

**Bonum Bank Plc**

**FINANCIAL STATEMENTS  
RELEASE**

**1 January - 31 December 2021**

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This document is a translation of the original Finnish version "Bonum Pankki Oyj:n tilinpäätöstiedote 2021". In case of discrepancies, the Finnish version shall prevail.

## **BONUM BANK PLC FINANCIAL STATEMENTS RELEASE 1 JANUARY - 31 DECEMBER 2021**

### **BOARD OF DIRECTORS' REPORT**

Bonum Bank Plc (hereinafter "Bonum Bank") is part of the amalgamation of POP Banks and is responsible for providing 21 POP Banks with central credit institution services, obtaining external funding for the POP Bank Group, handling payments and issuing payment cards to the customers of the POP Banks. 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 2021, 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 their excess liquidity in Bonum Bank. In the second half of 2021, Bonum Bank issued two long-term directed senior bonds (EUR 20 million and EUR 30 million) under 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. In addition, Bonum Bank continued to benefit from the European Central Bank's TLTRO funding operation by participating in its TLTRO 3.7 and 3.8 operations to the amount of EUR 78.4 million during the first half of the year. At the end of the financial period, Bonum Bank had a total of EUR 128.4 (50.0) million in TLTRO III funding.

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 2021, new card-related functionalities were again added to the POP Bank mobile banking application, including Apple Pay. The Service Centre, which was founded in the previous year, has established its position as a provider of centralised services within the Group. During the year, the Service Centre focused on expanding its offering and improving operational efficiency.

Bonum Bank is actively seeking new business opportunities to supplement the Group's product offering. POP Pikalaina is Bonum Bank's own fully digital retail banking product. The temporary interest rate cap, direct marketing restriction and other measures imposed by the authorities in response to the coronavirus pandemic slowed the development of interest income from POP Pikalaina, and the targeted growth rate was not achieved until the final quarter of the year. In November unsecured loan portfolio was transferred to the new system and the process and principles of calculating expected credit loss were reviewed. In the future receivable items with collection measures will be assessed more closely. The change did not have a significant impact on Bonum Bank's financial statement. Final credit loss due to unsecured loan receivables and also the amount of cancelled credit loss is expected to decrease whereas the amount expected credit loss (ECL) is anticipated to increase. Lending to partners' customers grew rapidly towards the end of the year.

Improving the efficiency and systems of anti-money laundering were key development focuses during the year. This included updating the binding guidelines on the prevention of money laundering and other financial crime, increasing the selection of solutions and the amount of resources available for continuous monitoring, and acquiring and implementing a completely new AML monitoring system, as well as active commu-

nication and a considerable increase in training. In the future, the anti-money laundering measures of the Group's banks will be implemented centrally by Bonum Bank, using the new system. The new system and centralised services will ensure the effective prevention of money laundering and terrorist funding in present day circumstances and make the monitoring of asset transfers more efficient.

Preparations for starting mortgage banking operations are in progress in the POP Bank Group. The capacity to issue secured bonds will support the business growth of the member banks of the amalgamation and will ensure a competitive price level for long-term wholesale financing. Bonum Bank's personnel have been actively involved in the preparation of the project.

In August, S&P Global Ratings confirmed Bonum Bank's ratings of BBB for long-term investment grade and A-2 for short-term investment grade. The credit rating remained unchanged.

Bonum Bank's Annual General Meeting was held in April 2021. The Annual General Meeting dealt with statutory matters and elected Pekka Lemettinen, Hanna Linna, Kirsi Salo and Ilkka Lähteenmäki to the Board of Directors. Pekka Lemettinen has served as Chair of the Board.

On 2 December, 2021 POP Bank Centre coop's Board of Directors appointed Acting CEO of the POP Bank Centre coop Jaakko Pulli as member of the Bonum Bank's Board of Directors as of January 1st, 2022 thus replacing Pekka Lemettinen.

