

POP Bank Group's Investor Presentation

April 2025

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Key highlights

The POP Bank Group profit exceeded the previous year's record result, and the Group's capital position remains high.

BBB rated with positive outlook by S&P Global Ratings; Covered bond rating AAA

Highest customer satisfaction among private and corporate customers in Finland (EPSI Rating 2024)

The POP Bank Group's system reform project, started in 2022, is progressing towards its planned implementation.

The Group launched new private customer programme in the beginning of 2025 with new centralised benefits.

Solid business model: the POP Banks offer retail banking services for private customers as well as small and medium-sized companies. The POP Banks are cooperative banks owned by their member customers. Main funding through retail deposits, wholesale funding through covered and senior bonds (no AT1). Low risk and diversified loan portfolio; 90% of loan portfolio with residential or other real estate collateral.

Operating income

240.9

(224.5)*

EUR million

Profit before tax

89.8

(89.3)*

EUR million

Net interest income

187.9

(178.1)

EUR million

CET 1 capital ratio

22.0%

(20.3%)

Loan portfolio

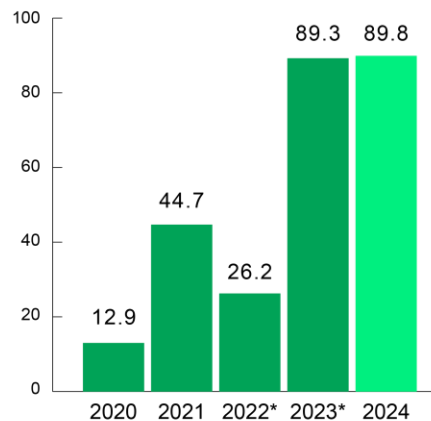
4.7

(4.6)

EUR billion

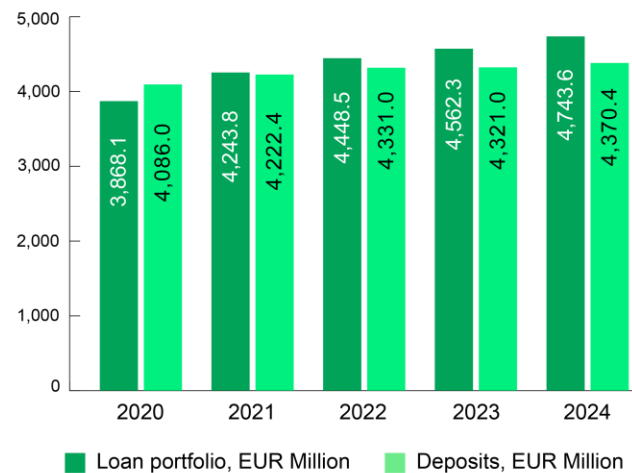
*Continuing operations 2023

Profit before tax, EUR Million

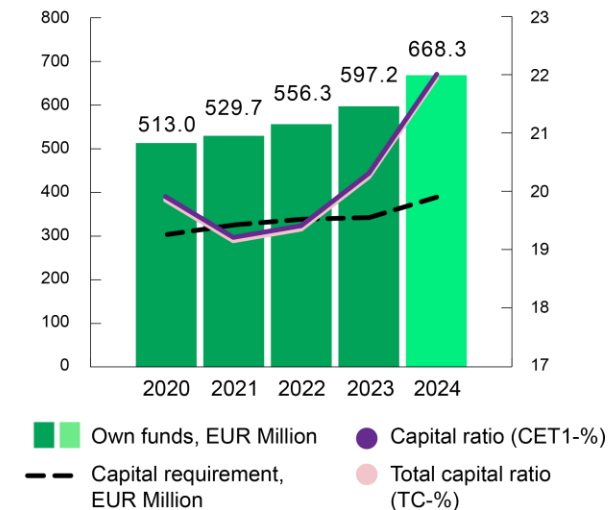


*Continuing operations

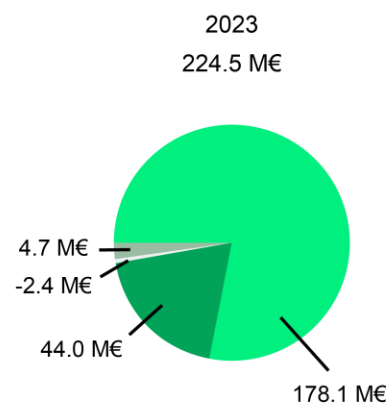
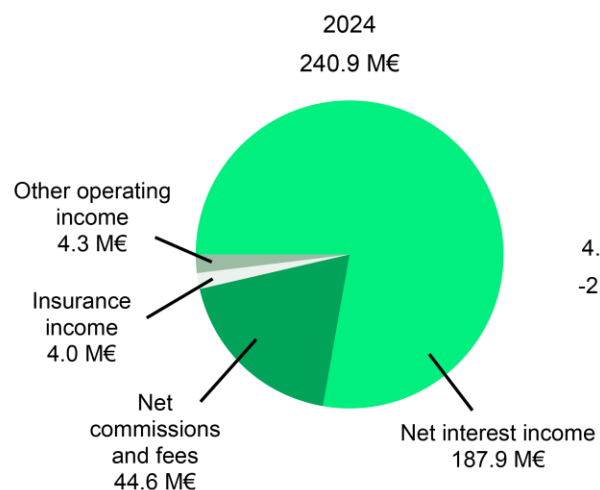
Loan portfolio and deposits, EUR Million



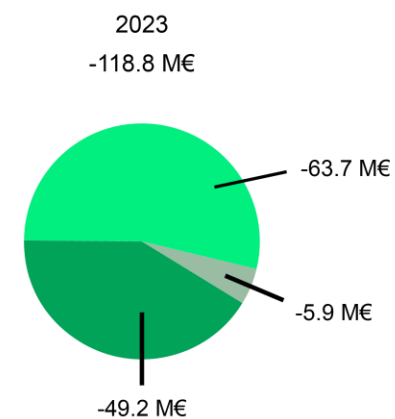
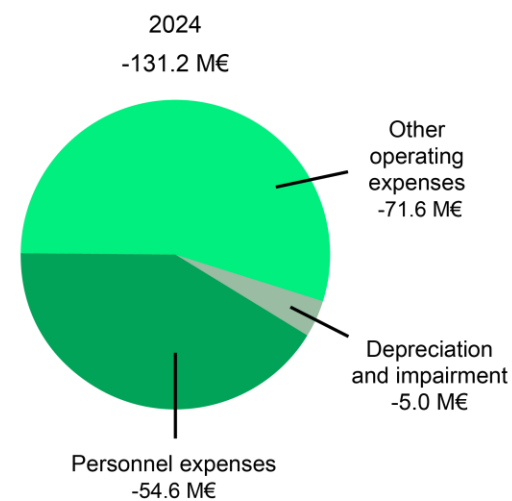
Capital Adequacy



