

**Bonum Bank Plc**

**HALF-YEAR**

**FINANCIAL REPORT**

**1 January - 30 June 2023**

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Bonum Bank PLC Half-Year Financial Report for 1 January – 30 June 2023 is a translation of the original Finnish version “Bonum Pankki Oyj puolivuositiedustelu 1.1.–30.6.2023”. In case of discrepancies, the Finnish version shall prevail.

## **BOARD OF DIRECTOR'S REVIEW**

### **1.1.-30.6.2023**

Bonum Bank Plc (hereinafter "Bonum Bank") is part of the Amalgamation of POP Banks and is responsible for providing 18 POP Banks with central credit institution services, obtaining external funding for the POP Bank Group, handling payments, issuing payment cards to the customers of POP Banks and providing centralised services for the Group. In addition, Bonum Bank grants unsecured consumer credits 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 the review period, Bonum Bank continued to provide funding for the growing needs of the POP Banks' business operations. Bonum Bank has also provided the POP Banks with the option to invest extra liquidity in Bonum Bank, and the POP Banks have actively used this option. Bonum Bank has not issued new bonds during the review period. Funding has been acquired by issuing short-term certificates of deposit under its EUR 250 million certificates of deposit programme and by accepting money market deposits. POP Mortgage Bank Plc issued in April EUR 250 million secured bond. 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. Card processes, card products and card payment services are being continuously developed and enhanced in cooperation with internal and external stakeholders. During the first half of 2023, new card-related functionalities were added to the POP Bank mobile banking application.

The service centre in Vaasa has entrenched its position within the Group. During the spring, it focused

on fulfilling obligation set for the banks to know their customers and developing group-wide customer service. The goal is to increase the number of tasks that can be centralised away from individual banks.

The POP Banks' anti-money laundering measures are implemented centrally by Bonum Bank. Centralised services and up-to-date 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. Special attention has been paid to the adequacy of the operation's resources during the beginning of the year.

Bonum Bank's business operations outside the Group mainly consist of the issue of secured bonds and unsecured consumer credits. In particular, the loan portfolio of unsecured consumer loans has developed positively during the review period.

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 2023. 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**

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

### **STRUCTURE OF THE POP BANK GROUP**

POP Bank Group consists of POP Banks, POP Bank Centre coop and their controlled entities. POP Banks are member credit institutions of POP Bank

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

POP Bank Centre coop is the central institution of the amalgamation of POP Banks and is responsible for steering and supervising 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.

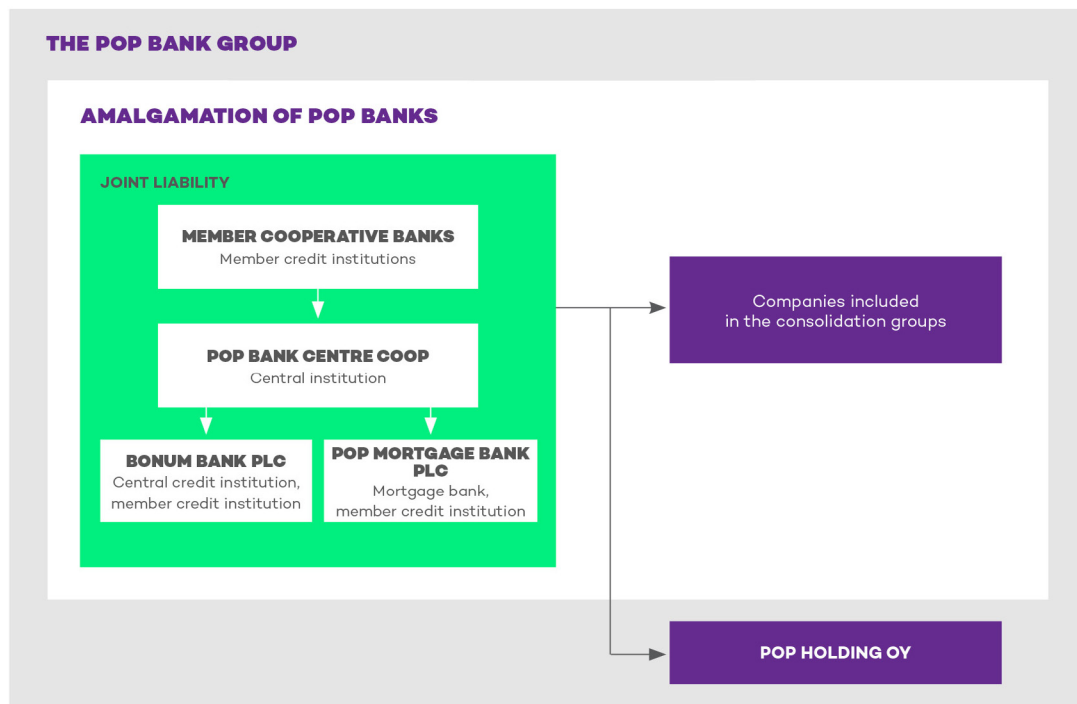
Bonum Bank Plc serves as the central credit institution of the POP Banks and acquires external funding for the Group by issuing unsecured bonds. Bonum Bank Plc is also responsible for the POP Banks’

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.

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

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

**POP BANK GROUP STRUCTURE**



**CHANGES IN THE POP BANK GROUP’S STRUCTURE**

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

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

## OPERATING ENVIRONMENT

The beginning of 2023 in Finland was marked by slow economic growth while inflation remained high and interest rates continued to rise. The employment rate has remained high in Finland, but GDP growth has been negative for two consecutive quarters, which meets the criterion for a technical recession. GDP growth is expected to remain low for the rest of the year.

Economic growth has continued to be weighed down by the ongoing war in Ukraine, high inflationary pressures on consumer demand and rising interest rates, although there have been positive developments in individual sectors. In Finland, however, companies' growth and investments are constrained by challenges in the availability of labour. The purchasing power of Finnish households has weakened because wage agreements are markedly more moderate than inflation. However, inflation is slowing down in Finland, as electricity prices have started to fall and fuel prices have also come down from their peak levels.