## POP BANK GROUP AND AMALGAMATION OF POP BANKS

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

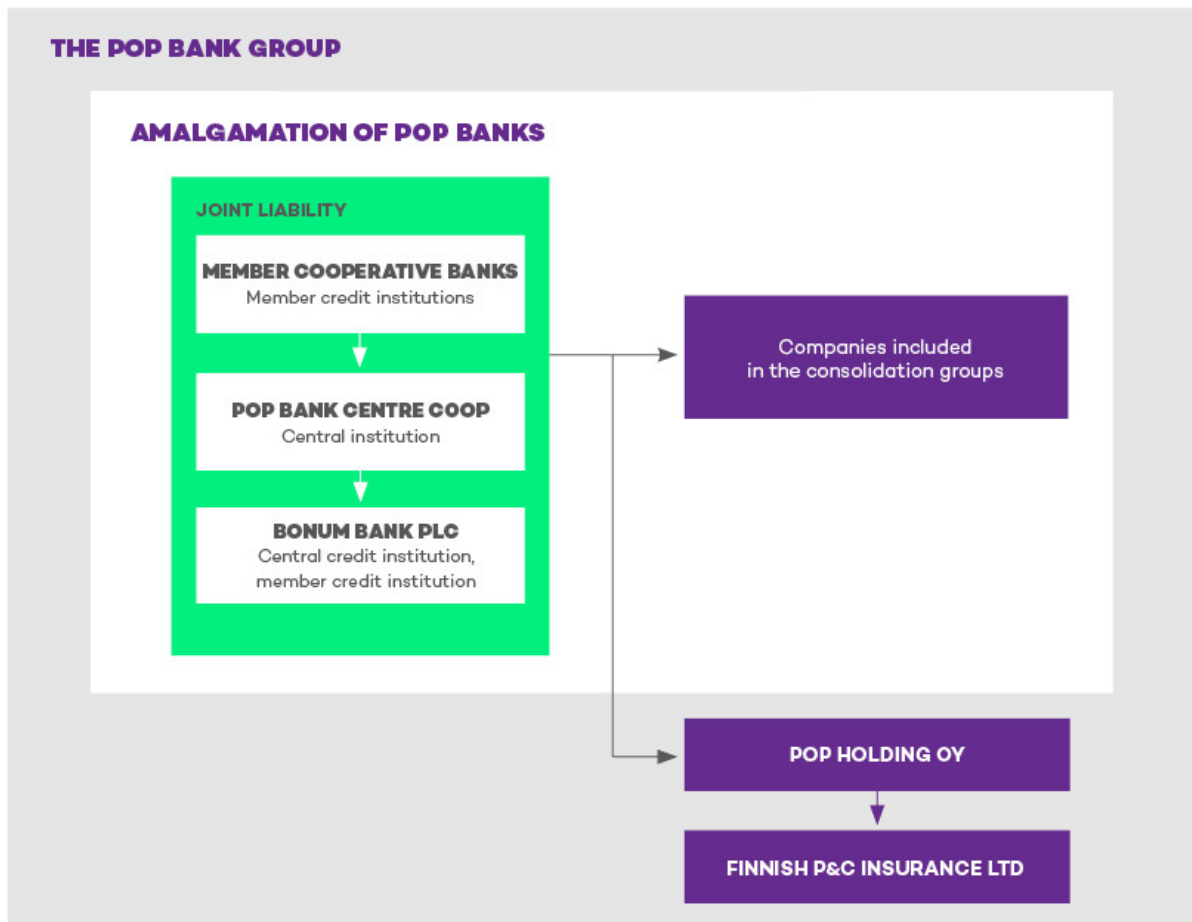
The POP Bank Group comprises of POP Banks and POP Bank Centre coop, and the entities under their control. The most significant companies with customer operations in the POP Bank Group are:

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

The POP Banks are cooperative banks owned by their member customers. In accordance with the Amalgamation Act, the central institution shall prepare financial statements as a combination of the financial statements or the consolidated financial statements of the central institution and its member credit institutions in accordance with the International Financial Reporting Standards (IFRS). In addition to the organisations that belong to the amalgamation of POP Banks, the POP Bank Group comprises POP Holding Ltd and its wholly owned company Finnish P&C Insurance Ltd. Neither of these are included in the scope of joint liability.

The following chart presents the structure of the POP Bank Group and the entities included in the amalgamation and scope of joint liability. POP Bank Centre coop, the central institution, is responsible for the group steering and supervision in accordance with the Act on the Amalgamation of Deposit Banks (24 June 2010/599).

