

Bonum Bank Plc

**FINANCIAL STATEMENTS
RELEASE**

1 January – 31 December 2022

CONTENTS

Board of directors' report.....	3
POP Bank Group and amalgamation of POP Banks	4
Operating environment	6
Financial position.....	7
Credit rating.....	10
Shareholdings and equity.....	10
Risk and capital adequacy management and risk position	11
Events after the closing date.....	15
Outlook for 2023.....	15
BONUM BANK PLC'S FINANCIAL STATEMENTS REPORT 31.12.2022	16
Financial statements release.....	16
Statement of other comprehensive income.....	16
Balance sheet.....	17
Statement of changes in equity.....	18
Cash flow statement.....	19
NOTES.....	20
NOTE 1 Accounting policies.....	20
NOTE 2 Interest income and expenses.....	22
NOTE 3 Net commissions and fees	23
NOTE 4 Net investment income	23
NOTE 5 Classification of financial assets and liabilities.....	24
NOTE 6 Classification of financial assets and liabilities and fair values by valuation technique.....	25
NOTE 7 Impairment losses on financial assets.....	29
NOTE 8 Liabilities to credit institutions and customers	34
NOTE 9 Debt securities issued to the public	35
NOTE 11 Collateral given	37
NOTE 12 Off-balance sheet commitments	37
NOTE 13 Related party disclosures	38
NOTE 14 Events after the reporting period.....	39

This document is a translation of the original Finnish version "Bonum Pankki Oyj:n tilinpäätöstiedote 2022". In case of discrepancies, the Finnish version shall prevail.

BOARD OF DIRECTORS' REPORT

Bonum Bank Plc (hereinafter "Bonum Bank") is part of the amalgamation of POP Banks and is responsible for providing 19 POP Banks with central credit institution services, obtaining external funding for the POP Bank Group, handling payments, issuing payment cards to the customers of the POP Banks and providing centralised services for the Group. In addition, Bonum Bank grants unsecured consumer credit and secured debt securities to retail customers. The purpose of Bonum Bank's internal service production is to limit the Group's dependence on external service providers and enhance the efficiency of the whole Group's cost structure. In its external business operations, Bonum Bank provides services that are in line with the Group's strategy and supplement its offering.

During 2022, Bonum Bank effectively operated as the central credit institution for the banks of the amalgamation, arranging funding from the capital markets for the member banks. The bank also provided the member credit institutions with the option to invest excess liquidity in Bonum Bank. In April, Bonum Bank issued a three-year bond of EUR 50 million and a five-year directed bond of EUR 50 million within its EUR 750 million bond programme. During the year, Bonum Bank also acquired funding by issuing short-term certificates of deposit under its EUR 250 million certificates of deposit programme and by accepting money market deposits. During 2022, Bonum Bank also executed interest rate swaps as part of its interest rate risk management. Fixed-rate deposits are hedged by the derivatives.

The POP Bank Group's mortgage bank was granted a licence under the Act on Mortgage Societies in May. At the end of June, it was granted a new licence under the Act on Covered Bonds, which replaced the previous licence. POP Mortgage Bank issued its first EUR 250 million secured bond in September. Bonum Bank's personnel were actively involved in the preparation and operational activities of POP Mortgage Bank. POP Mortgage Bank's need to implement issues of securities is determined in Bonum Bank's Treasury.

In addition to providing central credit institution services, Bonum Bank is responsible for issuing payment cards and card credit facilities to the POP Banks' customers, as well as for maintaining these services. Bonum Bank is a shareholder in Visa Europe and provides card products under the Visa brand. Bonum Bank sold its Series A shares in Visa during the year but is continuing as a shareholder with respect to Series C shares. Volumes in the card business developed favourably during 2022, following the lifting of restrictions related to the coronavirus pandemic and the recovery of consumption. The significance of digital card-related services continued to increase, and customers have actively adopted mobile payment features.

Bonum Bank's Service Centre in Vaasa is the provider of the Group's centralised services. In 2022, it focused on operational development and improving the competence of the personnel. During the year, new solutions for centralised customer service have been piloted, and strong caller identification has been introduced.

The POP Bank Group's anti-money laundering measures of the Group's banks are implemented centrally by Bonum Bank. Centralised services and monitoring systems ensure that the prevention of money laundering and terrorist funding is always state-of-the-art and that asset transfers are monitored with maximum efficiency. Following the Russian attack on Ukraine, the implementation of sanctions related to payment transactions has required immediate responses from Bonum Bank in line with the rest of the financial sector. The war has had no other significant direct impacts on the bank's operations.

Bonum Bank's business operations outside the Group mainly consist of the issue of secured loans and unsecured consumer credits. The amount of secured loans increased during the year. In January, Bonum Bank and Evli Bank Plc agreed on a transaction by which Bonum Bank acquired around EUR 25 million in debt securities from Evli's loan portfolio. In late 2021, the unsecured loan portfolio was transferred to a new system, and the

process and principles of recognising credit losses were correspondingly updated. As a result of the change, the amount of unsecured receivables recognised as credit losses decreased as expected in 2022, while the amount of expected credit losses and recovered credit losses has increased.

S&P Global Ratings confirmed Bonum Bank's credit rating on 7 October 2022. Bonum Bank's rating is BBB for long-term investment grade and A-2 for short-term investment grade. The outlook remained stable.

Bonum Bank's Annual General Meeting was held in March 2022. The Annual General Meeting dealt with statutory matters and elected Jaakko Pulli, Hanna Linna, Kirsi Salo and Ilkka Lähteenmäki to the Board of Directors. Jaakko Pulli has served as Chair of the Board.

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 and small and medium-sized enterprises, in addition to providing private customers with non-life insurance services. The POP Banks are cooperative banks owned by their member customers. The POP Banks' mission is to promote their customers' financial well-being and prosperity, as well as local success.

STRUCTURE OF THE POP BANK GROUP

The POP Bank Group consists of the POP Banks, POP Bank Centre coop and their controlled enti-

ties. The POP Banks are member credit institutions of POP Bank Centre coop. POP Bank Centre coop and its member credit institutions are mutually liable for their debts and liabilities in line with the Act on the Amalgamation of Deposit Banks. The POP Banks, POP Bank Centre coop and their controlled service companies constitute the Amalgamation of POP Banks.

