S&P Global Ratings

RatingsDirect®

Bonum Bank PLC

Primary Credit Analyst:
Antonio Rizzo, Madrid + 34 91 788 7205; Antonio.Rizzo@spglobal.com

Secondary Contact:
Salla von Steinaecker, Frankfurt + 49 693 399 9164; salla.vonsteinaecker@spglobal.com

Research Contributor:
Virginia Arenius, Stockholm; virginia.arenius@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Key Metrics

Anchor: 'a'- For Banks Operating Purely In Finland

Business Position: Continued Unification And Improving Core Business Could Improve The Cost Efficiency Going Forward

Capital And Earnings: Very Strong Capitalization, With Efficiency Gains To Be Proven In The Long Term

Risk Position: Concentration Risk, Due To Focus On Retail Lending In Sparsely Populated Areas

Funding And Liquidity: A Granular Deposit Base And Adequate Liquidity Buffers

Support: No Uplift For External Support

Additional Rating Factors: A Poor Performer In Its Peer Group

Table Of Contents (cont.)

Environmental, Social, And Governance (ESG)

Key Statistics

Related Criteria

Related Research

Bonum Bank PLC

SACP	bbb+	+	Support	0	+	Additional Factors	-1

Anchor	a-	
Business Position	Weak	-2
Capital and Earnings	Very Strong	+2
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	0

Issuer Credit Rating
BBB/Stable/A-2

Credit Highlights

Overview	
Key strengths	**Key risks**
Very strong capitalization, which provides a robust buffer to absorb unexpected losses.	Concentrated business operations focused on lending to individuals and small and midsize enterprises (SMEs).
A solid cooperative business model that focuses on unified processes and digitalization.	Weak earnings and cost efficiency compared with peers.
Sound regional franchise in selected rural areas.	

The ratings on Bonum Bank reflect the franchise and creditworthiness of the wider POP Banking Group. The group brings together 21 independent member cooperative banks, plus POP Bank Center Coop and Bonum Bank PLC, to operate as a single entity for regulatory purposes under a joint-liability scheme. The group also includes specialized institutions, such as the non-life insurance company Finnish P&C Insurance Ltd., which operate outside the amalgamation and joint-liability framework. S&P Global Ratings expects that, in time, some of the member banks will merge, lowering the number of banks in the group.

We project that POP Bank Group' regional member banks will demonstrate sound business performance, moderate loan growth, and stable margin development in net interest income. The member banks operate mainly in and around smaller cities and have a modest market share of 2% nationwide. The group plans to transform itself by adopting a centralized pricing model that focuses on retail and SMEs within agriculture and bioindustry lending. We expect this change, combined with a lower cost of funding, will support group earnings in the next two years. We forecast that this will help POP Bank Group to gradually close the earnings gap with its domestic peers.

However, its cost base is expected to remain high as it continues to work on digital transformation and renewing its core banking system. The group's earnings buffers are smaller than its peers because renewing the core banking system was delayed. In addition, it has yet to make use of the efficiency gains for operating as an amalgamation, and it has low pricing power and a small market share.

We expect POP Bank Group's capitalization to remain a strong buffer against unexpected credit losses and the key rating strength for the group. The strong capitalization is underpinned by our expectation that the RAC ratio will remain comfortably above 15% over the next 24 months. Asset quality has remained stable, despite the effects of the pandemic, and we project the cost of risk will hover around 20-25 basis points through 2022 as the group expands its SME lending. Furthermore, POP Bank Group's funding and liquidity still compares well with that of domestic peers, reflecting the group's stable and granular deposit franchise.

Outlook: Stable

The stable outlook reflects our expectation that the wider POP Bank Group will continue to focus on improving the group structure and digitalization, while maintaining robust capitalization and stable funding and liquidity.

Downside scenario

We could lower the rating if the expected strengthening in the group's cohesiveness does not materialize, and if lagging efficiency and deteriorating asset quality lead to a weakening of the group's combined capital and risk profile because the RAC ratio falls below 15%.

We could adjust the bank's stand-alone credit profile (SACP) down by one notch if the wider group does not close the operating profitability and cost-efficiency gap with domestic peers.

Upside scenario

We could consider raising the rating if the group were to demonstrate a significant improvement in revenue generation and cost efficiency, so that it generated an earnings buffer more in line with that of its peers. In that case, we would no longer apply a negative adjustment of one notch.