Operating income, EUR Million



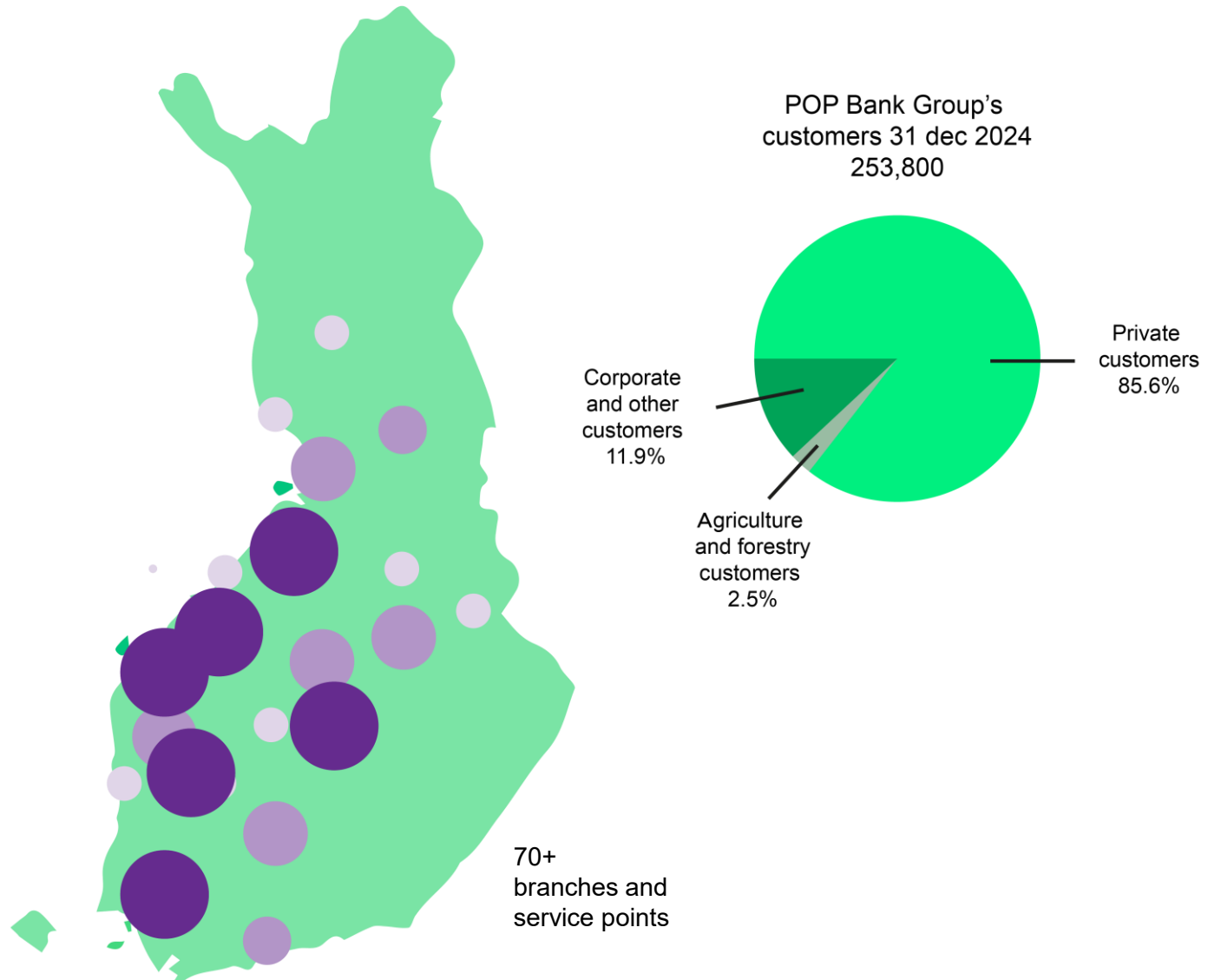
Operating expenses, EUR Million



The POP Bank Group

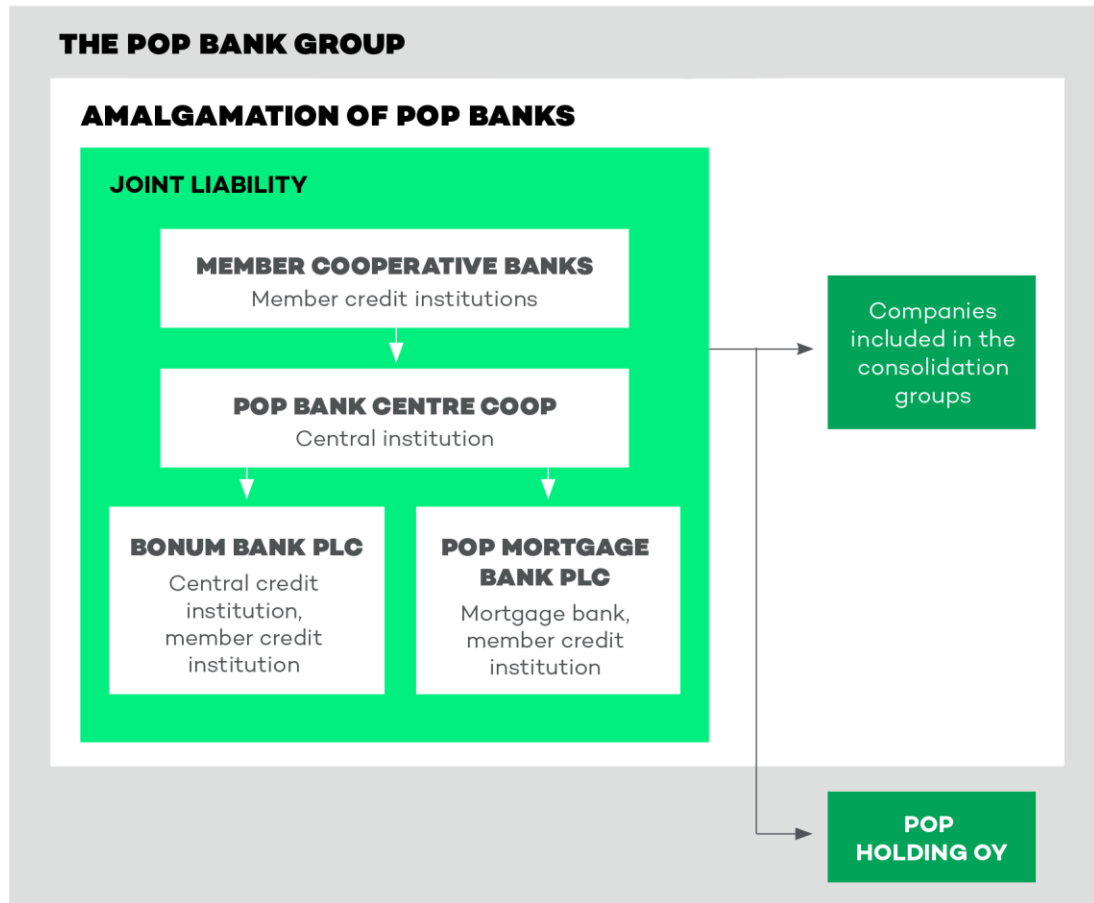
Overview

- The POP Bank Group is a financial group comprising 18 POP Banks, Bonum Bank, POP Mortgage Bank and POP Bank Centre coop and their subsidiaries and jointly controlled entities that operates in Finland. The POP Banks are cooperative banks owned by their member customers.
- The POP Banks offer retail banking services for private customers as well as small and medium-sized companies.
- The Group was established in 1997, many of its member banks have been operating over 100 years.
- The POP Banks' network is in the demographically vital regions around growth centres of Western, Central and Southwestern Finland.
- The POP Bank has the most satisfied private and corporate customers in Finland according to the EPSI Rating.



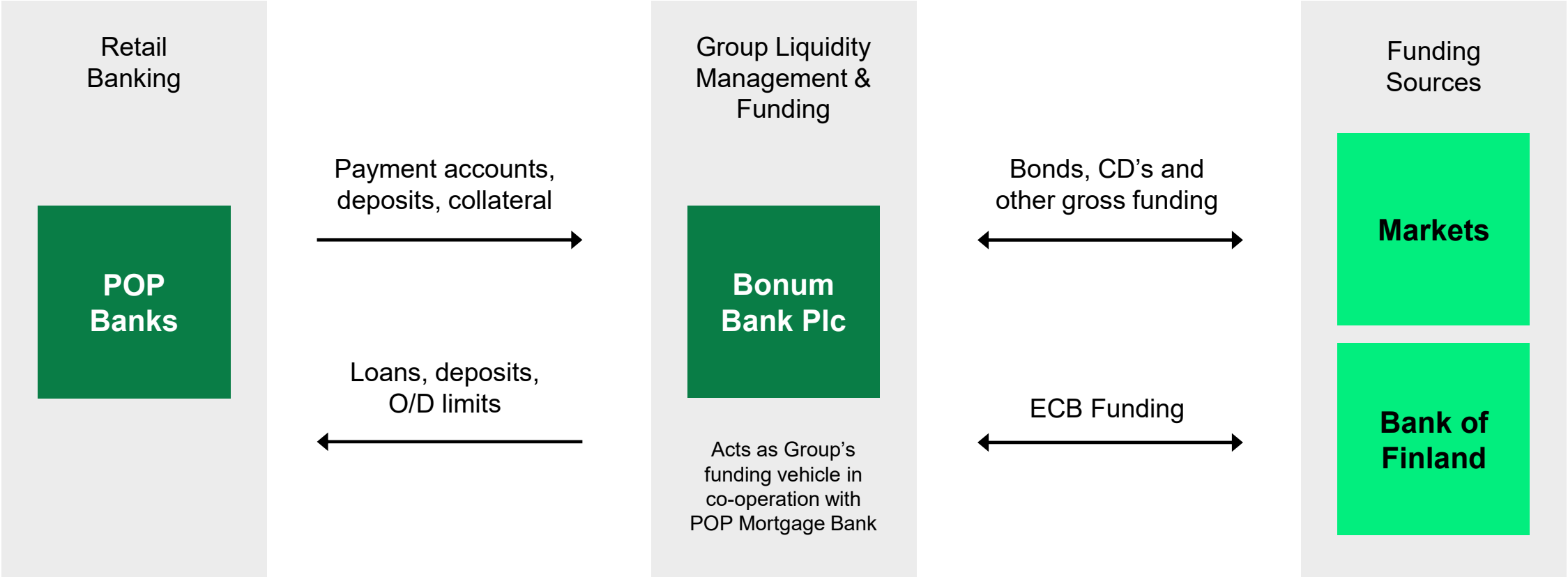
The Group structure

POP BANK GROUP STRUCTURE



- The POP Bank Group consists of the POP Banks, the POP Bank Centre coop and their controlled entities.
- The POP Banks, the Bonum Bank Plc and the POP Mortgage Bank Plc are member credit institutions of the POP Bank Centre coop.
- The POP Banks, the POP Bank Centre coop and their controlled service companies constitute the amalgamation of POP Banks. The POP Bank Centre coop is the central institution of the amalgamation of POP Banks and is responsible for steering and supervising the POP Bank Group.
- The Bonum Bank Plc serves as the central credit institution of the POP Banks and acquires external funding for the Group by issuing unsecured bonds. The 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.
- The POP Mortgage Bank Plc is responsible for the Group's mortgage-backed funding, which it acquires by issuing covered bonds.
- The POP Bank Group also includes the POP Holding Ltd owned by POP Banks and POP Bank Centre coop. POP Holding Ltd owns 30 per cent from the Finnish P&C Insurance Ltd that belongs to the LocalTapiola Group and uses the auxiliary business name of POP Insurance.

Bonum Bank Plc – POP Bank Group’s internal bank



Strategy and focus areas

POP Bank Group's mission, values and strategy

The Mission

Our mission is to promote customers' financial wellbeing and prosperity as well as local success.

The Vision

Our vision is to be a bank that combines personal and digital services, that achieves the highest level of customer satisfaction and efficient decision-making, and that maintains capital adequacy and outperforms the market in profitable growth.

The Strategy

The POP Bank Group's strategy focuses on investments in the management of personal and fully digital customer service situations as well as on strengthening lending to companies and shifting the focus of operations to growth areas.

