POP Mortgage Bank Plc

FINANCIAL STATEMENTS RELEASE

1 January – 31 December 2023

POP Bank
POP Mortgage Bank Plc

CONTENTS

This document is a translation of the original Finnish version "POP Asuntoluottopankki Oyj:n tilinpäätöstiedote 1.1.-31.12.2023". In case of discrepancies, the Finnish version shall prevail.

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL PERIOD OF 1 JANUARY – 31 DECEMBER 2023

The POP Mortgage Bank Plc (hereinafter 'POP Mortgage Bank') engaged in mortgage banking operations after it was authorised by the European Central Bank on 25 May 2022 and had been granted an operating license pursuant to the Act on Mortgage Banks and Covered Bonds on 30 June 2022. POP Mortgage Bank is a member credit institution within the amalgamation of POP Banks.

POP Mortgage Bank is responsible for acquiring external funding for the amalgamation in cooperation with Bonum Bank Plc. POP Mortgage Bank is also responsible for issuing secured bonds and forwarding the acquired funding to member credit institutions belonging to the amalgamation of POP Banks.

POP Mortgage Bank's operations are based on the intermediary loan model. Thus, the mortgage-backed loan portfolio provided as collateral for bonds to be issued is not recognised on POP Mortgage Bank's balance sheet. Instead, it remains on each member credit institution's balance sheet.

During the review reporting period, in April 2023, POP Mortgage Bank issued another EUR 250 million bond under its EUR 1 billion covered bond program. The first issue was in September 2022. As of the end of 2023, POP Mortgage Bank had issued a total of 500 million euros in covered bonds.

POP Mortgage Bank recorded a profit of EUR 0.1 million for the reporting period and balance sheet totalled EUR 544.3 million at the end of the reporting period.

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.

STRUCTURE OF THE POP BANK GROUP

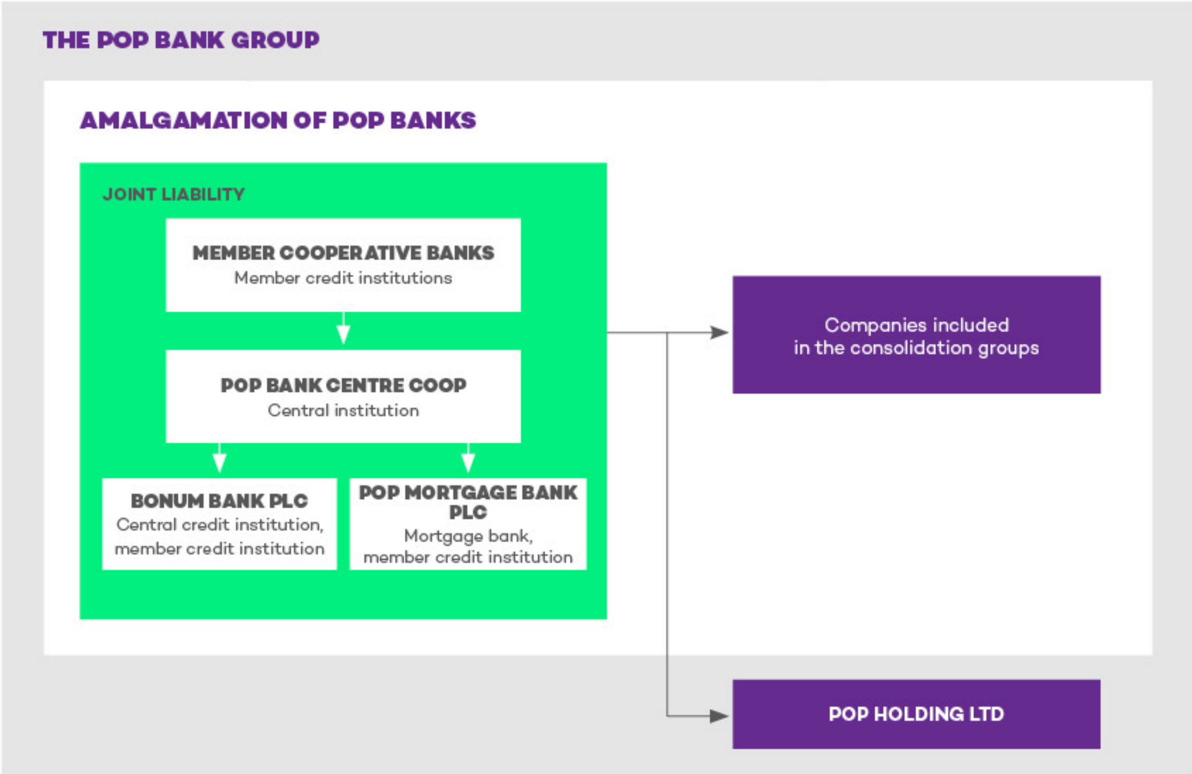
The POP Bank Group consists of POP Banks, POP Bank Centre coop and their controlled entities. POP Banks are member credit institutions of POP Bank Centre coop. POP Bank Centre coop and its member credit institutions are mutually liable for their debts and liabilities according to the Act on the Amalgamation 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 POP Banks and acquires external funding for the Group by issuing unsecured bonds. Bonum Bank Plc is also responsible for POP Banks' card business and the Group's payment transactions and centralised services, in addition to granting credit to retail customers. POP Mortgage Bank Plc is responsible for the Group's mortgage-backed funding, which it acquires by issuing covered bonds.