Key Metrics

POP Bank Group Key Ratios And Forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Growth in operating revenue	17.6	-5.5	5.4-5.7	6.7-7.1	4.8-5.1
Growth in customer loans	4.7	6.3	4.8-5.1	4.8-5.1	4.8-5.1
Growth in total assets	2.9	12.4	3.9-4.2	4.3-4.6	4.3-4.6
Net interest income/average earning assets (NIM)	1.6	1.7	1.6-1.7	1.6-1.7	1.6-1.7
Cost to income ratio	75.1	83.2	79.1-81.1	73.9-75.8	70.4-72.2
Return on average common equity	4.3	2.2	2.6-2.7	3.8-3.9	4.5-4.6
Return on assets	0.5	0.2	0.2-0.3	0.2-0.4	0.3-0.5
New loan loss provisions/average customer loans	0.2	0.2	0.2-0.2	0.2-0.2	0.2-0.3
Gross nonperforming assets/customer loans	0.8	0.9	1.0-1.2	1.1-1.2	1.1-1.3
Risk-adjusted capital ratio	16.4	16.5	15.8-16.3	15.2-15.7	14.8-15.3

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast.

Anchor: 'a'- For Banks Operating Purely In Finland

The anchor for Bonum Bank is 'a-', in line with that for commercial banks based in Finland. We classify Finland's banking sector in group '2' under our Banking Industry Country Risk Assessment (BICRA), alongside Sweden, Norway, Belgium, and Switzerland. We see stable economic and industry risk trends for Finland's BICRA.

We view Finland as an innovative, wealthy, and small open economy, with mature political and institutional structures. In our view, the Finnish economy has fared better than expected during the pandemic. After a contained GDP contraction of 2.8% in 2020, we project a rebound to 3.0% growth in 2021, settling at about 1.5% growth thereafter. This positive movement stems from the country's firm management of the pandemic, strong social welfare, effective and wide-ranging policy responses, and society's advanced digital preparedness.

The economy adapted quickly to remote working, owing to advanced digitalization. In addition, manufacturing production and construction continued throughout national lockdowns. At the same time, temporary furloughs took the burden off companies. The decline in investment was lower than we anticipated. However, Finnish exports will be slow to catch up and we do not expect them to recover to pre-pandemic levels until 2022. We expect private consumption--which has quickly bounced back after lockdowns--to be the backbone of recovery in 2021-2022. Therefore, the pandemic's challenges, and the associated risks for the banking sector, have abated, in our view.

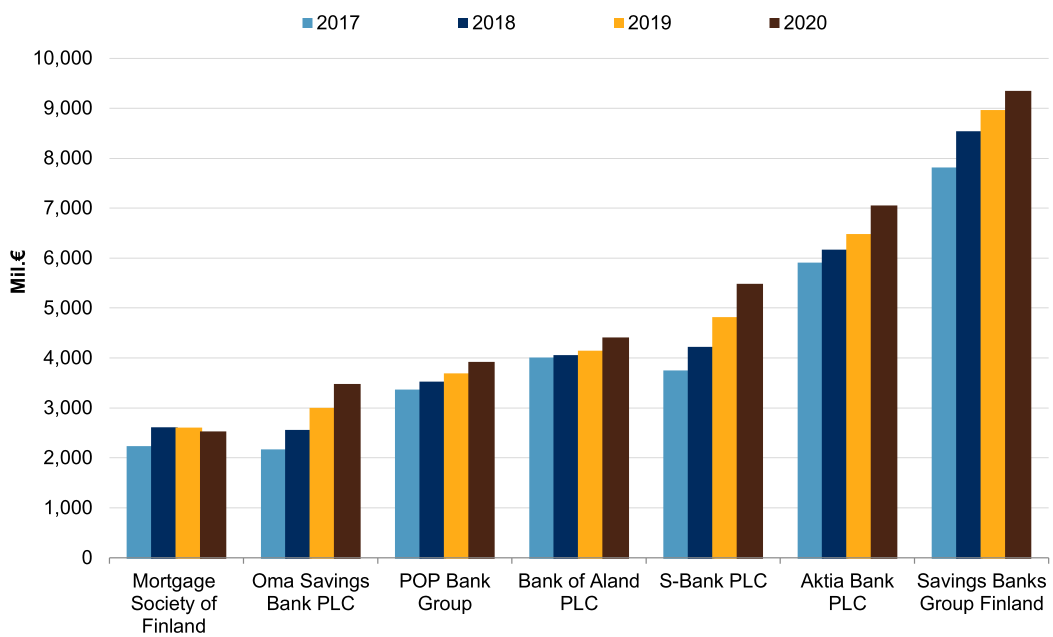
We do not see material economic imbalances in the Finnish economy because housing market activity normalized after the lockdowns and nationwide house prices remain stable. However, increasing private sector debt--in particular at the household level--could lead to higher credit losses for banks. In our base-case scenario, we forecast moderate credit losses despite increased bankruptcies, active use of loan instalment-free periods, and more muted credit demand.

In our view, regulatory standards and bank supervision in Finland are in line with those of European peers. The banking sector is dominated by two major banking groups, OP Financial Group and Nordea, and underpinned by intense competition and low lending margins, but we believe that overall profitability and capitalization will remain resilient, even after the pandemic-related dip in profitability in 2020. We also expect banks to maintain their restrained risk appetite. Therefore, we view the Finnish banking sector as well prepared to weather the current shock. In our view, the risk of technology disruption remains moderate given the banks' digital customer offerings and ongoing investment in innovation.

