POP BANK GROUP

FINANCIAL STATEMENTS RELEASE

1 JANUARY – 31 DECEMBER 2021

POP Bank

CONTENTS

This document is a translation of the original Finnish version "POP Pankki -ryhmän tilinpäätöstiedote 1.1.-31.12.2021". In case of discrepancies, the Finnish version shall prevail.

CEO'S REVIEW

The year 2021 was successful for the POP Bank Group in many ways. The result for the financial year was the best in the history of the amalgamation. The profit before tax was EUR 44.7 million, compared with EUR 12.9 million in the previous year. Business operations developed favourably across the whole POP Bank Group, with both operating segments achieving record results.

The Group's loan portfolio increased by 9.7 per cent during 2021, amounting to EUR 4.2 billion. The increase in the loan portfolio contributed to net interest income, which grew by 5.7 per cent year-on-year. In the banking segment, the Group focused strongly on sales development, which was also reflected in net commission income during the year under review. Net commission income grew by 16.3 per cent to EUR 36.3 million, and the gross sales of investment solutions brokered by the banks increased by more than 60 per cent year-on-year.

The banking segment's profit before tax was EUR 40.4 million. The POP Banks' customer-oriented and personal approach, which includes the offering of digital services, clearly meets customers' needs. According to the independent EPSI Rating survey, POP Bank had the most satisfied private customers in Finland for the tenth consecutive time. In 2021, POP Bank participated in the EPSI Rating survey for corporate customers for the first time, with the results showing that, in this business too, POP Bank has the most satisfied customers in Finland.

The POP Bank Group's insurance company, which mainly operates online, continued to improve its results and succeeded in creating profitable growth. The company sells non-life insurance policies primarily through digital channels – an operating model that has proven to be effective. The insurance segment's profit before tax was EUR 5.0 million, representing an increase of EUR 2.5 million year-on-year. The loss ratio decreased from 71.3 per cent in 2020 to 71.2 per cent in 2021. Earnings performance was supported by favourable trends in both premium revenue volumes and claims incurred, and by upward trending investment markets.

The fair values of investments increased throughout 2021 as the investment markets continued to grow, backed by the global economic recovery and extensive support and stimulus programmes. The POP Bank Group's net investment income totalled EUR 10.0 million, representing an increase of EUR 8.7 million year-on-year.

Operating expenses increased year-on-year, as the Group focused on growth and made preparations for system reform. In line with our strategy, business development also focused on investments in digital services, online security and secure payments. We continued to digitalise our services at a rapid rate, introducing a quick and fully automated housing loan application and the Apple Pay, among other features.

Termination of the core banking system reform project with Oy Samlink Ab in June 2021 had a significant impact on the Group's profit, boosting it by EUR 25.7 million. However, the Group's core business development was already on a sound footing. Excluding the non-recurring items related to the termination of the project, the Group's profit increased by 46.7 per cent year-on-year. Towards the end of 2021, the POP Bank Group finalised a new core banking system delivery agreement, which was signed in January 2022 with Crosskey, our new partner. The agreement will have no immediate impact on our customers' banking services. The new core banking system is scheduled to be launched during 2025.

Development of the Group's structure has continued steadily, but surely. In March, the POP Banks entered into an agreement on single operator status at the amalgamation level. This strengthens the steering power of the POP Bank Centre coop, in its capacity as the central institution, and clarifies the banks' position in terms of competition law. In addition to growing organically, the Group's banks continued to grow in unit size through corporate restructuring in the form of a two-bank merger within the Group in early 2021, and a three-bank merger plan announced towards the end of the year. The Group filed a licence application for its mortgage bank in the second half of the year as planned. Our intention is to start mortgage banking during 2022.

The POP Bank Group has monitored the implementation of the EU's sustainable finance strategy and adjusted its processes to meet the new standards, some of which will enter into force in 2022. At the same time, we have been reviewing our own responsibility programme and the development needs of our service and product offering. In the autumn, we launched new loan programmes for private and corporate customers for their purchases and investments aimed at mitigating climate change, and introduced environmental calculators that make it possible to calculate the emission impacts of a change in heating systems, for example.

Sustainable and customer-oriented business operations are now more topical than ever. Customers are assessing the services they acquire more multidimensionally than before, and appreciate genuine added value – not only for their personal needs, but also for societal and environmental needs, and for the continued promotion of social equality in the future.

As cooperative banks, the POP Banks have been customer-oriented for a long time, and have taken responsibility not only for economic values, but also for equality, their local communities and the environment. In recent years, we have substantially reformed our traditional operating model, delivering on the same sustainable values in an increasingly digital form.

The year 2021 showed that our customers appreciate our customer-oriented operating model, and that we create significant added value for our customers, both through digital channels and through our network of regional branches. We will continue our award-winning customer-oriented business operations in all channels.

I would like to thank all our members, customers, employees and partners for the trust you have shown in us!

Jaakko Pulli
Acting CEO
POP Bank Centre coop

Operating income
176.2
EUR million

Profit before tax
44.7
EUR million

Net interest income
78.3
EUR million

Loan portfolio
4.2
EUR billion

CET 1 capital ratio
19.2 %

Total customers
427,900

POP BANK GROUP AND AMALGAMATION OF POP BANKS

The POP Bank Group is a Finnish financial group that offers retail banking services for private customers, small and medium-sized enterprises, in addition to providing private customers with non-life insurance services. The POP Banks' mission is to promote its customers' financial well-being and prosperity, as well as local success.

STRUCTURE OF THE POP BANK GROUP

The POP Bank Group comprises of POP Banks and POP Bank Centre coop, and the entities under their control. The most significant companies with customer operations in the POP Bank Group are:

- 21 member cooperative banks of POP Bank Centre coop that use the marketing name POP Bank
- Bonum Bank Plc, which is the central credit institution of POP Banks and a subsidiary of POP Bank Centre coop
- Finnish P&C Insurance Ltd, which uses the auxiliary business name POP Insurance.

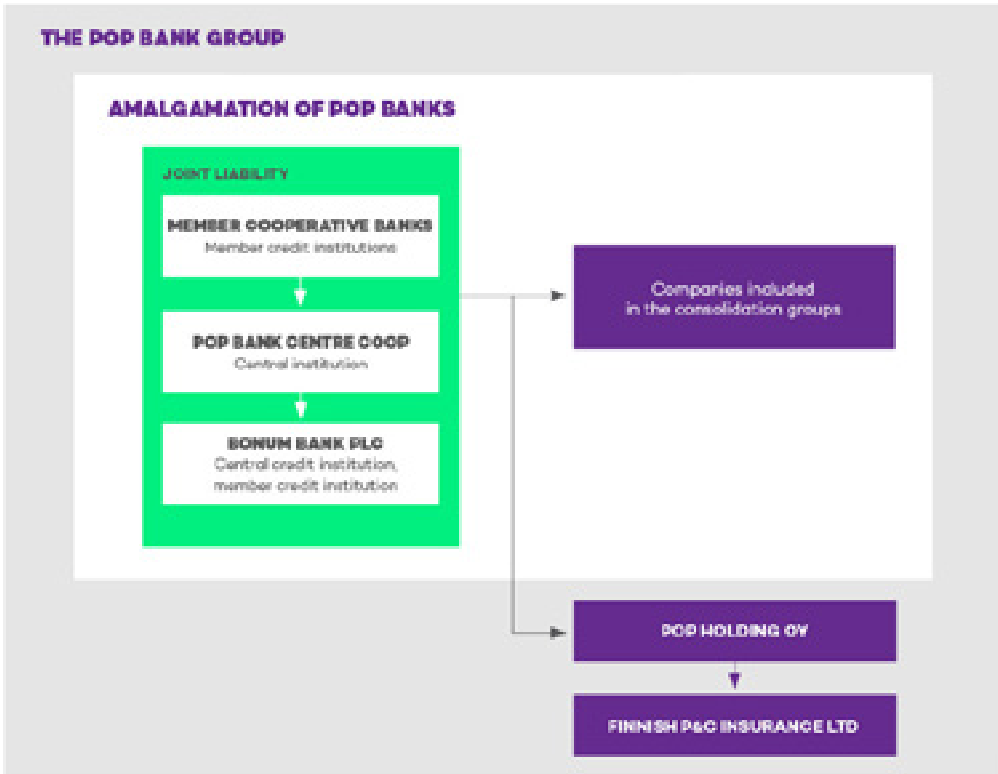
The POP Banks are cooperative banks owned by their member customers. Cooperative bank membership entitles the member to participate in the bank's decision-making at cooperative meetings or in electing the members of the representative council, which has the highest decision-making power.

POP Bank Centre coop, the central institution, is responsible for the group steering and supervision in accordance with the Act on the Amalgamation of Deposit Banks (24 June 2010/599) (hereinafter referred to as the "Amalgamation Act"). 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).

In addition to the organisations that belong to the amalgamation of POP Banks, the POP Bank Group comprises POP Holding Ltd and its wholly owned company Finnish P&C Insurance Ltd. Neither of these are 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.

POP BANK GROUP STRUCTURE



CHANGES IN POP BANK GROUP'S STRUCTURE

One merger was completed within the POP Bank Group during the financial period. At the end of February, Reisjärven Osuuspankki merged with Siilinjärven Osuuspankki, the name of the bank was changed to Järvi-Suomen Osuuspankki. The mergers will not have an impact on the POP Bank Group's financial statements. After the merger, the POP Bank Group consists of 21 cooperative banks.

In October, Liedon Osuuspankki and Suupohjan Osuuspankki announced their plan to merge Liedon Osuuspankki with Suupohjan Osuuspankki. In December, Piikkiön Osuuspankki also notified about their plan to merge with Suupohjan Osuuspankki. The merger is set to be registered in second quarter of 2022.

OPERATING ENVIRONMENT

The coronavirus pandemic and the new coronavirus variants, as well as the restrictive measures to control infections, continue to have significant impacts on the global economy. Economic recovery was achieved gradually after the shock impact of the steep fall in production in the previous year. This trend was significantly aided by the extensive economic support programmes started by governments in 2020, and by the European Central Bank's support measures to maintain banks' funding capacity.

The inflation rate increased rapidly during the second half of the year, due to higher energy prices in particular. If the rapid inflation trend is not temporary, it will increase future-related economic risks.

Measures to combat climate change are playing a continuously growing role in Finland and Europe. As a result of these measures, there are already signs of impacts that are causing costs to increase through emissions allowance price rises, for example. On the other hand, companies' transfer to more environmentally friendly operating models has furthered new investments and improved employment.

The eurozone economy, which is key for Finnish exports, recovered strongly during 2021. Although the infection situation continued to be challenging in Europe, in particular, economic activity and the rest of society have effectively adapted to the prolonged restrictions. Recovery has been hindered by global bottlenecks in production and deliveries. Logistical challenges have contributed to the rapid increase in inflation rates in Finland and the eurozone, and especially in the United States.

Finnish economic growth has been more moderate than in the eurozone in general, but the decrease in production in 2020 was also more moderate in Finland. While Finland's GDP decreased by 2.9 per cent in 2020, it grew by around 3.5 per cent in 2021, which means that the slump in total production caused by the coronavirus pandemic has been cancelled out. The growth was expected to continue in 2021, driven by exports and a higher employment rate, but the Omicron variant, which spread exponentially towards the end of the year, cast a shadow on the short-term economic outlook.

During the first year of the coronavirus pandemic, household consumption decreased substantially, following various restrictions on travel and the restaurant business, for example. The restrictive measures were reduced when the vaccination coverage increased and the infection situation began to ease, particularly in the summer and early autumn of 2021, but the positive trend turned out to be temporary. Tighter restrictions were imposed again when the infection situation worsened towards the end of the year.

Household savings increased to a record high in 2020. Consequently, consumers were able to make major investments in 2021. Interest rates remained low, which encouraged consumers to borrow. Households became particularly interested in building and renovating, which caused the building supplies market to overheat severely during 2021. Housing sales were also active, and the number of housing loans grew markedly. Housing prices continued to increase as well, especially in growth centres, but also somewhat in smaller towns. However, the price trend has been negative in many small localities.