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

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

POP BANK GROUP STRUCTURE



CHANGES IN POP BANK GROUP'S STRUCTURE

In May 2023, POP Bank Group relinquished control over Finnish P&C Insurance Ltd and continues as a minority shareholder in the company. Subsequently, Finnish P&C Insurance Ltd will be consolidated as an associated company into POP Bank Group's consolidated IFRS financial statements.

One merger was completed within POP Bank Group during the review period. At the end of May 2023, Jämijärven Osuuspankki merged with Kurikan Osuuspankki. After the merger, POP Bank Group consists of 18 cooperative banks. The merger was an intra-Group arrangement and had no impact on POP Bank Group's consolidated financial information.

OPERATING ENVIRONMENT

The global economy grew slowly in 2023. The growth slowed down particularly in China, which has been the driving force of the global economy in recent years. The surge in inflation in Europe and the subsequent rise in interest rates, as well as the energy crisis, were reflected as weaker growth in the eurozone. In particular, Germany, Europe's largest economy, has begun to struggle, and therefore Finland's economy is not getting the boost it needs from exports. Russia's war of aggression against Ukraine continued and the uncertainty it has caused is reflected in both economic performance and the security environment.

In 2023, there was a clear turn for the worse in the Finnish economy. High inflation continued to weaken households' purchasing power, even though wage agreements increased nominal wages more than before. The rapid rise in interest rates also meant that consumers started to feel more pessimistic about economic development.

Purchases of housing and consumer durables decreased markedly during the year, which weighed heavily on many sectors, especially residential construction and trade. However, in terms of household spending, there was a cautiously positive signal towards the end of the year when the European Central Bank put an end to the series of interest rate increases, and the market started waiting for interest rates to fall. The inflation rate also slowed significantly towards the end of the year. In Finland, energy prices and availability improved on the previous year, as the wind and nuclear power generation capacity increased.

Construction activity in Finland was exceptionally high in the early 2020s, but the first signs of a downturn in construction had already become visible by the end of 2022. The high inflation and rising interest rates following the pandemic led to a steep decrease in the number of building permits and construction starts in 2023, and at the same time buyers also became more cautious than before. In addition, as housing investors, which make up a major group of buyers, largely disappeared from the housing market, housing prices continued to decline in 2023. The construction sector is very important for the Finnish economy, so the slowdown in construction weighed on GDP development, especially towards the end of the year.

Agricultural input prices fell in 2023 from the previous year, but the declining trend in producer prices in most types of production and rising interest rates have kept investments at a low level. Profitability differences between farms continued to grow. The price of timber was at a historically high level as competition between timber buyers has increased since the end of timber imports from Russia.

Although households' purchasing power was weak in 2023, unemployment continued to remain under control. In general, households have continued to manage their loans well. However, the number of company bankruptcies turned to a clear increase, and the weakened economic situation also led to an increase in the number of lay-offs. The weakened economic cycle is reflected in the amounts of banks' non-performing loans and credit losses.

KEY FIGURES AND THE FORMULAS OF KEY FIGURES

	31 Dec 2023	31 Dec 2022
Cost-to-income ratio, %	94%	610%
ROA, %	0.0%	-1.0%
ROE, %	0.4%	7.9%
Capital adequacy ratio (TC) %	231.6%	307.1%
Equity ratio, %	3.1%	6.3%

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 POP Mortgage Bank are based on IFRS Financial Statement Reporting standards. The calculation formulas for the key figures included in the annual report are described below.

COST-TO-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), %

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

PERFORMANCE AND BALANCE SHEET

PERFORMANCE

POP Mortgage Bank recorded a profit of EUR 0.1 (-1.4) million for the reporting period.

POP Mortgage Bank's net interest income was EUR 1.2 (0.3) million. Interest income consisted of EUR 17.6 (1.3) million in receivables from credit institutions and EUR 12.8 (1.9) million in derivative contracts. Interest expenses consisted of EUR 13.0 (1.8) million in bonds issued and EUR 16.2 (1.0) million in derivative contracts.

POP Mortgage Bank's operating expenses totalled EUR 1.0 (1.6) million. Personnel expenses included fees paid to the members of the Board of Directors. Other operating expenses include EUR 0.3 (0.5) million in ICT expenses and EUR 0.5 (0.9) million in purchased services. Purchased services include management services purchased from Bonum Bank Plc and POP Bank Centre coop, among other services. Depreciation and impairment include the amortisation of intangible assets. Other operating expenses totalled EUR 0.1 (0.2) million, including regulatory and consulting costs related to the mortgage banking authorisation process, among other expenses.

BALANCE SHEET AND FINANCIAL POSITION

POP Mortgage Bank's balance sheet totalled EUR 544.3 (268.3) million at the end of the reporting period.

Loans and receivables from credit institutions include EUR 26.3 (15.8) million in mainly deposits in Bonum Bank and EUR 500.0 (250.0) million in intermediary loans granted to banks belonging the amalgamation of POP Banks.

The item "Intangible assets" includes EUR 0.4 (0.5) million in investments made by POP Mortgage Bank in long-term ICT systems.

Derivative contracts consist of interest rate swaps for hedging purposes. The accumulated change in their fair value stood at EUR 10.6 (-6.5) million at the end of the reporting period.