Finnish banks are dependent on external funding, which makes them vulnerable to changes in confidence sensitivity, but they continue to demonstrate good access to capital markets. Also, the Nordic banking system remains highly interconnected, which results in potential spillover risks from external events.

Chart 1

POP Bank Group Holds A Small Regional Retail And SME Bank Franchise In Finland
Gross customer loans



Source: S&P Global Ratings.

Business Position: Continued Unification And Improving Core Business Could Improve The Cost Efficiency Going Forward

POP Bank continues to benefit from a sound regional retail franchise and a leading position in customer satisfaction in selected regions in Finland. The group's cost base will benefit from the improvements in efficiency stemming from the centralization of business decisions and pricing, combined with lower IT investments after the core banking system has been replaced.

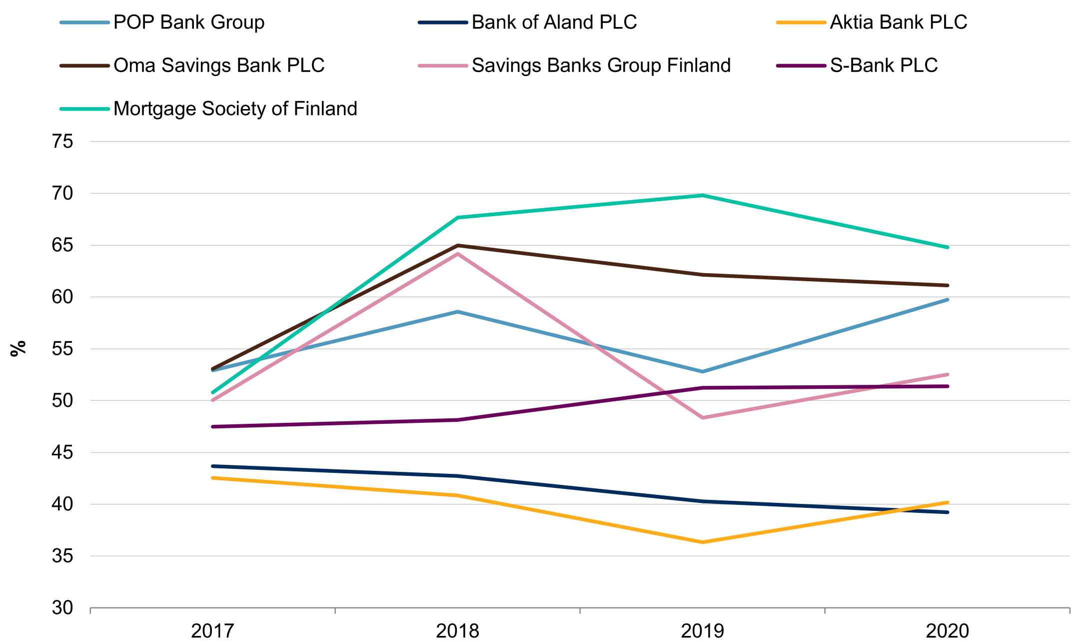
Overall, our assessment of the wider POP Bank Group's business position remains weak because of its modest nationwide market position in Finland. It has a market share of 2.1% in lending to households and total deposits. That said, we regard the group's customer base as loyal.

Group lending is still concentrated in segments of retail customers and small businesses. POP Bank's customers are widely distributed across Finland, mainly in small cities and less urbanized regions. The new strategy is to focus on the growth cities, similar to its domestic peers.

We consider that management is consistently executing its business plan, which primarily focuses on increasing lending through the new digital service opportunities and improving the operating efficiency.

Chart 2

POP Bank Group's Loan Growth And Repricing Initiatives Will Be Key Driver For Revenue Growth
Net interest income/operating revenue



Source: S&P Global Ratings.

POP Bank's presence in the digital consumer segment has remained steady. The launch of its fully digital and automated consumer loan product, Pikalaina, has improved overall margins but also increased the bank's provisioning level. Additional expected losses for 2020 in the consumer loan portfolio amount to €1.4 million.

In terms of product offering, the bank has expanded its non-life insurance products from Finnish P&C life insurance to customers of savings banks. The group's insurance arm saw an increase in net insurance income and was profitable for the second year in a row (with a reported profit of €2.4 million in 2020). Insurance income growth was 6.4%, which represented slightly less than 10% of total group income in 2020. The bank has also introduced new partnerships and products during 2020, including new asset management and savings services for private and corporate customers.

Capital And Earnings: Very Strong Capitalization, With Efficiency Gains To Be Proven In The Long Term

We anticipate that POP Bank Group's capital and earnings will remain its key rating strength, mainly because we expect our RAC ratio for the group to be comfortably above 15% over the next 24 months, compared with 16.5% as of year-end 2020. In addition, the group capital quality is strong--core capital, measured as adjusted common equity (ACE), comprises 100 % of the bank's total adjusted capital (TAC).