Major waves of corporate bankruptcy have so far been avoided, and company outlooks have turned more positive, although their financial situations have developed differently in different sectors. In the tourism, hotel, catering and event sectors, there was distress for the second consecutive year. The grain harvest was modest in 2021, and farms continued to face challenges with profitability. The demand for timber and pulp continued to be strong, which supported an upturn in the forest industry

BUSINESS DEVELOPMENT

BANKING OPERATIONS IS GROWING

The demand for housing loans and corporate loans was at a very high level despite the coronavirus pandemic. The POP Bank Group's loan portfolio increased by 9.7 per cent during 2021. A significant portion of the growth consisted of housing loans, but the proportion of corporate customers in the loan portfolio increased as well. In line with the Group's strategy, the member banks have focused on developing corporate finance. In the future, services for corporate customers will be complemented by the 'Laskuraha' service, which provides funding against invoice receivables. The service has been implemented in cooperation with Puro Finance.

The POP Banks' investment sales increased significantly in 2021. Subscriptions for investment products brokered by the banks grew by more than 60 per cent year-on-year. Customers have actively sought alternatives to traditional deposit accounts, with balanced funds clearly being among the most popular investments in 2021. During the year, the POP Banks expanded their offering with a new real estate fund in response to the increased demand for real estate investments.

IMPACT OF THE CORONAVIRUS PANDEMIC ON BUSINESS OPERATIONS

The capital markets have recovered well from the market disruption caused by the coronavirus pandemic, which has supported demand for savings products. The exceptional circumstances and the related restrictions on office transactions have further accelerated the transition from traditional face-to-face services to digital service channels – which saw a constant increase in the number of visitors during 2021. The coronavirus pandemic has not affected availability of the services provided by the non-life insurance company, which operates online. Its customer volumes and premium revenue have continued to grow. With travel decreasing, the pandemic has affected demand for travel insurance, however.

The POP Bank Group's credit risks have remained moderate, and, so far, the pandemic has had no significant impact on credit losses related to the POP Banks' private or corporate customers. The POP Bank Group's credit risks have remained moderate; however, the Group has prepared for this possibility by arranging an additional discretionary provision of EUR 3.0 (1.4) million. The Group's capital adequacy position has remained strong, and its risk position continues to be moderate.

DEVELOPMENT OF DIGITAL SERVICES

In line with its vision, the POP Bank Group has continued to develop its digital services. At the beginning of the summer, all POP Banks introduced POP 'Lainalupaus', an automated housing loan proposal service that provides customers with quick responses to their loan applications. POP Lainalupaus supports the previously implemented 'electronic housing sales' process, together with the DIAS housing sales platform.

In the autumn, the POP Bank Group updated its 'green loan' product, 'Vihreä laina', for environmentally friendly purchases. At the same time, an online service was developed that allows customers to assess the impact on CO2 emissions of exchanging their car or heating system, or of improving the energy efficiency of their home.

The POP Bank Group's digital development is focused on mobile services. During the review period, POP Mobile's services were supplemented by, for example, electronic signatures and the contactless mobile payment app Apple Pay.

During the year, the POP Banks further strengthened the electronic authentication processes in their services, to prevent various types of fraud attempts. Progress was made in a project to implement a new payment monitoring system to prevent money laundering and fraud. In the future, the anti-money laundering measures of the Group's banks will be implemented centrally by Bonum Bank, using the new system. These measures will ensure the effective prevention of money laundering and terrorist funding in present day circumstances and make the monitoring of asset transfers more efficient.

THE GROUP STRUCTURE IS TIGHTENING

One intra-Group bank merger was implemented in the POP Bank Group during the financial year. Consequently, the number of member cooperative banks is now 21. In addition, three banks announced their plan to merge during 2022. As well as supporting the Group's strategy, the mergers will reinforce the banks' ability to promote the development of local business activities.

In March, the POP Banks signed an agreement on single-operator status. This provides the POP Bank Centre coop with steering power over the banks' business decisions, such as pricing, product selection and areas of operation. The decision clarifies the competitive position between the banks in the Group and will enable more efficient business development as a Group.

MORTGAGE BANK OPERATIONS

Preparations for starting mortgage banking are in progress in the POP Bank Group to further diversify its funding sources. The mortgage bank may issue covered mortgage-backed bonds. The Group is aiming to start its mortgage banking operations during 2022.

CORE SYSTEM REFORM

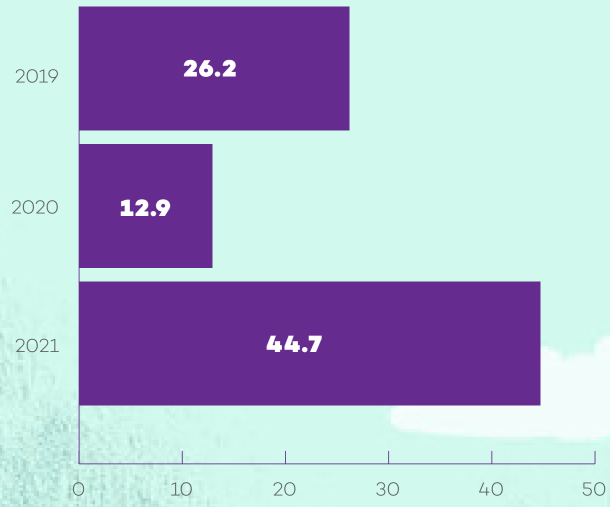
In June, the POP Bank Group and Oy Samlink Ab decided to terminate the agreement they had signed in 2019 on reform of the core banking system. As a result, Oy Samlink Ab paid compensation to the POP Bank Group for terminating the agreement. While termination of the agreement does not affect the banking services currently supplied to the POP Bank Group's customers, it did have a positive impact of EUR 25.7 million on the profit before tax.

After the end of the financial year, in January 2022, the POP Bank Group signed a cooperation agreement with Crosskey, a Finnish IT company, on its core banking system reform. The Group expects to implement the reformed core banking system during 2025.

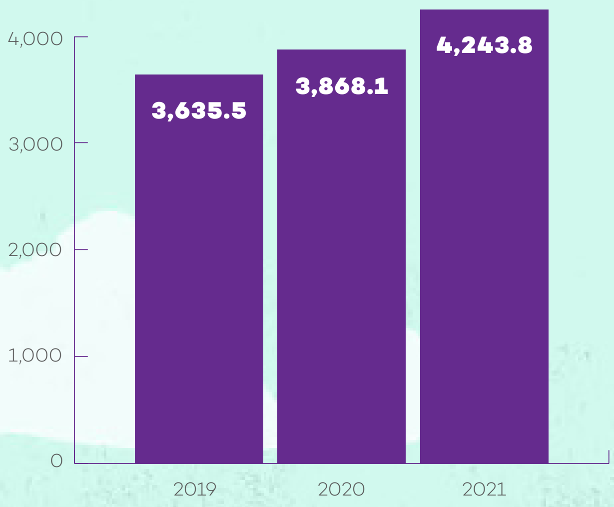
CREDIT RATINGS

In January 2021 S&P Global Ratings (S&P) reiterated Bonum Bank Plc's long-term rating as BBB (investment grade) and its short-term rating as A-2 (investment grade). The outlook was changed from negative to stable. S&P confirmed Bonum Bank Plc's rating and outlook in August.

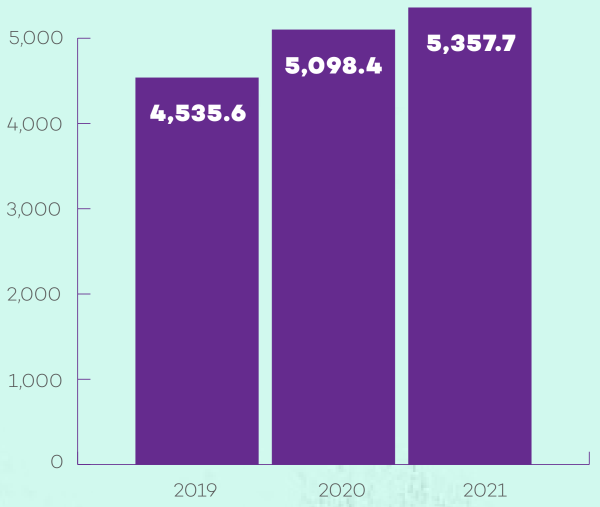
PROFIT BEFORE TAX, EUR MILLION



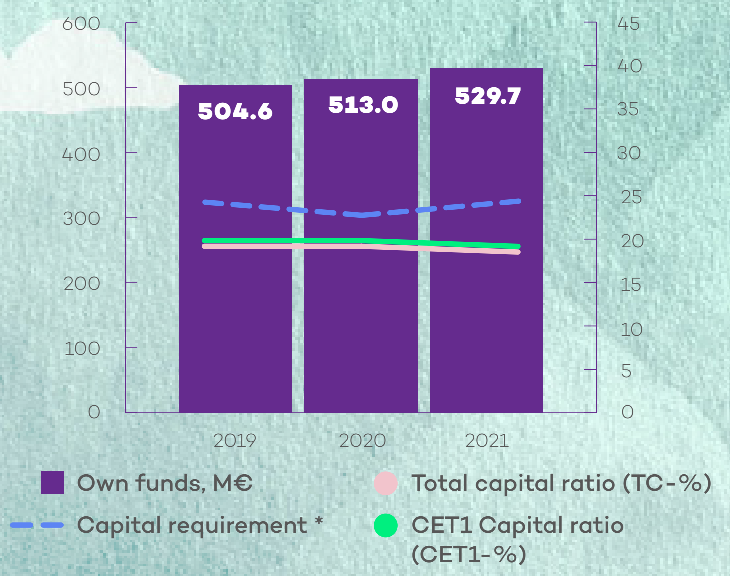
LOAN PORTFOLIO, EUR MILLION



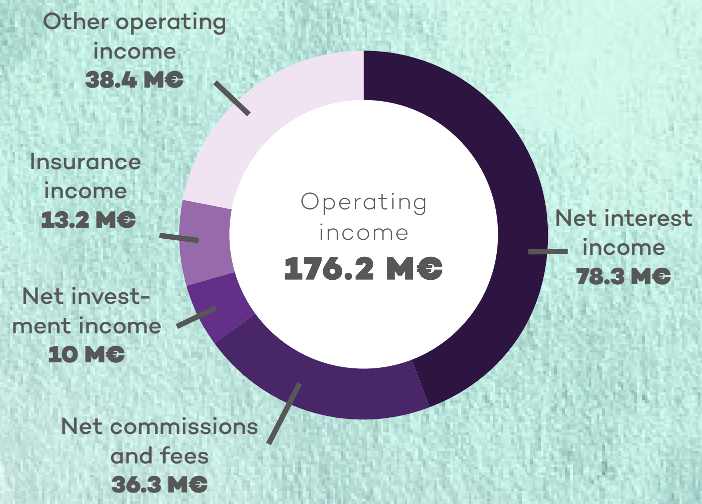
BALANCE SHEET, EUR MILLION



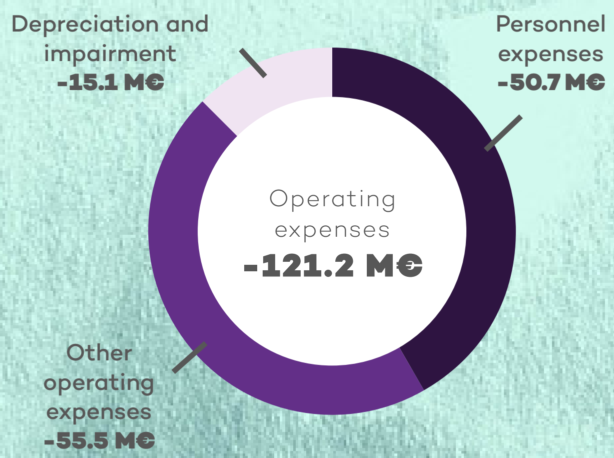
CAPITAL ADEQUACY



OPERATING INCOME, EUR MILLION



OPERATING EXPENSES, EUR MILLION



POP BANK GROUP'S EARNINGS AND BALANCE SHEET

POP BANK GROUP KEY FIGURES AND RATIOS

Key income figures (EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020	1 Jan-31 Dec 2019
Net interes income	78,338	74,099	69,318
Net commissions and fees	36,326	31,049	30,013
Insurance income	13,192	11,611	10,913
Net investment income	10,028	1,298	15,588
Personnel expenses	-50,655	-43,531	-42,843
Other operating expenses	-55,464	-51,978	-47,927
Impairment losses on financial assets	-10,390	-7,468	-6,528
Profit before tax	44,670	12,919	26,150

Key balance sheet figures (EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2019
Loan portfolio	4,243,829	3,868,147	3,635,488
Deposit portfolio	4,222,364	4,086,045	3,746,305
Insurance contract liabilities	52,692	43,915	38,606
Equity capital	552,809	517,242	508,435
Balance sheet total	5,357,697	5,098,398	4,535,557

Key ratios	31 Dec 2021	31 Dec 2020	31 Dec 2019
Cost to income ratio	68.8 %	83.6 %	75.1 %
Return on assets, ROA %	0.7 %	0.2 %	0.5 %
Return on equity, ROE %	6.9 %	2.2 %	4.3 %
Equity ratio, %	10.3 %	10.1 %	11.2 %
Common equity Tier 1 capital ratio, (CET1) %	19.2 %	19.9 %	19.8 %
Capital adequacy ratio, (TC) %	19.2 %	19.9 %	19.9 %

POP Bank Group has changed the accounting policies, and therefore comparison period has been restated. The changes are presented in Note 2.