Long-term strategic goals

	Target	Y2024	Y2023
Cost-to-income ratio	<60%	54.5%	52.9%
CET 1 ratio	17.5%	22 %	20.3%
ROA%	1 %	1.2%	1.2%

The POP Bank Group re-evaluated its values while preparing its new strategy process in 2024-2025. Our values are

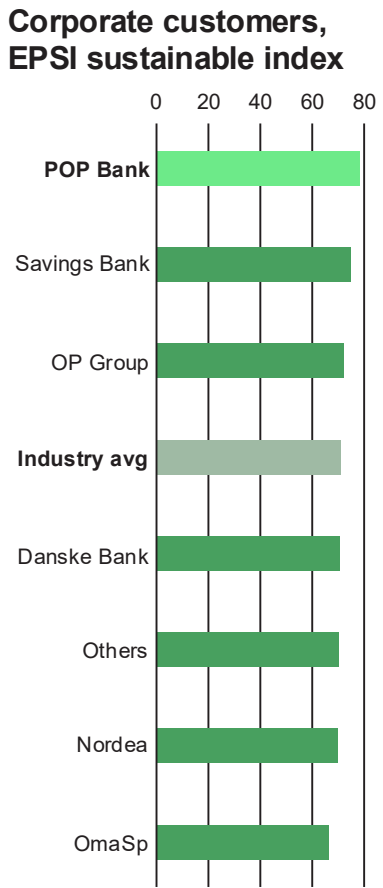
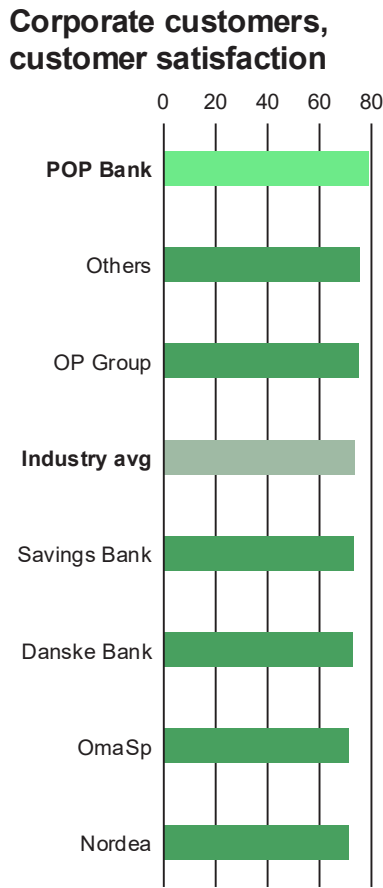
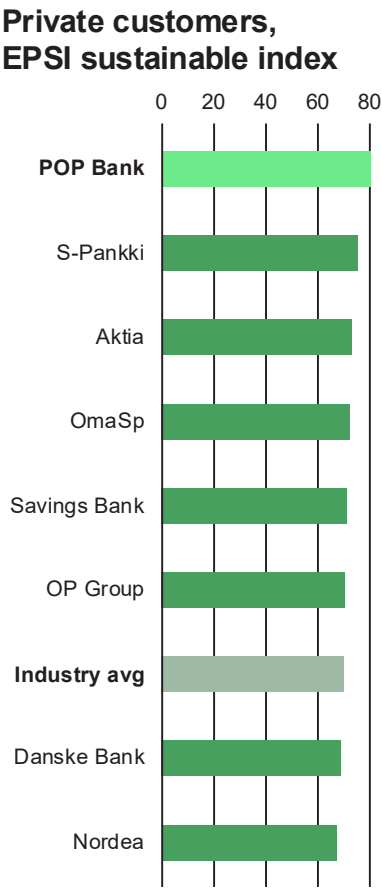
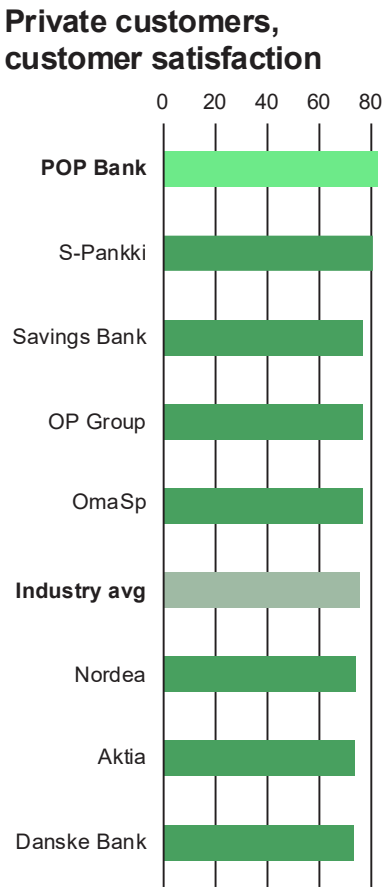
- Focus on the future
- Get it right the first time
- Together we achieve more
- Profitably responsible.

Customer satisfaction & EPSI Sustainable Index

The POP Bank has won the EPSI Rating's B-to-C comparison every year since 2011, except for one. This year's result is especially due to customers' high ratings of feeling valued and receiving help when needed.

To the EPSI Rating's B-to-B comparison, POP Bank has participated since 2021. The POP Bank stands out the most from the industry average in terms of image and expectations.

EPSI Rating Sustainability Index is based on customers' assessments of their bank and how socially, environmentally and financially responsible they consider their bank is.



Sustainable banking reflecting POP Bank's co-operative heritage

POP Banks are cooperative banks owned by their member customers. The POP Banks 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. Many of the member banks within the POP Bank Group have been operating for over 100 years.

The POP Bank Group has been reporting in accordance with the GRI Standards from 2020 to 2023. The Group's sustainability report, aligned with the EU Corporate Sustainability Reporting Directive (CSRD), is published as part of its Board of Directors' Report 2024.

In 2024, the Group prepared and approved responsibility targets for 2025–2027. Additionally, updates were made to the main themes of the Group's sustainability programme. Among other things, during 2024, the Group detailed its HR policy and Code of Conduct, trained personnel, and calculated the carbon footprint of its business operations.

According to the Group's ESG vision, the POP Bank is trusted partner for its customers, members and local communities to create sustainable wellbeing.

The themes of the POP Bank Group's sustainability programme are:

- Promoting mitigating climate change
- Supporting local success, vitality and wellbeing
- Transparent business operations
- Promoting equality of employees and wellbeing at work
- Preventing a grey economy, corruption and money laundering
- Continuous improvement of information security and promoting secure banking

Bonum Bank / POP Bank Group rating – ‘BBB/A2’ with positive outlook

Finnish banks (anchor rating)	A-
Capital & Earnings (very strong) Very strong capitalization serves as a cushion to absorb unexpected losses	+2
Liquidity & Funding A granular deposit base and adequate liquidity buffers	0
Risk position (moderate) High concentration on sparsely populated areas is partially mitigated by a well-collateralised loan book	-1
Business position (constrained) Sound local retail franchise with improved profitability	-2
Additional: Comparable ratings analysis	-1
POP Bank Group credit rating	BBB (Positive outlook)

Major rating factors (from S&P)

Key strengths

- Very strong capital position underpinned by improved earnings and high earnings retention.
- Deposit-funded regional franchise based on a cooperative business model.
- Focus on low-risk collateralised lending to households and small and midsize enterprises (SMEs).

Key risks

- Concentrated business operations and sensitivity to the domestic real estate market.
- High development spending burdens the cost base.
- Somewhat weaker asset quality than that of peers.

Positive outlook

The outlook remains positive and reflects our expectation that POP Bank Group will maintain sound earnings generation even as interest rates decline. This provides improved resilience to absorb a marked uptick in credit or other unexpected costs and supports its investment capacity and growth ambitions.

Resolution Counterparty Rating
BBB+/A-2

Source: S&P Global Ratings Reports, latest published in December 2024

Operations and key figures

POP Bank Group key figures and ratios

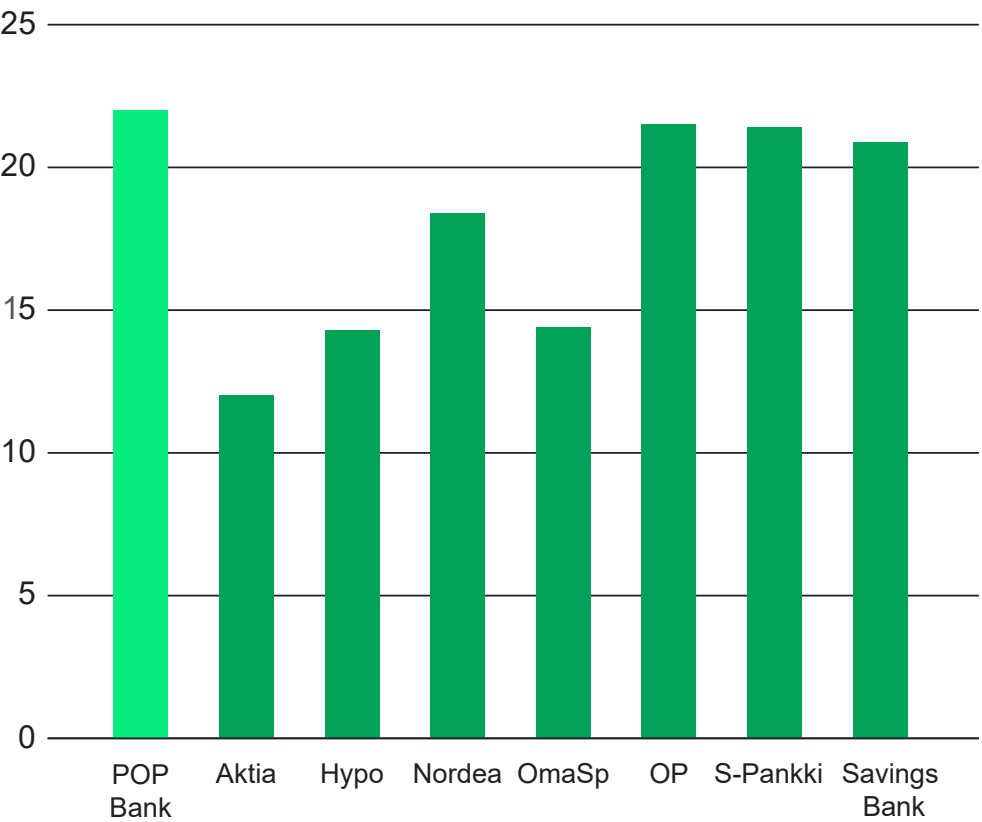
Key income figures (EUR 1,000)	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023*	1 Jan - 31 Dec 2022*	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Net interest income	187,933	178,495	93,326	78,338	74,099
Net commissions and fees	44,630	44,016	42,098	36,326	31,049
Insurance income	-	-	-	13,192	11,611
Net investment 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 Profit before tax 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