The bonds issued, at EUR 503.3 (243.0) million, include secured bonds issued in September 2022 and April 2023, with a nominal value of EUR 250 million each, and the change in the fair value of the underlying asset in hedge accounting.

POP Mortgage Bank's equity was EUR 16.9 (16.8) million at the end of the reporting period.

CREDIT RATING

In April and October 2023, the credit rating agency S&P Global Ratings confirmed the 'AAA' credit rating with a stable outlook for POP Mortgage Bank's loan programme and the issued bonds.

RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION

PRINCIPLES AND ORGANISATION OF RISK MANAGEMENT

POP Bank Group's strategy outlines the Group's risk appetite. Business activities are carried out at a moderate risk level so that the risks can be managed in full. The purpose of risk management is to ensure the risk levels are proportionate to bank's and the amalgamation's risk-bearing capacity and capital adequacy position. Risk management processes must be able to identify all significant risks of the business operations and assess, measure and monitor these regularly.

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 of the amalgamation 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 controlling thresholds have been established for the member institutions to ensure that the risks taken by an individual member institution are within acceptable limits.

POP Mortgage Bank's risk management goal is to ensure that the bank complies with laws, decrees, instructions and regulations issued by the authorities, their own rules and the internal binding guidelines issued by the central institution of the amalgamation in its activities.

The purpose of capital adequacy management is to ensure a sufficient amount, type and efficient use of the capital of POP Mortgage Bank. 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. POP Mortgage Bank is responsible for member banks long-term funding by issuing secured bonds. Issuing is based on the funding needs of the amalgamation as an entity due to which POP Mortgage Bank's control process of the capital adequacy is closely connected to the strategy process of the amalgamation as well as the planning and managing of the business operations.

The amalgamation's risk management and capital adequacy management are described in more detail in Note 4 to the POP Bank Group's financial statements. Furthermore, information concerning risks specified in the EU Capital Requirements Regulation (2019/876) (CRR II) is presented in a separate Pillar III report. Copies of the financial statements and the Pilar III report of the POP Bank Group are available online at **www.poppankki.fi/en** or from the office of POP Bank Centre coop, address Hevosenkenkä 3, 02600 Espoo, Finland.

BUSINESS RISKS

CREDIT RISKS

POP Mortgage Bank's credit risk consist of intermediary loans granted to the member banks of the amalgamation of POP Banks and from derivatives.

POP Mortgage Bank engages in mortgage bank operations under an intermediary loan model established by the Act on Mortgage Banks and Covered Bonds (151/2022). Thus, the Bank may issue secured bonds and use the acquired funds to offer intermediary loans to the member banks of the amalgamation.

Under the intermediary loan model, the mortgage-backed loans provided as collateral for secured bonds remain on the member banks' balance sheets and are not recognised on POP Mortgage Bank's balance sheet. The risks associated with the mortgage-backed loans provided as collateral are not transferred to POP Mortgage Bank. The bonds are recognised as collateral for the secured bonds issued. The intermediary loans granted to member banks are presented under "Receivables from credit institutions" on the balance sheet.

LIQUIDITY RISK

Bonum Bank Plc, the central credit institution of the amalgamation, is responsible for liquidity management. Liquidity risks are managed by maintaining a liquidity reserve consisting of LCR-eligible (Liquidity Coverage Ratio) liquid assets, assets eligible as collateral for central bank funding, and short-term bank receivables. Based on an authorisation granted by the Financial Supervisory Authority, the member credit institutions of the amalgamation have been exempted from the LCR and NSFR (Net stable funding ratio) requirements by the decision of the central institution. The LCR and NSFR requirements are calculated at the level of the amalgamation of POP Banks.

POP Bank Group's liquidity position remained strong during the financial period. The liquidity coverage ratio (LCR) for the amalgamation of POP Banks was 273.9 (184.8) per cent on 31 December 2023, with the regulatory minimum level being 100 per cent.

The amalgamation's Net Stable Funding Ratio (NSFR) was 132.7 (133.5) per cent on 31 December 2023.

MARKET RISK

POP Mortgage Bank's most significant market risk is the interest rate risk associated with the banking book. The interest rate risk refers to the impact of changes in interest rate levels on the market value of balance sheet and off-balance-sheet items, or on net interest income. The banking book consists of intermediary loans granted to the amalgamation's member banks and market-based financing.

POP Mortgage Bank does not engage in trading activities. The use of derivatives is limited to hedging interest rate risk in the banking book.

POP Mortgage Bank monitors the interest rate risk by using the present value method and the dynamic income risk model. The present value method measures how changes in interest rates affect the constructed market value of the balance sheet. In the present value method, the market value of the balance sheet is calculated as the present value of the expected cash flows of individual balance sheet items. Interest rate sensitivity indicators are used to monitor the market value changes caused by changes in the interest rates and credit spreads of investment items in different interest rate scenarios. The income risk model predicts future net interest income and its changes in various market rate scenarios within a time frame of five 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.

OPERATIONAL RISKS

The objective of the management of operational risks is to identify essential operational risks in business operations and minimise their materialisation and impacts. The objective is pursued through continuous personnel development and by means of comprehensive operating instructions and internal control measures, such as by segregating preparation, decision-making, implementation and control from one another.