The European Central Bank (ECB) continued to fight inflation by raising key interest rates at a rapid pace also in early 2023. Since the beginning of the year, interest rates have been raised three times, by 1.25 percentage points in total. The ECB's messages and market expectations suggest that interest rate hikes will continue during the remainder of the year. The impact of higher interest rates has been passed on to households in the form of higher borrowing costs. The rise in the cost of housing loans and the increase in interest expenses for limited liability housing company loans have led to a sharp slowdown in residential construction and housing sales. Housing prices have declined, especially in the Helsinki metropolitan area.

For banks, changes in the operating environment have been reflected in a decline in consumers' willingness to borrow. The rising cost of living has caused some consumers to resort to savings. On the other hand, the good employment situation has helped consumers cope with rising costs and manage their loans. The declining economic cycle is gradually beginning to be reflected in an increase in corporate bankruptcy filings, but so far this trend has not been reflected in the quality of Finnish banks' loan portfolios.

## KEY RATIOS

### KEY INCOME FIGURES

(EUR 1,000)	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Net interest income	6,894	4,536	10,161
Net commissions and fees	4,161	4,169	7,285
Net investment income	-62	181	459
Personnel expenses	-2,665	-2,297	-4,583
Other operating expenses	-5,558	-5,467	-10,863
Impairment losses on financial assets	-1,024	-1,008	-1,485
Profit before taxes	4,735	1,869	4,221

### KEY BALANCE SHEET FIGURES

(EUR 1,000)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Loan portfolio	980,003	659,173	948,743
Deposit portfolio	1,362,347	791,000	1,178,895
Equity capital	51,117	36,338	46,657
Balance sheet total	1,771,620	1,277,005	1,574,594

### KEY RATIOS

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Cost to income ratio	60.1 %	74.1 %	74.2 %
Return on assets, ROA	0.4 %	0.3 %	0.3 %
Return on equity, ROE	15.2 %	8.4 %	8.3 %
Equity ratio	2.9 %	2.8 %	3.0 %
Common equity Tier 1 capital ratio, (CET1)	20.4 %	17.6 %	20.0 %
Capital adequacy ratio, (TC)	20.4 %	17.6 %	20.0 %

The calculation formulas for key indicators are presented on page 11 of the Bonum Bank Plc's Board of Director's Report and Financial Statements 31 December 2022. When calculating ROA and ROE, the profit for the review period has been changed to match full year level.

## PERFORMANCE AND BALANCE SHEET

For financial performance items, the point of comparison is 30 June 2022. For the balance sheet and capital adequacy, the point of comparison is 31 December 2022.

### PERFORMANCE

Bonum Bank's profit before taxes was EUR 4,735 thousand, whereas in the comparison period it was EUR 1,869 thousand. Its profit for the period was EUR 3,704 (1,498) thousand. The cost-to-income ratio for the review period was 60.1 (74.1) per cent.

Operating income increased by 29.8 per cent to EUR 14,440 (11,125) thousand. The change in operating income resulted from an increase in net interest income and in other operating income.

Net interest income increased by 52.0 per cent to EUR 6,894 (4,536) thousand. Interest income was EUR 30,263 (6,216) thousand. The increase of income is due to general rise on interest rates. Interest expenses totalled EUR 23,370 (1,680) thousand.

Other operating income increased by 54.0 per cent and totalled EUR 3,448 (2,239) thousand. The increase is explained by an increase in internal invoicing within the POP Bank Group.

Net commissions and fees were EUR 4,161 (4,169) thousand. Commissions totalled EUR 4,881 (4,948) thousand and fees totalled EUR 720 (778) thousand.

Net investment income was EUR -62 (181) thousand.

Operating expenses grew by 5.2 per cent to EUR 8,681 (8,248) thousand.

Personnel expenses totalled EUR 2,665 (2,297) thousand in the review period. Bonum Bank had a total of 77 (60) employees at the end of the review period.

Other operating expenses grew by 1.7 per cent and totalled EUR 5,558 (5,467) thousand. This item in-

cludes office expenses, ICT expenses and marketing costs.

Depreciation and impairment on tangible and intangible assets totalled EUR 458 (485) thousand.

Impairment losses on financial assets totalled EUR 1,024 (1,008) thousand.

### BALANCE SHEET

At the end of the review period, Bonum Bank's balance sheet stood at EUR 1,771,620 (1,574,594) thousand.

The amount of liquid assets grew during the review period by 33.9 per cent totalling EUR 585,096 (436,911) thousand. Loans and receivables from credit institutions increased during the reporting period by 2.9 per cent to EUR 800,620 (778,257) thousand. This item includes the funding provided by Bonum Bank to other member banks of the POP Bank Group.

Loans and receivables from customers increased by 5.2 per cent during the review period, totalling EUR 179,383 (170,485) 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 by 17.9 per cent during the reporting period and were EUR 1,323,724 (1,122,965) 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 decreased by -0.3 per cent to EUR 321,194 (322,214) thousand during the review period.

### CREDIT RATING

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

## 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. Risk management is part of the capital adequacy management process, which aims to ensure that the risk levels are proportionate to Bonum Bank's and the amalgamation's risk-bearing capacity and liquidity 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.

The amalgamation's risk management and capital adequacy management are described in more detail in Note 4 to the POP Bank Group's financial statements 31 December 2022. Furthermore, information concerning risks (Pillar III) specified in the EU Capital Requirements Regulation (2019/876) (CRR II) is presented in a separate Amalgamation of POP Banks' Capital Adequacy report 30 June 2023.