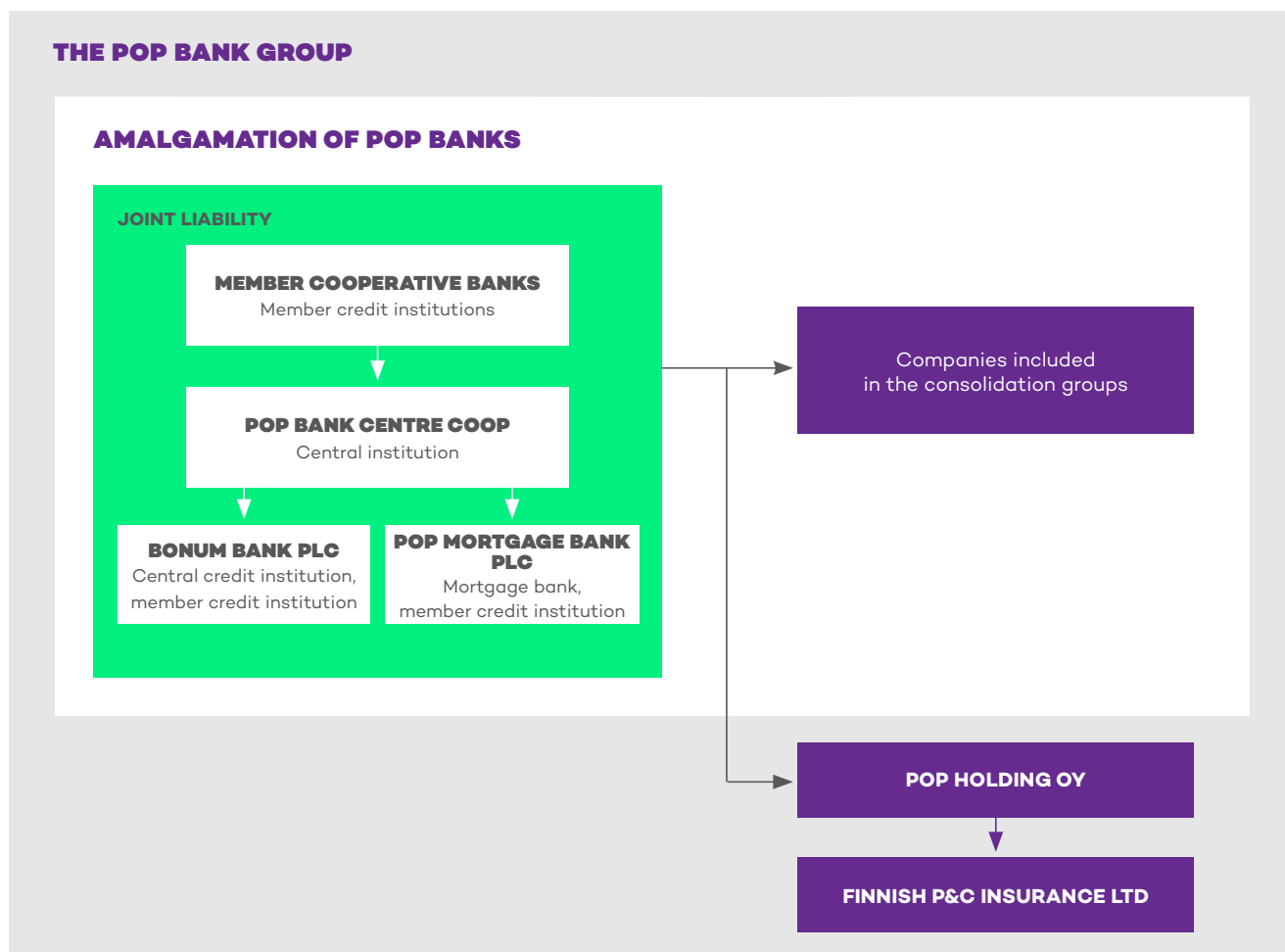
POP Bank Centre coop is the central institution of the Amalgamation of POP Banks and is responsible for steering and supervising the POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

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

The POP Bank Group also includes POP Holding Oy and Finnish P&C Insurance Ltd, a company wholly owned by POP Holding, which are not covered by mutual liability. Finnish P&C Insurance Ltd uses the auxiliary business name of POP Insurance.

The following figure shows the structure of the POP Bank Group and the entities included in the amalgamation and covered by joint mutual responsibility.

POP BANK GROUP STRUCTURE



CHANGES IN GROUP STRUCTURE

One merger was completed within the POP Bank Group during the financial period. Liedon Osuuspankki and Piikkiön Osuuspankki merged with Suupohjan Osuuspankki at the end of May. At the same time the name of the bank was changed to Suomen Osuuspankki. After the merger, the POP Bank Group consists of 19 cooperative banks. The merger was an intra-Group arrangement and had no impact on the POP Bank Group’s consolidated financial information.

In March POP Bank Group divested one of the real estate companies previously consolidated to the Group. In addition to this, POP Mortgage Bank Plc was accepted as a member credit institution of the amalgamation of POP Banks in May after the company had received authorisation to engage in mortgage bank operations.

Kurikan Osuuspankki and Jämijärven Osuuspankki decided on a merger in December. The merger is set to be registered in May 2023.

OPERATING ENVIRONMENT

Economic recovery and growth continued after the most challenging phase of the coronavirus pandemic in 2022. The strict lockdown measures related to the pandemic in China continued to limit the pace of global economic recovery to some extent. In Finland, the improvement in the employment rate and the robust growth in total production in early 2022 were particularly positive developments.

The economic outlook turned significantly weaker following Russia's extensive attack on Ukraine. The EU quickly imposed wide-ranging economic sanctions on Russia, and the rest of the world broadly joined many of the measures against Russia. The sanctions imposed on Russia are also having a significant impact on the Finnish economy. The worst blows have been suffered by companies whose Russian business operations have become practically worthless in a short period of time.

The high inflation rate, which had previously been deemed temporary by the European Central Bank (ECB), continued to accelerate during the spring. The main driver of inflation is the sharp increase in energy prices, which has been reflected, with a delay, extensively in all economic sectors. As Russia previously delivered large volumes of natural gas to the EU, the sanctions have led to an energy crisis in Europe, with demand exceeding energy

supply. As the need for energy typically increases in the autumn, the increase in electricity prices witnessed in the autumn of 2022 was exceptionally high.

The long period of low interest rates and stimulating monetary policy came to an end in the eurozone when the ECB deemed that interest rate hikes were necessary to ensure price stability. The ECB started to ramp down its securities purchase programme and began to increase its key interest rates in July. Towards the end of the year, its key interest rate levels were 2.5 percentage points higher than at the beginning of the year.

Although production increased markedly in Finland in 2022 from the previous year, expectations of growth have subsided. The Finnish economy is expected to fall into recession, and the annual change in GDP in 2023 is expected to be negative. Towards the end of the year, consumers' expectations turned more pessimistic than ever before, and the increase in electricity prices in particular has caused concern among businesses and households. The number of housing sales began to decrease markedly towards the end of the year, and expectations of lower housing price levels increased, especially in the Helsinki metropolitan area. Households' ability to cope with financial challenges continues to be eased by the high employment rate and savings that accumulated during the coronavirus pandemic.

FINANCIAL POSITION

PERFORMANCE

Bonum Bank's profit for the financial year was EUR 3,383 thousand, whereas last year that was EUR 1,046 thousand. The profit for the financial year primarily consists of interest and commission income on central credit institution services provided for POP Banks, income from unsecured lending and profit on the card business and payments. The Bank's cost-to-income ratio was 74,2 per cent (75,4).