POP BANK GROUP'S EARNINGS PERFORMANCE

The POP Bank Group's profit before tax was EUR 44.7 (12.9) million, and profit for the financial year was EUR 37.1 (11.1) million.

The Group's net interest income increased by 5.7 per cent to EUR 78.3 (74.1) million. Interest income for the financial year amounted to EUR 83.9 (80.1) million, and interest expenses were EUR 5.5 (6.0) million. The development of interest income was affected by the growth of loan portfolio and especially the growth in the share of corporate lending. Net commissions and fees increased from previous year by 17.0 per cent to EUR 36.3 (31.0) million. Group's insurance income grew by 13.6 per cent to EUR 13.2 (11.6) million.

The growth of investment market supported the growth in Group's income. Net investment income was EUR 10.0 million, whereas on the comparison period, net investment income was only EUR 1.3 million.

Other operating income totalled EUR 38.4 (5.9) million. Other operating income includes EUR 31.7 million of non-recurring items. 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. Other operating income totalled EUR 176.2 (124.0) million.

Total operating expenses increased by 16.9 per cent to EUR 121.2 (103.7) million. Other operating expenses includes EUR 6.0 million non-recurring items related to termination of the system project. The most significant growth was in personnel expenses, which totaled EUR 50.7 (43.5) million. Other operating expenses were EUR 55.5 (52.0) million. Depreciation, amortisation and impairment on property, plant and equipment and intangible assets was EUR 15.1 (8.1) million, which includes EUR 1.2 million impairment on properties in addition to impairment on the terminated system renewal project.

A total of EUR 10.4 (7.5) million was recognised in impairment on financial assets. Impairments of loans and advances to customers was 0.28 (0.15) per cent of the loan portfolio. Impairment losses include a net increase in expected losses (ECL) of EUR 2.3 (0.2) million and realised credit losses of EUR 8.0 (7.3) million.

POP BANK GROUP'S BALANCE SHEET

The POP Bank Group's assets totalled EUR 5,358.7 (5,098.4) million at the end of the period. The loan portfolio increased by 9.7 per cent during the financial year, amounting to EUR 4,243.8 (3,868.1) million. At the end of the financial year, the Group had deposits totalling EUR 4,222.4 (4,086.0) million with increase of 3.3 per cent.

The number of bonds in issue was EUR 284.9 (266.3) million at the end of the financial year. The Group's investment assets were 681.8 (688.9) million. In addition to investments in securities and real estate in banking operations, the investment assets include the insurance company's investments in securities.

The POP Bank Group's equity totalled EUR 552.8 (517.2) million at the end of the financial period. The cooperative capital, which consists of the POP Banks' cooperative contributions and POP Shares, amounted to EUR 67.1 (66.0) million. POP Banks paid EUR 1.1 (1.3) million in interest on cooperative capital for 2020. POP Shares are investments in the cooperative bank's equity in accordance with the Co-operatives Act. In total, the POP Banks have issued EUR 56.9 (56.1) million in POP Shares.

OPERATING SEGMENTS

The POP Bank Group monitors its business operations based on two business segments: Banking and Insurance.

BANKING

The POP Bank Group's Banking segment consists of the POP Banks engaged in retail banking and Bonum Bank Plc, which is the amalgamation's central credit institution. At the end of 2021, POP Bank Group had 256.3 (253.7) thousand banking customers. Of these, 85.3 (85.5) per cent are private customers, 8.9 (8.6) per cent are corporate customers, and 2.7 (2.8) per cent are in the agriculture and forestry sectors. At the end of the year, POP Banks had 75 branch offices and service points. In addition, customers have access to mobile and online banking services and online appointments.

The POP Bank Group's vision is to be Finland's leading bank in combining personal and digital services. The POP Banks use various indicators to monitor customer satisfaction. According to the independent EPSI Rating sector report in 2021, the POP Banks had the most satisfied private customers in Finland for the tenth consecutive time. Due to its increased focus on corporate customers, POP Bank participated in the EPSI Rating corporate customer survey for the first time in 2021. The results were similar to those for private customers: POP Bank also has the most satisfied corporate customers in Finland. POP Bank's private customer satisfaction index was 81.0, compared with the sector average of 71.8. In the corporate customer survey, its customer satisfaction index was 80.7, whereas the sector average was 67.7. The ability to create new customer relationships was the POP Banks' key success factor in the surveys.

BANKING EARNINGS

Banking profit grew significantly from the previous year. Profit before tax was EUR 40.4 (10.8) million. Terminating the agreement on renewal of core banking platform had an effect of EUR 25.7 million to profit before tax. The cost-to-income ratio of banking operations was 66.2 (83.1) per cent.

Net interest income in banking operations increased by 5.6 per cent to EUR 77.7 (73.5) million, and net commissions and fees increased by 16.7 per cent to EUR 36.8 (31.6) million. Growth of commissions and fees was due to growth in lending volumes, growth in brokered investment products and changes in pricing of banking services. Net investment income amounted to EUR 8.5 (1.5) million. Other operating income totaled EUR 38.7 (5.8) million. Other operating income includes EUR 31.7 million of non-recurring items. Operating income totalled EUR 161.7 (112.4) million, representing an increase of 43.8 per cent year-on-year.

Operating expenses in banking operations grew by 17.8 per cent from EUR 94.2 million to EUR 110.9 million. Expenses growth was partly due to EUR 6.0 million non-recurring items related to terminating the renewal of core banking platform. Personnel expenses in banking operations were EUR 34.8 (30.7) million and other operating expenses EUR 64.6 (59.1) million. Depreciation and impairment losses on property, plant and equipment and intangible assets were EUR 11.6 (4.4) million.

Impairment losses on financial assets were recognised in expenses to the tune of EUR 10.4 (7.4) million. Impairment losses include a net increase of EUR 2.3 (0.1) million in expected losses, as well as EUR 8.0 (7.3) million in actual credit losses.

An additional provision of EUR 3.0 (1.4) million was made on the financial year based on management judgement. The provision is made in order to prepare for the potential negative impacts the lengthening COVID-19 pandemic may cause for credit risk development.

THE BANKING SEGMENT'S ASSETS AND LIABILITIES

The banking segment's assets totalled EUR 5,375.1 (5,113.5) million at the end of the financial period. The banking segment's loan portfolio increased by 9.7 per cent to EUR 4,245.7 (3,870.2) million. The loan portfolio grew in both the private and corporate customer segments. Deposits increased by 3.4 per cent, and the banking segment's deposits totalled EUR 4,227.8 (4,089.3) million at the end of the financial period.

INSURANCE

The insurance segment of POP Bank Group includes Finnish P&C Insurance Ltd, which offers non-life insurance policies to private customers. The insurance company offers typical non-life insurance products to private customers. The insurances are mostly sold via electronic channels.

In 2021, Finnish P&C Insurance Ltd. gained an average of 3.6 (3.5) thousand new customers per month, and at the end of the financial period, the company had 171.6 (156.5) thousand customers. The on-going coronavirus pandemic hindered especially sales of travel insurances. According to the results of an NPS survey, which measured customers' willingness to recommend, the company is among the leaders in its field. The company, which operates via electronic channels, has customers throughout Finland.

The majority of the company's insurance policies are granted through its own sales channels. Key distribution partners include POP Bank Group and Savings Banks Group, as well as car dealerships and vehicle inspection stations in the capacity of an intermediary. Finnish P&C Insurance Ltd. focuses on online marketing in particular and directs customers to its online store. Also bank partners mainly direct their own customers to the online store. Dealerships and vehicle inspection stations grant vehicle insurance policies in the capacity of an intermediary.

The insurance segment is a central part of the digital operations of the POP Bank Group.

INSURANCE EARNINGS

The operating expense ratio of insurance continued to improve as a result of cost optimization and growth in premium revenue. The loss ratio was improved year-on-year and it was also possibly affected by the slightly diminutive effect of corona pandemic on incurred losses.

Profit before tax for insurance was EUR 5.0 (2.4) million. Net insurance income grew by 13.6 per cent to EUR 13.2 (11.6) million. The loss ratio decreased by 1.9 percentage points from 73.1 to 71.2 per cent. The operating expense ratio of the company was 21.3 (21.9) per cent, and the consolidated cost ratio was 92.5 (95.0) per cent[1].

In 2021, Finnish P&C Insurance Ltd sold a total of 127.9 (126,2) thousand new insurance agreements. Premiums written totalled EUR 48.0 (46.0) million, of which 80.6 (81.4) per cent accrued from the motor vehicle liability and land vehicles insurance categories. Accident and health, fire and other property, as well as other direct insurance policies generate a total of 19.4 (18.6) per cent of the premiums written. Insurance premium revenue increased by 6.1 per cent to EUR 45.8 (43.1) million.

Claims incurred decreased slightly from the previous year and totalled EUR 32.6 (31.5) million. These consisted of EUR 27.7 (28.8) million in claims paid, EUR 7.1 (7.6) million in changes in provisions for unpaid claims, less EUR -1.3 (-4.1) million in increases in provisions for unpaid claims ceded to reinsurers. During the financial period, four losses exceeded the retention limits of reinsurance and one loss was claimed for payment. Reinsurance provisions for a total of 11 losses were made to technical provisions at the end of the year.

Personnel expenses in insurance operations were EUR 7.8 (6.9) million. Other operating expenses decreased to EUR 0.7 (1.1) million. Depreciation and impairment amounted to EUR 2.1 (2.0) million. Operating expenses totalled EUR 10.6 (10.0) million.

INSURANCE SEGMENT'S ASSETS AND LIABILITIES

The assets of the insurance segment totalled EUR 97.2 (80.7) million at the end of the financial period. The liabilities of the insurance segment totalled EUR 71.7 (57.7) million. Insurance liabilities grew by 20.0 per cent to EUR 52.7 (43.9) million. The liabilities of the insurance segment totalled EUR 60.8 (49.2) million.

OTHER FUNCTIONS

Other functions include POP Holding Ltd, POP Bank Centre coop and other entities consolidated in the POP Bank Group and not included in the banking and insurance business segments. Other functions is not a reportable segment in the POP Bank Group's IFRS financial statements.

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

PRINCIPLES AND ORGANIZATION OF RISK MANAGEMENT

The 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 appetitive.

[1] The operating expense ratio and the consolidated cost ratio have been calculated on the basis of Finnish P&C Insurance Ltd.'s financial statement information (FAS).

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 updated Capital Requirements Regulation (EU 2019/876) is presented in a separate Pillar III report.

BANKING RISKS

Credit risk

The amalgamation's credit risk position in banking remained stable and the risk level moderate.

Due to the change in the definition of default from the beginning of 2021, exposures in ECL stage 3 were smaller than in previous financial year EUR 98.4 (122.9) million. However, expected credit losses in ECL stage 3 grew to EUR 27.6 (25.8) million. Non-performing receivables totalled 138.6 (118.9) million, of which 98.4 (118.5) were held on ECL stage 3 and 37.9 (0.2) million were held on ECL stage 2.

The possible lengthening of COVID-19 pandemic and it's possible negative effect on loan base and investment portfolio has been taken into consideration by making an additional loan loss provision of EUR 3.0 (1.4) million based on management judgement. The amount of expected credit losses (ECL) for loans, receivables and investment portfolios increased ending up at EUR 38,6 (36,3) million. Final credit losses incurred during the financial year were EUR 8.0 (7.3) million, of which digital consumer credit represented EUR 3.0 (2.8) million.