### CREDIT RISK AND CONCENTRATIONS

During the first half of 2023, Bonum Bank's credit risk position has grown due to increasing retail banking loan portfolio. Balance sheet items exposed to credit risk totalled EUR 380,712 (345,323) thousand on 30 June 2023. Bonum Bank's off-balance sheet credit commitments totalled EUR 169,633 (160,498) thousand, consisting mainly of unrestricted credit facilities related to card credits and the POP Banks' liquidity facilities.

At the end of the review period, investment assets totalled EUR 177,819 (163,890) thousand, which consisted of debt securities included in the bank's liquidity reserve. In addition, the bank had a to-

tal of EUR 16,008 (6,612) thousand in short-term bank receivables belonging to the liquidity portfolio.

The banking loan portfolio increased by 5.2 per cent during the review period, amounting to EUR 179,383 (170,485) thousand. Unsecured lending represented 55.3 (50.9) per cent of the loan portfolio. Loans granted to retail customers represented 84.7 (83.1) per cent of the loan portfolio.

Expected credit losses (ECL) on loans, receivables and off-balance sheet items increased by EUR 778 thousand during the financial period, amounting to EUR 5,678 thousand. Expected credit loss amount of stage three receivables totalled EUR 3,747 (2,883) thousand. With regard to the unsecured loan portfolio, EUR -246 (113) thousand was recognised as final credit losses in the first half of 2023. Loan loss claims are subject to active collection measures.

### LIQUIDITY RISKS

Bonum Bank, the central credit institution of the amalgamation, is responsible for the liquidity management and fulfilment of the requirement for net stable funding. Based on an authorisation granted by the Financial Supervisory Authority, the member credit institutions of the amalgamation have been exempted from the LCR and NSFR requirements by the decision of the central institution. The LCR and NSFR requirements are calculated at the level of the amalgamation of POP Banks.

The POP Bank Group's liquidity position remained strong during the review period. The liquidity requirement for the amalgamation of POP Banks was 257.3 (184.8) per cent on 30 June 2023, with the regulation required minimum level being 100 per cent. At the end of the review period, Bonum Bank had EUR 910.5 (691.6) million in LCR-eligible liquid assets before haircuts, of which 65.5 (64.8) per cent consisted of cash and receivables from the central bank and 31.5 (31.0) per cent consisted of highly liquid Level 1 securities. The amalgamation's Net Stable Funding ratio was 136.2 (133.5) per cent on 30 June 2023.



Of Bonum Bank's EUR 750 million bond programme, EUR 255.0 (255.0) million in unsecured senior loans was outstanding at the end of the review period. Of the bank's EUR 250 million certificate of deposit programme, EUR 67.0 (67.5) million was outstanding. In addition, Bonum Bank has a EUR 19.1 million loan programme with the Nordic Investment Bank (NIB). On 30 June 2023, Bonum Bank had EUR 78.4 (128.4) million in secured long-term funding from the European Central Bank's TLTRO III funding operations.

## MARKET RISKS

Bonum Bank's market risk levels remained moderate during the first half of the year. The interest rate risk is the most significant market risk related to Bonum Bank's business operations. 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. The interest rate risk arises from differences in the interest terms of receivables and liabilities and mismatches in interest rate repricing and maturity dates. The objective of interest rate risk management is to stabilise the interest rate risk involved in the bank's balance sheet at a level at which business operations are profitable, but profit or capital adequacy is not threatened, even during considerable changes in the interest rate environment.

The interest rate risk arises from liquidity reserve investment activities and banking book operations. 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 review period to decrease banking book interest rate risk in member banks balance sheet.

## CAPITAL ADEQUACY

On 30 June 2023, Bonum Bank's capital adequacy was at a good level. Both capital adequacy ratio and core capital adequacy ratio were 20.4 (20.0 on 31 December 2022) per cent. The bank's own funds totalled EUR 46,416 (41,981) thousand, consisting entirely of CET1 capital.

Bonum Bank's leverage ratio was 4.5 (4.9) per cent.

During the first half of 2023, Bonum Bank's own funds increased mainly through profit for the previous financial year. The growth of the loan portfolio and interest rate hedging operations increased the amount of risk-weighted assets and the growth is expected to continue towards the end of the year.

Bonum Bank applies the standard method to the calculation of the capital adequacy requirement for credit risk and the basic method for operational risk. Bonum Bank's 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 institutions of the amalgamation are exempted, by a decision of the central institution, from the own funds requirement for intra-group items, and from large exposure restrictions concerning items between the central credit institution and the member banks.

**SUMMARY OF CAPITAL ADEQUACY**

<b>(EUR 1,000)</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
<b>Own funds</b>		
Common Equity Tier 1 capital before deductions	47,413	43,274
Deductions from Common Equity Tier 1 capital	-997	-1,293
<b>Total Common Equity Tier 1 capital (CET1)</b>	<b>46,416</b>	<b>41,981</b>
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	<b>-</b>
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>46,416</b>	<b>41,981</b>
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
<b>Total Tier 2 capital (T2)</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>46,416</b>	<b>41,981</b>
<b>Total risk weighted assets</b>	<b>228,073</b>	<b>210,283</b>
of which credit risk	180,938	171,065
of which credit valuation adjustment risk (CVA)	10,003	3,433
of which market risk (exchange rate risk)	1,346	0
of which operational risk	35,785	35,785
<b>Fixed capital conservation buffer according to Act on Credit institutions (2.5%)</b>	<b>5,702</b>	<b>5,257</b>
<b>Countercyclical capital buffer</b>	<b>43</b>	<b>26</b>
<b>CET1 Capital ratio (%)</b>	<b>20.4 %</b>	<b>20.0 %</b>
<b>T1 Capital ratio (%)</b>	<b>20.4 %</b>	<b>20.0 %</b>
<b>Total capital ratio (%)</b>	<b>20.4 %</b>	<b>20.0 %</b>
<b>Capital requirement</b>		
Total capital	46,416	41,981
Capital requirement *	24,009	22,115
Capital buffer	22,407	19,865
<b>Leverage ratio</b>		
Tier 1 capital (T1)	46,416	41,981
Leverage ratio exposure	1,041,768	858,279
Leverage ratio, %	4.5 %	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.