The Bank's key income statement items have developed as follows, compared with year 2021:

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021	Change-%
Interest income	18,800	11,132	68.9
Interest expenses	-8,639	-2,634	228.0
Net interest income	10,161	8,498	19.6
Net commissions and fees	7,285	6,639	9.7
Net investment income	459	389	18.0
Other operating income	4,196	3,105	35.1
Total operating income	22,101	18,630	18.6
Personnel expenses	-4,583	-4,273	7.2
Other operating expenses	-10,863	-8,665	25.4
Depreciation and amortisation	-949	-1,103	-13.9
Total operating expenses	-16,395	-14,041	16.8
Impairment losses on financial assets	-1,485	-3,281	-54.7
Profit before taxes	4,221	1,309	222.5
Income tax expense	-838	-263	219.0
Profit for the financial period	3,383	1,046	223.4

Operating income totalled EUR 22,101 (18,630) thousand. The increase in income arose from the favourable development of the bank's net interest income, which amounted to EUR 10,161 (8,498) thousand. This represents an increase of 19,6 per cent year-on-year. The growth of net interest income was mainly due to growth of income in central credit institution services, unsecured lending and card business. In addition, income from derivatives increased the net interest income for the year 2022.

Net commission income increased to EUR 7,285 (6,639) thousand. Commission income consists mostly of income from the cards business and

payment transmission fees. The increase is due to positive development of the business.

Net investment income increased to EUR 459 (389) thousand. Net investment income consists of mainly net gains from foreign currency transactions. Other operating income totalled to EUR 4,196 (3,105) thousand. The increase in income is due to the growth of the Group's internal services.

Operating expenses totalled at EUR 16,395 (14,041) thousand. The increase in comes mainly from ICT expenses and other operating expenses. Personnel expenses, that are composed of salary expenses and pension and other indirect employ-

ee expenses, increased to EUR 4,583 (4,273) thousand. On 31 December 2022, the Bank had 66 (58) employees.

Impairment losses on financial assets decreased to EUR 1,485 (3,281) during the year. In late 2021, the unsecured loan portfolio was transferred to a new system, and the process and principles of

recognizing credit losses were correspondingly updated. As a result of the change, the amount of unsecured receivables recognized as credit losses decreased as expected in 2022, while the amount of expected credit losses and recovered credit losses has increased. Active collection measures are being targeted at receivables recognised as credit losses.

BALANCE SHEET

At the end of the year 2022, Bonum Bank's balance sheet stood at EUR 1,574,594 (1,037,914) thousand.

The amount of liquid assets grew during the review period to EUR 436,911 (268,871) thousand. Loans and receivables from credit institutions were EUR 778,257 (422,718) thousand. This item includes the funding provided by Bonum Bank to other member banks of the POP Bank Group. Loans and receivables from customers totalled to EUR 170,485 (116,455) thousand. This item includes the credit used on credit cards issued by Bonum Bank and other loan products issued by Bonum Bank to its customers.

Liabilities to credit institutions increased ended up to EUR 1,122,965 (655,626) thousand. This item includes deposits made by other member banks of the POP Bank Group, TLTRO loans from the central bank and deposits made by other banks outside the Group. The amount of debt securities issued to the public was EUR 322,214 (284,920) thousand at the end of the review period.

In December 2022, Bonum Bank gained additional equity of EUR 10 million. The equity was booked to unrestricted equity fund.

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Assets		
Cash funds	436,911	268,871
Loans and advances to credit institutions	778,257	442,718
Loans and advances to customers	170,485	116,455
Investment assets	163,891	197,563
Intangible assets	1,057	1,933
Property, plant and equipment	359	361
Other assets	23,118	10,008
Tax assets	515	5
Total assets	1,574,594	1,037,914
Liabilities		
Liabilities to credit institutions	1,122,965	655,626
Liabilities to customers	55,930	53,329
Debt securities issued to the public	322,214	284,920
Derivatives	5,975	-
Other liabilities	20,003	7,978
Tax liabilities	850	724
Total liabilities	1,527,938	1,002,578
Equity capital		
Share capital	10,000	10,000
Reserves	28,520	22,121
Retained earnings	8,136	3,215
Total equity capital	46,657	35,336
Total liabilities and equity	1,574,594	1,037,914

KEY FIGURES AND THE FORMULAS OF KEY FIGURES

	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Cost-to-income-ratio, %	74.2	75.4	71.4	84.6
ROA, %	0.26	0.1	0.09	0.04
ROE, %	8.25	3.0	2.13	0.76
Capital adequacy ratio (TC) %	20.0	21.8	24.1	29.7
Equity ratio, %	3.0	3.4	3.4	5.5

The calculation formulas for key indicators are presented on page 10 of the Bonum Bank Plc's Board of Director's Report and Financial Statements 1 January – 31 December 2021.

CREDIT RATING

In October 2022, S&P Global Ratings has affirmed Bonum Bank's long-term investment grade to 'BBB' and short-term investment grade to 'A-2'. The outlook remained stable.

SHAREHOLDINGS AND EQUITY

On 31 December 2022, Bonum Bank had 1,400,000 shares, all of them held by the POP Bank Centre coop. Bonum Bank holds no own shares.

At the end of the financial year, Bonum Bank's share capital was EUR 10,000 thousand (10,000). Equity totalled EUR 46,657 (35,336) thousand.

RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION

PRINCIPLES AND ORGANISATION OF RISK AND CAPITAL 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 Bonum Bank's risk management is to ensure that all risks are identified, measured and monitored and that they are proportionate to Bonum Bank's and the amalgamation's risk-bearing capacity and capital adequacy position. Risk management processes must be able to identify all significant risks of the business operations and assess, measure and monitor these regularly. The most significant risks associated with Bonum Bank's operations are credit risk, liquidity risk and interest rate risk.

BUSINESS RISKS

CREDIT RISKS

Bonum Bank's credit risk exposure grew during the financial period. Balance sheet items exposed to credit risk totalled EUR 340,172 (316,004) thousand at the end of 2022. Bonum Bank's off-balance sheet credit commitments totalled EUR 160,498 (145,485) thousand, consisting mainly of unrestricted credit facilities related to card credit and the POP Banks' liquidity facilities. Bonum Bank's most significant credit risks are related to investment activities and unsecured credits.

At the end of the financial period, Bonum Bank's investment assets totalled EUR 163,890 (197,562) thousand. The investment asset items in the liquidity reserve include debt securities issued by governments, municipalities, credit institutions and companies. Some of these debt securities are accepted as collateral by the ECB. In addition, the bank had a total of EUR 6,611 (4,948) thousand in short-term bank receivables belonging to the liquidity portfolio. The credit risk related to investment activities is managed mainly by limiting the creditworthiness of investments and distributing

investment assets across sectors, counterparties and instrument classes.

The retail banking segment's loan portfolio increased by 46.4 per cent during the financial period, amounting to EUR 170,485 (116,455) thousand. Most of the lending was unsecured lending, which represented 50.9 per cent of the loan portfolio. Loans granted to private customers represented 83.1 (82.3) per cent of the loan portfolio.