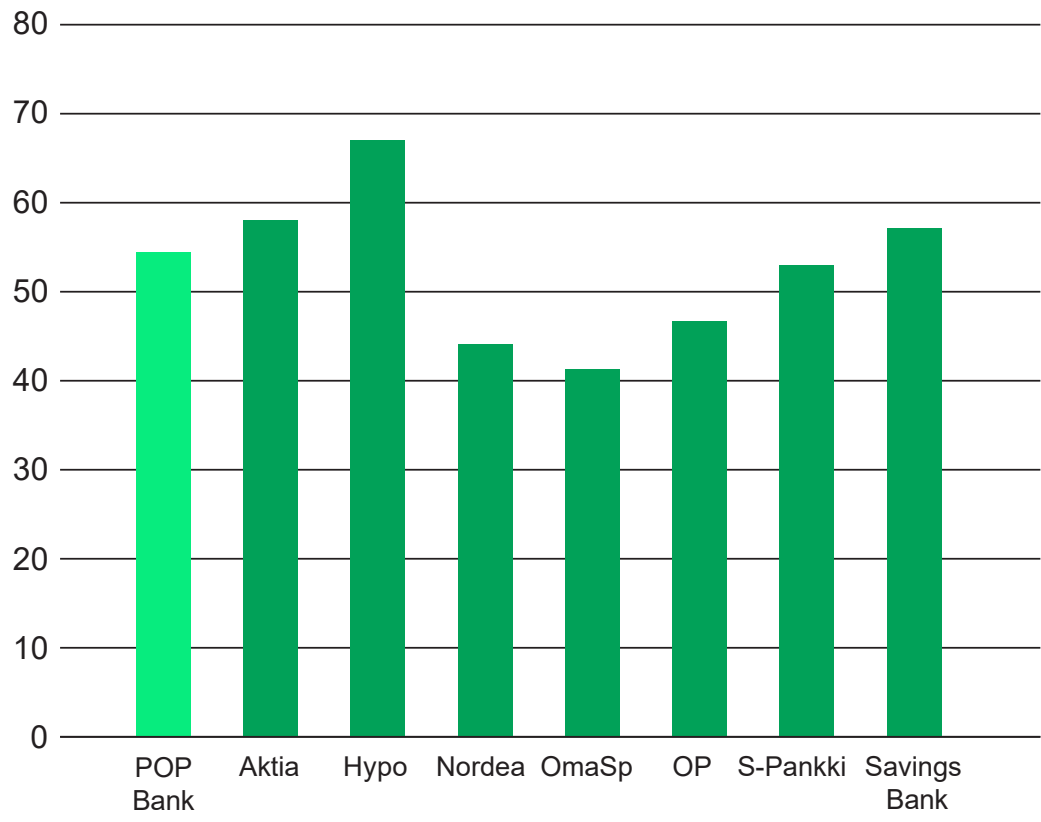
Key ratios	31 Dec 2024	31 Dec 2023*	31 Dec 2022*	31 Dec 2021	31 Dec 2020
Cost to income ratio	54.50%	52.90%	76.10%	68.80%	83.60%
Return on assets, ROA %	1.20%	1.20%	0.40%	0.70%	0.20%
Return on equity, ROE %	10.00%	11.40%	3.70%	6.90%	2.20%
Equity ratio, %	12.10%	11.30%	9.80%	10.30%	10.10%
Common equity Tier 1 capital ratio, (CET1) %	22.00%	20.30%	19.40%	19.20%	19.90%
Capital adequacy ratio, (TC) %	22.00%	20.30%	19.40%	19.20%	19.90%

Strong capital position and improving efficiency

CET1 %



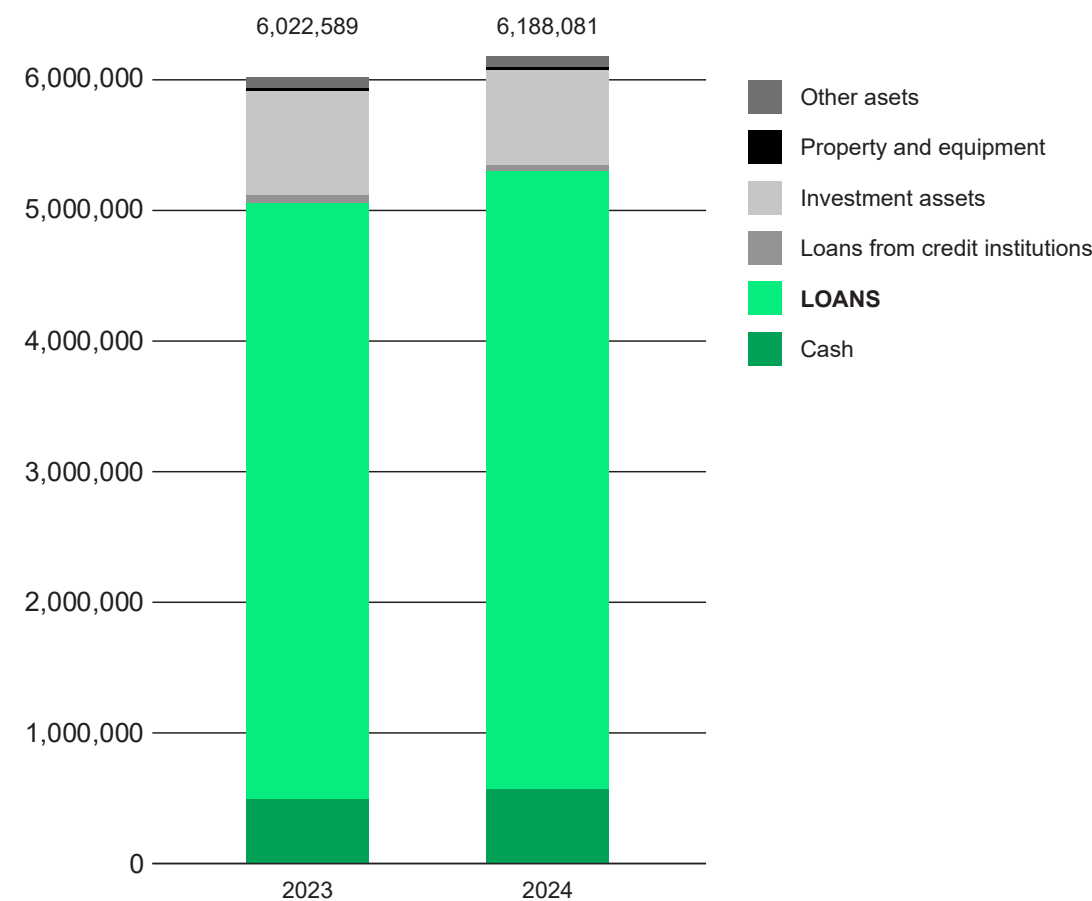
Cost to income ratio %



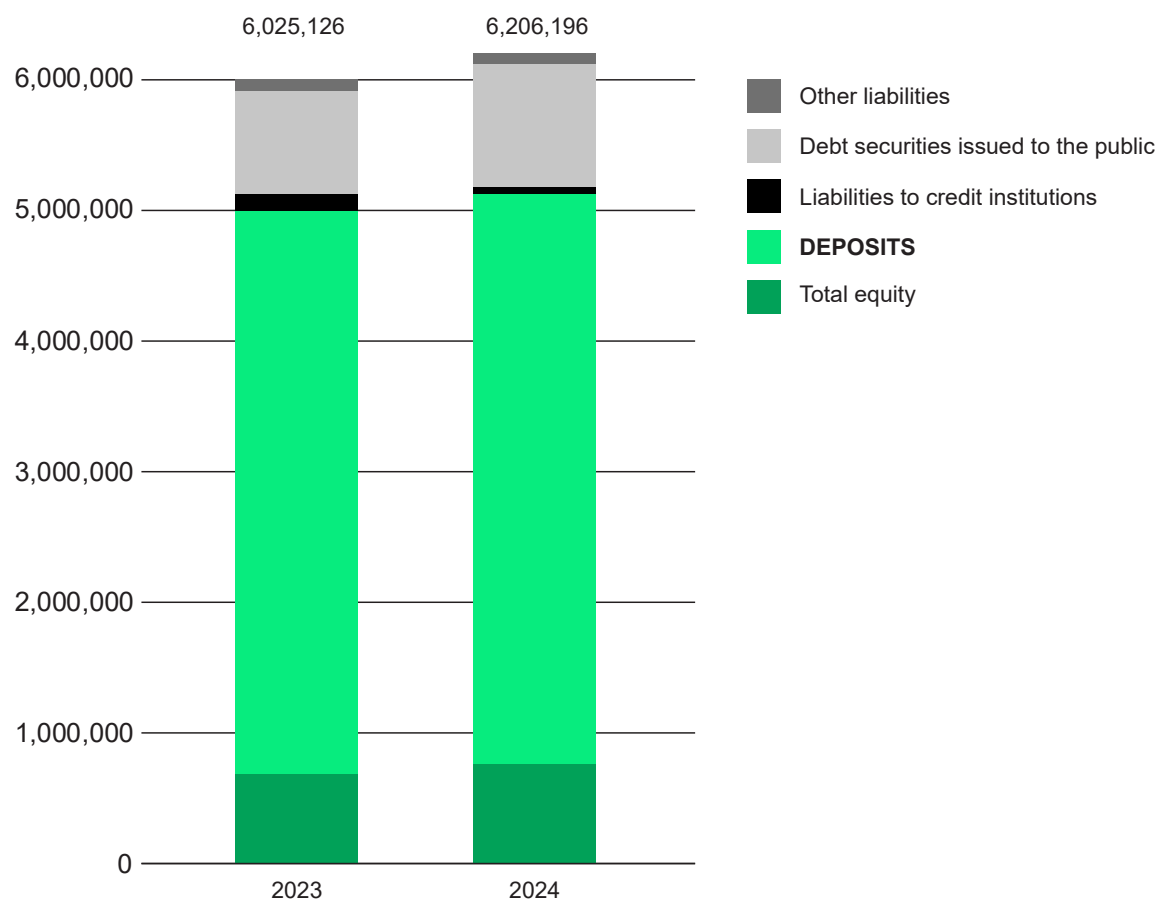
Year 2024 figures based on companies' financial statements