The amalgamation's loan portfolio grew by 9.7 per cent amounting EUR 4 243.8 (3 868.1) million at the end of the accounting period. Industry and customer risks are well diversified. Loans granted to private customers accounted for 65.4 (66.4) per cent, to companies 20.4 (18.5) per cent and to agricultural entrepreneurs 14.2 (15.1) 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 64.0 (64.6) 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.

Liquidity risks

The POP Bank Group's liquidity position remained strong during the financial period. The amalgamation's liquidity coverage ratio (LCR) was 141.3 (191.4) per cent on 31 December 2021 with the requirement being 100 per cent. On 31 December 2021, the amalgamation's LCR-eligible assets before haircuts totalled EUR 457.9 (621.9) million, of which 61.1 (63.0) per cent were cash and balance at the central bank and 32.2 (32.4) per cent were highly liquid Tier 1 securities. In addition, outside the amalgamation's LCR portfolio unencumbered securities totalled to EUR 28.0 (71.1). The central credit institution Bonum Bank Plc manages the liquidity coverage requirement (LCR) of the amalgamation.

The requirement for stable funding, NSFR, became binding in 2021 (28 June 2021) as part of CRR II Regulation 2019/876, which reformed Capital Requirement Regulation 575/2013 of the European

Parliament and of the Council. The minimum requirement is 100 per cent. 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 consortium's NSFR ratio on 31 December 2021 was 130.0 per cent.

The POP Bank Group's funding position remained strong during the financial year. The proportion of deposits from the funding portfolio remained high and total deposits increased by 3,3 per cent during the reporting period. End of reporting period Bonum Bank Plc has EUR 255 million (225) outstanding unsecured senior notes from EUR 750 million bond programme and EUR 30.0 (41.5) million from the investment certificate program, respectively. In addition, Bonum Bank Plc has a EUR 28.6 million loan program with the Nordic Investment Bank (NIB). During the financial year, Bonum Bank Plc participated in the European Central Bank's TLTRO III financing operation for EUR 78.4 million. At the end of the financial year, Bonum Bank had TLTRO III financing totaling EUR 128.4 (50.0) 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 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. Market risk exposure remained at a moderate level during the financial period. The most significant market risk the POP Bank Group is exposed to is the interest rate risk in the banking book, which is monitored and limited via both the net present value and income risk models. The impact of +/- one percentage point change in interest rates for the following 12 months' net interest income stood at EUR +12,7 (+13,1) / -6,0 (-9,7) million on 31 December 2021. Market risk is also caused by the investment activities of member credit institutions, the primary purposes of which are to invest the liquidity surplus and maintain liquidity reserves. 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. A member credit institution may only engage in direct foreign currency-denominated investments, after approval the risk control function of the amalgamation. The use of derivatives is limited to hedging the interest rate risk in the banking book.

Operational risks

Realisation of operational risks is minimised by regular scanning of operative risk portfolio, continuous personnel competence development, comprehensive operating instructions as well as internal control measures, such as by segregating preparation, decision-making, implementation and control from each other, whenever possible.

The Financial Supervisory Authority imposed a penalty payment of EUR 680 thousand on POP Bank Centre coop and a public warning for breaches of the obligation to control and supervise the operational risks of the amalgamation. The findings were based on an inspection conducted by the Financial Supervisory Authority in April 2019. POP Bank Centre coop had started significant improvement actions prior the inspection and increased resources in risk management as well as developed the procedures of controlling operational risks.

The member credit institutions report annually to the compliance function on the operational risks related to their own operations through self-assessments. In addition to this, the member credit institutions maintain a register on their materialised operational risks and near misses, which is to be delivered to the central institution upon request. The compliance function regularly assesses the nature of the identified operational risks, as well as the probability of their materialisation, across the amalgamation.

The compliance function of the central institution monitors significant and critical outsourcings, maintains a register of outsourced operations and functions and participates in evaluating risks involved in outsourcing operations. The operational risks associated with 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 risk control and compliance function. Furthermore, the member credit institutions regularly perform self-assessment of their operational risks. Some of the losses caused by operational risks are hedged through insurance. Risks caused by operations, including malfunctions of information systems, are prepared for by continuity planning.

The operating model for risk management related to money laundering and other financial crime has been systematically reinforced at the level of the amalgamation. This has included updating the binding guidelines on the prevention of money laundering and other financial crime within the amalgamation, increasing the selection of solutions and the amount of resources available for continuous monitoring, and acquiring and implementing a completely new AML monitoring system, as well as active communication and a considerable increase in training.

RISKS RELATED TO INSURANCE OPERATIONS

During the period under review, the most significant insurance risks were associated with business profitability development with particular focus in the development of pricing and customer selections, and the sufficient increase in business volumes, taking the profitability aspect into account. The on-going coronavirus pandemic has changed the operating environment in many respects. In insurance operations, the pandemic is reflected especially in the number of losses in personal insurances and the size of the insurance portfolio.

Key operational risks are still related to the building of IT systems and the controlled scaling and development of insurance business processes as the sales, customer and claim volumes increase.

Information security risks are significant for an online company and, therefore, the company is strongly investing in their management. The personnel risk is significant due to the relatively small size of the organization, however the organization and partnerships are constantly developed to minimize risks.

Although the company's investment assets mainly consist of euro-denominated fixed income investments, the company also has moderate equity, real estate and currency exposures. As the maturity of fixed income investments is low, at 2.1 years, the interest rate risk is also moderate. The company has outsourced the execution of investment activities to asset managers

The pandemic did not have a major impact on operating activities, because the company operates digitally and has good capabilities for remote work.

The Board of Directors of Finnish P&C Insurance annually approves the company's risk management plan.

RECOVERY AND RESOLUTION PLAN

The Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms was implemented nationally as of 2015 (Act on the Resolution of Credit Institutions and Investment Firms 1194/2014). In order to implement the Act in Finland, a Financial Stability Authority was established (Act on the Financial Stability Authority 1194/2014). The Financial Stability Authority acts as a National Resolution Authority in Finland, as part of the European Union Single Resolution Mechanism (SRM).

On 28 April 2021 the Financial Stability Authority updated the decision on the minimum requirement of own funds and eligible liabilities (MREL) related to the resolution plan of the amalgamation of POP Banks. The new MREL requirement is 19.39 per cent of the total risk exposure amount or 5.91 per cent of the total leverage ratio exposure amount. The new requirement took effect on 1 January 2022. The 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 was 19.2 (19.9) per cent and CET1 capital ratio 19.2 (19.9) per cent. The amalgamation does not include the profit for the financial year in own funds. The amalgamation's own funds of EUR 529.7 (513.0) 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 56.9 (56.1) 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 %
- Capital conservation buffer of 2.5 %
- Country-specific capital requirements for foreign exposures

At least 4.5 percentage points of the Capital Requirements Regulation minimum requirement must be covered by Common Equity Tier 1 (CET1) capital. All additional capital requirements must be fully covered with CET1 Capital. FIN-FSA released the systemic risk buffer capital requirement on 6 April 2020.

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 2020 exemption from FIN-FSA regarding amalgamation's internal items in leverage ratio reporting.

CRR II Regulation 2019/876, reforming the Solvency Regulation 575/2013 of the European Parliament and of the Council, has been applied since 28 June 2021. Under the new regulations, the own fund requirement for SME exposures decreased and fund investments were taken into account by risk-weighting all the underlying assets of the funds as if they were direct liabilities of the amalgamation or alternatively applied a higher risk weight.

The leverage ratio requirement became binding in June as part of the amendment to the EU Capital Requirements Regulation (CRR II). The minimum level of regulation is 3 per cent. The amalgamation's leverage ratio on 31 December 2021 was 9.7 per cent.

Defaulted receivables are reported in accordance with the definition of default as laid down in Article 178 of the EU Capital Requirements Regulation 575/2013 beginning 1 January 2021. The change increased the amount of defaulted receivables thus having a decreasing effect on the amalgamation's capital adequacy ratio.

SUMMARY OF CAPITAL ADEQUACY

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Own funds		
Common Equity Tier 1 capital before deductions	541,450	536,352
Deductions from Common Equity Tier 1 capital	-11,717	-23,306
Total Common Equity Tier 1 capital (CET1)	**529,733**	**513,046**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**529,733**	**513,046**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**529,733**	**513,046**
Total risk weighted assets	**2,766,096**	**2,578,449**
of which credit risk	2,521,248	2,349,874
of which credit valutaion adjustment risk (CVA)	-	-
of which market risk (foreign exchange risk)	20,202	20,858
of which operational risk	224,646	207,717

(EUR 1,000)	31 Dec 2021	31 Dec 2020
CET1 Capital ratio (CET1-%)	**19.2 %**	**19.9 %**
T1 Capital ratio (T1-%)	**19.2 %**	**19.9 %**
Total capital ratio (TC-%)	**19.2 %**	**19.9 %**
Capital Requirement		
Total capital	529,733	513,046
Capital requirement *	325,162	302,968
Capital buffer	204,570	210,031
Leverage ratio		
Tier 1 capital (T1)	529,733	513,046
Leverage ratio exposure	5,445,616	5,146,910
Leverage ratio, %	9.7 %	10.0 %

* The capital requirement is comprised of the minimum requirement of 8.0 %, the additional Pillar 2 requirement of 1.25 %, the capital conservation buffer of 2.5 % and country-specific countercyclical capital requirements for foreign exposures. FIN-FSA released the systemic risk buffer capital requirement (1%) 6th April 2020.

RESPONSIBILITY

Social responsibility in the POP Bank Group is based on cooperative values, local operations and long-term business activity. The POP Bank Group's responsibility work is guided by its responsibility programme. The programme is based on a materiality analysis aimed at identifying those responsibility aspects that are the most important for the POP Bank Group and its key stakeholders. The following responsibility themes were identified as being significant for the POP Bank Group: 1) promoting sustainable financing and investing and thereby mitigating climate change; 2) supporting local success, vitality and well-being; 3) transparent business operations; 4) ensuring the equality of employees and promoting diversity and well-being at work; and 5) preventing a shadow economy, corruption and money laundering.

The POP Bank Group will publish its sustainability report for 2021 as part of its annual report. The Group's reporting complies with the Global Reporting Initiative (GRI) framework.

EVENTS AFTER THE CLOSING DATE

In January 2022, the POP Bank Group signed a cooperation agreement with Crosskey, a Finnish IT company, on the renewal of its core banking system. POP Bank expects to introduce the new core banking system during 2025. The cooperation agreement has no immediate impact on the banking services provided by the POP Banks.

S&P Global Ratings has affirmed February 4, 2022 Bonum Bank Plc's long-term counterparty credit rating 'BBB' and short term credit rating 'A-2'. The outlook remains stable.

POP Bank Centre coop'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 of the POP Bank Group.

OUTLOOK FOR 2022

The economic performance of the operating environment has a key impact on the POP Bank Group's operations. Monetary policy stimulus played a significant role in the early stages of the coronavirus pandemic, and extensive bankruptcy waves were avoided. The ECB has supported the eurozone economy by keeping its key interest rates low, among other measures. However, the reduction of its purchase programmes, for example, indicates a change in direction. The inflation rate has started to increase globally, but the ECB is not expected start interest rate hikes prematurely. Short-term interest rates are expected to remain negative in 2022. This contributes to supporting the situation of companies and households.

Despite the prolonged coronavirus pandemic, the Finnish economy and the eurozone economies have recovered well, and the development of employment, among other aspects, has been positive. Although the pandemic continues, many sectors have learned to operate flexibly with the restrictions, and total production has already exceeded the pre-pandemic level. In addition, the probability of extensive lockdown measures that are particularly harmful for the economy is decreasing in the eurozone, because high vaccination coverage has reduced mortality.

The emergence of new and more infectious variants has protracted the pandemic, although vaccines have proven be effective in mitigating the more serious forms of the disease. Globally, the pandemic may bring negative surprises that will also be reflected in Finland. In terms of logistics and supply chains, the situation has not yet normalised globally, meaning that demand inflation is high and production chains are vulnerable. An intensified coronavirus pandemic situation, particularly in China, may interfere with production around the world.