Expected credit losses (ECL) on loans, receivables and off-balance sheet items increased by EUR 1,597 thousand during the financial period, amounting to EUR 4,899 thousand. Expected credit losses in IFRS stage 3 increased to EUR 2,883 (1,668) thousand. Due to a change in write off process of unsecured loan portfolio in 2022, more credit loss recoveries were recognised than credit losses, in total EUR 113 (-2,972) thousand was recognised as final write-off balance in 2022.

Credit risk monitoring in banking operations is based on the continuous monitoring of non-performing receivables, payment delays and forbearance, and on monitoring the quality of the loan portfolio. Monitoring the amount of expected credit losses is an important part of the credit risk management process. Foreseeable credit management problems are addressed as early as possible.

LIQUIDITY RISKS

Bonum Bank as the central credit institution is responsible for fulfilling liquidity coverage requirements and liquidity risk management at the POP Bank Group level. Liquidity risks are prepared for by maintaining a sufficient liquidity reserve comprising of LCR eligible high-quality liquid assets, assets eligible as central bank collateral, and short-term bank receivables

The POP Bank Group's liquidity position remained strong during the financial period. The liquidity requirement (Liquidity Coverage Ratio, LCR) for the amalgamation of POP Banks was 184.8 (141.3) per cent on 31 December 2022, with the minimum level being 100 per cent. At the end of the financial pe-

riod, Bonum Bank had EUR 691.6 (457.9) million in LCR-eligible liquid assets before haircuts, of which 64.8 (61.1) per cent consisted of cash and receivables from the central bank and 31.0 (32.2) per cent consisted of highly liquid Tier 1 securities. In addition, the member credit institutions of the amalgamation had EUR 39.8 (28.0) million in unpledged securities outside the LCR portfolio.

The requirement for stable funding, NSFR, measures the maturity mismatch of assets and liabilities on the balance sheet and aims to ensure that the level of stable 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 2022 was 133.5 (130) per cent.

Bonum Bank provides the member banks of the amalgamation with access to long-term wholesale funding, in addition to serving as an internal bank for member credit institutions. The planning of the bank's funding structure is based on liquidity and funding planning of the whole amalgamation as well as the strategic goals and limits set by the central institution.

At the end of the year, Bonum Bank had EUR 255 (255) million outstanding in an unsecured senior loan issued as part of its EUR 750 million bond programme. Of the bank's EUR 250 million certificate of deposit programme, EUR 66.5 (30.0) million was outstanding at the end of the review period. In addition, Bonum Bank has a EUR 22.2 million loan programme with the Nordic Investment Bank (NIB). At the end of the financial period, Bonum Bank had a total of EUR 128.4 (128.4) million in TLTRO III funding from the European Central Bank.

MARKET RISKS

The most significant market risk related to Bonum Bank's business operations is the interest rate risk associated with the banking book. The interest rate risk refers to the impact of changes in interest levels on the market value of balance sheet and off-balance-sheet items, or on net interest income. Banking book consists of loans and deposits, wholesale funding and liquidity portfolio investments.

Bonum Bank's business operations do not include trading activities. Any use of derivatives is limited to hedging banking book items. The Bank executed derivative hedges during the financial year to decrease banking book interest rate risk in member banks balance sheet.

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

OPERATIONAL RISKS

The objective of the management of operational risks is to identify essential operational risks in business operations and minimise their materialisation and impact. The objective is pursued through continuous personnel development and comprehensive operating instructions and internal control measures.

The operational risks associated with Bonum Bank's most significant new products, services, functions, processes, and systems are identified in the assessment process for a new product or service. The bank carries out an annual self-assessment of operational risks based on business risks assessments, in which the monitoring of operational risk incidents is utilised. The risk assessment also aims to evaluate the risks related to Bonum Bank's most significant outsourced operations. Some of the potential losses caused by operational risks are hedged through insurance. Risks caused by malfunctions in information systems are prepared for through continuity planning.

CAPITAL ADEQUACY

Bonum Bank's capital adequacy was at a good level at the end of 2022. Both capital adequacy ratio and core capital adequacy ratio were 20.0 (21.8) per cent. At the end of 2022, the bank's own funds totalled EUR 41,981 (31,763) thousand, consisting entirely of CET1 capital.

Bonum Bank's risk weighted assets increased during 2022 mainly because of increase in retail credit portfolio. The bank's own funds were increased by EUR 10 million at the end of financial year, to enable planned balance sheet growth. The growth in the retail credit portfolio is expected to continue in 2022, which will increase the amount of its risk weighted receivables accordingly.

Bonum Bank own funds consist of share capital, retained earnings and other non-restricted reserves. In line with the practice followed by the amalgamation, the bank does not include the profit accrued during the financial period in its own funds. Based on permission from the Financial Supervisory Authority, the member credit in-

stitutions of the amalgamation are exempted, by a decision of the central institution, from the own funds' requirement for intra-group items, and from the restrictions imposed on major counterparties concerning items between the central credit institution and the member banks.

The statutory minimum for capital adequacy ratio is 8 per cent and 4.5 per cent for CET1 capital. In addition to the minimum capital adequacy ratio, Bonum Bank is subject to fixed additional capital requirement, which is 2.5 per cent in accordance with the Act on Credit Institutions, and to the variable country-specific additional capital requirements for foreign exposures. All additional capital requirements have to be covered in full with tier 1 capital.

Bonum Bank's leverage ratio was 4.9 (4.9) per cent on 31 December 2022, as the required minimum level is 3 per cent. With special permission from the Financial Supervisory Authority, intra-amalgamation items are deducted from the amount of leverage exposure in the calculation of the leverage ratio.

SUMMARY OF CAPITAL ADEQUACY

Bonum Pankki Oyj Summary of capital adequacy (EUR 1,000)	31 Dec 2022	31 Dec 2021
Own funds		
Common Equity Tier 1 capital before deductions	43,274	34,290
Deductions from Common Equity Tier 1 capital	-1,293	-2,527
Total Common Equity Tier 1 capital (CET1)	41,981	31,763
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	41,981	31,763
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	41,981	31,763
Total risk weighted assets	210,283	145,727
of which credit risk	171,065	112,834
of which credit valuation adjustment risk (CVA)	3,433	-
of which market risk (exchange rate risk)	-	2,999
of which operational risk	35,785	29,894
Fixed capital conservation buffer according to Act on Credit institutions (2.5%)	5,257	3,643
Countercyclical capital buffer	26	2
CET1 Capital ratio (%)	20.0 %	21.8 %
T1 Capital ratio (%)	20.0 %	21.8 %
Total capital ratio (%)	20.0 %	21.8 %
Capital requirement		0.0 %
Total capital	41,981	31,763
Capital requirement *	22,115	15,304
Capital buffer	19,865	16,459
Leverage ratio		
Tier 1 capital (T1)	41,981	31,763
Leverage ratio exposure	858,279	644,960
Leverage ratio, %	4.9 %	4.9 %

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

EVENTS AFTER THE CLOSING DATE

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

OUTLOOK FOR 2023

Bonum Bank will use the available funding sources diversely during 2023. The goal is to keep the average price of funding for the Group as low as possible. The future mortgage bank will enable the amalgamation to obtain long-term wholesale funding at a competitive price for its business growth by issuing covered bonds.