## POP BANK GROUP STRUCTURE



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

## OPERATING ENVIRONMENT

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

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

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

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

Finnish economic growth has been more moderate than in the eurozone in general, but the decrease in production in 2020 was also more moderate in Finland. While Finland's GDP decreased by 2.9 per cent in 2020, it grew by around 3.5 per cent in 2021, which means that the slump in total pro-

duction caused by the coronavirus pandemic has been cancelled out. The growth was expected to continue in 2021, driven by exports and a higher employment rate, but the Omicron variant, which spread exponentially towards the end of the year, cast a shadow on the short-term economic outlook.

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

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

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

## FINANCIAL POSITION

### PERFORMANCE

Bonum Bank Plc's profit for the financial year was EUR 1,046 thousand, whereas last year that was EUR 712 thousand. The profit for the financial year primarily consists of interest and commission income on central credit institution services provided for POP Banks and profit on the card business. The Bank's cost-to-income ratio was 75.4 (71.4) per cent.

The bank's key income statement items have developed as follows, compared with year 2020:

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020	Change-%
Interest income	11,132	9,203	21.0
Interest expenses	-2,634	-2,142	23.0
<b>Net interest income</b>	<b>8,498</b>	<b>7,061</b>	<b>20.3</b>
Net commissions and fees	6,639	7,207	-7.9
Net investment income	389	440	-11.6
Other operating income	3,105	2,484	25.0
<b>Total operating income</b>	<b>18,630</b>	<b>17,192</b>	<b>8.4</b>
Personnel expenses	-4,273	-3,137	36.2
Other operating expenses	-8,665	-8,380	3.4
Depreciation and amortisation	-1,103	-923	19.5
<b>Total operating expenses</b>	<b>-14,041</b>	<b>-12,440</b>	<b>12.9</b>
Impairment losses on financial assets	-3,281	-3,865	-15.1
<b>Profit before taxes</b>	<b>1,309</b>	<b>888</b>	<b>47.4</b>
Income taxes	-263	-176	49.7
<b>Result for the period</b>	<b>1,046</b>	<b>712</b>	<b>46.9</b>

Operating income totalled EUR 18,630 (17,192) thousand. The increase in income arose from the favourable development of the bank's net interest income, which amounted to EUR 8,498 (7,061) thousand. This represents an increase of 20.3 per cent year-on-year. Positive development of net interest income was mostly due to negative loan margins of TLTRO funding which led to increase of interest income.

Net commission income decreased to EUR 6,639 (7,207) thousand. Commission income consists mostly of income from the cards business and payment transmission fees.

Net investment income decreased to EUR 389 (440) thousand. Net investment income consists of mainly net gains from foreign currency transactions. Other operating income, totalling EUR 3,105 (2,484) thousand, originated primarily from the Group's internal fees.

Operating expenses totalled at EUR 14,041 (12,440) thousand. Personnel expenses, that are composed of salary expenses and pension and other indirect employee expenses, grew 36.2 per cent being in total EUR 4,273 (3,137) thousand. Expenses grew because of an increase in the number

of personnel. Other operating expenses increased year-on-year, amounting to EUR 8,665 (8,380) thousand. This was mainly due to an increase in ICT expenses.

Impairment losses on financial assets decreased to EUR 3,281 (3,865) thousand during the period. The development is explained by the unsecured loan portfolio's modest growth compared to the previous year. Active collection measures are being targeted at receivables recognised as credit losses.

## BALANCE SHEET

At the end of the year 2021, Bonum Bank's balance sheet stood at EUR 1,037,914 (1,006,480) thousand.

The Bank's balance sheet items developed as follows in comparison to the previous year:

(EUR 1,000)	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
Cash funds	268,871	380,108
Loans and advances to credit institutions	442,718	314,967
Loans and advances to customers	116,455	84,159
Investment assets	197,563	215,354
Intangible assets	1,933	2,728
Property, plant and equipment	361	367
Other assets	10,008	8,737
Tax assets	5	58
<b>Total assets</b>	<b>1,037,914</b>	<b>1,006,480</b>
<b>Liabilities</b>		
Liabilities to credit institutions	655,626	659,657
Liabilities to customers	53,329	36,654
Debt securities issued to the public	284,920	266,346
Other liabilities	7,978	8,653
Tax liabilities	724	800
<b>Total liabilities</b>	<b>1,002,578</b>	<b>972,112</b>
<b>Equity capital</b>		
Share capital	10,000	10,000
Reserves	22,121	22,199
Retained earnings	3,215	2,169
<b>Total equity capital</b>	<b>35,336</b>	<b>34,368</b>
<b>Total liabilities and equity</b>	<b>1,037,914</b>	<b>1,006,480</b>