POP Mortgage Bank carries out an annual self-assessment of operational risks based on the risks assessments it performs, in which the monitoring of operational risk incidents is utilised. The risk assessment also aims to evaluate the risks related to POP Mortgage Bank most significant outsourced operations. Some of the potential losses caused by operational risks are hedged through insurance. Risks caused by malfunctions in information systems are prepared for through continuity planning.

CAPITAL ADEQUACY MANAGEMENT

The POP Morgage Bank's capital ratio was 231.6 (307.1) per cent and the core capital adequacy ratio 231.6 (307.1) per cent on 31 December 2023, the bank's own fund totalled EUR 16.4 (16.3) million consisting entirely of CET1 capital adequacy.

POP Mortgage Bank's own funds are comprised of share capital, retained earnings and other non-restricted reserves, less the deductible items in accordance with the CRR. 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.

POP Mortgage Bank's leverage ratio on 31 December 2023 was 158.5 (339.2) per cent. The minimum level of regulation is 3 per cent.

The statutory minimum is 8 per cent for the capital adequacy ratio and 4.5 per cent for CET1 capital. In addition to the minimum capital adequacy ratio, POP Mortgage Bank is subject to the fixed additional capital requirement, which is 2.5 per cent in accordance with the Act on Credit Institutions, and to the variable country-specific additional capital requirements for foreign exposures.

SUMMARY OF CAPITAL ADEQUACY

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Own funds		
Common Equity Tier 1 capital before deductions	16,793	16,793
Deductions from Common Equity Tier 1 capital	-411	-529
Total Common Equity Tier 1 capital (CET1)	**16,381**	**16,264**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**16,381**	**16,264**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**16,381**	**16,264**
Total risk weighted assets	**7,074**	**5,296**
of which credit risk	2,136	974
of which credit valuation adjustment risk (CVA)	3,344	2,657
of which market risk (exchange rate risk)	-	-
of which operational risk	1,594	1,666
Fixed capital conservation buffer according to Act on Credit institutions (2.5%)	**177**	**132**
Countercyclical capital buffer	**-**	**-**
CET1 Capital ratio (%)	**231.6%**	**307.1%**
T1 Capital ratio (%)	**231.6%**	**307.1%**
Total capital ratio (%)	**231.6%**	**307.1%**
Capital requirement		
Total capital	16,381	16,264
Capital requirement *	743	556
Capital buffer	15,639	15,707
Leverage ratio		
Tier 1 capital (T1)	16,381	16,264
Leverage ratio exposure	10,338	4,794
Leverage ratio, %	158.5%	339.2%

*The capital requirement comprises the minimum requirement of 8%, the capital conservation buffer of 2.5% and the country-specific countercyclical capital requirements of foreign exposures.

INTERNAL CONTROL

The purpose of POP Mortgage Bank's internal control is to ensure that the Bank, in a systematic and effective manner, works towards the goals and implements the procedures confirmed by senior management. Internal control aims to ensure that the organisation complies with regulations and manages risks comprehensively, and that its operations are efficient and reliable.

Internal control is implemented at all levels of the organisation. Internal control is implemented by the Board of Directors, the CEO and other management and personnel, as well as the risk management and compliance functions independently of business operations. As part of internal control, the amalgamation has implemented a whistle-blowing mechanism that enables the bank's employees to report, internally through an independent channel, suspected violations of rules and regulations concerning the financial market in the central institution or a member credit institution.

INTERNAL AUDIT

Within the amalgamation, POP Bank Centre coop is centrally responsible for the steering and organisation of internal audit in the bank centre, member credit institutions and other companies of the amalgamation. POP Mortgage Bank's internal audit is based on the internal audit guidelines confirmed by the Board of Directors and the Supervisory Board of POP Bank Centre coop as well as on the audit plan approved by the Board of Directors of POP Bank Centre coop.

The purpose of internal audit is to assess the scope and sufficiency of the internal control of the Bank's operational organisation and to monitor and assess the functionality of risk management systems. Internal audit reports its observations primarily to the Bank's Board of Directors. After audits, POP Mortgage Bank's Board of Directors discusses the summaries prepared as a result of the internal audit. Internal Audit reports of its activity and observations regularly to central institution's Supervisory Board, central institution's Board and CEO.

MANAGEMENT AND PERSONNEL

POP Mortgage Bank's Board of Directors during the financial year included:

- Juha Niemelä, Chairman of the Board
- Matti Vainionpää, Vice Chairman of the Board
- Marja Pajulahti, Member of the Board.

POP Mortgage Bank does not have personnel. The Deputy CEO of Bonum Bank Timo Hulkko has acted as the CEO of POP Mortgage Bank. Tony Tötterström has acted as the CEO's deputy.

THE BANKS' CORPORATE AND GOVERNANCE SYSTEM

POP Mortgage Bank's functions are controlled by its shareholder, which exercises its decision-making power at the General Meeting in accordance with the Finnish Limited Liability Companies Act and the Articles of Association. The Annual General Meeting decides on the distribution of the Bank's profit and elects the members of the Board of Directors.

The Bank is represented by and directed by the Board of Directors. Operational decisions concerning the Bank's business operations and strategic issues are made by the Bank's Board of Directors. The work of the Board of Directors is based on the Bank's Articles of Association, decisions of the General Meeting and applicable legislation. The Bank's CEO manages the Bank's operational activities in accordance with the instructions provided by the Board of Directors.