In 2023, the general focus will be on increasing operational efficiency and improving profitability. In its card business operations, the bank is focusing on the business development and also further development of functionalities related to card payments in the POP Mobiili application.

Key development focuses include improving the efficiency of anti-money laundering measures and continuing the effective adoption of the new system and operating methods. Bonum Bank's personnel are involved in the POP Bank Group's core banking system reform project to a significant degree. Bonum Bank will also actively seek new services and products that support the business operations of the banks within the amalgamation during 2023.

The full-year result for 2023 is expected to be positive.

BOARD OF DIRECTORS' PROPOSAL ON THE DISPOSAL OF THE RESULT FOR THE PERIOD

Bonum Bank's distributable funds were EUR 37,079,014.66. Bonum Bank's Board of Directors proposes to the Annual General Meeting that the profit for the period EUR 3,383,278.34 be recognised in retained earnings and that no dividends be paid.

BONUM BANK PLC'S FINANCIAL STATEMENTS REPORT 31.12.2022

FINANCIAL STATEMENTS RELEASE

(EUR 1,000)	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021	Change-%
Interest income		18,800	11,132	68.9
Interest expenses		-8,639	-2,634	228.0
Net interest income	2	10,161	8,498	19.6
Net commissions and fees	3	7,285	6,639	9.7
Net investment income	4	459	389	18.0
Other operating income		4,196	3,105	35.1
Total operating income		22,101	18,630	18.6
Personnel expenses		-4,583	-4,273	7.2
Other operating expenses		-10,863	-8,665	25.4
Depreciation and amortisation		-949	-1,103	-13.9
Total operating expenses		-16,395	-14,041	16.8
Impairment losses on financial assets	7	-1,485	-3,281	-54.7
Profit before taxes		4,221	1,309	222.5
Income tax expense		-838	-263	219.0
Profit for the financial period		3,383	1,046	223.4

STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021	Change-%
Profit for the financial period	3,383	1,046	223.4
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in fair value			
Equity instruments at FVOCI	184	152	21.5
Capital gains and losses			
Equity instruments at FVOCI	-1,538	-	-
Items that may be reclassified to profit or loss			
Changes in fair value reserve			
Liability instruments at FVOCI	-2,247	-229	879.7
Total other comprehensive income for the financial period	-217	968	-122.5

The capital gain of EUR 1,922 thousand on shares recognised at fair value through other comprehensive income has been transferred to retained earnings and the deferred tax liability of EUR 384 thousand recognised at valuation has been dissolved.

BALANCE SHEET

(EUR 1,000)	Note	31.12.2022	31.12.2021
Assets			
Cash funds		436,911	268,871
Loans and advances to credit institutions	5	778,257	442,718
Loans and advances to customers	5	170,485	116,455
Investment assets		163,891	197,563
Intangible assets		1,057	1,933
Property, plant and equipment		359	361
Other assets		23,118	10,008
Tax assets		515	5
Total assets		1,574,594	1,037,914
Liabilities			
Liabilities to credit institutions	5, 8	1,122,965	655,626
Liabilities to customers	5, 8	55,930	53,329
Debt securities issued to the public	9	322,214	284,920
Derivatives		5,975	0
Other liabilities		20,003	7,978
Tax liabilities		850	724
Total liabilities		1,527,938	1,002,578
Equity capital			
Share capital		10,000	10,000
Reserves		28,520	22,121
Retained earnings		8,136	3,215
Total equity capital		46,657	35,336
Total liabilities and equity		1,574,594	1,037,914

STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
Balance at 1st of Jan 2022	10,000	2,121	20,000	3,215	35,336
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	3,383	3,383
Other comprehensive income	-	-3,601	-	-	-3,601
Total comprehensive income for the financial year	-	-3,601	-	3,383	-217
Investment in the unrestricted equity fund	-	-	10,000	-	10,000
Shares measured at fair value through other comprehensive income	-	-	-	1,538	1,538
Balance at 31 December 2022	10,000	-1,480	30,000	8,136	46,657

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2021	10,000	2,199	20,000	2,169	34,368
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,046	1,046
Other comprehensive income	-	-78	-	-	-78
Total comprehensive income for the financial year	-	-78	-	1,046	968
Balance at 31 December 2021	10,000	2,121	20,000	3,215	35,336

CASH FLOW STATEMENT

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flow from operating activities		
Profit for the financial year	3,383	1,046
Adjustments to profit for the financial year	3,688	4,663
Increase (-) or decrease (+) in operating assets	-373,740	-145,358
Advances to credit institutions	-333,871	-126,424
Advances to customers	-55,480	-35,622
Investment assets	28,722	17,762
Other assets	-13,111	-1,075
Increase (+) or decrease (-) in operating liabilities	488,080	12,005
Liabilities to credit institutions	455,764	-4,032
Liabilities to customers	20,349	16,675
Other liabilities	11,966	-638
Income tax paid	-706	-266
Total cash flow from operating activities	120,705	-127,910
Cash flow from investing activities		
Investments in shares and other equity	1,993	-
Changes in other investments	-	-65
Purchase of PPE and intangible assets	102	-335
Total cash flow from investing activities	2,095	-401
Cash flow from financing activities		
Payment of lease liabilities	-167	-157
Debt securities issued, increase	338,923	79,945
Debt securities issued, decrease	-301,853	-61,387
Equity investment	10,000	-
Total cash flow from financing activities	46,903	18,401
Change in cash and cash equivalents		
Cash and cash equivalents at period-start	273,820	383,730
Cash and cash equivalents at the end of the period	443,523	273,820
Net change in cash and cash equivalents	169,703	-109,910
Interest received	14,059	9,480
Interest paid	4,331	2,697
Dividends received	71	4
Adjustments to result for the financial year	3,888	4,663
Non-cash items and other adjustments		
Change in deferred taxes	-1	-
Net changes in fair value	-198	-
Income taxes	1,224	263
Impairment losses on receivables	1,485	3,281
Depreciation	949	1,103
Other	230	17
Cash and cash equivalents		
Liquid assets	436,911	268,871
Receivables from credit institutions payable on demand	6,612	4,949
Total	443,523	273,820

NOTES

NOTE 1 ACCOUNTING POLICIES

GENERAL

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Bonum Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the EU and the related Interpretations (IFRIC). The applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account when preparing the notes to the financial statements.

Figures in the notes are rounded, whereby the sum total of individual figures may deviate from the sum total presented in the calculations and tables. Assets and liabilities denominated in currencies other than euro have been translated into euro at the exchange rate of the balance sheet date. Exchange rate differences resulting from measurement have been recognised in net investment income in the income statement.