The operating environment continues to be challenging. The impact of global development trends in particular on the Finnish economy is difficult to predict. The risk of unfavourable changes in the capital and financial markets in the eurozone has also increased.

In line with its strategy, the POP Bank Group is focusing on growth, especially in corporate funding. The Group's business operations are expected to develop favourably in 2022, but the core banking system reform, which started at the beginning of the year, is expected to cause additional costs until the new system becomes operational. As no significant non-recurring income items are expected to be recognised for 2022, as opposed to 2021, the profit for the financial year will be lower than in 2021.

POP BANK GROUP FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2021 (IFRS)

POP BANK GROUP'S INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Interest income		83,879	80,090
Interest expenses		-5,541	-5,991
Net interest income	4	**78,338**	**74,099**
Net commissions and fees	5	36,326	31,049
Net investment income	6	10,028	1,298
Insurance income	7	13,192	11,611
Other operating income		38,360	5,902
Total operating income		**176,243**	**123,959**
Personnel expenses		-50,655	-43,531
Other operating expenses		-55,464	-51,978
Depreciation and amortisation		-15,083	-8,141
Total operating expenses		**-121,203**	**-103,650**
Impairment losses on financial assets	10	-10,390	-7,468
Associate´s share of profits		19	78
Profit before tax		**44,670**	**12,919**
Income tax expense		-7,565	-1,817
Profit for the financial period		**37,105**	**11,101**
Attributable to			
Equity owners of the POP Bank Group		37,110	11,087
Non-controlling interests		-5	15
Total		**37,105**	**11,101**

POP Bank Group has changed the accounting policies, and therefore comparison period has been restated. The changes are presented in Note 2.

POP BANK GROUP'S STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Profit for the financial period	**37,105**	**11,101**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Gains/(losses) arising from remeasurement of defined benefit plans	-353	-564
Net changes in fair value for equity instruments at FVOCI	152	992
Items that may be reclassified to profit or loss		
Movement in fair value reserve for liability instruments at FVOCI	-1,018	152
Total other comprehensive income for the financial period	**35,885**	**11,681**
Attributable to		
Owners of the POP Bank Group	35,890	11,666
Non-controlling interests	-5	15
Total other comprehensive income for the financial period	**35,885**	**11,681**

POP BANK GROUP'S BALANCE SHEET

(EUR 1,000)	Note	31 Dec 2021	31 Dec 2020
Assets			
Liquid assets	8,9	279,882	391,544
Loans and advances to credit institutions	8,9	73,897	64,166
Loans and advances to customers	8,9	4,243,829	3,868,147
Investment assets	8,9	681,552	688,871
Investments in associates		214	195
Intangible assets		9,298	15,196
Property, plant and equipment		29,611	32,138
Other assets		34,014	32,816
Tax assets		5,401	5,326
Total assets		**5,357,697**	**5,098,398**

(EUR 1,000)	Note	31 Dec 2021	31 Dec 2020
Liabilities			
Liabilities to credit institutions	8,9,11	166,484	97,219
Liabilities to customers	8,9,11	4,222,364	4,086,045
Non-life insurance liabilities	12	52,692	43,915
Debt securities issued to the public	13	284,920	266,346
Supplementary cooperative capital		-	11,287
Other liabilities		50,060	51,991
Tax liabilities		28,367	24,353
Total liabilities		**4,804,888**	**4,581,156**
Equity capital			
Cooperative capital			
Cooperative contributions		10,163	9,909
POP Shares		56,893	56,121
Total cooperative capital		**67,056**	**66,030**
Reserves		163,877	166,497
Retained earnings		321,437	284,271
Total equity attributable to the owners of the POP Bank Group		**552,370**	**516,798**
Non-controlling interests		439	444
Total equity capital		**552,809**	**517,242**
Total liabilities and equity capital		**5,357,697**	**5,098,398**

POP Bank Group has changed the accounting policies, and therefore comparison period has been restated. The changes are presented in Note 2.

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

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1st of Jan 2021	**66,031**	**4,905**	**161,592**	**284,271**	**516,798**	**444**	**517,242**
Comprehensive income for the financial year							
Profit for the financial year	-	-	-	37,110	**37,110**	-5	**37,105**
Other comprehensive income	-	-867	-	-353	**-1,219**	-	**-1,219**
Total comprehensive income for the financial year	**-**	**-867**	**-**	**36,757**	**35,890**	**-5**	**35,885**
Transactions with shareholders							
Increase in cooperative capital	834	-	-	-	**834**	-	**834**
Profit distribution	-	-	-	-1,089	**-1,089**	-	**-1,089**
Transfer of reserves	192	-	-1,753	1,561	**-**	**-**	**-**
Transactions with shareholders total	**1,026**	**-**	**-1,753**	**472**	**-255**	**-**	**-255**
Other changes	-	-	-	-63	**-63**	-	**-63**
Balance at 31 Dec 2021	**67,057**	**4,038**	**159,839**	**321,437**	**552,370**	**439**	**552,809**

(EUR 1,000)	Cooperative capital	Fair value reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity capital
Balance at 1 Jan 2020	**66,745**	**3,761**	**156,934**	**280,566**	**508,006**	**429**	**508,435**
Change in accounting policy	-	-	-	-493	**-493**	-	**-493**
Corredted balance at 1 Jan 2020	**66,745**	**3,761**	**156,934**	**280,073**	**507,513**	**429**	**507,942**
Comprehensive income for the period							
Profit for the financial period	-	-	-	11,087	**11,087**	15	**11,101**
Other comprehensive income	-	1,144	-	-564	**580**	-	**580**
Total comprehensive income	**-**	**1,144**	**-**	**10,522**	**11,666**	**15**	**11,681**
Transactions with shareholders							
Change in cooperative capital	-1,106	-	-	-	**-1,106**	-	**-1,106**
Profit distribution	-	-	-1	-1,285	**-1,286**	-	**-1,286**
Transfer of reserves	392	-	4,658	-5,052	**-1**	-	**-1**
Transactions with shareholders total	**-714**	**-**	**4,657**	**-6,337**	**-2,393**	**-**	**-2,393**
Other changes	-	-	-	12	**12**	-	**12**
Balance at 31 Dec 2020	**66,031**	**4,905**	**161,592**	**284,271**	**516,798**	**444**	**517,242**

The Financial Supervisory Authority recommended on 18 December 2020 that banks should exercise extreme caution in distributing profits until 30 September 2021 and recommended that banks should comply with the European Central Bank's recommended maximum profit distribution. The cooperative banks of the POP Bank Group has complied with the recommendations regarding the profit distribution of profits paid for 2020. Profit distribution of the POP Banks' does not have a material impact on the capital level of the POP Banks' or the ability to offer financing to their customers.

POP BANK GROUP'S CASH FLOW STATEMENT

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Cash flow from operations		
Profit for the financial year	37,105	11,101
Adjustments to profit for the financial year	44,494	25,428
Increase (-) or decrease (+) in operating assets	**-383,899**	**-350,282**
Advances to credit institutions	1,177	7,065
Advances to customers	-387,854	-238,399
Investment assets	3,537	-117,307
Other assets	-759	-1,641
Increase (+) or decrease (-) in operating liabilities	**188,483**	**392,331**
Liabilities to credit institutions	69,266	59,676
Liabilities to customers	124,591	339,739
Other liablilities	-2,053	-3,873
Income tax paid	-3,322	-3,211
Total cash flow from operations	**-113,819**	**78,578**
Cash flow from investing activities		
Changes in other investments	-165	-120
Purchase of PPE and intangible assets	-5,767	-6,094
Proceeds from sales of PPE and intangible assets	2,339	1,235
Net cash used in investing activities	**-3,593**	**-4,979**
Cash flow from financing activities		
Change in cooperative capital, net	1,031	-829
Interests paid on cooperative capital and other profit distribution	-1,089	-1,285
Debt securities issued, increase	79,945	246,821
Debt securities issued, decrease	-61,387	-95,426
Payment of lease liabilities	-1,842	-1,831
Net cash used in financing activities	**16,657**	**147,450**

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Change in cash and cash equivalents		
Cash and cash equivalents at period-start	415,120	194,071
Cash and cash equivalents at the end of the period	314,365	415,120
Net change in cash and cash equivalents	**-100,755**	**221,049**
Cash and cash equivalents		
Liquid assets	268,871	11,435
Receivables from credit institutions payable on demand	45,493	403,684
Total	**314,365**	**415,120**

ADDITIONAL INFORMATION ON CASH FLOW STATEMENT

Interest received	**80,838**	**78,691**
Interest paid	**5,709**	**4,468**
Dividends received	**3,591**	**4,355**
Adjustments to profit for the financial year		
Non-cash items and other adjustments		
Impairment losses on receivables	10,390	7,468
Depreciations	18,186	10,783
Technical provision	15,083	5,287
Other	835	1,890
Adjustments to profit for the financial year	**44,494**	**25,428**

POP Bank Group has changed the accounting policies, and therefore comparison period has been restated. The changes are presented in Note 2.

NOTES

NOTE 1 THE POP BANK GROUP AND THE SCOPE OF IFRS FINANCIAL STATEMENTS

The 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.

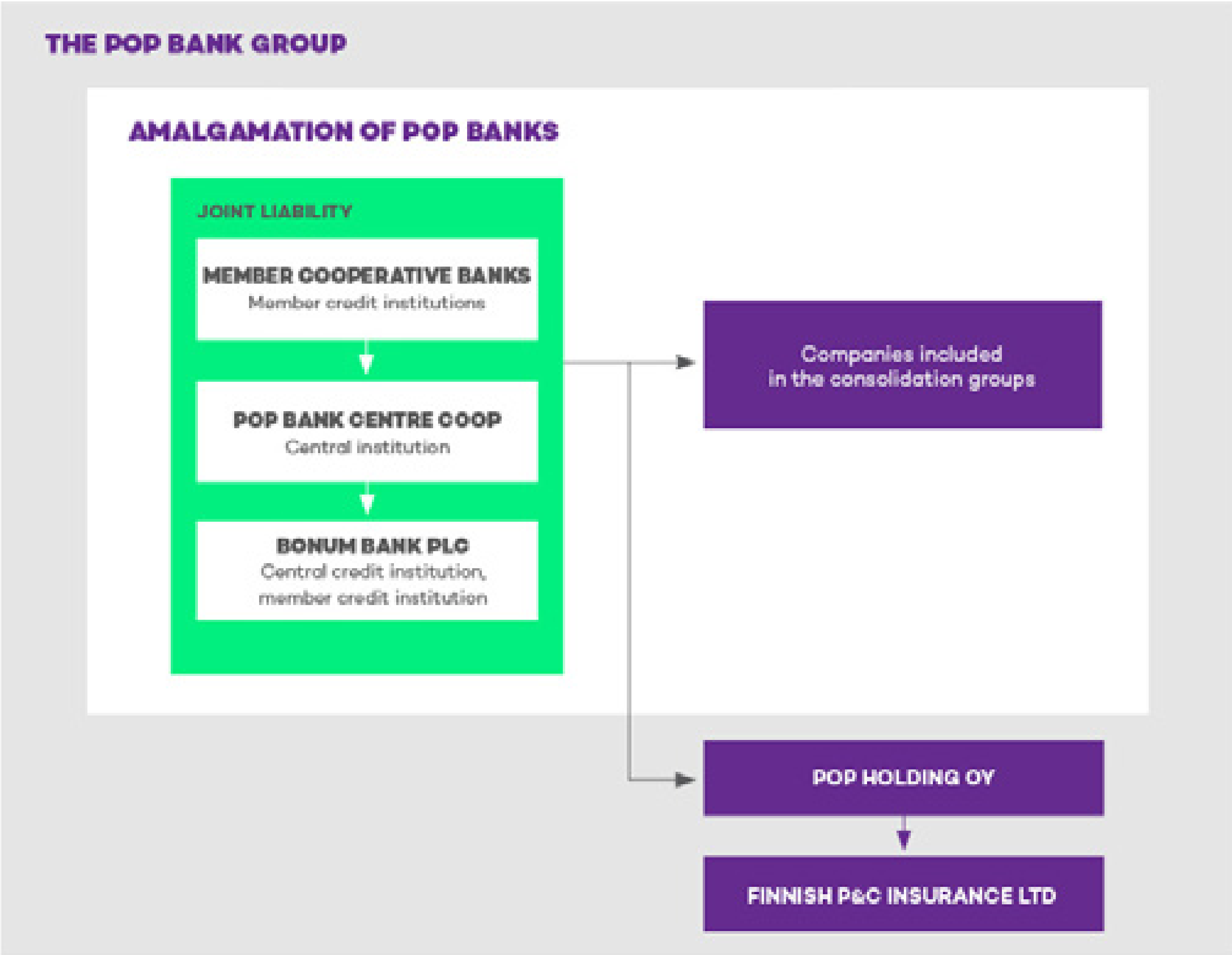
The member credit institutions of POP Bank Centre coop include 21 cooperative banks and Bonum Bank Plc, which serves as the central credit institution for the member cooperative banks. The amalgamation of POP Banks is an economic entity referred to in the Act on the Amalgamation of Deposit Banks (599/2010) (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.