## **OUTLOOK FOR THE SECOND HALF OF THE YEAR**

The full-year result is expected to be positive. The result involves uncertainty arising from the impairment provisions and credit losses related to the increase in lending, as well as uncertainty caused by the general market situation.

## **EVENTS AFTER THE REVIEW PERIOD**

Bonum Bank has renewed in July the debt security of EUR 50.0 million that was due on 12 July 2023. The new due date is 19 July 2028 with interest rate of EB 6m + 1.11 per cent.

No other significant business transactions have taken place at Bonum Bank after the review period that would have a material impact on the information presented in the half-year financial report.

## TABLES (IFRS)

### INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022
Interest income		30,263	6,216
Interest expenses		-23,370	-1,680
<b>Net interest income</b>	<b>2</b>	<b>6,894</b>	<b>4,536</b>
Net commissions and fees	3	4,161	4,169
Net investment income	4	-62	181
Other operating income		3,448	2,239
<b>Total operating income</b>		<b>14,440</b>	<b>11,125</b>
Personnel expenses		-2,665	-2,297
Other operating expenses		-5,558	-5,467
Depreciation and amortisation		-458	-485
<b>Total operating expenses</b>		<b>-8,681</b>	<b>-8,248</b>
Impairment losses on financial assets	7	-1,024	-1,008
<b>Profit before taxes</b>		<b>4,735</b>	<b>1,869</b>
Income tax expense		-1,031	-371
<b>Profit for the period</b>		<b>3,704</b>	<b>1,498</b>

### STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022
<b>Profit for the period</b>	<b>3,704</b>	<b>1,498</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Net changes in fair value of equity instruments	82	-1,271
Capital gains and losses for equity instruments	-	1,396
Deferred taxes	-16	254
<b>Total</b>	<b>66</b>	<b>379</b>
<b>Items that may be reclassified to profit or loss</b>		
Movement in fair value reserve for liability instruments	863	-1,095
Deferred taxes	-173	219
<b>Total</b>	<b>690</b>	<b>-876</b>
<b>Other comprehensive income items total</b>	<b>756</b>	<b>-497</b>
<b>Other comprehensive income for the period</b>	<b>4,460</b>	<b>1,001</b>

## BALANCE SHEET

(EUR 1,000)	Note	30 Jun 2023	31 Dec 2022
<b>Assets</b>			
Liquid assets		585,096	436,911
Loans and advances to credit institutions	5	800,620	778,257
Loans and advances to customers	5	179,383	170,485
Investment assets		177,819	163,891
Intangible assets		691	1,057
Property, plant and equipment		268	359
Other assets		27,409	23,118
Tax assets		334	515
<b>Total assets</b>		<b>1,771,620</b>	<b>1,574,594</b>
<b>Liabilities</b>			
Liabilities to credit institutions	5, 8	1,323,724	1,122,965
Liabilities to customers	5, 8	38,624	55,930
Debt securities issued to the public	9	321,194	322,214
Derivatives	5, 6, 10	8,751	5,975
Other liabilities		27,298	20,003
Tax liabilities		912	850
<b>Total liabilities</b>		<b>1,720,503</b>	<b>1,527,938</b>
<b>Equity</b>			
Share capital		10,000	10,000
Reserves		29,277	28,520
Retained earnings		11,840	8,136
<b>Total equity capital</b>		<b>51,117</b>	<b>46,657</b>
<b>Total liabilities and equity capital</b>		<b>1,771,620</b>	<b>1,574,594</b>

## STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
<b>Balance 1 Jan 2023</b>	<b>10,000</b>	<b>-1,480</b>	<b>30,000</b>	<b>8,136</b>	<b>46,657</b>
<b>Comprehensive income</b>					
Profit for the financial period	-	-	-	3,704	3,704
Other comprehensive income	-	756	-	-	756
<b>Total comprehensive income</b>	<b>-</b>	<b>756</b>	<b>-</b>	<b>3,704</b>	<b>4,460</b>
<b>Balance 30 Jun 2023</b>	<b>10,000</b>	<b>-723</b>	<b>30,000</b>	<b>11,840</b>	<b>51,117</b>

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
<b>Balance 1 Jan 2022</b>	<b>10,000</b>	<b>2,121</b>	<b>20,000</b>	<b>3,215</b>	<b>35,336</b>
<b>Comprehensive income</b>					
Profit for the period	-	-	-	1,498	1,498
Other comprehensive income	-	-1,893	-	1,396	-497
<b>Total comprehensive income</b>	<b>-</b>	<b>-1,893</b>	<b>-</b>	<b>2,894</b>	<b>1,001</b>
<b>Balance 30 Jun 2022</b>	<b>10,000</b>	<b>228</b>	<b>20,000</b>	<b>6,110</b>	<b>36,338</b>

## CASH FLOW STATEMENT

(EUR 1,000)	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022
<b>Cash flow from operations</b>		
Profit for the period	3,704	1,498
Adjustments to profit for the financial year	3,541	1,948
<b>Increase (-) or decrease (+) in operating assets</b>	<b>320,164</b>	<b>-136,495</b>
Advances from credit institutions	347,353	-58,637
Advances from customers	-9,921	-43,602
Notes and bonds	-12,978	-29,727
Other assets	-4,290	-4,529
<b>Increase (+) or decrease (-) in operating liabilities</b>	<b>193,305</b>	<b>87,994</b>
Liabilities to credit institutions	203,406	66,096
Liabilities to customers	-17,307	15,949
Other liabilities	7,206	5,949
Income taxes paid	-978	-301
<b>Total cash flow from operations</b>	<b>519,736</b>	<b>-45,356</b>
<b>Cash flow from investing activities</b>		
Changes in other investments	-	1,707
Investments in tangible and intangible assets	-	102
<b>Total cash flow from investing activities</b>	<b>-</b>	<b>1,809</b>
<b>Cash flow from financing activities</b>		
Payment of lease liabilities	-88	-81
Debt securities issued, increase	60,478	298,242
Debt securities issued, decrease	-62,226	-147,979
<b>Total cash flow from financing activities</b>	<b>-1,835</b>	<b>150,182</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at period-start	443,523	273,820
Cash and cash equivalents at the end of the period	961,424	380,456
<b>Total cash flow from cash and cash equivalents</b>	<b>517,901</b>	<b>106,636</b>