Bonum Bank has no subsidiaries or associated companies.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

During the 2022 financial year, Bonum Bank has acquired derivatives and started to apply hedge accounting. Bank hedges its interest rate risk against changes in fair value, primarily using interest rate swaps. Hedge accounting is applied for fair value hedging. The hedged instrument of fair value hedging is fixed-rate deposits. Derivative contracts are not made for trading purposes.

All derivative contracts are recognised and measured at fair value through profit or loss. The positive fair values of derivative contracts are presented as assets under Derivatives and negative fair values as liabilities under Derivatives. Changes in the value of derivatives in hedge accounting are recorded in the income statement under net income from invest-

ments under the item Net income from derivative contracts. Interest on hedging derivatives is presented in the income statement under interest income and expenses.

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

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

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

The application of the IFRS requires the management to make estimates and assumptions concerning the future that affect the amounts of items presented in financial statement calculations, as well as the information provided in the notes. The management's key estimates concern the future and key uncertainties related to the values on the balance sheet date. Such key estimates are related to fair value measurement in particular, as well as the impairment of financial assets and intangible assets. The management's estimates and assumptions are based on the best view at the balance sheet date, which may differ from the actual result. Due to the corona pandemic, the fair values and impairments of financial assets are subject to greater uncertainty.

DETERMINING FAIR VALUE

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

is determined using a valuation technique, the management's judgement is needed in the choice of the valuation technique to be applied. Insofar as there is no market input available for the techniques, management must evaluate how other data can be used for the valuation.

IMPAIRMENT

Calculation of the expected credit losses includes parameters requiring management's consideration. Management has to determine the method of taking macroeconomic information into consideration in the calculations, the principles of evaluating significant increases in the credit risk, the assessment of loss in default and the credit conversion factors applied to credit cards.

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

The amount recoverable from intangible assets is determined in the impairment assessment on the basis of the use value or fair value of the asset. Impairment testing requires management's judgement and assessment of the recoverable amount of the asset in question, as well as the interest rate used for discounting. In addition, management's judgement is required for the evaluation of intangible assets under development.

CHANGES IN ACCOUNTING POLICIES

NEW IFRS STANDARDS AND ITERPRETATIONS

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

NOTE 2 INTEREST INCOME AND EXPENSES

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Interest income		
Loans and advances to credit institutions	7,662	2,846
Loans and advances to customers	8,805	6,236
Debt securities		
At amortised cost	361	295
At fair value through profit or loss	627	130
Derivatives	1,360	-
Other interest income	-15	1,626
Total interest income	18,800	11,132
Of which positive interest expense	1,164	1,891
Interest expenses		
Liabilities to credit institutions	-4,279	-937
Liabilities to customers	-512	-463
Debt securities issued to the public	-2,924	-1,217
Derivatives	-897	-
Other interest expenses	-28	-17
Total interest expenses	-8,639	-2,634
Of which negative interest income	-847	-1,137
Net interest income	10,161	8,498

NOTE 3 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Commissions and fees		
Lending	619	455
Card business	5,275	4,529
Payment transfers	4,030	4,043
Other commission income	1	0
Total fee and commission income	9,925	9,026
Commissions expenses		
Card business	-1,806	-1,512
Payment transfers	-792	-843
Other commission expenses	-42	-33
Total commission expenses	-2,639	-2,387
Net commissions and fees	7,285	6,639

NOTE 4 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
At fair value through other comprehensive income		
Debt securities		
Capital gains and losses	0	1
Transferred from fair value reserve to the income statement	-2	16
Shares and participations		
Dividend income *)	71	4
Total	69	21
Net income from foreign exchange trading	192	367
Net income from derivative contracts		
Change in hedging instruments' fair value	-5,975	-
Change in hedged items' fair value	6,173	-
	198	-
Net income investments total	459	389

*) Dividend income from equity shares measured at fair value through other comprehensive income held in the end of the financial period is EUR 71 (4) thousand.

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

NOTE 5 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS 31 DECEMBER 2022

(EUR 1,000)	At amortised cost	At fair value through other comprehensive income	Expected Credit Loss	Total carrying amount
Liquid assets	436,911	-	-	436,911
Loans and advances to credit institutions	778,258	-	1	778,257
Loans and advances to customers	175,064	-	4,578	170,485
Debt securities*	50,853	112,234	11	163,076
Shares and participations	-	815	-	815
Financial assets total	1,441,086	113,049	4,590	1,549,544
Other assets				25,050
Total assets 31 December 2022				1,574,594

*) Expected credit loss of EUR 30 (34) thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL ASSETS 31 DECEMBER 2021

(EUR 1,000)	At amortised cost	At fair value through other comprehensive income	Expected Credit Loss	Total carrying amount
Liquid assets	268,871	-	-	268,871
Loans and advances to credit institutions	442,723	-	-5	442,718
Loans and advances to customers	119,471	-	-3,016	116,455
Debt securities*	40,000	154,615	-14	194,600
Shares and participations	-	2,962	-	2,962
Financial assets total	871,066	157,577	-3,045	1,025,608
Other assets				12,306
Total assets 31 December 2021				1,037,914

*) Expected credit loss of EUR 34 thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL LIABILITIES 31 DECEMBER 2022

(EUR 1,000)	At fair value through profit or loss	At amortised cost	Total carrying amount
Liabilities to credit institutions	-	1,122,965	1,122,965
Liabilities to customers	-	55,930	55,930
Debt securities issued to the public	-	322,214	322,214
Derivatives	5,975	-	5,975
Financial liabilities total	5,975	1,501,109	1,507,085
Other liabilities			20,853
Total liabilities 31 December 2022			1,527,938

FINANCIAL LIABILITIES 31 DECEMBER 2021

(EUR 1,000)	At fair value through profit or loss	At amortised cost	Total carrying amount
Liabilities to credit institutions	-	655,626	655,626
Liabilities to customers	-	53,329	53,329
Debt securities issued to the public	-	284,920	284,920
Financial liabilities total	-	993,875	993,875
Other liabilities			8,702
Total liabilities 31 December 2021			1,002,578

NOTE 6 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUES BY VALUATION TECHNIQUE**FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE****ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2022**

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through other comprehensive income				
Shares and participations	-	-	815	815
Debt securities	68,591	43,642	-	112,234
Total	68,591	43,642	815	113,049

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2021

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through other comprehensive income				
Shares and participations	-	-	2,962	2,962
Debt securities	99,392	95,208	-	194,600
Total	99,392	95,208	2,962	197,563

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Derivatives	-	5,975	-	5,975
Total financial liabilities	-	5,975	-	5,975

LIABILITIES 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				
Derivatives	-	-	-	-
Total financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECOGNIZED AT AMORTISED COST**ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2022**

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	778,257	-	778,257	778,257
Loans and advances to customers	-	168,477	-	168,477	170,485
Investment assets					
Debt securities	-	50,170	-	50,170	50,842
Total	-	996,904	-	996,904	999,585

LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities to credit institutions	-	1,122,911	-	1,122,911	1,122,965
Liabilities to customers	-	55,930	-	55,930	55,930
Debt securities issued to the public	-	315,109	-	315,109	322,214
Total	-	1,493,950	-	1,493,950	1,501,109

ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2021

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	446,463	-	446,463	442,718
Loans and advances to customers	-	119,961	-	119,961	116,455
Investment assets					
Debt securities	-	40,871	-	40,871	39,986
Total	-	607,295	-	607,295	599,159

LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2021

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities to credit institutions	-	658,089	-	658,089	655,626
Liabilities to customers	-	53,409	-	53,409	53,329
Debt securities issued to the public	-	289,850	-	289,850	284,920
Total	-	1,001,348	-	1,001,348	993,875

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.