The POP Bank Group also includes other entities besides the entities included in the amalgamation of POP Banks. In addition to the organisations that belong to the amalgamation of POP Banks, the POP Bank Group comprises POP Holding Ltd and its wholly owned company Finnish P&C Insurance Ltd. Neither of these are included in the scope of joint liability.

The 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 of the Consolidated IFRS Financial Statements.

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

POP BANK GROUP STRUCTURE



During the financial year, one internal merger in the POP Bank Group took place. At the end of February, Reisjärven Osuuspankki merged with Siilinjärvi Osuuspankki and the bank's name was changed to Järvi-Suomen Osuuspankki. Following the mergers, the POP Bank Group includes 21 member banks. The merger has no effect on the financial statements of the POP Bank Group.

NOTE 2 POP BANK GROUP'S ACCOUNTING POLICIES

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

Financial statements release 1 January – 31 December 2021 has been prepared in accordance with IAS 34 Interim Financial reporting.

The figures disclosed in the financial statements release are unaudited. 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. The operating currency of all the companies belonging to the POP Bank Group is euro.

CHANGES IN ACCOUNTING POLICIES

Adoption of new IFRS standards, amendments to standards and interpretations

No new IFRS standards were adopted during the financial year in the POP Bank Group's financial statements.

Treatment of costs related to cloud service agreements

During the financial year, the agenda decision of the IFRS Interpretations Committee in April 2021 on the accounting treatment of configuration and customization costs (Configuration or Customization Costs in a Cloud Computing Arrangement) for supplier's application software in a Software as a Service (SaaS) was adopted. The agenda decision considered on how the costs of configuration or customization for software purchased as cloud service are accounted for, if an intangible asset is not recognized.

POP Bank Group has taken into account the effects of the agenda decision on the handling of cloud services retrospectively in the second half of the financial year. Under the new accounting policy, configuration costs related to cloud service contracts are mainly recognized as expenses and customization costs are recognized as prepayments or expenses, depending on whether the configuration services are distinct from the actual cloud service contract. In the cloud service arrangement, the software is controlled by a third party, and the software's configuration and customization costs are not capitalized as an intangible asset. The prepayment recognized under the cloud service agreement is released as an expense during the contract period from the time the asset is ready for use. The effects of the change in accounting policy on the various financial statements line items are presented in the table below. The effect on income statement is due to internal costs and other expenses previously capitalised. The change in accounting policy is related mainly to information systems of payment area.

EFFECT OF THE CHANGE IN ACCOUNTING POLICIES

BALANCE SHEET

(EUR 1,000)	31 Dec 2020	Change in accounting policy	Restated 31 Dec 2020
Intangible assets	20,549	-5,352	15,196
Other assets	28,553	4,263	32,816
Tax assets	5,108	218	5,326
Total assets	5,099,270	-871	5,098,398
Retained earnings	11,480	-379	11,101
Profit for the financial year	285,142	-493	284,650
Equity capital	518,114	-871	517,242
Total liabilities and equity capital	5,099,270	-871	5,098,398

INCOME STATEMENT

(EUR 1,000)	1 Jan - 31 Dec 2020	Change in accounting policy	Restated 1 Jan - 31 Dec 2020
Other operating income	-50,738	-1,241	-51,978
Depreciation and amortisation	-8,908	767	-8,141
Income tax expense	-1,912	95	-1,817
Profit for the financial year	11,480	-379	11,101

Other amendments and improvements to the existing IFRS standards during the financial year have not had a material effect on the POP Bank Group's financial statements.

Definition of default

At the beginning of 2021, the POP Bank Group adopted the definition of default in accordance with Article 178 of Regulation 575/2013 of the European Parliament and of the Council for the calculation of expected credit losses. Liabilities are classified in ECL stage 3 when they meet the default criteria. The adoption of the definition reduced the number of receivables to be recorded in ECL stage 3, as the criteria previously applied by the POP Bank Group for recording receivables in ECL stage 3 were stricter.

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 and intangible assets, as well as the assumptions used in actuarial analyses. More detailed information on the fair val-ues and valuation techniques of financial assets is provided in Note 9.

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 corona pandemic, the fair values and impairments of financial assets are subject to greater uncertainty.

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.

Based on management's judgement, additional impairment losses have been recognized during the prior period due to the increase in credit risk associated with certain issuers of debt securities. Management has reassessed the financial risk related to these issuers on a case-by-case basis and decreased additional impairment loss provisions since these issuers' financial situation has improved despite the prolonged Covid-19 pandemic. An additional impairment loss provision on loans to customers was recognised during the financial period based on estimated effects of prolonged Covid-19 pandemic to credit risk.

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

New IFRS 17 Insurance Contracts (effective for financial years beginning on or after 1 January 2023)

The new standard for insurance contracts will help investors and other parties better understand insurers' risk exposure, profitability and financial position. This standard replaces the IFRS 4-standard. The adoption of the standard has been postponed by a decision of the IASB by one year. POP Bank Group has an ongoing project for evaluating the effects and preparing for adopting the standard.

Other IFRS standards or IFRIC interpretations that have already been issued are not expected to have a material impact on the POP Bank Group's financial statements.

NOTE 3 POP BANK GROUP'S OPERATING SEGMENTS

The operating segments of POP Bank Group are banking and insurance. The operating segments are reported in a way that is consistent with the internal reporting to the management. The reporting of operating segments complies with the accounting policies applied to the Group's IFRS financial statements. The policies are presented in note 2 POP Bank Group's accounting policies under IFRS. The chief operating decision maker of the POP Bank Group is the Board of Directors of the Group's central institution POP Bank Centre coop. The central institution is responsible for the allocation of resources and assessing the profitability of operations.

The Banking segment includes the member cooperative banks and Bonum Bank Plc. Cooperative banks engage in retail banking and Bonum Bank Plc acts as their central credit institution. The most significant income items of Banking are net interest income, fee and commission income as well as investment income. The most significant expense items consist of personnel expenses and other operating expenses.

The Insurance segment comprises Finnish P&C Insurance Ltd, a provider of vehicle, property and personal insurance policies to private customers. The most significant income items of Insurance are insurance premium revenue and net investment income. The most significant expense items of Insurance consist of personnel expenses and other operating expenses.

Internal transactions between banks included in the Banking segment are eliminated in segment reporting. Pricing between segments is based on market prices. Transactions between the Banking segment and the Insurance segment are presented in unallocated items and eliminations. Unallocated items include income statement and balance sheet items related to other operations. The most significant institutions included in other operations are POP Holding Ltd, POP Bank Centre coop and POP Newco Oyj.

POP BANK GROUP'S OPERATING SEGMENTS 2021

INCOME STATEMENT 1 JANUARY – 31 DEC 2021

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Interest income	77,695	655	**78,350**	-13	**78,338**
Net commissions and fees	36,813	-396	**36,417**	-91	**36,326**
Net investment income	8,502	1,654	**10,156**	-128	**10,028**
Insurance income	-	13,192	**13,192**	-	**13,192**
Other operating income	38,716	523	**39,239**	-879	**38,360**
Total operating income*	**161,725**	**15,629**	**177,354**	**-1,111**	**176,243**
Personnel expenses	-34,796	-7,797	**-42,593**	-8,062	**-50,655**
Other operating expenses	-64,576	-687	**-65,263**	9,799	**-55,464**
Depreciation and amortisation	-11,568	-2,126	**-13,694**	-1,389	**-15,083**
Total operating expenses	**-110,940**	**-10,610**	**-121,551**	**348**	**-121,203**
Impairment losses on financial assets	-10,356	-34	**-10,390**	-	**-10,390**
Associate´s share of profits	-	-	**-**	19	**19**
Profit before tax	**40,428**	**4,985**	**45,413**	**-743**	**44,670**
Income tax expense	-7,414	-	**-7,414**	-151	**-7,565**
Profit for the financial period	**33,015**	**4,985**	**37,999**	**-895**	**37,105**
*External share of total operating income	161,725	15,629	**177,354**		
*Internal share of total operating income	1,174	-	**1,174**		

BALANCE SHEET 31 DEC 2021

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Assets					
Liquid assets	279,882	-	**279,882**	-	**279,882**
Loans and advances to credit institutions	67,993	8,243	**76,237**	-2,340	**73,897**
Loans and advances to customers	4,245,716	-	**4,245,716**	-1,887	**4,243,829**
Investment assets	725,603	71,656	**797,259**	-115,707	**681,552**
Investments in associates	-	-	**-**	214	**214**
Intangible assets	2,529	4,098	**6,627**	2,671	**9,298**
Property, plant and equipment	28,520	480	**29,000**	611	**29,611**
Other assets	21,478	12,378	**33,856**	157	**34,014**
Tax assets	3,389	374	**3,763**	1,638	**5,401**
Total assets	**5,375,111**	**97,229**	**5,472,340**	**-114,643**	**5,357,697**
Liabilities					
Liabilities to credit institutions	184,002	-	**184,002**	-17,518	**166,484**
Liabilities to customers	4,227,799	-	**4,227,799**	-5,435	**4,222,364**
Non-life insurance liabilities	-	52,692	**52,692**	-	**52,692**
Debt securities issued to the public	284,920	-	**284,920**	-	**284,920**
Supplementary cooperative capital	-	-	**-**	-	**-**
Other liabilities	38,592	7,637	**46,228**	3,831	**50,060**
Tax liabilities	27,542	509	**28,050**	317	**28,367**
Total liabilities	**4,762,855**	**60,838**	**4,823,693**	**-18,805**	**4,804,888**

POP BANK GROUP'S OPERATING SEGMENTS 2020

INCOME STATEMENT 1 JANUARY – 31 DEC 2020

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Interest income	73,548	564	**74,112**	-13	**74,099**
Net commissions and fees	31,552	-417	**31,135**	-86	**31,049**
Net investment income	1,505	253	**1,758**	-381	**1,298**
Insurance income	-	11,611	**11,611**	-	**11,611**
Other operating income	5,831	483	**6,314**	-412	**5,902**
Total operating income*	**112,436**	**12,493**	**124,929**	**-892**	**123,959**
Personnel expenses	-30,711	-6,895	**-37,606**	-5,925	**-43,531**
Other operating expenses	-59,114	-1,100	**-60,214**	8,235	**-51,978**
Depreciation and amortisation	-4,379	-2,027	**-6,405**	-1,736	**-8,141**
Total operating expenses	**-94,203**	**-10,022**	**-104,225**	**575**	**-103,650**
Impairment losses on financial assets	-7,445	-23	**-7,468**	-	**-7,468**
Associate´s share of profits	-	-	**-**	78	78
Profit before tax	**10,788**	**2,448**	**13,236**	**-239**	**12,919**
Income tax expense	-1,997	101	**-1,896**	79	**-1,817**
Profit for the financial period	**8,791**	**2,549**	**11,340**	**-160**	**11,101**

*External share of total operating income	112,436	12,493	**124,929**		
*Internal share of total operating income	437	-	**437**		

BALANCE SHEET 31 DEC 2020

(EUR 1,000)	Banking	Insurance	Segments total	Unallocated items and eliminations	Group total
Assets					
Liquid assets	391,544	-	**391,544**	-	**391,544**
Loans and advances to credit institutions	60,547	5,617	**66,164**	-1,998	**64,166**
Loans and advances to customers	3,870,155	-	**3,870,155**	-2,008	**3,868,147**
Investment assets	727,687	57,700	**785,387**	-96,516	**688,871**
Investments in associates	-	-	**-**	195	**195**
Intangible assets	8,089	4,763	**12,852**	2,344	**15,196**
Property, plant and equipment	30,621	794	**31,415**	723	**32,138**
Other assets	21,401	11,589	**32,990**	44	**33,034**
Tax assets	3,477	193	**3,670**	1,438	**5,108**
Total assets	**5,113,521**	**80,656**	**5,194,177**	**-95,778**	**5,098,398**
Liabilities					
Liabilities to credit institutions	96,944	-	**96,944**	275	**97,219**
Liabilities to customers	4,089,302	-	**4,089,302**	-3,257	**4,086,045**
Non-life insurance liabilities	-	43,915	**43,915**	-	**43,915**
Debt securities issued to the public	266,346	-	**266,346**	-	**266,346**
Supplementary cooperative capital	11,287	-	**11,287**	-	**11,287**
Other liabilities	44,856	4,956	**49,812**	2,179	**51,991**
Tax liabilities	23,950	338	**24,287**	66	**24,353**
Total liabilities	**4,532,684**	**49,209**	**4,581,893**	**-737**	**4,581,156**

POP Bank Group has changed the accounting policies, and therefore comparison period has been restated. The changes are presented in Note 2.