Group balance

Total assets

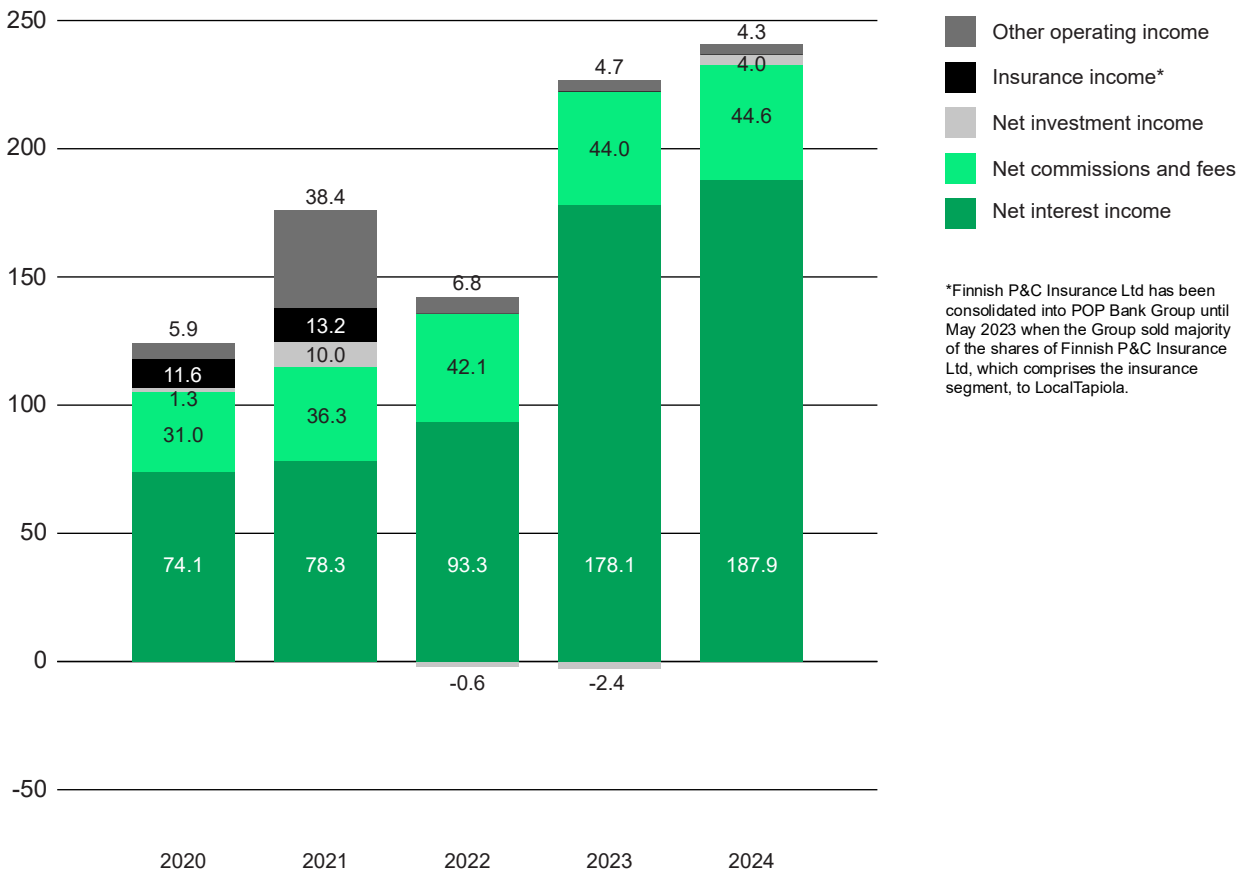


Total liabilities and equity

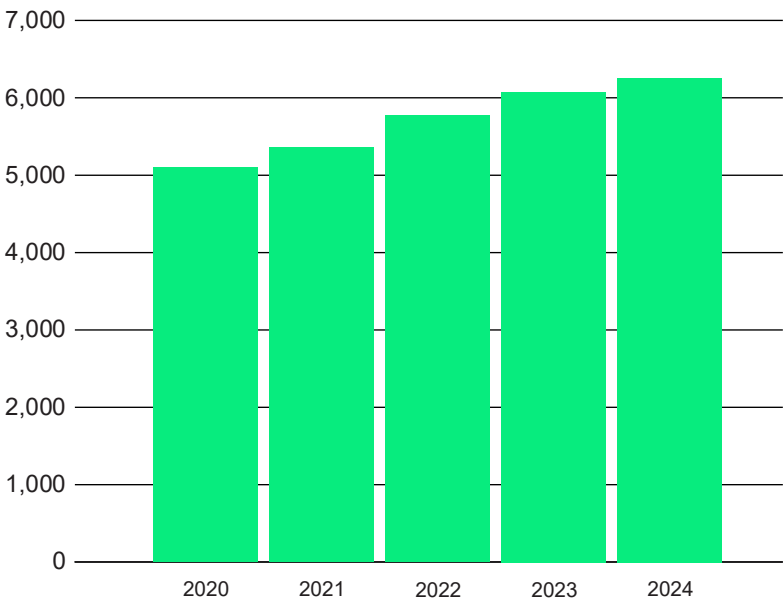


Stable growth and increased net interest income

Operating income EUR Million

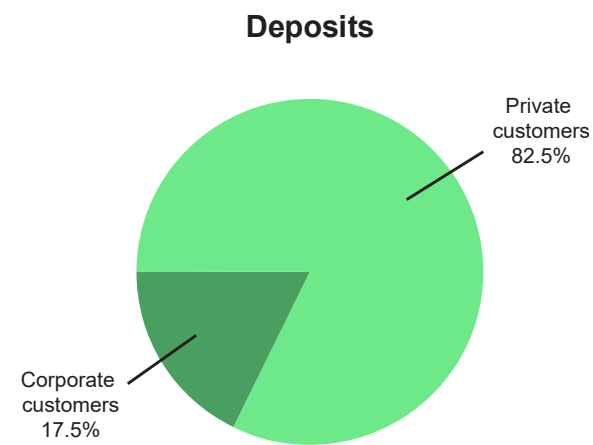
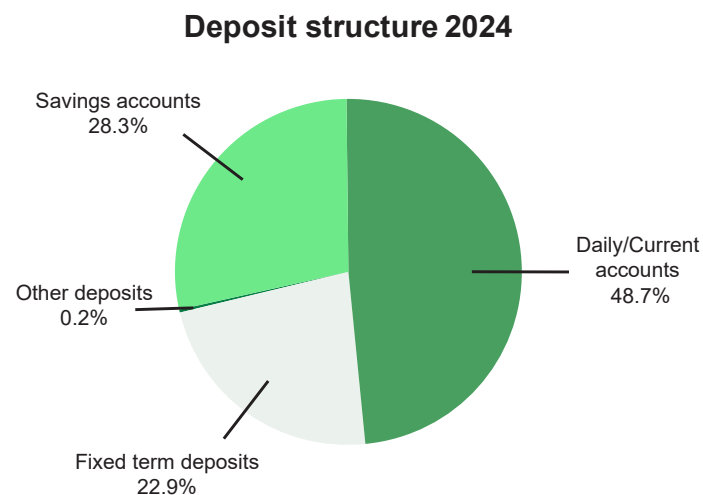
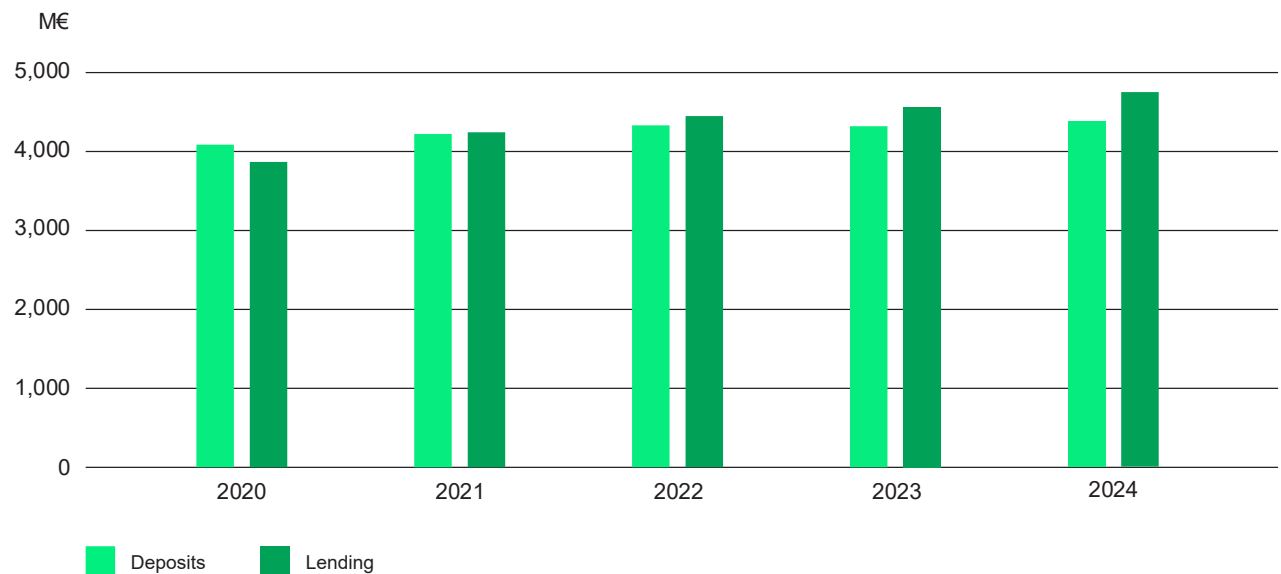