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

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

TRANSFERS BETWEEN FAIR VALUE HIERARCHIES

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

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

(EUR 1,000)	Financial assets at fair value through other comprehensive income	
		Total
Carrying amount 1 Jan 2022	2,962	2,962
+ Purchases	310	310
- Sales	-765	-765
+/- Changes in value recognised in other comprehensive income	230	230
+/- Sales revenue transferred to retained earnings	-1,922	-1,922
Carrying amount 31 Dec 2022	815	815

(EUR 1,000)	Financial assets at fair value through other comprehensive income	
		Total
Carrying amount 1 Jan 2021	2,708	2,708
+ Purchases	65	65
+/- Changes in value recognised in other comprehensive income	190	190
Carrying amount 31 Dec 2021	2,962	2,962

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

31 December 2022

(EUR 1,000)	Carrying amount	Possible effect on equity capital	
		Positive	Negative
Financial assets at fair value through other comprehensive income	815	122	-122
Total	815	122	-122

31 December 2021

(EUR 1,000)	Carrying amount	Possible effect on equity capital	
		Positive	Negative
Financial assets at fair value through other comprehensive income	2,962	444	-444
Total	2,962	444	-444

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%.

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

NOTE 7 IMPAIRMENT LOSSES ON FINANCIAL ASSETS**IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD**

(EUR 1,000)	1 Jan - 31 Jun 2022	1 Jan - 31 Jun 2021
Change of ECL due to write-offs	231	1,512
Change of ECL, receivables from customers and off-balance sheet items	-1,834	-1,823
Change of ECL, debt securities	6	2
Final credit losses	113	-2,972
Impairment losses on financial assets total	-1,485	-3,281

During the financial year, EUR 113 (-2,972) thousand was recognised as final credit loss. Recollection measures are attributed to the whole amount of 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.

The principles for calculating expected credit losses and determining the probability of default are presented in IFRS financial statements of the Bonum Bank on 31 December 2021, Note 1 Accounting policies.

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	1,265	119	1,632	3,016
Transfers to stage 1	7	-20	-125	-138
Transfers to stage 2	-140	64	-33	-109
Transfers to stage 3	-116	-44	1,493	1,333
Increases due to origination	915	131	255	1,301
Decreases due to derecognition	-283	-34	-427	-745
Changes due to change in credit risk (net)	-99	-3	253	151
Decreases due to write-offs	-	-	-231	-231
Total	284	94	1,185	1,563
ECL 31 Dec 2022	1,549	213	2,816	4,578

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	187	10	36	233
Transfers to stage 1	1	-5	-13	-17
Transfers to stage 2	-10	17	-1	6
Transfers to stage 3	-1	0	16	14
Increases due to origination	27	19	27	73
Decreases due to derecognition	-8	0	-	-8
Changes due to change in credit risk (net)	-25	-1	3	-23
Total	-15	29	31	44
ECL 31 Dec 2022	172	39	67	277

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	48	1	-	49
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Increases due to origination	15	-	-	15
Decreases due to derecognition	-19	-	-	-19
Changes due to change in credit risk (net)	-1	-1	-	-2
Total	-5	-1	-	-6
ECL 31 Dec 2022	43	0	-	43

RECEIVABLES FROM CREDIT INSTITUTIONS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	4	-	-	4
Increases due to origination	-	-	-	-
Decreases due to derecognition	-1	0	-	-1
Changes due to change in credit risk (net)	-3	0	-	-3
Total	-4	0	-	-3
ECL 31 Dec 2022	1	0	-	1
ECL 1 Jan 2022	1,504	130	1,668	3,302
ECL 31 Dec 2022	1,765	251	2,883	4,899

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	1,046	89	1,528	2,662
Transfers to stage 1	9	-40	-670	-701
Transfers to stage 2	-72	37	-363	-398
Transfers to stage 3	-89	-18	1,100	993
Increases due to origination	752	76	249	1,076
Decreases due to derecognition	-346	-22	-206	-574
Changes due to change in credit risk (net)	-34	-3	1,507	1,469
Decreases due to write-offs	-	-	-1,512	-1,512
Total	219	30	104	353
ECL 31 Dec 2021	1,265	119	1,632	3,016

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	182	58	35	275
Transfers to stage 1	5	-45	-18	-59
Transfers to stage 2	-1	3	-1	2
Transfers to stage 3	-1	-1	8	6
Increases due to origination	45	0	11	57
Decreases due to derecognition	-3	-	-	-3
Changes due to change in credit risk (net)	-41	-4	1	-45
Total	4	-48	1	-42
ECL 31 Dec 2021	187	10	36	233

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	50	1	-	51
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Increases due to origination	16	-	-	16
Decreases due to derecognition	-14	-	-	-14
Changes due to change in credit risk (net)	-3	-1	-	-4
Total	-2	-1	-	-2
ECL 31 Dec 2021	48	1	-	49

RECEIVABLES FROM CREDIT INSTITUTIONS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2021	4	-	-	4
Increases due to origination	2	-	-	2
Decreases due to derecognition	0	0	-	0
Changes due to change in credit risk (net)	-2	0	-	-1
Total	0	-	-	0
ECL 31 Dec 2021	4	-	-	4
ECL 1 Jan 2021	1,282	148	1,562	2,993
ECL 31 Dec 2021	1,504	130	1,668	3,302

CREDIT RISK BY STAGES 31 DEC 2022

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	124,766	5,684	7,048	137,498
Corporate	37,385	96	84	37,566
Receivables from customers total	162,151	5,780	7,133	175,064
ECL 31 Dec 2022	1,549	213	2,816	4,578
Coverage ratio %	1.0 %	3.7 %	39.5 %	2.6 %
Off-balance sheet commitments				
Private	151,604	1,725	386	153,715
Corporate	6,698	81	5	6,784
Off-balance sheet commitments total	158,302	1,806	391	160,498
ECL 31 Dec 2022	172	39	67	277
Coverage ratio %	0.1 %	2.1 %	17.1 %	0.2 %
Debt securities	153,791	300	-	154,091
ECL 31 Dec 2022	43	0	-	43
Coverage ratio %	0.0 %	0.0 %	-	0.0 %
Receivables from credit institutions	724,641	219	-	724,860
ECL 31 Dec 2022	1	0	-	1
Coverage ratio %	0.0 %	-	-	0.0 %
Credit risk by stages total	1,198,884	8,105	7,524	1,214,513

The table above summarizes the exposure to credit risk and the amount of the expected credit loss 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.