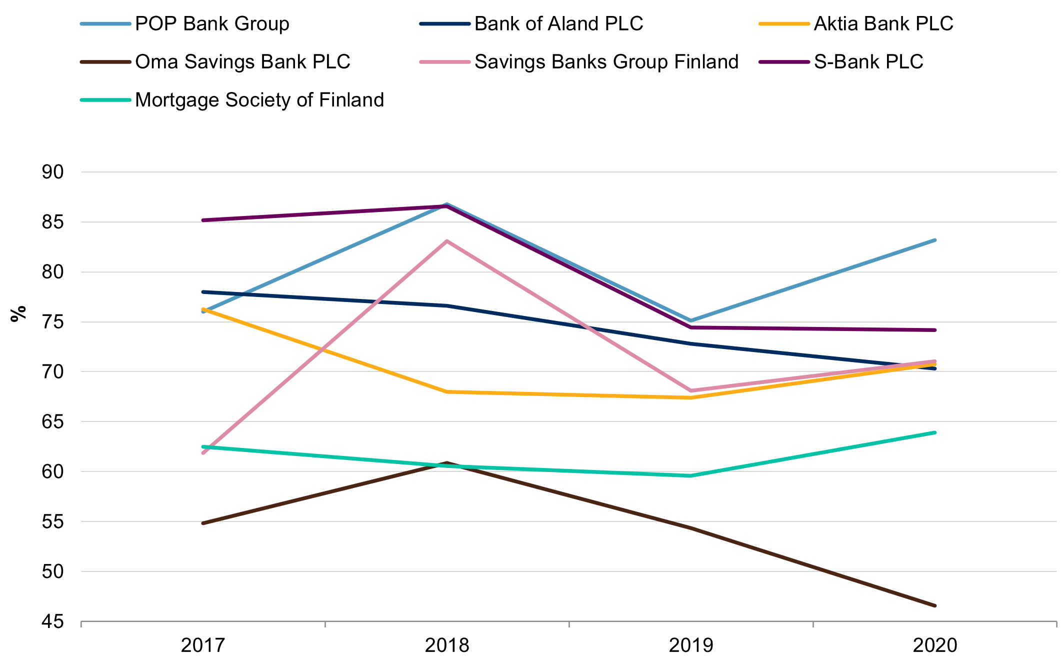
In our view, the group benefits from relatively predictable revenue, based on POP Banks' sound regional positions in household lending and payments. Despite the difficult low interest rate environment, the group's net interest income saw a 6.9% increase in 2020 to €74.1 million, based on loan growth (6.4%) and lower funding costs. In addition, POP Banks' average margins are higher than most peers', which partly reflects the lack of competition in local regions. Net interest margins increased slightly to 1.66% in 2020 and remain above the domestic peers. This was mainly attributed to loan growth in the group's digital consumer finance offering and secondly to reduced funding costs from deposits, a trend we expect to continue in 2021-2022. The bank has continued to lower the average interest cost of deposits to 10 basis points (bps) at year-end 2020 from 17 bps in the second half of 2019.

The group's capitalization is supported by profit retention because member banks, as cooperatives, do not pay dividends. A risk of capital erosion remains if the cost of risk increases more than we currently expect as a result of COVID-19 stress.

POP Bank Group continues to demonstrate weaker cost efficiency than domestic and Nordic peers--its cost-to-income ratio was 83.2% in 2020. We expect the ratio to gradually improve through 2023, as the bank slowly realizes some of the efficiencies from its initial cost outlays. While the current cost base is not particularly flexible, due to the group's decentralized structure and overlapping functions, we believe the group will address this over time.

Chart 3

POP Bank Group's Operating Efficiency Lags Behind The Peers
Cost-to-income ratio



Source: S&P Global Ratings.

We expect the three-year average earnings buffer, which measures the capacity of earnings to absorb normalized losses through the credit cycle, to increase to about 0.6%-0.7% by the end of 2022, from its current modest level of 0.48%. Cost reductions are expected to be realized only toward the end of the forecast period and will likely be vital to building up the earnings buffer.

The group's Common Equity Tier 1 (CET1) capital ratio was 19.9% at year-end 2020, well above the regulatory requirements. POP Bank Group aims to maintain a CET1 ratio above 17.5% and we do not expect the upcoming change in regulatory capital requirements to weigh on its future capital profile.