## KEY FIGURES AND THE FORMULAS OF KEY FIGURES

	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Cost-to-income -ratio, %	75.4	71.4	84.6	94.9	95.6
ROA, %	0.1	0.09	0.04	0.03	0.02
ROE, %	3.00	2.13	0.76	0.60	0.44
Capital adequacy ratio (TC) %	21.8	24.1	29.7	43.7	53.2
Equity ratio, %	3.4	3.4	5.5	5.2	5.7

### COST-TO-INCOME -RATIO, % =

$$\frac{\text{Total operating expenses}}{\text{Total operating income}} \times 100$$

### RETURN ON ASSETS (ROA), % =

$$\frac{\text{Result for the period}}{\text{Balance sheet total (average of beginning and end of year)}} \times 100$$

### RETURN ON EQUITY (ROE), % =

$$\frac{\text{Result for the period}}{\text{Equity (average of beginning and end of year)}} \times 100$$

### CAPITAL ADEQUACY RATIO (TC), % =

$$\frac{\text{Total capital (TC)}}{\text{Total minimum capital requirement}} \times 100$$

### EQUITY RATIO, % =

$$\frac{\text{Equity}}{\text{Balance sheet total}} \times 100$$

## CREDIT RATING

In January 2021, S&P Global Ratings has affirmed Bonum Bank Plc's long-term investment grade to 'BBB' and short-term investment grade to 'A-2'. At the same time, the agency revised the bank's outlook from negative to stable. The credit rating and the outlook were reconfirmed in August 2021.

## SHAREHOLDINGS AND EQUITY

On 31 December 2021, 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 (10,000) thousand. Equity totalled EUR 35,336 (34,368) thousand.

## **RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION**

### **PRINCIPLES AND ORGANISATION OF RISK MANAGEMENT**

The POP Bank Group's strategy outlines the Group's risk appetite. Business activities are carried out at a moderate risk level so that the risks can be managed in full. The purpose of risk management is to ensure that the risk levels are proportionate to the 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.

### **CAPITAL ADEQUACY**

Bonum Bank's capital adequacy was at a good level at the end of 2021. Its capital adequacy ratio was 21.8 (24.1) per cent, and its core capital adequacy ratio was 21.8 (24.1) per cent. At the end of 2021, the bank's own funds totalled EUR 31,763 (26,568) thousand, consisting entirely of CET1 capital. The increase in own funds was mainly due to the reversal of earlier capitalisations in intangible assets on the balance sheet in accordance with amalgamation-level IFRS policies.

The bank's capital adequacy decreased moderately during 2021 because of an increase in the retail bank's loan portfolio and a related increase in risk-weighted receivables. Bonum Bank's retail banking business is expected to continue in 2022, which will increase the amount of its risk-weighted receivables accordingly.

The CRR II regulation (2019/876), amending the Capital Adequacy Regulation (575/2013) of the European Union and the European Council, has been applied to capital adequacy calculations since 28 June 2021. Bonum Bank's own funds consist of share capital, retained earnings and other non-restricted reserves, less the deductible items in accordance with the CRR. 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 the restrictions imposed on major counterparties concerning items between the central credit institution and the member banks.

The minimum leverage ratio (LR) became binding in June as part of the amendment (CRR II) to the Capital Adequacy Regulation of the EU. The leverage ratio requirement is 3 per cent. The bank's leverage ratio was 4.9 per cent on 31 December 2021. With special permission from the Financial Supervisory Authority, intra-amalgamation items are deducted from the amount of liabilities in the calculation of the minimum leverage ratio.

At the beginning of 2021, the POP Bank Group adopted the definition of default under Article 178 of the EU Capital Adequacy Regulation (575/2013). The change of definition harmonises the definition of customers' default used by banks operating within the jurisdiction of the EBA. The adoption of the new definition of default did not have a significant impact on the amount of the bank's default receivables during the financial period.