CREDIT RISK BY STAGES 31 DEC 2021

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	86,556	2,621	4,109	93,286
Corporate	25,791	349	45	26,185
Receivables from customers total	112,347	2,969	4,154	119,471
ECL 31 Dec 2021	1,265	119	1,632	3,016
Coverage ratio %	1.1 %	4.0 %	39.3 %	2.5 %
Off-balance sheet commitments				
Private	137,711	731	265	138,707
Corporate	6,741	19	19	6,778
Off-balance sheet commitments total	144,452	750	284	145,485
ECL 31 Dec 2021	187	10	36	233
Coverage ratio %	0.1 %	1.3 %	12.7 %	0.2 %
Debt securities	194,307	308	-	194,615
ECL 31 Dec 2021	48	1	-	49
Coverage ratio %	0.0 %	0.2 %	0.0 %	0.0 %
Receivables from credit institutions	398,360	-	-	398,360
ECL 31 Dec 2021	4	-	-	4
Coverage ratio %	0.0 %	-	-	0.0 %
Credit risk by stages total	849,466	4,028	4,438	857,931

NOTE 8 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Liabilities to credit institutions		
Central Banks	128,400	128,400
Repayable on demand	326,780	335,245
Other	667,785	191,980
Total liabilities to credit institutions	1,122,965	655,626
Liabilities to customers		
Deposits		
Repayable on demand	55,930	53,329
Total liabilities to customers	55,930	53,329
Total liabilities to credit institutions and customers	1,178,895	708,955

Liabilities to central banks includes secured TLTRO III funding total of EUR 128,400 thousand. The funding matures in June 2023 EUR (50,000 thousand), March 2024 (EUR 70,000 thousand) and June 2024 (EUR 8,400 thousand) but for which early repayment is possible from January 2023 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. The POP Bank Group estimates it has met the growth criteria and the additional interest rate has been recognised as income during financial year 2021. ECB has recalibrated the conditions of the third series of targeted longer-term refinancing operations (TLTRO III) from 11/2022 onwards. POP Bank Group has used ECB deposit rate as interest rate for the loans for 2022. 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, as the POP Bank Group has assessed that the loan meets the conditions of a market-based loan.

NOTE 9 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Bonds	254,892	254,926
Certificates of deposits	67,323	29,995
Total debt securities issued to the public	322,214	284,920

DEBT SECURITIES ISSUED TO THE PUBLIC

Name	Issue date	Due date	Interest	Nominal (EUR 1000)	Currency
BONUM FRN 120723	3.6.2020	12.7.2023	EB 12kk + 1,04 %	50,000	EUR
BONUM FRN 170124	3.6.2020	17.1.2024	EB 12kk + 1,20 %	55,000	EUR
BONUM FRN 261026	20.10.2021	20.10.2026	EB 3kk + 0,85 %	20,000	EUR
Debt securities issued during the reporting period					
BONUM FRN 050425	5.4.2022	5.4.2025	EB 3kk + 1,40 %	50,000	EUR
BONUM FRN 220427	22.4.2022	22.4.2027	EB 3kk + 1,25 %	50,000	EUR

Certificates of deposit with a total nominal value of EUR 66,500 (30,000) thousand were outstanding on the balance sheet date. Amount of the certificates is 12, nominals range from EUR 2,000 to 10,000 thousand with average maturity is 8.8 months.

DEBT SECURITIES PRESENTED IN CASH FLOW RECONCILIATION TO BALANCE SHEET

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Balance sheet 1 Jan	284,920	266,346
Increase of bonds	99,911	49,952
Increase of Certificates of deposits	239,012	29,993
Total increase	338,923	79,945
Decrease of bonds	-100,000	-20,000
Decrease of Certificates of deposits	-201,853	-41,387
Total decrease	-301,853	-61,387
Total changes of cash flow of financial activities	37,070	18,558
Valuations and accrued interests	224	17
Balance sheet 31 Dec	322,214	284,920

NOTE 10 DERIVATIVES AND HEDGE ACCOUNTING

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

NOMINAL AND FAIR VALUES OF DERIVATIVES

31 Dec 2022

(EUR 1,000)	Nominal value / remaining maturity				Fair value	
	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
Hedging derivative contracts						
Fair value hedging						
Interest rate derivatives	-	200,000	-	200,000	-	5,975
Derivatives total	-	200,000	-	200,000	-	5,975

The nominal value of the fixed-rate deposits subject to fair value hedging at the end of reporting period was EUR 200,000 thousand. This item is included on the balance sheet under “Loans and advances to credit institutions”. The nominal values of derivative instruments correspond to the nominal values of the objects to be hedged.

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

Fair value hedging (EUR 1,000)	31 Dec 2022	31 Dec 2021
Liabilities		
Carrying amount of hedged deposits	193,827	-
- of which the accrued amount of hedge adjustments	-6,173	-

OTHER NOTES

NOTE 11 COLLATERAL GIVEN

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Collaterals given		
Given on behalf of own liabilities and commitments		
Other collateral to the Bank of Finland	162,940	144,361
Total collateral given	162,940	144,361

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Collaterals received		
Collaterals received from banks of POP Group	67,958	64,306
Total collateral given	67,958	64,306

Deposit liabilities are long-term money market deposits related to the offering of central credit institution services and made by the banks in the POP Bank Group to the Bonum Bank. The amount of deposit liabilities in relation to the balance sheet total is confirmed annually.

NOTE 12 OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	31 Dec 2022	31 Dec 2021
Loan commitments	160,498	145,485
Total off-balance sheet commitments	160,498	145,485

The expected credit losses of off-balance sheet commitments are presented in note 7.

NOTE 13 RELATED PARTY DISCLOSURES

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

In the financial period 2022, Bonum Bank granted housing and consumption loans to related parties at employee terms. These loans are tied to generally applied reference rates.

BUSINESS TRANSACTIONS WITH RELATED PARTY KEY PERSONS

(EUR 1,000)	Key persons		Other	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Assets				
Loans	284	214	219	174
ECL	0	0	0	0
Liabilities				
Deposits	5	4	5,601	3

COMPENSATION TO KEY PERSONS IN MANAGEMENT

(EUR 1,000)	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Short-term employee benefits	1,030	936
Total	1,030	936

COMPENSATION TO CEO AND MEMBERS OF THE BOARD

(EUR 1,000)	Salaries and remuneration
Ali-Tolppa Pia, CEO	230
Lemettinen Pekka, Chairman of the Board	34
Linna Hanna, Vice Chairman of the Board	29
Lähteenmäki Ilkka, member of the Board	26
Kirsi Salo, member of the Board	26
Total	345

NOTE 14 EVENTS AFTER THE REPORTING PERIOD

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

Espoo February 15 2023

Bonum Bank Plc
Board of Directors

www.poppankki.fi