Total assets



Deposit base

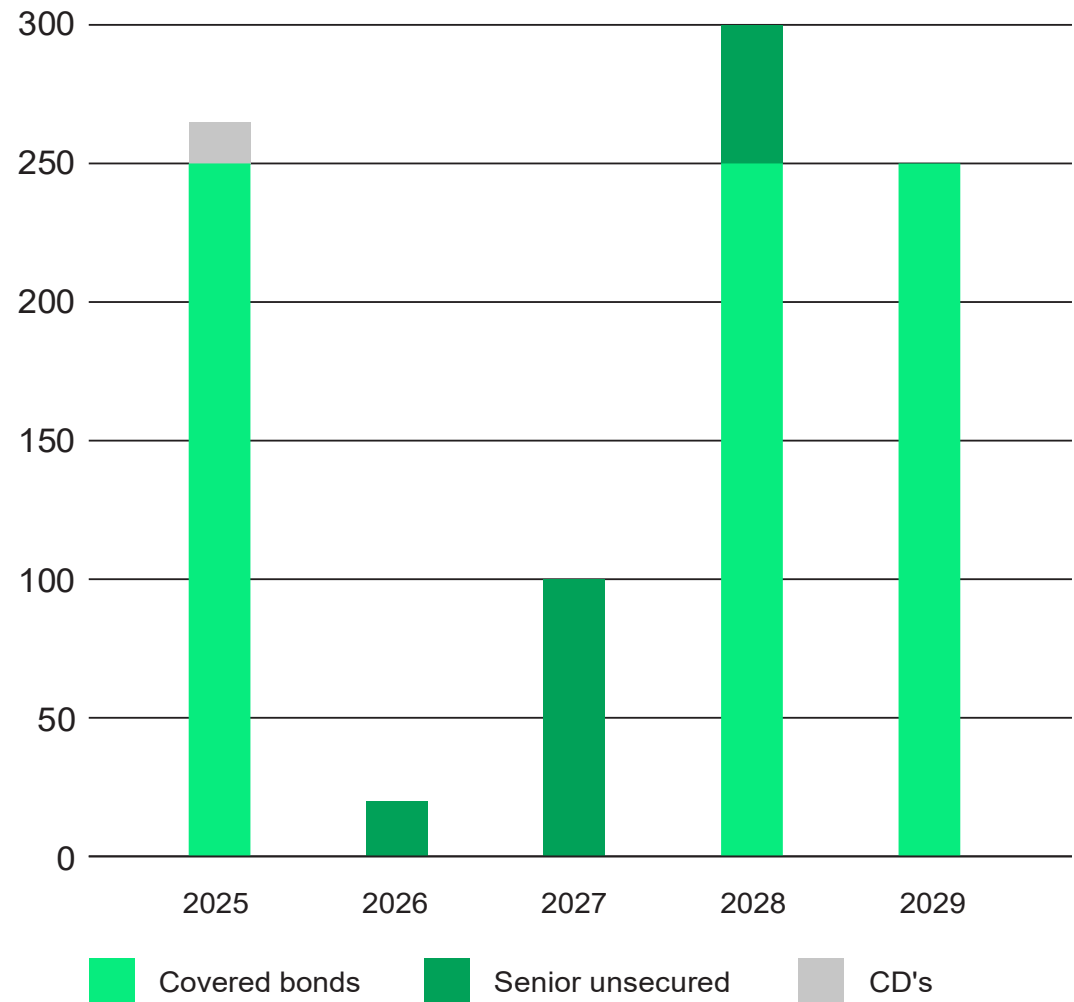
- Deposit base is stable and granular.
- All in all, deposits developed positively in 2024. The increase was 1.1 per cent year-on-year.
- The rise in market interest rates has increased demand for fixed-term deposits, and their share of the loan portfolio increased to 22.2 (19.0) per cent during the financial year.



Funding

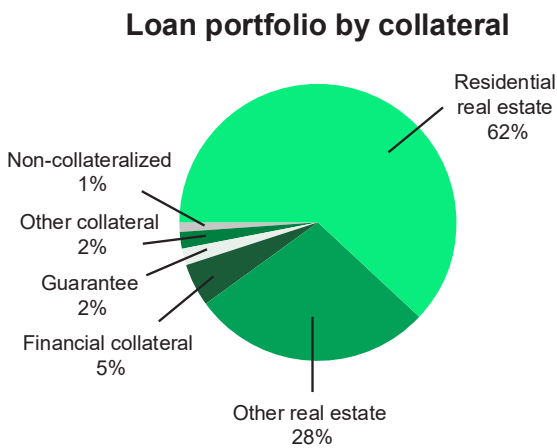
- Bonum Bank and POP Mortgage Bank are responsible for acquiring external funding for the amalgamation.
- Customers' deposits will be still POP Bank Group's main source of funding in the future.
- The MREL requirements have been covered with own funds and unsecured senior bonds.

Maturity of long term funding

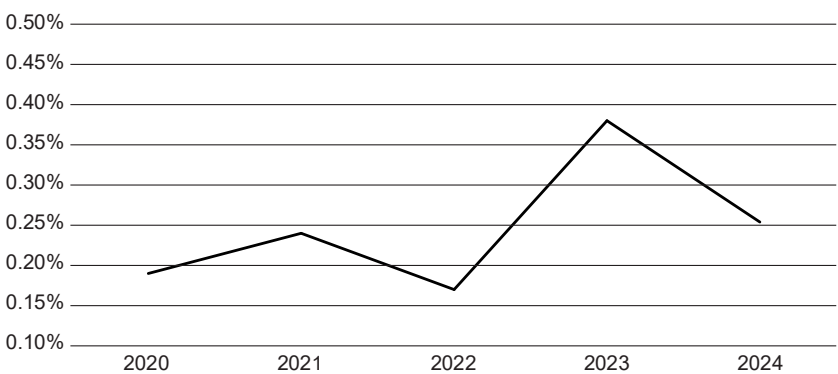


Low risk and diversified loan portfolio

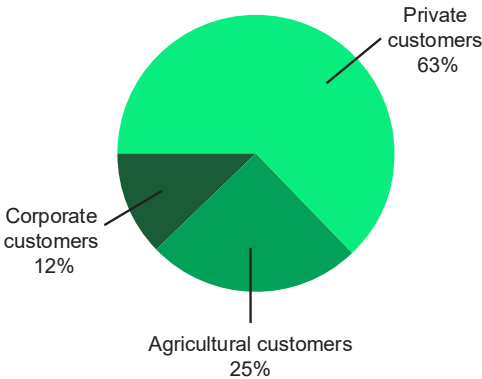
- The amalgamation’s loan portfolio grew by 4.0 per cent amounting EUR 4,743.6 million at the end of 2024.
- Industry and customer risks are diversified. Majority of the lending is associated with low-risk lending to private customers with real estate collaterals.
- Individual housing loans are moderate; POP Bank’s average EUR 76,400 in 2024.



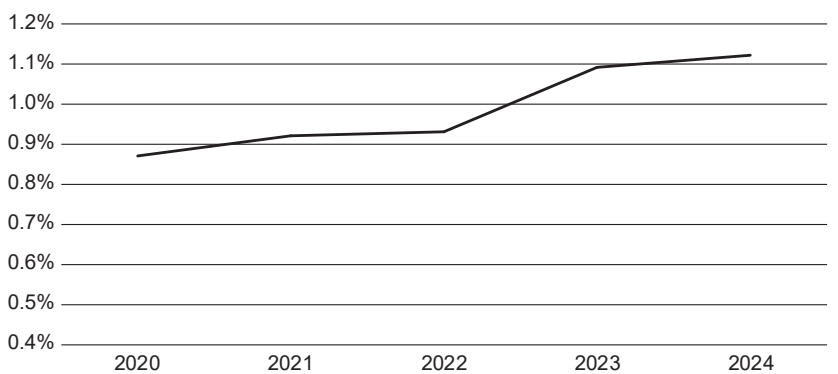
Annual impairment losses (%)



Loan portfolio by customer group 2024



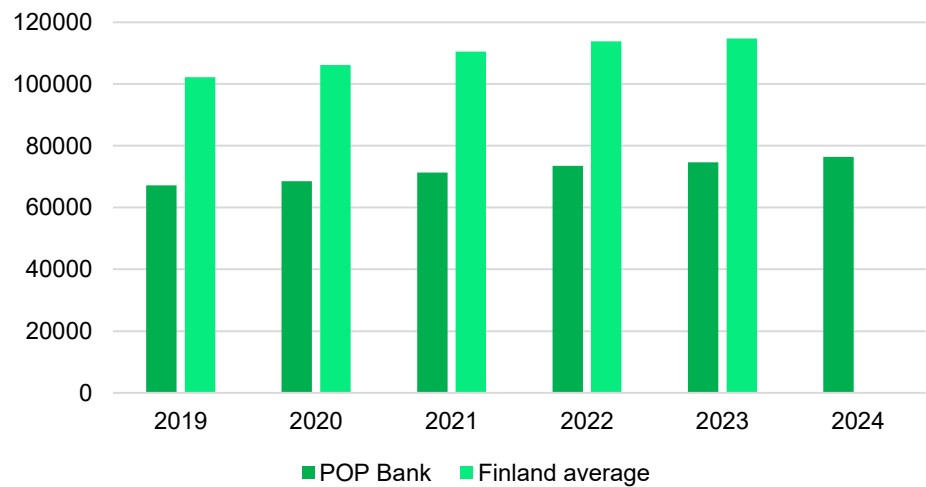
Loans over 90 days past due (%)