The investigation of the independence of Board members and the CEO takes place in accordance with regulations issued by the Finnish Financial Supervisory Authority. Board members and the CEO shall provide an account of the entities in which they operate when they are elected to their office. In addition, Board members and the CEO shall provide an account of fitness and propriety according to the regulation by the Financial Supervisory Authority when they accept their duties.

POP Mortgage Bank's Corporate Governance Report is available online at **www.poppankki.fi/en**.

AUDIT

The company's auditor was KPMG Oy Ab, authorized public accountants, with Tiia Kataja, authorised public accountant, as the principal auditor.

SOCIAL RESPONSIBILITY

POP Mortgage Bank's social responsibility refers to the Bank's responsibility for the effects of its operations on the surrounding society and the company's stakeholders. By acting as the mortgage bank for POP Banks, POP Mortgage Bank contributes to supporting the social responsibility of local POP Banks. POP Bank Group's social responsibility is included in the Group's financial statements.

EVENTS AFTER THE REVIEW PERIOD

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

OUTLOOK FOR 2024

Global economic growth is expected to pick up in 2024, but remain lower than usual. However, the Finnish economy is expected to contract, and inflation is expected to slow down. The main factors affecting the Finnish economy are a weaker export outlook and a decline in investment. The European Central Bank has stopped key interest rate hikes for the time being, and expectations of a decrease in key interest rates have increased. The rapid fall in market interest rates at the end of 2023 has stabilised in early 2024, but interest rates are expected to continue to fall at a moderate pace.

POP Mortgage Bank's capital adequacy is expected to stay at a high level and the quality of the collateral for the issued bonds is expected to be good.

POP MORTGAGE BANK'S FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2023

POP MORTGAGE BANK'S INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Interest income		30,419	3,216
Interest expenses		-29,207	-2,878
Net interest income	2	**1,212**	**339**
Net income from hedge accounting	3	-176	-69
Total operating income		**1,037**	**270**
Personnel expenses		-23	-25
Other operating expenses		-835	-1,557
Depreciation and amortisation		-116	-68
Total operating expenses		**-974**	**-1,650**
Profit before taxes		**63**	**-1,379**
Income taxes		-	-
Result for the period		**63**	**-1,379**

POP Mortgage Bank has no items to be presented in the statement of other comprehensive income.

POP MORTGAGE BANK'S BALANCE STATEMENT

(EUR 1,000)	Note	31 Dec 2023	31 Dec 2022
Assets			
Loans and advances to credit institutions	4, 5, 6	526,280	265,784
Derivatives	4, 5, 6	6,945	-
Intangible assets		398	514
Other assets		10,687	2,033
Total assets		**544,310**	**268,332**
Liabilities			
Debt securities issued to the public	4, 5, 7	503,259	243,038
Debt to credit institutions		10,650	-
Derivatives	4, 5, 8	2,863	6,520
Other liabilities		10,682	1,981
Total liabilities		**527,455**	**251,539**
Equity capital			
Share capital		10,000	10,000
Reserves		9,000	9,000
Retained earnings		-2,145	-2,207
Total equity capital		**16,855**	**16,793**
Total liabilities and equity		**544,310**	**268,332**

POP MORTGAGE BANK'S STATEMENT OF CHANGES IN EQUITY CAPITAL

(EUR 1,000)	Share capital	Reserve for invested non-restricted equity	Retained earnings	Total equity
Balance at 1 Jan 2023	**10,000**	**9,000**	**-2,207**	**16,793**
Profit for the financial year	-	-	63	63
Profit for the financial year	**-**	**-**	**63**	**63**
Balance at 31 Dec 2023	**10,000**	**9,000**	**-2,145**	**16,855**

(EUR 1,000)	Share capital	Reserve for invested non-restricted equity	Retained earnings	Total equity
Balance at 1 Jan 2022	**10,000**	**9,000**	**-828**	**18,172**
Profit for the financial year	-	-	-1,379	-1,379
Profit for the financial year	**-**	**-**	**-1,379**	**-1,379**
Balance at 31 Dec 2022	**10,000**	**9,000**	**-2,207**	**16,793**

POP MORTGAGE BANK'S CASH FLOW STATEMENT

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flow from operating activities		
Profit for the financial year	63	-1,379
Adjustments to profit for the financial year	533	169
Increase (-) or decrease (+) in operating assets	**-257,354**	**-266,533**
Advances to credit institutions	-248,700	-264,500
Other assets	-8,654	-2,033
Increase (+) or decrease (-) in operating liabilities	**19,352**	**1,866**
Liabilities to credit institutions	10,650	-
Other liabilities	8,702	1,866
Total cash flow from operating activities	**-237,407**	**-265,878**
Cash flow from investing activities		
Purchase of PPE and intangible assets	-	-43
Total cash flow from investing activities	**-**	**-43**
Cash flow from financing activities		
Debt securities issued, increase	249,203	249,458
Total cash flow from financing activities	**249,203**	**249,458**
Change in cash and cash equivalents		
Cash and cash equivalents at period-start	1,284	17,748
Cash and cash equivalents at the end of the period	13,080	1,284
Net change in cash and cash equivalents	**11,796**	**-16,464**
ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT		
Interest received	22,132	1,202
Interest paid	20,825	945
Adjustments to result for the financial year		
Changes in fair value	174	69
Depreciation	116	68
Other	243	32
Cash and cash equivalents		
Receivables from credit institutions payable on demand	13,080	1,284
Total	**13,080**	**1,284**

NOTES

NOTE 1 ACCOUNTING POLICIES

GENERAL

POP MORTGAGE BANK PLC AND POP BANK GROUP

POP Mortgage Bank Plc (hereinafter POP Mortgage Bank) is a subsidiary wholly owned by POP Bank Centre coop and a member credit institution in the amalgamation of POP Banks, acting as the mortgage bank for the member banks of the POP Bank Centre coop (POP Banks). POP Mortgage Bank has been established on September 2, 2021. On 25 May 2022, POP Mortgage Bank Plc was authorised by the European Central Bank to engage in mortgage banking operations.