NOTE 4 NET INTEREST INCOME

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Interest Income		
Loans and advances to credit institutions	0	6
Loans and advances to customers	77,053	75,072
Debt securities		
At amortised cost	779	494
At fair value through profit or loss	412	267
At fair value through other comprehensive income	3,097	3,369
Other interest income	2,538	883
Total interest income	**83,879**	**80,090**
Of which positive interest expense	1,640	10
Interest expenses		
Liabilities to credit institutions	-631	-373
Liabilities to customers	-3,072	-4,016
Debt securities issued to the public	-1,217	-1,246
Other interest expenses	-622	-356
Total interest expenses	**-5,541**	**-5,991**
Of which negative interest income	-1,129	-647
Net interest income	**78,338**	**74,099**
Interest income from financial assets impaired due to credit risk (stage 3)	2,685	2,951

NOTE 5 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Commissions and fees		
Lending	8,578	7,418
Deposits	206	225
Payment transfers	21,667	18,472
Legal services	2,317	2,233
Intermediated services	3,598	3,226
Issuing guarantees	534	487
Funds	3,509	2,788
Other commission income	1,153	891
Total commissions and fees	**41,564**	**35,740**
Commissions expenses		
Payment transfers	-4,444	-4,156
Other commission expenses	-794	-535
Total commission expenses	**-5,238**	**-4,691**
Net commissions and fees	**36,326**	**31,049**

Commisisons and fees are mainly accrued from the banking segment.

NOTE 6 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
At fair value through profit or loss		
Debt securities		
Capital gains and losses	-68	71
Fair value gains and losses	-916	-825
Shares and participations		
Dividend income	3,569	4,346
Capital gains and losses	-76	-1,344
Fair value gains and losses	9,218	382
Total	**11,726**	**2,630**
At fair value through other comprehensive income		
Debt securities		
Capital gains and losses	-21	-73
Transferred from fair value reserve to the income statement	-10	-1,102
Shares and participations		
Dividend income	23	9
Total	**-7**	**-1,166**
Net income from foreign exchange trading	**370**	**441**
Net income from investment property		
Rental income	2,747	2,854
Capital gains and losses	160	-187
Other income from investment property	209	110
Maintenance charges and expenses	-2,065	-2,265
Depreciations and amortisation of investment property	-3,103	-1,107
Other expenses from investment property	-9	-13
Total	**-2,062**	**-607**
Net income investments total	**10,028**	**1,298**

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

NOTE 7 INSURANCE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Insurance premium revenue		
Premiums written	48,006	46,046
Ceded to reinsurers	-1,856	-1,158
Change in the provision for unearned premiums	-392	-1,752
Total	**45,758**	**43,137**
Claims incurred		
Claims paid	-27,697	-28,827
Ceded to reinsurers	3,517	858
Change in provision for unpaid claims	-7,094	-7,611
Ceded to reinsurers	-1,291	4,054
Total	**-32,566**	**-31,526**
Net insurance Income	**13,192**	**11,611**

NOTE 8 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS 31 DECEMBER 2021

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	279,882	-	-	-	279,882
Loans and advances to credit institutions	73,897	-	-	-1	73,897
Loans and advances to customers	4,280,352	-	-	-36,523	4,243,829
Debt securities*	105,000	9,290	340,590	-38	454,842
Shares and participations	-	197,000	3,724	-	200,724
Financial assets total	**4,739,132**	**206,290**	**344,314**	**-36,561**	**5,253,174**
Other assets					104,523
Total assets at 31 Dec 2021					**5,357,697**

*Expected credit loss of EUR 1,385 thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL ASSETS 31 DECEMBER 2020

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	391,544	-	-	-	391,544
Loans and advances to credit institutions	64,167	-	-	-1	64,166
Loans and advances to customers	3,900,449	-	-	-32,302	3,868,147
Debt securities*	105,000	9,929	368,186	-41	483,074
Shares and participations	-	171,735	3,370	-	175,104
Financial assets total	**4,461,159**	**181,663**	**371,556**	**-32,344**	**4,982,035**
Other assets					116,364
Total assets at 31 Dec 2020					**5,098,398**

*Expected credit loss of EUR 3,140 thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL LIABILITIES 31 DECEMBER 2021

(EUR 1,000)	At amortised cost	Total carrying amount
Liabilities to credit institutions	166,484	**166,484**
Liabilities to customers	4,222,364	**4,222,364**
Debt securities issued to the public	284,920	**284,920**
Financial liabilities total	**4,673,768**	**4,673,768**
Other than financial liabilities		**131,119**
Total liabilities at 31 Dec 2021		**4,804,888**

FINANCIAL LIABILITIES 31 DECEMBER 2020

(EUR 1,000)	At amortised cost	Total carrying amount
Liabilities to credit institutions	97,219	**97,219**
Liabilities to customers	4,086,045	**4,086,045**
Debt securities issued to the public	266,346	**266,346**
Supplementary cooperative capital	11,287	**11,287**
Financial liabilities total	**4,460,896**	**4,460,896**
Other than financial liabilities		**120,260**
Total liabilities at 31 Dec 2020		**4,581,156**

NOTE 9 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES BY VALUATION TECHNIQUE

FINANCIAL ASSETS

	31 Dec 2021		31 Dec 2020	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liquid assets	279,882	279,882	391,544	391,544
Loans and receivables from credit institutions	73,897	74,080	64,166	64,358
Loans and receivables from customers	4,243,829	4,314,310	3,868,147	3,986,180
Investment assets				
Measured at amortised cost	104,962	108,056	104,959	106,495
At fair value through profit or loss	206,290	206,290	181,663	181,663
At fair value through other comprehensive income	344,314	344,314	371,556	371,556
Total	**5,253,174**	**5,326,932**	**4,982,035**	**5,101,796**

FINANCIAL LIABILITIES

	31 Dec 2021		31 Dec 2020	
(EUR 1,000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities to credit institutions	166,484	165,926	97,219	98,127
Liabilities to customers	4,222,364	4,220,011	4,086,045	4,074,582
Debt securities issued to the public	284,920	289,850	266,346	270,944
Supplementary cooperative capital	-	-	11,287	11,287
Total	**4,673,768**	**4,675,788**	**4,460,896**	**4,454,940**

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

ITEMS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2021

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	187,498	-	9,502	197,000
Debt securities	3,024	-	6,266	9,290
At fair value through other comprehensive income				
Shares and participations	-	-	3,724	3,724
Debt securities	242,288	98,206	95	340,590
Total	**432,810**	**98,206**	**19,587**	**550,604**

ITEMS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2020

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Shares and participations	162,735	-	9,000	171,735
Debt securities	2,665	-	7,263	9,929
At fair value through other comprehensive income				
Shares and participations	-	-	3,370	3,370
Debt securities	260,540	107,647	-	368,186
Total	**425,940**	**107,647**	**19,633**	**553,220**

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 Note 2 POP Bank Group's accounting policies in Financial statements.

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 instument allocated to Level 2 may be based on the value derived from the market quotation of components of an instrument. This group includes instruments that are not traded in liquid markets.

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

TRANSFERS BETWEEN FAIR VALUE HIERARCHIES

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

During the reporting period, securities of EUR 672 (1,314) thousand have been transferred from hierarchy level 1 or 2 to hierarchy level 3 due to small trading volumes in the markets.

In addition, debt securities issued to the public have been transferred from hierarchy level 3 to hierarchy level 1 based on the volume of trades during the reporting period.

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 2021	**16,264**	**3,370**	**19,633**
+ Purchases	2,266	169	2,435
- Sales	-258	-247	-504
- Matured during the financial year	-1,424	-376	-1,800
+/- Realised changes in value recognised in income statment	-182	26	-156
+/- Unrealised changes in value recognised in the income statement	-637	-	-637
+/- Changes in value recogmised in other comprehensive income	-	205	205
+ Transfers from levels 1 and 2	-	672	672
- Transfers to levels 1 and 2	-261	-	-261
Carrying amount 31 Dec 2021	**15,768**	**3,819**	**19,587**

(EUR 1,000)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2020	**15,132**	**2,448**	**17,580**
+ Purchases	1,900	120	2,020
- Sales	-514	-366	-880
- Matured during the financial year	-91	-300	-391
+/- Realised changes in value recognised in income statment	-123	-27	-150
+/- Unrealised changes in value recognised in the income statement	-378	-	-378
+/- Changes in value recogmised in other comprehensive income	-	1,309	1,309
+ Transfers from levels 1 and 2	1,128	186	1,314
- Transfers to levels 1 and 2	-791	-	-791
Carrying amount 31 Dec 2020	**16,264**	**3,370**	**19,633**

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

31 DECEMBER 2021

(EUR 1,000)	Carrying amount	Possible effect on equity capital Positive	 Negative
At fair value through profit or loss	15,768	1,488	-1,488
At fair value through other comprehensive income	3,819	560	-560
Total	**19,587**	**2,048**	**-2,048**

31 DECEMBER 2020

(EUR 1,000)	Carrying amount	Possible effect on equity capital Positive	 Negative
At fair value through profit or loss	16,264	1,423	-1,423
At fair value through other comprehensive income	3,370	505	-505
Total	**19,633**	**1,928**	**-1,928**

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%.

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

NOTE 10 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Change of ECL due to write-offs	4,303	3,540
Change of ECL, receivables from customers and off-balance sheet items	-8,407	-2,143
Change of ECL, debt securities	1,758	-1,574
Final credit losses	-8,044	-7,291
Impairment losses on financial assets total	**-10,390**	**-7,468**

During the financial year, EUR 8,044 (7,291) thousand was recognized as final credit losses. Recollection measures are attributed to EUR 3,012 (2,779) thousand. Credit losses of EUR 3,012 (2,770) thousand were recorded on unsecured consumer loans, which is a significant amount of all credit losses.

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.

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**5,359**	**3,539**	**23,405**	**32,303**
Transfers to stage 1	162	-1,392	-2,888	-4,119
Transfers to stage 2	-264	1,513	-3,128	-1,879
Transfers to stage 3	-158	-357	7,512	6,997
Increases due to origination	2,509	954	1,541	5,003
Decreases due to derecognition	-1,138	-546	-4,921	-6,606
Changes due to change in credit risk (net)	-1,271	-250	7,647	6,127
Changes due to management estimates	-	500	2,500	3,000
Decreases due to write-offs	-	-	-4,303	-4,303
Total	**-161**	**421**	**3,959**	**4,219**
ECL 31 Dec 2021	**5,199**	**3,960**	**27,363**	**36,523**

The COVID-19 pandemic did not cause increase above normal level of forbearance measures and instalment-free periods granted during the financial year.

The largest change in expected credit losses on receivables from customers comes from transfers to stage 3 that totaled EUR 6,997 (4,681) thousand. Decreases due to derecognition were EUR 6,606 (9,578) thousand. A management judgement based provision of EUR 3,000 (-) thousand was made to the receivables from customers in order to prepare for possible lenghthening of COVID-19 pandemic.

