In relation to the double materiality assessment process, we interviewed persons responsible for the process and familiarized ourselves with the process description prepared of the double materiality assessment and other documentation and background materials.
- In relation to the EU taxonomy information, we interviewed the management of the company and persons with key roles in reporting taxonomy information to understand/examine how taxonomy eligible and taxonomy aligned activities have been identified], we obtained evidence supporting the interviews and reconciled the reported EU taxonomy information to supporting documents and to the bookkeeping, as applicable.
- We assessed the application of the ESRS sustainability reporting standards reporting principles in the presentation of the sustainability information..

Helsinki, 14 February 2025

KPMG OY AB

Authorized Sustainability Audit Firm

Tiia Kataja
Authorized Sustainability Auditor, KRT

POP Bank