POP Mortgage Bank belongs to the POP Bank Group. The POP Bank Group consists of the amalgamation of POP Banks and companies over which it has control. The Group is engaged in banking business. The central institution for the amalgamation of POP Banks is POP Bank Centre coop. Its members consist of POP Mortgage Bank, Bonum Bank Plc and 18 co-operative banks. The amalgamation of POP Banks is an economic entity specified in the Act on the Amalgamation of Deposit Banks, the members of which are jointly liable for each other's debts and commitments.

POP Mortgage Bank and Bonum Bank Plc are responsible for acquiring external funding for the amalgamation. POP Mortgage Bank engages in mortgage bank operations under an intermediary loan model established by the Act on Mortgage Banks and Covered Bonds (151/2022). In the intermediary loan model, POP Mortgage Bank distributes the capital originating from the issued bond to the member banks of amalgamation as an intermediary loan. POP Mortgage Bank underwrites intermediary loans on member banks balance sheets in security for issued bonds. In the intermediary loan model, member banks mortgage-backed loans capital and associated risks are not transferred to POP Mortgage Bank. Intermediary loans will be stated to balance sheet item "Loans and advances to credit institutions".

POP Mortgage Bank's registered office is Espoo. Copy of POP Mortgage Bank's financial statements are available from its office at Hevosenkenkä 3, 02600 Espoo, Finland, and online at www.poppankki.fi/en.

POP Bank Centre coop has prepared the POP Bank Group's consolidated financial statements in accordance with the Act on the Amalgamation of Deposit Banks. Copies of the financial statements of the POP Bank Group are available online at www.poppankki.fi/en or from the office of the central institution, address Hevosenkenkä 3, 02600 Espoo, Finland. POP Bank Group will present information concerning risks specified in the EU Capital Requirements Regulation (EU 2019/876) (CRR) in a separate Pillar III report.

BASIS OF PREPARATION

POP Mortgage Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the EU 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 financial statement release has been prepared in accordance with IAS 34 Interim Financial Reporting. The figures in the financial statements are in thousand euros, unless otherwise stated. The figures in the calculations and tables are rounded, whereby the sum total of individual figures may deviate from the sum total presented. POP Mortgage Bank's accounting and operational currency is euro.

POP Mortgage Bank has no subsidiaries or associated companies.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGEMENT AND UNCERTAINTY FACTORS AFFECTING ESTIMATES

The application of the IFRS requires the management to make estimates and assumptions concerning the future that affect the reported amounts in the financial statements, as well as the information included in the notes. The management's main estimates concern the future and key uncertainties related to the amounts at the balance sheet date. Such key estimates are related to fair value measurement, as well as the impairment of financial assets and intangible 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.

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.

In the calculation of expected credit losses, the management's assessment has been used in deciding that the probability of default of the POP Banks Group's internal items is to be zero. The assessment was made based on the structure of the Group and the principles of risk management. The most significant item within the amalgamation to which the principle is applied is the interim loans granted to POP Banks, which are presented in note 6 Loans and receivables from credit institutions.

FINANCIAL INSTRUMENTS

CLASSIFICATION AND RECOGNITION

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 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.

Purchases and sales of financial instruments are recognised on transaction date. Instruments issued are recognised in the balance sheet on the date when the customer makes the subscription.

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 final 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.

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.

POP Mortgage Bank's, 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 Mortgage Bank does not actively trade financial assets.

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, in which the liquidity does not have to be tested by regular sales, may be classified to this measurement class.

Financial liabilities measured at amortised cost

POP Mortgage Bank'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.

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.

IMPAIRMENT OF FINANCIAL ASSETS

A loss allowance on financial assets measured at amortized cost or fair value through other comprehensive income and off-balance sheet credit commitments is recognized 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.

POP Mortgage Bank's financial assets, consist of internal deposits of the POP Banks Group. In the calculation of expected credit losses (ECL), the probability of default (PD) of the group's internal items has been considered to be zero, based on the group's structure and risk management principles. Calculation principles for expected credit losses are described in more detail in Note 2 POP Bank Group's accounting policies to the POP Bank Group's financial statements.

DERIVATIVE CONTRACTS AND HEDGDE ACCOUNTING

POP Mortgage Bank hedges its interest rate risk against changes in fair value, primarily using interest rate swaps. Hedge accounting is applied for fair value hedging. The hedged instrument of fair value hedging is fixed-rate bonds issued. Derivative contracts are not made for trading purposes.

All derivative contracts are recognised and measured at fair value through profit or loss. The positive fair values of derivative contracts are presented as assets under Derivatives and negative fair values as liabilities under Derivatives. Changes in the value of derivatives in hedge accounting are recorded in the income statement under Net income from Hedge accounting. Interest on hedging derivatives is presented in the income statement under interest income and expenses.