Risk Position: Concentration Risk, Due To Focus On Retail Lending In Sparsely Populated Areas

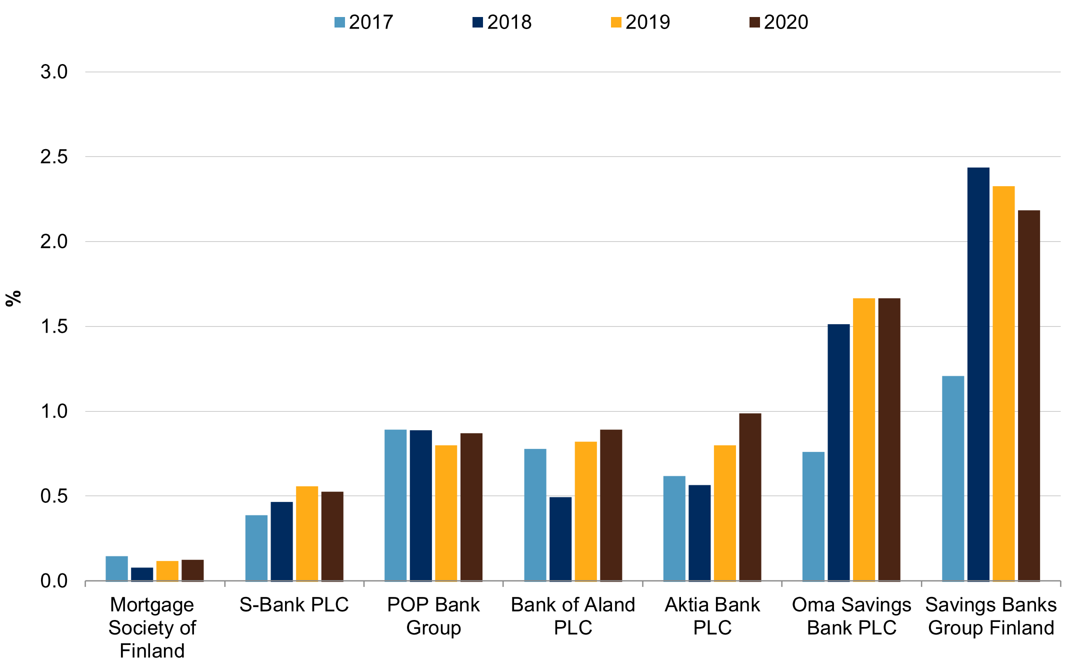
Our view of POP Bank Group's moderate risk position is based on its regional concentration to SMEs and households in selected Finnish regions and the granularity and adequate collateralization in its loan book.

POP Bank Group focuses mainly on low-risk lending to private customers (66.4% of the loan portfolio in 2020), lending to SMEs (17.5%), and small agricultural and forestry clients (15.1%). We consider that this concentration is partly mitigated by the loan book's high granularity and adequate collateralization, while mortgage lending is mainly focused on less urbanized low-growth areas so that loans in the retail portfolio are moderately sized. In addition, the group's SME lending--targeted principally to small businesses across different sectors--shows a conservative approach to loan sizes and collateralization. For example, the top 20 largest customer exposures represent less than 2% of its total loan book.

POP Bank Group includes 21 member cooperative banks and a central institution, POP Bank Centre Coop, that monitors each bank and offers clear oversight. The group's growth strategy is tied to a strengthened mobile presence and fully digital loan offering, including consumer loan products. During 2020, the bank's cost of risk increased because the digital consumer loan product expanded. This risk is, in our view, partially offset by the implementation of a tightened credit policy at a group level and a new consumer loan price law that was enacted in Finland.

Chart 4

POP Bank Group's Asset Quality Remained Sound Amid COVID-19
Nonperforming assets* (%)



*Adjusted nonperforming assets/customer loans + other real estate owned. Source: S&P Global Ratings.

Asset quality has remained robust during 2020. Gross nonperforming loans ratio increased to 0.86% for 2020 from 0.0.79% in 2019. Furthermore, these nonperforming loans are almost fully provided for by the banks, with coverage levels higher than most of its peers. The cost of risk equaled 20 basis points in 2020, a level we project also through 2022 as the group expands its SME and consumer lending.

Although interest rate risk is the group's key risk, most of the loan book has a floor of 0% for the reference rate, reducing POP Bank's sensitivity to negative rates.