<b>(EUR 1,000)</b>	<b>1 Jan - 30 Jun 2023</b>	<b>1 Jan - 30 Jun 2022</b>
<b>Cash and cash equivalents</b>		
Liquid assets	585,096	376,770
Receivables from credit institutions payable on demand	376,328	3,686
<b>Total</b>	<b>961,424</b>	<b>380,456</b>
<b>ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT</b>		
<b>Interest received</b>	<b>25,825</b>	<b>5,443</b>
<b>Interest paid</b>	<b>16,337</b>	<b>1,515</b>
<b>Dividends received</b>	<b>4</b>	<b>57</b>
<b>Adjustments to profit for the financial year</b>		
<b>Non-cash items and other adjustments</b>		
Impairment losses on receivables	1,024	1,008
Depreciation	458	485
Other	2,059	455
<b>Adjustments to profit for the financial year</b>	<b>3,541</b>	<b>1,948</b>



## NOTES

### NOTE 1 ACCOUNTING PRINCIPLES

Bonum Bank's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations (IFRIC).

The half-year financial report for 1 January – 30 June 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting and the accounting policies presented in Bonum Bank's IFRS financial statements 31 December 2022.

The figures disclosed in the half-year report are unaudited. The reported figures in the half-year financial report 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 Bonum Bank is euro.

A copy of Bonum Bank's half-year financial report is available from its office at Hevosenkentä 3, 02600 Espoo, and online at [www.poppankki.fi](http://www.poppankki.fi).

#### CHANGES IN THE ACCOUNTING POLICIES

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

#### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of IFRS requires the management's assessments and assumptions concerning the future. These affect the reported amounts in the fi-

ancial 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. The management's estimates and assumptions are based on the best view at the balance sheet date, which may differ from the actual result. More detailed information on the fair values and valuation techniques of financial assets is provided in Note 6.

Increased inflation and rapidly rising market interest rates have weakened economic growth forecasts, which causes uncertainty in economic development. The fair values and impairments of financial assets are therefore subject to greater uncertainty than usual.

#### 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.

**NOTE 2 NET INTEREST INCOME**

<b>(EUR 1,000)</b>	<b>1 Jan - 30 Jun 2023</b>	<b>1 Jan - 30 Jun 2022</b>
<b>Interest income</b>		
Loans and advances to credit institutions	17,878	1,703
Loans and advances to customers	6,730	4,018
Debt securities		
At amortised cost	738	103
At fair value through other comprehensive income	1,506	90
Hedging derivatives	3,410	-
Other interest income	1	303
<b>Total interest income</b>	<b>30,263</b>	<b>6,216</b>
of which negative interest expenses	-	1,668
<b>Interest expenses</b>		
Liabilities to credit institutions	-14,353	-588
Liabilities to customers	-234	-8
Debt securities issued to the public	-4,876	-837
Hedging derivatives	-3,837	-
Other interest expenses	-70	-247
<b>Total interest expenses</b>	<b>-23,370</b>	<b>-1,680</b>
of which negative interest income	-4	-676
<b>Net interest income</b>	<b>6,894</b>	<b>4,536</b>

**NOTE 3 NET COMMISSIONS AND FEES**

<b>(EUR 1,000)</b>	<b>1 Jan - 30 Jun 2023</b>	<b>1 Jan - 30 Jun 2022</b>
<b>Fee and commission income</b>		
Lending	453	310
Card business	2,348	2,581
Payment transfers	1,958	1,943
Other commission income	122	114
<b>Total commissions and fees</b>	<b>4,881</b>	<b>4,948</b>
<b>Commissions expenses</b>		
Card business	-292	-352
Payment transfers	-379	-393
Other	-50	-34
<b>Total commission expenses</b>	<b>-720</b>	<b>-778</b>
<b>Net commissions and fees</b>	<b>4,161</b>	<b>4,169</b>

**NOTE 4 NET INVESTMENT INCOME**

<b>(EUR 1,000)</b>	<b>1 Jan - 30 Jun 2023</b>	<b>1 Jan - 30 Jun 2022</b>
<b>At fair value through other comprehensive income</b>		
Shares and participations		
Dividend income	4	57
<b>Total</b>	<b>4</b>	<b>57</b>
<b>Net income from foreign exchange trading</b>	<b>63</b>	<b>125</b>
<b>Net income from hedge accounting</b>		
Change in hedging instruments' fair value	-2,776	-
Change in hedged items' fair value	2,647	-
<b>Total</b>	<b>-129</b>	<b>-</b>
<b>Total net investment income</b>	<b>-62</b>	<b>181</b>

## NOTE 5 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

### FINANCIAL ASSETS 30 JUN 2023

(EUR 1,000)	At amortised cost	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	585,096	-	-	<b>585,096</b>
Loans and advances to credit institutions	800,621	-	-1	<b>800,620</b>
Loans and advances to customers	184,738	-	-5,355	<b>179,383</b>
Debt securities*	52,655	124,273	-7	<b>176,921</b>
Shares and participations	-	897	-	<b>897</b>
<b>Total financial assets</b>	<b>1,623,110</b>	<b>125,170</b>	<b>-5,362</b>	<b>1,742,918</b>
Other assets				<b>28,702</b>
<b>Total assets</b>				<b>1,771,620</b>

\*Expected credit loss of EUR 29 thousand from debt securities, measured at fair value through other comprehensive income, have been recorded in the fair value reserve.