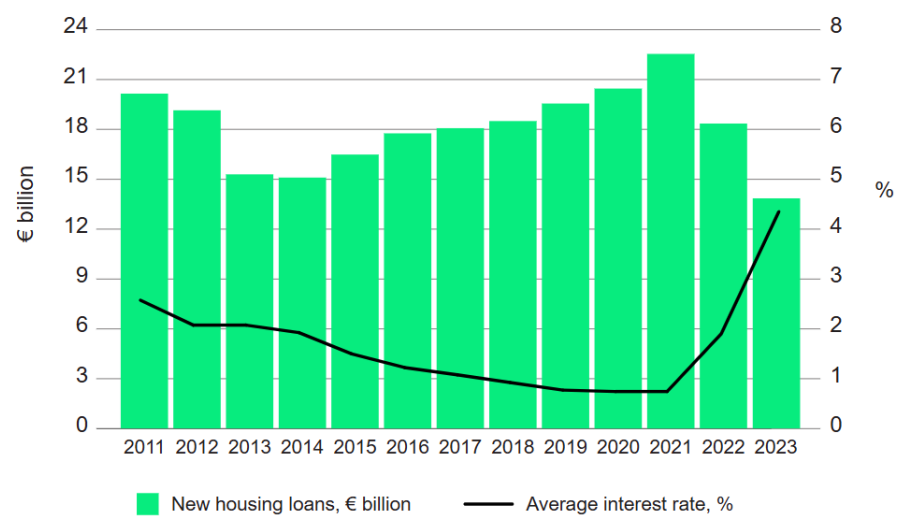
Housing portfolio

- The POP Bank Group's mortgage loan portfolio increased by 3.8 per cent to EUR 2,446.0 million at the end December 2024.
- The housing market picked up towards the end of the year, and the demand for loans developed favourably, especially in growth centres.
- The majority of the mortgage loan portfolio is tied to the 12-month Euribor.

Average housing loan size



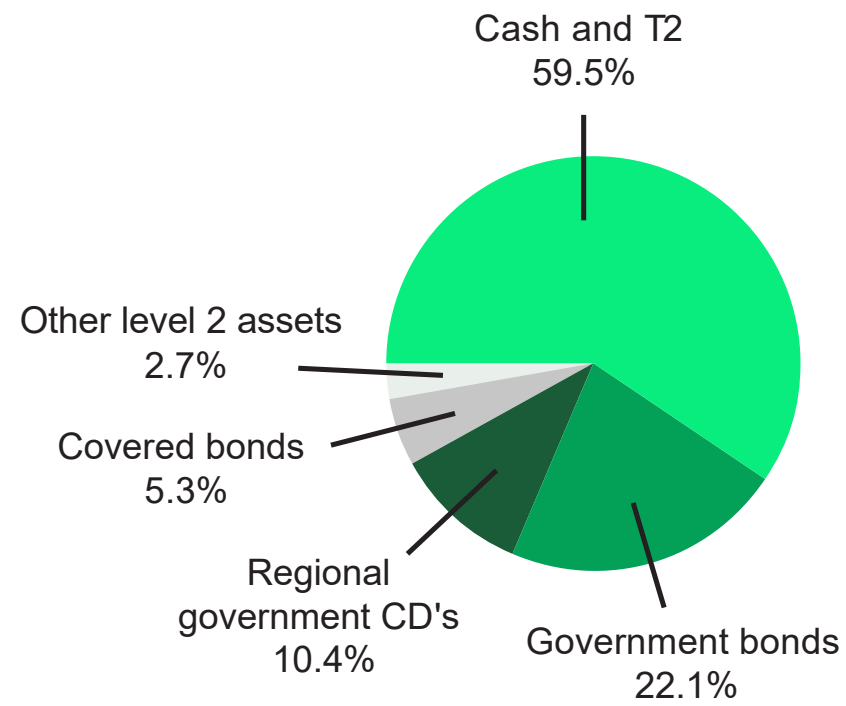
New housing loans withdrawn from Finnish financial institutions



Solid liquidity position

The POP Bank Group’s liquidity position remained strong. The Group’s LCR was 315.1 per cent on 31 December 2024, with the requirement being 100 per cent.

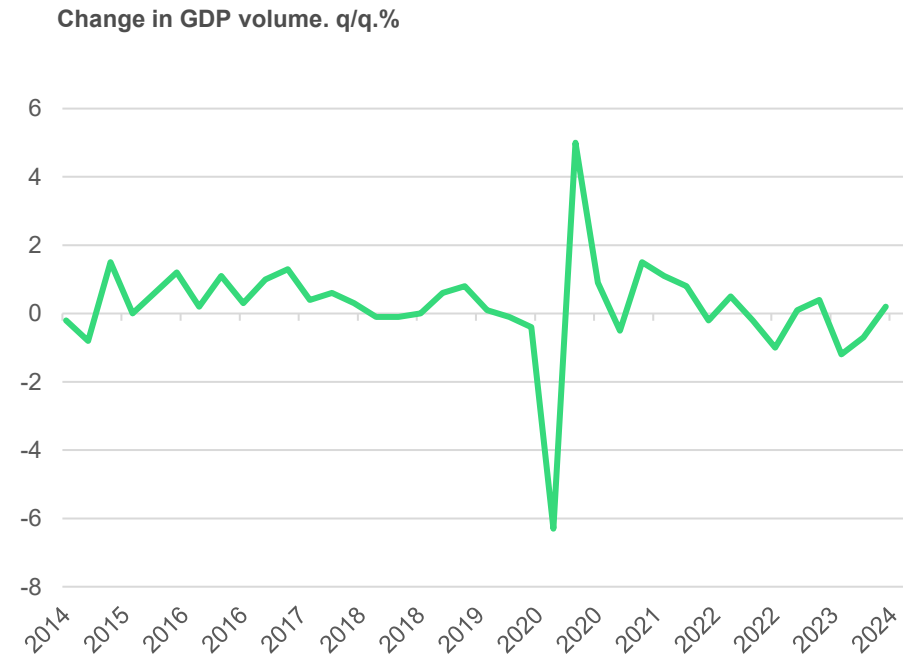
	€	%
Cash and T2	567 900 078	59.5
Other Level 1 assets	361 428 432	
Government bonds	211 449 978	22.1
Regional government CD's	98 935 727	10.4
Covered bonds	51 042 727	5.3
Other level 2 assets	25 677 458	2.7
Total	955 005 968	



Market information

Finnish economy has fared well

- Finnish economy has proved resilience and GDP growth is expected in 2025.
- Purchasing power of Finnish households improved in 2024 and similar trend is expected to continue in 2025.
- Lowering interest rates are expected to boost private household's consumption and the activity in housing market.
- Finland's GDP is expected to grow in 2025 after a slight dip downwards.
- Unemployment is still on elevated level after weak growth of economy in 2024, but the growth of unemployment is expected to end on H2/2025 as the growth takes pace.

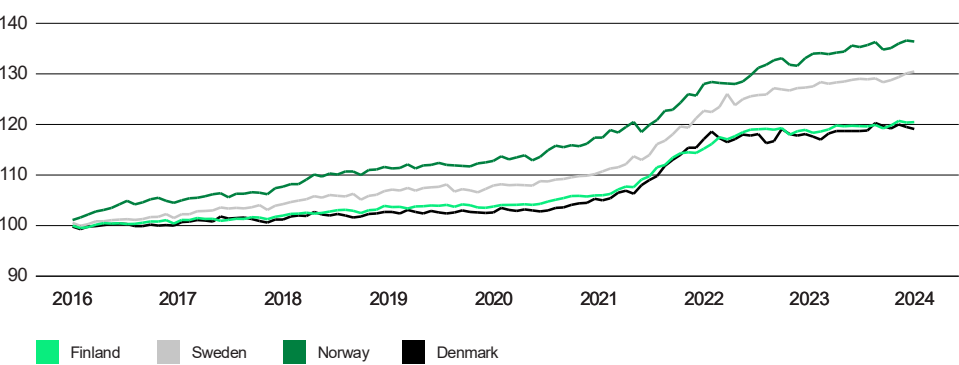


Source: Bloomberg and Bank of Finland

Finnish economy has fared well

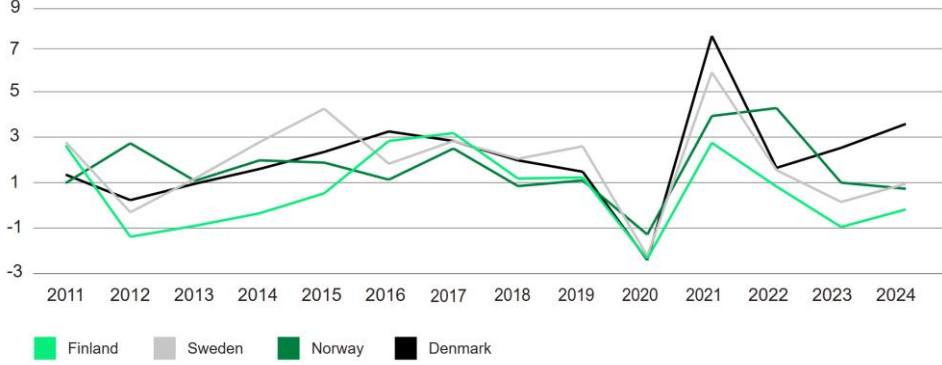
Inflation

HICP - all items NSA, y/y (2016=100)