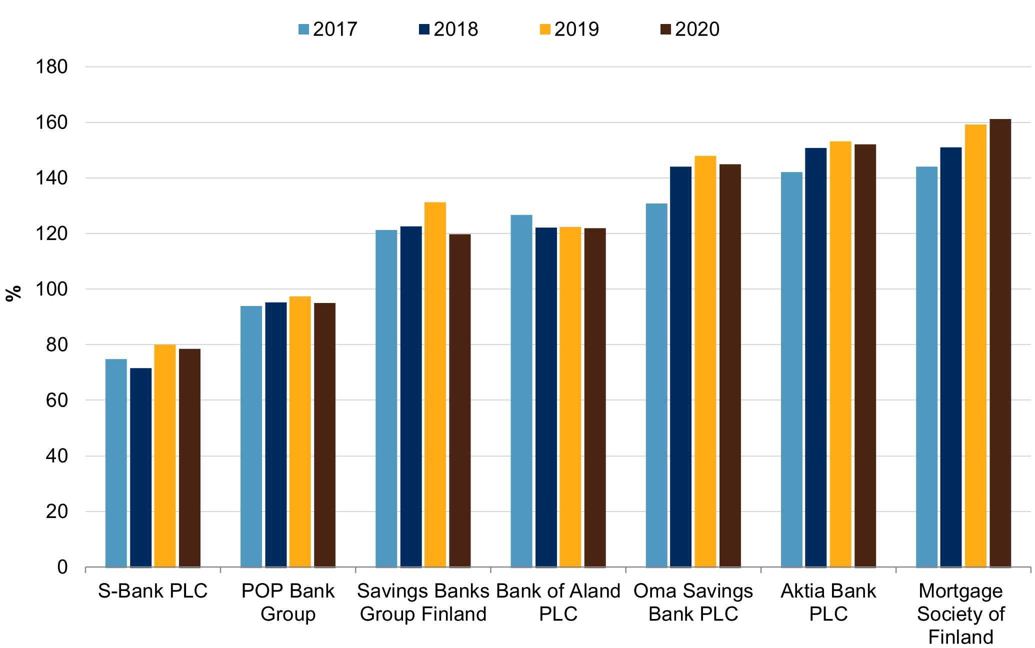
Funding And Liquidity: A Granular Deposit Base And Adequate Liquidity Buffers

We expect POP Bank Group to demonstrate a solid funding profile over the next two years. In line with the market, retail deposits rose 9.1% in 2020 and remain the group's main source of funding. This provides granularity and stability when evaluating the group's funding.

Customer deposits form 91% of the funding base and have remained stable over the years. The group has a loan-to-deposit ratio of close to 95% on average, which is materially lower than the domestic average.

Chart 5

POP Bank Group Funding Profile Is Dominated By Customer Deposits
Customer loans (net)/customer deposits



Source: S&P Global Ratings.

To complement its funding sources and provide some diversification, the group taps the wholesale funding market through issuances of senior bonds, certificate of deposits, and recently the European Central Bank's targeted longer-term refinancing operations (TLTRO; €120 million in total). The group also plans to enter the covered bond market by issuing through POP Mortgage Bank starting from 2022 to fund growth in its mortgage loan book.

We expect POP Bank Group to maintain an S&P Global Ratings stable funding ratio well above 100% in 2021-2022. It was 114% in 2020, which is slightly higher than the peer average of 107%. We think this matching of asset and liability maturities is likely to continue.

POP Bank is adequately placed in terms of liquidity. Its portfolio of liquid assets totals €570.3 million and consists mainly of cash or receivables from the central bank, and level 1 assets of extremely high liquidity. Just 5% comprises level 2 assets. S&P Global Ratings' liquidity coverage ratio (broad liquid assets/short-term wholesale funding) was a comfortable 10.7x in December 2020 owing to the limited use of wholesale funding. The regulatory liquidity coverage ratio shows a similar picture at 201.3% in 2020.

We consider that net broad liquid assets to short-term deposits of 18.3% is a better indicator of liquidity, given that the bank is predominantly deposit-funded.

Support: No Uplift For External Support

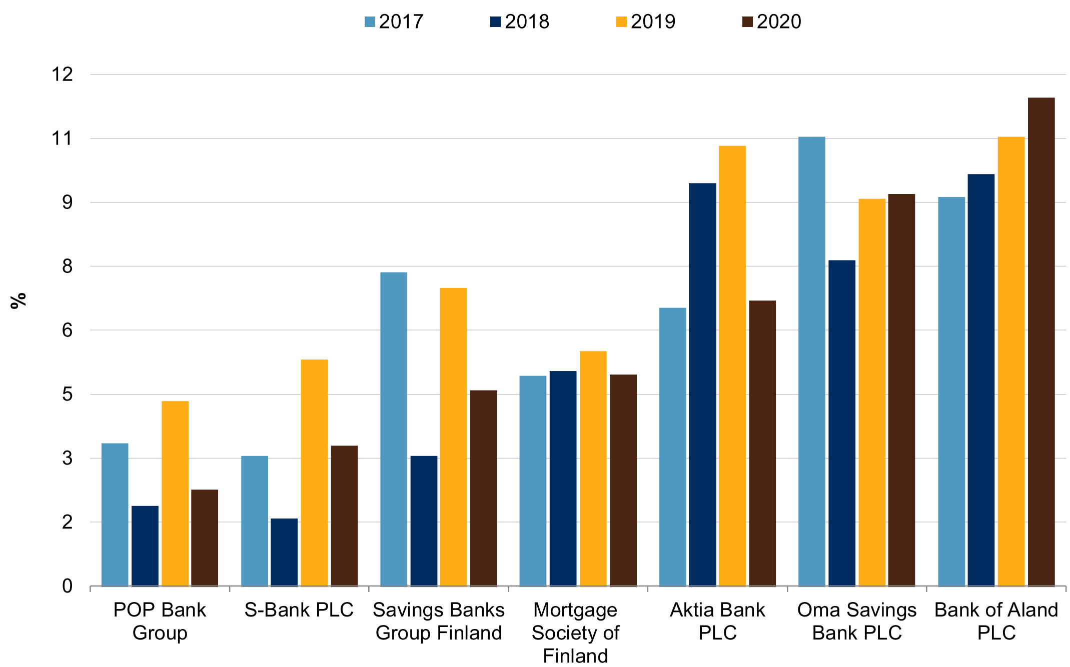
We do not factor any external support into our assessment of the group's credit profile. We believe the prospect of extraordinary government support for Finnish banks is uncertain, following the full implementation of the EU Bank Recovery and Resolution Directive, including bail-in powers in case of resolution. We regard the POP Bank Group as having low systemic importance in Finland due to its modest market share in customer deposits. The Finnish authorities have not identified POP Bank Group as being subject to a well-defined bail-in process.