### FINANCIAL ASSETS 31 DEC 2022

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

\*Expected credit loss of EUR 30 thousand from debt securities, measured at fair value through other comprehensive income, have been recorded in the fair value reserve.

**FINANCIAL LIABILITIES 30 JUN 2023**

<b>(EUR 1,000)</b>	<b>At fair value through profit or loss</b>	<b>At amortised cost</b>	<b>Total carrying amount</b>
Liabilities to credit institutions	-	1,323,724	<b>1,323,724</b>
Liabilities to customers	-	38,624	<b>38,624</b>
Debt securities issued to the public	-	321,194	<b>321,194</b>
Derivatives	8,751	-	<b>8,751</b>
<b>Financial liabilities total</b>	<b>8,751</b>	<b>1,683,542</b>	<b>1,692,293</b>
Other liabilities			<b>28,210</b>
<b>Total liabilities</b>			<b>1,720,503</b>

**FINANCIAL LIABILITIES 31 DEC 2022**

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

## NOTE 6 FAIR VALUE MEASUREMENTS BY VALUATION TECHNIQUE

### FINANCIAL ASSETS

(EUR 1,000)	30 Jun 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Liquid assets	585,096	585,096	436,911	436,911
Loans and advances to credit institutions	800,620	800,620	778,257	778,257
Loans and advances to customers	179,383	176,525	170,485	168,477
Investment assets				
At amortised cost	52,648	52,039	50,842	50,170
At fair value through other comprehensive income	125,170	125,170	113,049	113,049
<b>Total</b>	<b>1,742,918</b>	<b>1,739,450</b>	<b>1,549,544</b>	<b>1,546,864</b>

### FINANCIAL LIABILITIES

(EUR 1,000)	30 Jun 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities to credit institutions	1,323,724	1,323,700	1,122,965	1,122,911
Liabilities to customers	38,624	38,624	55,930	55,930
Debt securities issued to the public	321,194	319,733	322,214	315,109
Derivatives	8,751	8,751	5,975	5,975
<b>Total</b>	<b>1,692,293</b>	<b>1,690,807</b>	<b>1,507,085</b>	<b>1,499,926</b>

**FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE****FINANCIAL ASSETS RECURRENTLY MEASURED AT FAIR VALUE 30 JUN 2023**

<b>(EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
<b>Fair value through other comprehensive income</b>				
Shares and participations	-	-	897	897
Debt securities	82,629	41,644	-	124,273
<b>Total</b>	<b>82,629</b>	<b>41,644</b>	<b>897</b>	<b>125,170</b>

**FINANCIAL ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2022**

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

**FINANCIAL LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 30 JUN 2023**

<b>(EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
<b>At fair value through profit or loss</b>				
Derivatives	-	8,751	-	8,751
<b>Total</b>	<b>-</b>	<b>8,751</b>	<b>-</b>	<b>8,751</b>

**FINANCIAL LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2022**

<b>(EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
<b>At fair value through profit or loss</b>				
Derivatives	-	5,975	-	5,975
<b>Total</b>	<b>-</b>	<b>5,975</b>	<b>-</b>	<b>5,975</b>

**FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Financial assets and liabilities are recognized in balance sheet at fair value or amortized cost. Classification and valuation of financial instruments are described in more detail in Bonum Bank Plc's 2022 Financial Statements Report's Note 1 Accounting policies.

**FAIR VALUE HIERARCHIES**

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

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

**Level 3** includes financial instruments and other assets that are not measured using market 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 HIERARCHY LEVELS**

Transfers between hierarchy levels are considered to have taken place on the date of the occurrence of the event that caused the transfer or the date when the circumstances changed. There were no transfers between levels during the reporting period.



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

(EUR 1,000)	At fair value through other comprehensive income	Total
<b>Carrying amount 1 Jan 2023</b>	<b>815</b>	<b>815</b>
Unrealised changes in value recognised in other comprehensive income	82	<b>82</b>
<b>Carrying amount 30 Jun 2023</b>	<b>897</b>	<b>897</b>

(EUR 1,000)	At fair value through other comprehensive income	Total
<b>Carrying amount 1 Jan 2022</b>	<b>2,962</b>	<b>2,962</b>
Purchases	310	<b>310</b>
Sales	-765	<b>-765</b>
Unrealised changes in value recognised in other comprehensive income	230	<b>230</b>
Sales revenue transferred to retained earnings	-1,922	<b>-1,922</b>
<b>Carrying amount 31 Dec 2022</b>	<b>815</b>	<b>815</b>

### SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3 30 JUN 2023

(EUR 1,000)	Carrying amount	Possible effect on equity capital	
		Positive	Negative
At fair value through other comprehensive income	897	135	-135
<b>Total</b>	<b>897</b>	<b>135</b>	<b>-135</b>

### 31 DEC 2022

(EUR 1,000)	Carrying amount	Possible effect on equity capital	
		Positive	Negative
At fair value through other comprehensive income	815	122	-122
<b>Total</b>	<b>815</b>	<b>122</b>	<b>-122</b>

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 - 30 Jun 2023	1 Jan - 30 Jun 2022
Change of ECL due to write-offs	183	76
Change of ECL, receivables from customers and off-balance sheet items	-965	-1,246
Change of ECL, debt securities	4	5
Final credit losses	-246	157
<b>Impairment losses on financial assets total</b>	<b>-1,024</b>	<b>-1,008</b>

During the financial year, EUR -246 (157) thousand was recognized 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 2022, Note 1 Accounting policies.

### RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
<b>ECL 1 Jan 2023</b>	<b>1,549</b>	<b>213</b>	<b>2,816</b>	<b>4,578</b>
Transfers to stage 1	33	-55	-101	-123
Transfers to stage 2	-133	95	-60	-98
Transfers to stage 3	-80	-61	1,287	1,146
Increases due to origination	378	25	114	517
Decreases due to derecognition	-173	-21	-385	-579
Changes due to change in credit risk (net)	-74	-24	194	96
Decreases due to write-offs	-	-	-183	-183
<b>Total</b>	<b>-48</b>	<b>-42</b>	<b>866</b>	<b>777</b>
<b>ECL 30 Jun 2023</b>	<b>1,502</b>	<b>171</b>	<b>3,682</b>	<b>5,355</b>

**OFF-BALANCE SHEET COMMITMENTS**

<b>(EUR 1,000)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL 1 Jan 2023</b>	<b>172</b>	<b>39</b>	<b>67</b>	<b>277</b>
Transfers to stage 1	3	-13	-14	-25
Transfers to stage 2	-2	13	-1	10
Transfers to stage 3	0	0	9	9
Increases due to origination	15	10	11	36
Decreases due to derecognition	0	-	-	0
Changes due to change in credit risk (net)	-10	-7	-6	-23
<b>Total</b>	<b>4</b>	<b>2</b>	<b>-1</b>	<b>6</b>
<b>ECL 30 Jun 2023</b>	<b>176</b>	<b>41</b>	<b>66</b>	<b>283</b>

**DEBT SECURITIES**

<b>(EUR 1,000)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL 1 Jan 2023</b>	<b>43</b>	<b>0</b>	<b>-</b>	<b>43</b>
Transfers to stage 2	-1	1	-	0
Increases due to origination	6	-	-	6
Decreases due to derecognition	-5	0	-	-5
Changes due to change in credit risk (net)	-6	-	-	-6
<b>Total</b>	<b>-5</b>	<b>-</b>	<b>-</b>	<b>-4</b>
<b>ECL 30 Jun 2023</b>	<b>38</b>	<b>0</b>	<b>-</b>	<b>39</b>

**RECEIVABLES FROM CREDIT INSTITUTIONS**

<b>(EUR 1,000)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL 1 Jan 2023</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
Decreases due to derecognition	-	0	-	0
Changes due to change in credit risk (net)	-1	1	-	0
<b>Total</b>	<b>-1</b>	<b>1</b>	<b>-</b>	<b>0</b>
<b>ECL 30 Jun 2023</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>ECL 1 Jan 2023</b>	<b>1,765</b>	<b>251</b>	<b>2,883</b>	<b>4,899</b>
<b>ECL 30 Jun 2023</b>	<b>1,715</b>	<b>212</b>	<b>3,748</b>	<b>5,677</b>

**RECEIVABLES FROM CUSTOMERS**

<b>(EUR 1,000)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL 1 Jan 2022</b>	<b>1,265</b>	<b>119</b>	<b>1,632</b>	<b>3,016</b>
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
<b>Total</b>	<b>284</b>	<b>94</b>	<b>1,185</b>	<b>1,563</b>
<b>ECL 31 Dec 2022</b>	<b>1,549</b>	<b>213</b>	<b>2,816</b>	<b>4,578</b>

**OFF-BALANCE SHEET COMMITMENTS**

<b>(EUR 1,000)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL 1 Jan 2022</b>	<b>187</b>	<b>10</b>	<b>36</b>	<b>233</b>
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
<b>Total</b>	<b>-15</b>	<b>29</b>	<b>31</b>	<b>44</b>
<b>ECL 31 Dec 2022</b>	<b>172</b>	<b>39</b>	<b>67</b>	<b>277</b>

**DEBT SECURITIES**

<b>(EUR 1,000)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL 1 Jan 2022</b>	<b>48</b>	<b>1</b>	<b>-</b>	<b>49</b>
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
<b>Total</b>	<b>-5</b>	<b>-1</b>	<b>-</b>	<b>-6</b>
<b>ECL 31 Dec 2022</b>	<b>43</b>	<b>0</b>	<b>-</b>	<b>43</b>

**RECEIVABLES FROM CREDIT INSTITUTIONS**

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

**CREDIT RISK BY STAGES 30 JUN 2023**

<b>(EUR 1,000)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Receivables from customers</b>				
Private	132,056	6,316	9,152	147,524
Corporate	37,021	99	95	37,214
<b>Receivables from customers total</b>	<b>169,077</b>	<b>6,415</b>	<b>9,246</b>	<b>184,738</b>
ECL 30 Jun 2023	1,502	171	3,682	5,355
Coverage ratio %	0.9 %	2.7 %	39.8 %	2.9 %
<b>Off-balance sheet commitments</b>				
Private	159,029	1,923	352	161,304
Corporate	8,231	86	12	8,329
<b>Off-balance sheet commitments total</b>	<b>167,261</b>	<b>2,009</b>	<b>363</b>	<b>169,633</b>
ECL 30 Jun 2023	176	41	66	283
Coverage ratio %	0.1 %	2.0 %	18.2 %	0.2 %
<b>Debt securities</b>	<b>176,063</b>	<b>865</b>	<b>-</b>	<b>176,928</b>
ECL 30 Jun 2023	38	0	-	38
Coverage ratio %	0.0 %	0.0 %	-	0.0 %
<b>Receivables from credit institutions</b>	<b>374,336</b>	<b>204</b>	<b>-</b>	<b>374,540</b>
ECL 30 Jun 2023	0	1	-	1
Coverage ratio %	0.0 %	0.3 %	-	0.0 %
<b>Credit risk by stages total</b>	<b>886,736</b>	<b>9,493</b>	<b>9,610</b>	<b>905,839</b>

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 2022**

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

**NOTE 8 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS**

<b>(EUR 1,000)</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
<b>Liabilities to credit institutions</b>		
To central banks	78,400	128,400
To other credit institutions		
Repayable on demand	357,838	326,780
Not repayable on demand	887,486	667,785
<b>Liabilities to credit institutions total</b>	<b>1,323,724</b>	<b>1,122,965</b>
<b>Liabilities to customers</b>		
Deposits		
Repayable on demand	28,324	22,530
Not repayable on demand	10,300	33,400
<b>Liabilities to customers total</b>	<b>38,624</b>	<b>55,930</b>
<b>Liabilities to credit institutions and customers total</b>	<b>1,362,347</b>	<b>1,178,895</b>

Liabilities to central banks include secured TLTRO III funding total of EUR 78,400 (128,400) thousand. During the review period, EUR 50,000 thousand from the funding matured (TLTRO 3.4) and at the same time the final interest rate of the funding was reviewed. The remaining funding matures on March 2024 (TLTRO 3.7, EUR 70,000 thousand) and June 2024 (TLTRO 3.8, EUR 8,400 thousand), but for which early repayment is possible from January 2023.