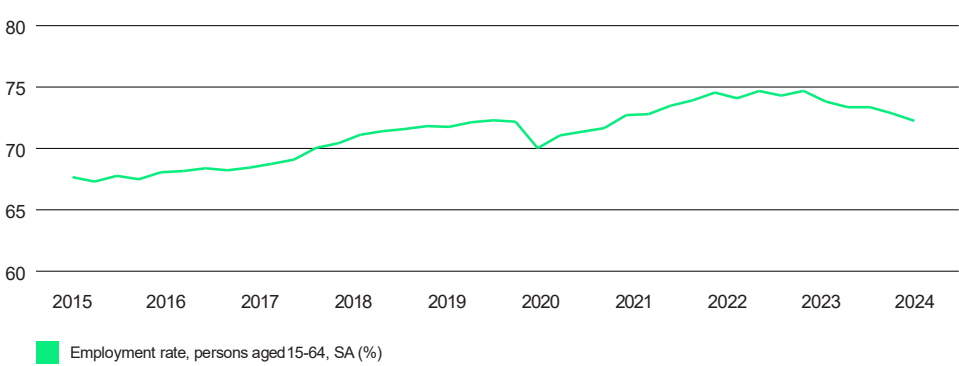


GDP Growth

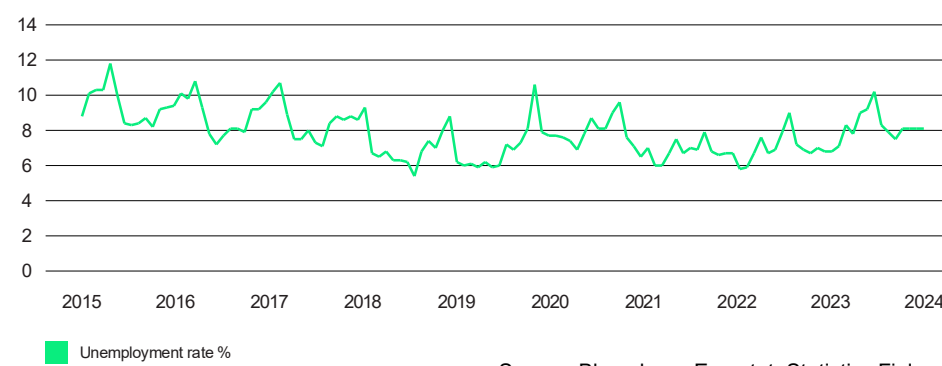
Real GDP growth rate y/y (%)



Employment rate



Unemployment rate

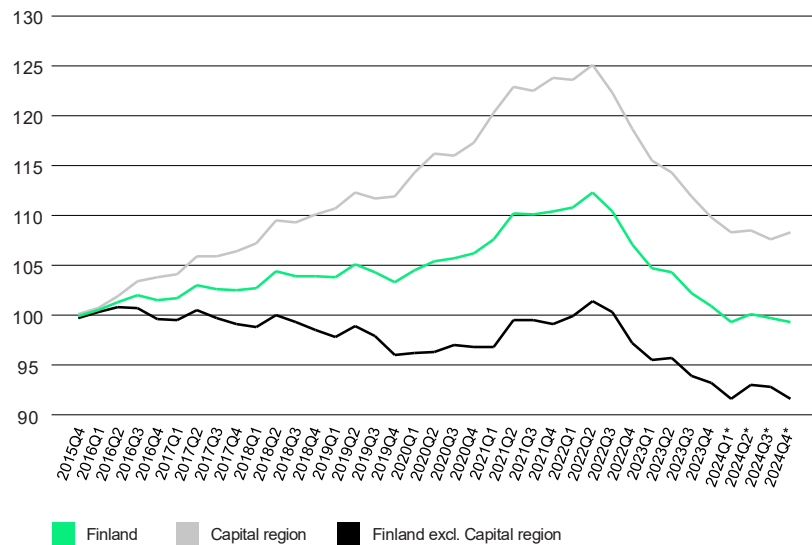


Source: Bloomberg, Eurostat, Statistics Finland

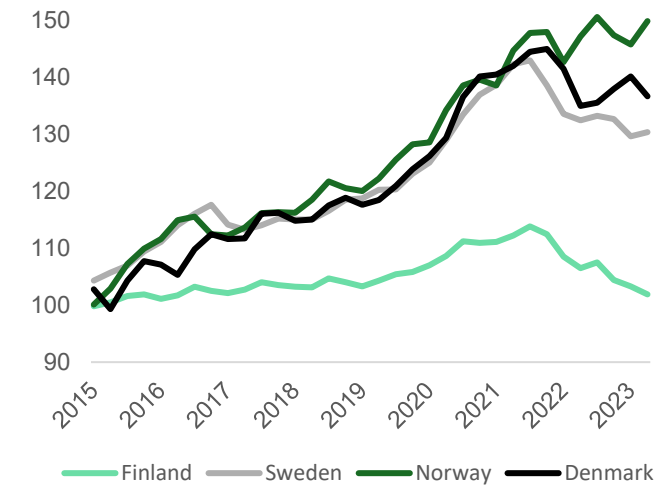
Evolution of residential property prices in Finland

- The housing market has been stagnated, yet it took a positive turn at the end of year 2024 boosted with among other falling interest rates.
- Overall, the prices have had a relatively moderate growth trend in Finland.

Apartment price index (2015=100)



House price index (2015 = 100)



Source: Bloomberg, Eurostat, Statistics Finland

Contact information

Contact information



Pia Ali-Tolppa

CEO
Bonum Bank Plc
Tel: +358 50 303 1476
Email: pia.ali-tolppa@poppankki.fi



Timo Hulkko

Director, Deputy CEO
Bonum Bank Plc
Tel: +358 50 089 4008
Email: timo.hulkko@poppankki.fi



Jaakko Pulli

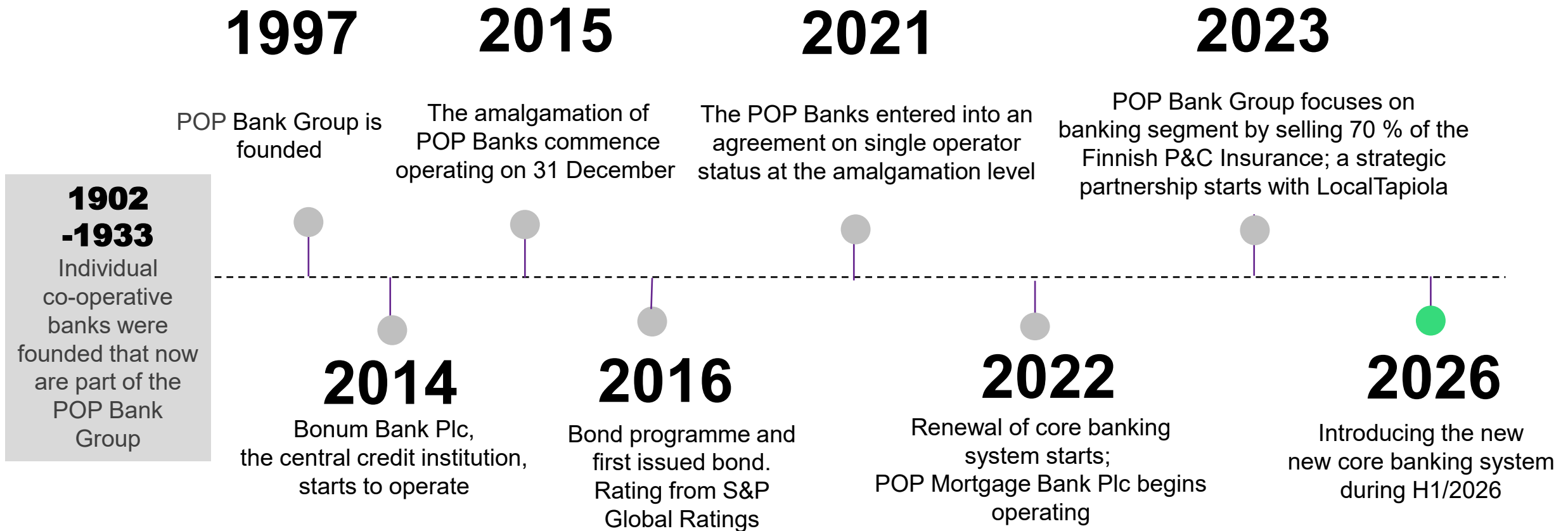
CEO
POP Bank Centre coop
Tel: +358 50 420 0925
Email: jaakko.pulli@poppankki.fi

Appendix

The Amalgamation of POP Banks

Amalgamation	POP Banks established an amalgamation, as defined in the Act on the Amalgamation of Deposit Banks (599/2010), on 31 December 2015. The amalgamation structure enables a single point of access to funding, internal bank and cost-efficient operations.
Central Institution's role	As the central institution, POP Bank Centre coop is obliged to supervise and instruct the member banks according to the Act. Responsibilities include (among others): <ul style="list-style-type: none">• Risk Management• Corporate Governance• Liquidity and Capital Adequacy• Internal Auditing
Joint Liability	The POP Bank Centre coop (the central institution) and all member banks (18 POP Banks, Bonum Bank, POP Mortgage Bank) are jointly liable for each other's debt.
	In the case of insolvency of the POP Bank Centre coop, the member banks have unlimited liability to pay the debts of POP Bank Centre coop.
Capital Ratio	POP Bank Centre coop is, as the central institution, responsible for the group's joint capital ratio.
Obligation	If a member bank fails to meet its obligations, a creditor may demand payment from POP Bank Centre coop. Other member banks are obliged to participate in the central institution's supporting actions.

POP Bank Group's timeline



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