The hedging relationship between the hedging derivative contract and the hedged instrument and the objectives of risk management are documented before hedge accounting is applied. If there is a high correlation between the change in the value of the hedging derivative and the hedged instrument, the hedging is considered effective.

POP Mortgage Bank applies IFRS 9 Financial Instruments to hedge accounting for all hedging relationships.

INTANGIBLE ASSETS

Intangible assets are comprised information systems and licenses. An intangible asset is recognized in the balance sheet at acquisition cost if it is probable that the expected economic benefits associated, 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.

Intangible assets have a limited useful life. The acquisition cost of intangible assets is amortised in the income statement on the basis of the estimated useful lives of assets. The estimated useful life is 3–5 years for information systems and licenses.

The amortisation of the acquisition cost of intangible assets begins when the asset is ready to be taken into use. Indications of impairment of intangible assets are examined annually and intangible assets are tested for impairment when necessary.

EMPLOYEE BENEFITS

Employee benefits are short-term employee benefits, such as remunerations for positions of responsibility, which are expected to be paid in connection with the work performance they are related to or within the following 12 months.

POP Mortgage Bank does not have employees. The company purchases the administrative and management services needed from its parent company POP Bank Centre coop and its sister company Bonum Bank Plc.

INCOME TAX

The income statement includes taxes on income for the financial year and changes in deferred taxes.

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 2 INTEREST INCOME AND EXPENSES

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Interest income		
Loans and advances to credit institutions	17,631	1,344
Hedging derivatives	12,788	1,872
Total interest income	**30,419**	**3,216**
Interest expenses		
Liabilities to credit institutions	-20	-
Debt securities issued to the public	-12,964	-1,830
Hedging derivatives	-16,223	-1,047
Other interest expenses	0	-
Total interest expenses	**-29,207**	**-2,878**
Net interest income	**1,212**	**339**

NOTE 3 NET INCOME FROM HEDGE ACCOUNTING

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Change in hedging instruments' fair value	10,602	-6,520
Change in hedged items' fair value	-10,777	6,452
Net income from hedge accounting	**-176**	**-69**

NOTE 4 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS 31 DEC 2023

(EUR 1,000)	Measured at amortised cost	At fair value through profit or loss	Measured at fair value through other comprehensive income	Total carrying amount
Loans and advances to credit institutions	526,280	-	-	526,280
Derivative contracts	-	6,945	-	6,945
Financial assets total	**526,280**	**6,945**	**-**	**533,225**
Other assets				11,085
Total assets 31 Dec 2023				**544,310**

FINANCIAL ASSETS 31 DECEMBER 2022

(EUR 1,000)	Measured at amortised cost	At fair value through profit or loss	Measured at fair value through other comprehensive income	Total carrying amount
Loans and advances to credit institutions	265,784	-	-	265,784
Financial assets total	**265,784**	**-**	**-**	**265,784**
Other assets				2,547
Total assets 31 December 2022				**268,332**

FINANCIAL LIABILITIES 31 DEC 2023

(EUR 1,000)	Measured at amortised cost	At fair value through profit or loss	Total carrying amount
Liabilities to credit institutions	10,650	-	10,650
Debt securities issued to the public	503,259	-	503,259
Derivative contracts	-	2,863	2,863
Financial liabilities total	**513,909**	**2,863**	**516,773**
Other liabilities			10,682
Total liabilities 31 Dec 2023			**527,455**

FINANCIAL LIABILITIES 31 DECEMBER 2022

(EUR 1,000)	Measured at amortised cost	At fair value through profit or loss	Total carrying amount
Debt securities issued to the public	243,038	-	243,038
Derivative contracts	-	6,520	6,520
Financial liabilities total	**243,038**	**6,520**	**249,558**
Other liabilities			1,981
Total liabilities 31 Dec 2022			**251,539**

NOTE 5 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUES BY VALUATION TECHNIQUE

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

FINANCIAL ASSETS AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	6,945	-	6,945	6,945
Total	**-**	**6,945**	**-**	**6,945**	**6,945**

POP Mortgage Bank had no financial assets recurrently recognised at fair value on 31 December 2022.

FINANCIAL LIABILITIES AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	2,863	-	2,863	2,863
Total	**-**	**2,863**	**-**	**2,863**	**2,863**

FINANCIAL LIABILITIES AT FAIR VALUE 31 DEC 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	6,520	-	6,520	6,520
Total	**-**	**6,520**	**-**	**6,520**	**6,520**

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECOGNISED AT AMORTISED COST

ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and receivables from credit institutions	-	526,280	-	526,280	526,280
Total	**-**	**526,280**	**-**	**526,280**	**526,280**

ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and receivables from credit institutions	-	265,784	-	265,784	265,784
Total	**-**	**265,784**	**-**	**265,784**	**265,784**

LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Debt securities issued to the public	-	498,934	-	498,934	498,934
Total	**-**	**498,934**	**-**	**498,934**	**498,934**

LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Debt securities issued to the public	-	249,490	-	249,490	249,490
Total	**-**	**249,490**	**-**	**249,490**	**249,490**

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are recognised in balance sheet at fair value or amortised cost. Classification and valuation of financial instruments are described in more detail in Note 1 Accounting policies.