Additional Rating Factors: A Poor Performer In Its Peer Group

We deduct one notch from our long-term issuer credit rating on Bonum Bank because we expect the group will continue to demonstrate a weaker earnings profile and lower operating efficiency than most of its peers in the medium term. Because of POP Bank Group's high cost base, we expect its three-year average earnings buffer to remain relatively small until 2023.

Chart 6

POP Bank Group Demonstrates Weak Profitability Compared With Peers
Return on average common equity



Source: S&P Global Ratings.

Although the group's harmonization will lead to an improvement in the return on equity (2.2% in 2020) and cost to income (83% in 2020) over the medium term, both metrics are expected to lag those of rated peers. In our view, the low earnings buffer could put pressure on the group's loss-absorbing capacity and limit future investment capabilities. This would expose it to risks that are more comparable with banks rated 'BBB'.

Environmental, Social, And Governance (ESG)

We see ESG factors for POP Bank Group as broadly in line with those of industry and domestic peers.

We see the main environmental risks facing POP Bank Group as managing and analyzing the effects of climate change on the investment products and financing it offers. The group is firmly committed to promoting sustainable climate change goals, especially when lending to agriculture, forestry, and bioeconomy entities.

Social factors are beginning to be a factor in the bank's credit analysis due to changing customer preferences and augmented regulatory focus. Owing to their cooperative values, the group members are closely attached to local businesses and industries. POP Bank Group reports on its responsibility work in accordance with the Global Reporting Initiative (GRI) guidelines. Given POP Bank Group's increasing focus on digitalized lending procedures, we consider conduct and compliance risks to be particularly relevant.

POP Bank Group consists of 21 cooperative member banks, owned by their member customers; POP Bank Centre coop; and Bonum Bank. The cooperative banks within the POP Bank Group have 89,800 members who are entitled to participate in the group's decision-making at cooperative meetings or by electing the members of the representative council, which has the highest decision-making power. We see a sound cooperative governance structure as critical for POP Bank Group, and it is a priority for the management team and board of directors. The bank has a stable senior management team and business strategy, and exhibits disciplined execution and operational control.

Key Statistics

Table 1

POP Bank Group Key Figures

	--Year-ended Dec. 31--				
(Mil. €)	**2020**	**2019**	**2018**	**2017**	**2016**
Adjusted assets	5,079	4,517	4,398	4,265	4,173
Customer loans (gross)	3,900	3,669	3,505	3,349	3,210
Adjusted common equity	434	429	416	415	417
Operating revenues	124	131	112	119	111
Noninterest expenses	103	99	97	90	91
Core earnings	11	21	9	20	8

Table 2

POP Bank Group Business Position

	--Year-ended Dec. 31--				
(Mil. €)	**2020**	**2019**	**2018**	**2017**	**2016**
Loan market share in country of domicile	1.49	1.47	1.47	1.48	1.51
Deposit market share in country of domicile	2.14	2.25	2.29	2.28	2.28
Total revenues from business line (currency in millions)	124	131	112	119	115
Commercial & retail banking/total revenues from business line	90.65	89.42	90.90	91.69	92.97
Insurance activities/total revenues from business line	9.35	10.58	9.10	8.31	7.03
Return on average common equity	2.24	4.31	1.85	3.33	2.32

Table 3

POP Bank Group Capital And Earnings

	--Year-ended Dec. 31--				
(Mil. €)	**2020**	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	19.90	19.90	20.70	21.10	21.20
S&P Global Ratings' RAC ratio before diversification	16.48	16.38	16.30	16.74	17.31
S&P Global Ratings' RAC ratio after diversification	12.73	12.49	12.27	12.75	12.93
Adjusted common equity/total adjusted capital	100	100	100	100	100
Net interest income/operating revenues	59.74	52.79	58.58	52.91	56.31
Fee income/operating revenues	25.03	22.86	26.69	23.68	25.59

Table 3

POP Bank Group Capital And Earnings (cont.)