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**169**	**939**	**2,073**	**3,181**
Transfers to stage 1	5	-206	-	-201
Transfers to stage 2	-1	1,456	-1,680	-225
Increases due to origination	37	271	-	308
Decreases due to derecognition	-32	-305	-	-337
Changes due to change in credit risk (net)	147	0	-	146
Changes due to management estimates	-165	-1,284	-	-1,449
Total	**-9**	**-69**	**-1,680**	**-1,758**
ECL 31 Dec 2021	**160**	**870**	**393**	**1,423**

An additional provision (EUR 1,449 thousand) that was made in the debt securities based on management's judgement on previous financial year has been released during the finanacial year.

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**331**	**138**	**319**	**788**
Transfers to stage 1	7	-104	-49	**-146**
Transfers to stage 2	-5	6	-3	**-1**
Transfers to stage 3	-2	-2	31	**28**
Increases due to origination	263	22	14	**300**
Decreases due to derecognition	-35	-11	-61	**-108**
Changes due to change in credit risk (net)	-145	-7	-37	**-189**
Total	**83**	**-95**	**-104**	**-117**
ECL 31 Dec 2021	**414**	**43**	**215**	**672**

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	**5,860**	**4,616**	**25,797**	**36,273**
ECL 31 Dec 2021	**5,772**	**4,874**	**27,971**	**38,617**

RECEIVABLES FROM CUSTOMERS AND OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2020	**4,761**	**3,351**	**25,693**	**33,804**
Transfers to stage 1	167	-1,157	-2,883	**-3,874**
Transfers to stage 2	-352	1,109	-1,309	**-551**
Transfers to stage 3	-203	-222	5,106	**4,681**
Increases due to origination	2,526	1,250	3,461	**7,237**
Decreases due to derecognition	-1,088	-640	-7,849	**-9,578**
Changes due to change in credit risk (net)	-450	-152	4,727	**4,124**
Decreases due to write-offs	-	-	-3,540	**-3,540**
Total	**599**	**188**	**-2,288**	**-1,501**
ECL 31 Dec 2020	**5,360**	**3,538**	**23,405**	**32,304**

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2020	**375**	**75**	**238**	**688**
Transfers to stage 1	4	-44	-26	**-67**
Transfers to stage 2	-14	48	-5	**28**
Transfers to stage 3	-1	0	22	**20**
Increases due to origination	166	75	53	**294**
Decreases due to derecognition	-44	-8	-35	**-87**
Changes due to change in credit risk (net)	-155	-7	73	**-89**
Total	**-44**	**63**	**81**	**100**
ECL 31 Dec 2020	**331**	**138**	**319**	**788**

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2020	**5,253**	**4,551**	**26,291**	**36,095**
ECL 31 Dec 2020	**5,860**	**4,616**	**25,797**	**36,273**

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2020	**117**	**1,125**	**360**	**1,603**
Transfers to stage 1	1	-4	-	**-3**
Transfers to stage 2	-7	63	-	**57**
Transfers to stage 3	-3	-272	340	**65**
Increases due to origination	73	26	40	**140**
Decreases due to derecognition	-19	-175	-	**-193**
Changes due to change in credit risk (net)	6	26	33	**65**
Changes due to management estimates	-	149	1,299	**1,449**
Total	**51**	**-186**	**1,713**	**1,578**
ECL 31 Dec 2020	**169**	**939**	**2,073**	**3,181**

BALANCE SHEET ITEM BY STAGE 31 DEC 2021

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,633,042	124,010	35,143	**2,792,195**
Corporate	783,410	61,363	32,530	**877,303**
Agriculture	523,383	57,919	29,552	**610,854**
Receivables from customers total	**3,939,835**	**243,292**	**97,224**	**4,280,352**
ECL 31 Dec 2021	5,199	3,960	27,363	36,523
Coverage ratio %	0.13 %	1.63 %	28.14 %	0.85 %
Off-balance sheet commitments				
Private	226,773	3,759	441	**230,973**
Corporate	98,302	2,880	578	**101,760**
Agriculture	20,850	2,250	154	**23,254**
Off-balance sheet commitments total	**345,925**	**8,890**	**1,173**	**355,987**
ECL 31 Dec 2021	414	43	215	672
Coverage ratio %	0.12 %	0.48 %	18.29 %	0.19 %
Debt securities				
Banking segment	370,628	23,452	-	**394,081**
Insurance segment	36,915	14,594	-	**51,509**
Debt securities total	**407,544**	**38,046**	**-**	**445,590**
ECL 31 Dec 2021	160	870	393	1,423
Coverage ratio %	0.04 %	2.29 %	-	0.32 %
Credit risk by stages total	**4,693,304**	**290,228**	**98,397**	**5,081,929**

The table above summarizes 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. There were no significant changes in the coverage ratio during the period.

BALANCE SHEET ITEM BY STAGE 31 DEC 2020

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	2,397,346	139,168	50,819	**2,587,333**
Corporate	640,183	45,952	36,604	**722,739**
Agriculture	482,686	78,029	29,661	**590,377**
Receivables from customers total	**3,520,216**	**263,149**	**117,084**	**3,900,449**
ECL 31 Dec 2020	5,360	3,538	23,405	32,304
Coverage ratio %	0.15 %	1.34 %	19.99 %	0.83 %
Off-balance sheet commitments				
Private	220,577	8,681	813	**230,070**
Corporate	40,614	5,196	116	**45,926**
Agriculture	17,118	3,497	372	**20,987**
Off-balance sheet commitments total	**278,308**	**17,374**	**1,301**	**296,984**
ECL 31 Dec 2020	331	138	319	788
Coverage ratio %	0.12 %	0.80 %	24.51 %	0.27 %
Debt securities				
Banking segment	395,545	31,234	4,487	**431,266**
Insurance segment	28,774	13,146	-	**41,920**
Debt securities total	**424,319**	**44,381**	**4,487**	**473,186**
ECL 31 Dec 2020	169	939	2,073	3,181
Coverage ratio %	0.04 %	2.12 %	46.20 %	0.67 %
Credit risk by stages total	**4,222,843**	**324,904**	**122,873**	**4,670,619**

NOTE 11 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Liabilities to credit institutions		
Central Banks	128,400	50,000
To other credit institutions		
Repayable on demand	1,252	1,995
Not repayable on demand	36,832	45,224
Total liabilities to credit institutions	**166,484**	**97,219**
Liabilities to customers		
Deposits		
Repayable on demand	3,809,583	3,583,780
Not repayable on demand	411,039	499,814
Other financial liabilities		
Not repayable on demand	1,742	2,451
Total liabilities to customers	**4,222,364**	**4,086,045**
Total liabilities to credit institutions and customers	**4,388,848**	**4,183,263**

Liabilities to central banks includes secured TLTRO III funding total of EUR 128,400 thousand. The funding matures on 27 March 2024 (TLTRO 3.7) and 26 June 2024 (TLTRO 3.8) but for which early repayment is possible from 30 March 2022 and 29 June 2022 onwards. 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%. The determination of the interest rate is affected by the growth of the POP Bank Group's net lending, and the interest rate for the period 24 June 2021 - 23 June 2022 was determined on the basis of the net lending review period ending on 31 December 2021. POP Bank Group estimates it has met the growth criteria and has recognized the additional interest in income statement at financial period 2021. 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 12 INSURANCE CONTRACT LIABILITIES

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Provision for unearned premiums	20,205	19,813
Ceded to reinsurers	-	-
Provisions for unpaid claims	43,464	36,370
Reinsurers' share	-10,977	-12,268
Total insurance contract liabilities	**52,692**	**43,915**

Insurance contract liabilities consist of insurance liability and provisions for unpaid claims. Premiums written include insurance premiums for the contract periods that have begun during the financial year. The portion of premiums written for the post-balance sheet date is recorded as provision for unearned premiums in the balance sheet. Unpaid claims are based on a collective provision proportioned both case-specifically and to previous insurance premium revenue and include indemnities for losses that have already occurred on the closing date but have not been paid yet and losses that have not yet been reported.

NOTE 13 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Debt securities issued to the public	254,926	224,910
Certificate of deposits	29,995	41,436
Total debt securities issued to the public	**284,920**	**266,346**

DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)

Name	Issue date	Due date	Interest	Nominal	Currency
BONUM FRN 180422	18 Apr 2019	18 Apr 2022	EB 3month + 0.88%	100,000	EUR
BONUM FRN 120723	3 Jun 2020	12 Jul 2023	EB 12month + 1.044%	50,000	EUR
BONUM FRN 170124	3 Jun 2020	17 Jan 2024	EB 12month + 1.2%	55,000	EUR
Issued during the financial year					
BONUM FRN 161125	20 Oct 2021	20 Oct 2026	EB 3month + 0.85%	20,000	EUR
BONUM FRN 161125	16 Nov 2021	16 Nov 2025	EB 3month + 0.75%	30,000	EUR

Certificates of deposit with a total nominal value of EUR 30,000 (41,500) thousand were outstanding on the balance sheet date. Amount of the certificates is 6, nominals range from EUR 1,500 to 5,000 thousand with average maturity of 10.7 months.

AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Balance at 1 Jan	**266,346**	**114,829**
Debt securities issued, increase	49,952	129,995
Certificates of deposits, increase	29,993	116,826
Total increase	**79,945**	**246,821**
Debt securities issued, decrease	-20,000	-
Certificates of deposits, decrease	-41,387	-95,426
Total decrease	**-61,387**	**-95,426**
Total changes in cash flow	**18,558**	**151,395**
Valuation, accrued interest	17	122
Balance at the end of period	**284,920**	**266,346**

NOTE 14 COLLATERAL GIVEN

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Given on behalf of own liabilities and commitments		
Pledges	2,546	2,546
Collateral given to the Bank of Finland	144,361	115,673
Total collateral given	**146,907**	**118,218**

NOTE 15 OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Guarantees	17,455	17,064
Loan commitments	338,532	279,920
Total off-balance sheet commitments	**355,987**	**296,984**
Other commitments		
Commitment to invest in venture capital funds	4,712	2,779
Total other commitments	**4,712**	**2,779**

The expected credit losses of off-balance sheet commitments are presented in Note 10.

NOTE 16 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. Intercompany transactions of the POP Bank Group have been eliminated and are not included in the figures of note.

The key persons in management of the POP Bank Group include the members of the supervisory board and board of directors of POP Bank Centre coop, as well as the managing director and deputy managing director of POP Bank Centre coop. Other related parties comprise the companies and associates consolidated in the financial statements and the relatives of the key persons in charge.

Transactions with key persons in management and other related parties are presented below.

RELATED-PARTY TRANSACTIONS

	Key persons in management		Other	
(EUR 1,000)	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Assets				
Loans	2,445	2,700	3,092	3,635
Expected credit loss	3	2	3	2
Liabilities				
Deposits	1,759	1,822	1,755	2,235
Off-balance-sheet commitments				
Loan commitments	153	80	55	96
Guarantees	498	196	354	228
Investments to other than cooperative contributions	60	209	64	159

	Key persons in management		Other	
(EUR 1,000)	**1 Jan - 31 Dec 2021**	**1 Jan - 31 Dec 2020**	**1 Jan - 31 Dec 2021**	**1 Jan - 31 Dec 2020**
Income and expenses				
Interest income	41	34	59	61
Interest expenses	0	3	0	2
Insurance premium revenue	17	14	5	5

COMPENSATION TO KEY PERSONS IN MANAGEMENT

(EUR 1,000)	**1 Jan - 31 Dec 2021**	**1 Jan - 31 Dec 2020**
Short-term employee benefits	3,493	2,430
Post-employment benefits	27	22
Total compensation to key persons in management	**3,520**	**2,452**

NOTE 17 EVENTS AFTER THE CLOSING DATE

In January 2022, the POP Bank Group signed a cooperation agreement with Crosskey, a Finnish IT company, on the renewal of its core banking system. POP Bank expects to introduce the new core banking system during 2025. The cooperation agreement has no immediate impact on the banking services provided by the POP Banks.

S&P Global Ratings has affirmed February 4, 2022 Bonum Bank Plc's long-term counterparty credit rating 'BBB' and short term credit rating 'A-2'. The outlook remains stable.

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 the POP Bank Group.

Espoo 16 February 2022
Board of Directors of POP Bank Centre coop

The figures disclosed in the financial statements release are unaudited.

FURTHER INFORMATION

POP Bank Centre coop

Jaakko Pulli, Acting CEO, tel. +358 50 4200925.

www.poppankki.fi/pop-pankki-ryhma

POP Bank