FAIR VALUE HIERARCHIES

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

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

Level 3 includes financial instruments and other assets that are not measured using market quota-tions or values determined on the basis of observable market prices using measurement techniques or models. The assumptions applied in the measurement techniques often involve insecurity. The fair value of assets allocated to Level 3 is often based on price information obtained from a third party.

TRANSFERS BETWEEN FAIR VALUE HIERARCHY LEVELS

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. There were no transfers between levels during the reporting period.

NOTE 6 LOANS AND RECEIVABLES

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Loans and receivables from credit institutions		
Deposits		
Repayable on demand	13,080	1,284
Other	13,200	14,500
Intermediary loans	500,000	250,000
Total loans and receivables from credit institutions	**526,280**	**265,784**

NOTE 7 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Covered bonds	503,259	243,038
Total debt securities issued to the public	**503,259**	**243,038**

DEBT SECURITIES ISSUED TO THE PUBLIC (EUR 1,000)

Bond	Issue date	Due date	Interest	Nominal	Currency
POPA 22092025	22.9.2022	22.9.2025	2.625% / fixed	250,000	EUR
POPA 26042028	26.4.2023	26.4.2028	3.625% / fixed	250,000	EUR

DEBT SECURITIES PRESENTED IN CASH FLOW RECONCILIATION TO BALANCE SHEET

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Balance sheet 1 Jan	**243,038**	**-**
Increase of bonds	249,203	249,490
Total increase	**249,203**	**249,490**
Total changes of cash flow of financial activities		
Valuations and accrued interests	11,019	-6,452
Balance sheet 31 Dec	**503,259**	**243,038**

NOTE 8 DERIVATIVES AND HEDGE ACCOUNTING

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

NOMINAL VALUES OF UNDERLYING ASSETS AND FAIR VALUES OF DERIVATIVES

31 DEC 2023	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
Hedging derivative contracts						
Fair value hedging						
Interest rate derivatives	-	500,000	-	500,000	6,945	2,863
Derivatives total	**-**	**500,000**	**-**	**500,000**	**6,945**	**2,863**

31 DEC 2022	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
Hedging derivative contracts						
Fair value hedging						
Interest rate derivatives	-	250,000	-	250,000	-	6,520
Derivatives total	**-**	**250,000**	**-**	**250,000**	**-**	**6,520**

The nominal value of the fixed-rate bond subject to fair value hedging at the end of reporting period was EUR 500 million. This item is included on the balance sheet under "debt securities issued to the public". The nominal values of derivative instruments correspond to the nominal values of the objects to be hedged.

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

Fair value hedging (EUR 1,000)	31 Dec 2023	31 Dec 2022
Liabilities		
Carrying amount of hedged debt securities issued to the public	503,259	243,038
of which the accrued amount of hedge adjustments	4,326	-6,452

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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	Master agreements	Financial instruments held as collateral	Cash held as collateral	Netto
Assets							
Derivatives	14,903	-	14,903	5,219	10,650	-	-
Total	**14,903**	**-**	**14,903**	**5,219**	**10,650**	**-**	**-**
Liabilities							
Derivatives	5,219	-	5,219	5,219	-	-	-
Total	**5,219**	**-**	**5,219**	**5,219**	**-**	**-**	**-**

NOTE 9 COLLATERAL GIVEN AND RECEIVED

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Collateral given on behalf of own liabilities and commitments		
Other	-	1,500
Mortgage-backed loan portfolio	682,731	330,791
Total collateral given	**682,731**	**330,791**
Collaterals received		
Collaterals received from POP Banks	676,731	330,791
Other	10,650	-
Total collateral received	**687,381**	**330,791**

The collateral provided and received by POP Mortgage Bank is related to secured bonds issued under the EUR 1 billion issuance programme established in September 2022 and to the interim loans based on it. The collateral given and received consists of loans secured by real estate.

Other collateral is related to derivatives and are collateral given and received in cash.

NOTE 10 RELATED PARTY DISCLOSURES

The related parties of POP Mortgage Bank comprise the members of the company's Board of Directors and Executive Group and members of their immediate families. In addition, related parties include POP Mortgage Bank's parent entity POP Bank Centre coop, as well as its managing director and deputy managing director. Furthermore, related parties include those entities over which key persons included in the management and/or members of their immediate families have control or joint control. Also entities in the same group with POP Mortgage Bank belong to the related parties.

BUSINESS TRANSACTIONS WITH RELATED PARTY KEY PERSONS

	Other	
(EUR 1,000)	31 December 2023	31 December 2022
Assets		
Loans	20,630	15,784
Liabilities		
Debt securities issued to the public	8,000	-
Income statement		
Income statement	145	65
Other operating expenses	171	227

COMPENSATION TO MEMBERS OF THE BOARD

	Salaries and remuneration	
(EUR 1,000)	**31 December 2023**	**31 December 2022**
Juha Niemelä, Chairman of the Board	8	9
Matti Vainionpää, Vice Chairman of the Board	8	9
Marja Pajulahti, Member of the Board	8	8
Total	**23**	**25**

NOTE 11 EVENTS AFTER THE CLOSING DATE

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

Espoo 15 February 2024

Board of Directors of POP Mortgage Bank Plc

The figures disclosed in the financial statements release are unaudited.

POP Bank

POP Mortgage Bank Plc