	--Year-ended Dec. 31--				
(Mil. €)	**2020**	**2019**	**2018**	**2017**	**2016**
Market-sensitive income/operating revenues	1.54	11.87	1.00	12.26	7.21
Cost to income ratio	83.18	75.11	86.77	76.00	82.24
Preprovision operating income/average assets	0.43	0.73	0.34	0.67	0.47
Core earnings/average managed assets	0.24	0.48	0.21	0.46	0.19

Table 4

POP Bank Group Risk Position

	--Year-ended Dec. 31--				
(Mil. €)	**2020**	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	6.30	4.70	4.66	4.31	5.92
Total diversification adjustment/S&P Global Ratings' RWA before diversification	29.43	31.11	32.84	31.35	33.86
Total managed assets/adjusted common equity (x)	11.76	10.56	10.60	10.30	10.14
New loan loss provisions/average customer loans	0.20	0.18	0.09	0.15	0.22
Gross nonperforming assets/customer loans + other real estate owned	0.86	0.79	0.88	0.88	0.75
Loan loss reserves/gross nonperforming assets	95.99	116.21	101.22	78.76	89.99

Table 5

POP Bank Group--Risk-Adjusted Capital Framework Data

	Exposure*	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government & central banks	606,152,421.4	1,647,106.1	0.3	13,737,786.7	2.3
Of which regional governments and local authorities	148,183,593.0	996,992.0	0.7	5,334,609.3	3.6
Institutions and CCPs	168,658,223.1	33,214,120.0	19.7	28,398,142.5	16.8
Corporate	730,820,429.4	576,720,080.0	78.9	462,699,274.5	63.3
Retail	3,396,038,106.8	1,334,105,220.0	39.3	1,010,512,677.3	29.8
Of which mortgage	2,670,224,604.8	946,669,536.0	35.5	619,649,131.5	23.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	123,596,516.0	112,065,210.0	90.7	127,590,080.0	103.2
Total credit risk	5,025,265,696.7	2,057,751,736.1	40.9	1,642,937,961.0	32.7
Credit valuation adjustment					
Total credit valuation adjustment	--	0.0	--	0.0	--
Market Risk					
Equity in the banking book	162,630,849.7	286,543,914.7	176.2	763,624,357.2	469.5
Trading book market risk	--	20,858,352.8	--	31,287,529.1	--
Total market risk	--	307,402,267.5	--	794,911,886.3	--

Table 5

POP Bank Group--Risk-Adjusted Capital Framework Data (cont.)					
Operational risk					
Total operational risk	--	207,717,137.5	--	193,381,018.7	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	2,572,871,141.0	--	2,631,230,866.0	100.0
Total diversification/ concentration adjustments	--	--	--	774,472,462.2	29.4
RWA after diversification	--	2,572,871,141.0	--	3,405,703,328.1	129.4
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		513,046,000.0	19.9	433,618,357.0	16.5
Capital ratio after adjustments‡		513,046,000.0	19.9	433,618,357.0	12.7

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2020, S&P Global Ratings.

Table 6

POP Bank Group Funding And Liquidity					
	--Year-ended Dec. 31--				
(Mil. €)	**2020**	**2019**	**2018**	**2017**	**2016**
Core deposits/funding base	91.49	95.52	95.65	96.14	95.92
Customer loans (net)/customer deposits	94.67	97.04	94.73	93.56	90.97
Long-term funding ratio	98.48	98.70	98.94	99.60	99.71
Stable funding ratio	114.00	108.35	111.37	111.77	113.70
Short-term wholesale funding/funding base	1.69	1.47	1.19	0.46	0.33
Broad liquid assets/short-term wholesale funding (x)	10.68	8.89	12.86	33.04	48.22
Net broad liquid assets/short-term customer deposits	18.30	12.52	15.03	15.95	22.29
Short-term wholesale funding/total wholesale funding	19.84	32.72	27.24	11.82	8.10
Narrow liquid assets/3-month wholesale funding (x)	24.52	10.61	N/A	N/A	N/A

N/A--Not applicable.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017

- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: July 2021, July 29, 2021
- EMEA Financial Institutions Monitor 3Q2021: Resilience Amid The Search For Stronger Profitability, July 16, 2021
- SLIDES: Nordic Banks: Strong Fundamentals And Digital Preparedness Shield Against COVID-19 Stress, Feb. 18, 2021
- Banking Industry Country Risk Assessment: Finland, Feb. 9, 2021
- Outlooks On Seven Finnish Banks Revised Due To Their Resilience In The COVID-19-Induced Downturn, Jan. 22, 2021

Anchor Matrix

Industry Risk	Economic Risk									
	1	**2**	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	**a-**	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of August 3, 2021)*	
Bonum Bank PLC	
Issuer Credit Rating	BBB/Stable/A-2
Issuer Credit Ratings History	
22-Jan-2021	BBB/Stable/A-2

Ratings Detail (As Of August 3, 2021)*(cont.)	
19-May-2020	BBB/Negative/A-2
23-May-2016	BBB/Stable/A-2
Sovereign Rating	
Finland	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.