The interest rate for TLTRO funding is based on the ECB's deposit rate and the growth of the bank's net lending. During the period 24.6.2020-23.6.2022, the interest rate may be the ECB's deposit rate (-0.5%) less an additional interest rate of 0.5%. The additional interest rate has been recognized as income during the financial year 2021. The ECB recalibrated the conditions of the funding in November 2022, from which the interest rate is tied to the ECB's key interest rate. The final interest rate on the loan will be reviewed when the TLTRO III funding matures. The loan has been treated in accordance with IFRS 9 Financial Instruments standard.

## NOTE 9 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	30 Jun 2023	31 Dec 2022
Debt securities issued to the public	254,914	254,892
Certificates of deposits	66,280	67,323
<b>Debt securities issued to the public total</b>	<b>321,194</b>	<b>322,214</b>

Certificates of deposit with a total nominal value of EUR 67 (66,5) million were outstanding on the balance sheet date. The amount of the certificates is 10, nominals range from 2 million to 20 million euros with average maturity of 8.5 months.

### DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)					
Name	Issue date	Due date	Interest	Nominal	Currency
BONUM 12072023	3.6.2020	12.7.2023	EB 12 kk + 1.044 %	50,000	EUR
BONUM 17012024	3.6.2020	17.1.2024	EB 12 kk + 1.20 %	55,000	EUR
BONUM 26102026	20.10.2021	20.10.2026	EB 3 kk + 0.85 %	20,000	EUR
BONUM 16112025	16.11.2021	16.11.2025	EB 3 kk + 0.75 %	30,000	EUR
BONUM 05042025	5.4.2022	5.4.2025	EB 3kk + 1.40 %	50,000	EUR
BONUM 22042027	22.4.2022	22.4.2027	EB 12 kk + 1.25 %	50,000	EUR

### AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	30 Jun 2023	31 Dec 2022
<b>Balance 1 Jan</b>	<b>322,214</b>	<b>284,920</b>
Debt securities issued, increase	-	99,911
Certificates of deposits, increase	60,478	239,012
<b>Total increase</b>	<b>60,478</b>	<b>338,923</b>
Debt securities issued, decrease	-	-100,000
Certificates of deposits, decrease	-62,226	-201,853
<b>Total decrease</b>	<b>-62,226</b>	<b>-301,853</b>
<b>Total changes of cash flow</b>	<b>-1,747</b>	<b>37,070</b>
Valuation	728	224
<b>Balance at the end of period</b>	<b>321,194</b>	<b>322,214</b>



## NOTE 10 DERIVATIVE CONTRACTS 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 VALUES OF UNDERLYING ASSETS AND FAIR VALUES OF DERIVATIVES

30 JUN 2023  (EUR 1,000)	Nominal value / Remaining maturity				Fair value	
	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
<b>Hedging derivative contracts</b>						
Fair value hedging						
Interest rate derivatives	-	424,900	-	424,900	-	8,751
<b>Derivatives total</b>	<b>-</b>	<b>424,900</b>	<b>-</b>	<b>424,900</b>	<b>-</b>	<b>8,751</b>

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
<b>Hedging derivative contracts</b>						
Fair value hedging						
Interest rate derivatives	-	200,000	-	200,000	-	5,975
<b>Derivatives total</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>5,975</b>

The nominal value of the fixed-rate deposits subject to fair value hedging was EUR 424,9 (200) million. 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)	30 Jun 2023	31 Dec 2022
<b>Liabilities</b>		
Carrying amount of hedged liabilities to customers	416,080	193,827
of which the accrued amount of hedge adjustments	-8,820	-6,173

## NOTE 11 COLLATERALS GIVEN AND RECEIVED

(EUR 1,000)	30 Jun 2023	31 Dec 2022
<b>Given on behalf of own liabilities and commitments</b>		
Debt securities	207,965	185,950
Derivatives	8,400	5,150
<b>Total collateral given</b>	<b>216,365</b>	<b>191,100</b>
<b>Collaterals received</b>		
Debt securities	321,272	252,193
Collaterals received from POP Banks	67,958	67,958
<b>Total collaterals received</b>	<b>389,229</b>	<b>320,150</b>

Collaterals received from banks of POP Bank Group 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)	30 Jun 2023	31 Dec 2022
Loan commitments	169,633	160,498
<b>Total off-balance sheet commitments</b>	<b>169,633</b>	<b>160,498</b>

Expected credit loss of total off-balance sheet commitments is presented in Note 7.

## NOTE 13 RELATED PARTIES 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. Related parties also include Bonum Bank's parent entity, POP Bank Centre coop, and its managing director and their deputy. In addition, related parties include 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. Key persons also include the managing director and deputy managing director of POP Bank Centre coop. In addition, related parties include entities belonging to the same group of companies as Bonum Bank.

Bonum Bank has granted housing and consumption loans to related parties at employee terms. These loans are tied to generally applied reference rates.

There have been no significant changes in related party transactions since 31 December 2022.

Espoo 14 August 2023

Bonum Bank Plc  
Board of Directors

## FURTHER INFORMATION

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