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

**SUMMARY OF CAPITAL ADEQUACY**

<b>Bonum Pankki Oyj</b> <b>Summary of capital adequacy (EUR 1,000)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Own funds</b>		
Common Equity Tier 1 capital before deductions	34,290	33,656
Deductions from Common Equity Tier 1 capital	-2,527	-7,088
<b>Total Common Equity Tier 1 capital (CET1)</b>	<b>31,763</b>	<b>26,568</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>31,763</b>	<b>26,568</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>31,763</b>	<b>26,568</b>
<b>Total risk weighted assets</b>	<b>145,727</b>	<b>110,125</b>
of which credit risk	112,834	83,048
of which credit valuation adjustment risk (CVA)	-	-
of which market risk (exchange rate risk)	2,999	2,867
of which operational risk	29,894	24,210
<b>Fixed capital conservation buffer according to Act on Credit institutions (2.5%)</b>	<b>3,643</b>	<b>2,753</b>
<b>Countercyclical capital buffer</b>	<b>2</b>	<b>0</b>
<b>CET1 Capital ratio (%)</b>	<b>21.8 %</b>	<b>24.1 %</b>
<b>T1 Capital ratio (%)</b>	<b>21.8 %</b>	<b>24.1 %</b>
<b>Total capital ratio (%)</b>	<b>21.8 %</b>	<b>24.1 %</b>
<b>Capital requirement</b>	<b>-</b>	
Total capital	31,763	26,568
Capital requirement *	15,304	11,563
Capital buffer	16,459	15,005
<b>Leverage ratio</b>	<b>-</b>	
Tier 1 capital (T1)	31,763	26,568
Leverage ratio exposure	644,960	730,690
Leverage ratio, %	4.9 %	3.6 %

\* 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.

## **BUSINESS RISKS**

### **CREDIT RISKS**

Bonum Bank's credit risk exposure grew during the financial period. Balance sheet items exposed to credit risk totalled EUR 316,004 (300,426) thousand at the end of 2021. Bonum Bank's off-balance sheet credit commitments totalled EUR 145,485 (125,354) 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 197,562 (215,354) 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 4,948 (3,621) 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 38.3 per cent during the financial period, amounting to EUR 116,455 (84,159) thousand. Most of the lending was unsecured lending, which represented 61.4 per cent of the loan portfolio. Loans granted to private customers represented 82.3 (92.0) per cent of the loan portfolio.

Expected credit losses on loans, receivables and off-balance sheet items increased by EUR 309 thousand during the financial period, amounting to EUR 3,302 thousand.

With regard to the unsecured loan portfolio, EUR -2,972 (-2,700) thousand was recognised as final credit losses in 2021. However, expected credit losses in ECL stage 3 increased to EUR 1,668 (1,562) thousand.

### **LIQUIDITY RISKS**

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 141.3 (191.4) per cent on 31 December 2021, with the minimum level being 100 per cent. At the end of the financial period, Bonum Bank had EUR 457.9 (621.9) million in LCR-eligible liquid assets before haircuts, of which 61.1 (63.0) per cent consisted of cash and receivables from the central bank and 32.2 (32.4) per cent consisted of highly liquid Tier 1 securities. In addition, the member credit institutions of the amalgamation had EUR 28.0 (71.1) million in unpledged securities outside the LCR portfolio.

The requirement for stable funding, NSFR, became binding in 2021 (28 June 2021) as part of CRR II Regulation 2019/876, which reformed Capital Requirement Regulation 575/2013 of the European Parliament and of the Council. The minimum requirement is 100 per cent. NSFR measures the maturity mismatch of assets and liabilities on the balance sheet and is responsible for ensuring that ongoing funding is sufficient to meet funding needs over a one-year period, thus preventing over-reliance on short-term wholesale funding. The consortium's NSFR ratio on 31 December 2021 was 130 (148) per cent.

At the end of the year, Bonum Bank had EUR 255 (225) 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 30.0 (41.5) million was outstanding at the end of the review period. In addition, Bonum Bank has a EUR 28.6 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 (50.0) million in TL-TRO 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 in-

terest levels on the market value of balance sheet and off-balance-sheet items, or on net interest income. The 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. Bonum Bank did not use any derivatives in 2021.

Bonum Bank monitors the interest rate risk using the present value method and the dynamic income risk model on a 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 impacts. The objective is pursued through continuous personnel development and by means of comprehensive operating instructions and internal control measures, such as by segregating preparation, decision-making, implementation and control from one another.

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 on the basis of the risks assessments it performs, in which the monitoring of operational risk incidents is utilised. The risk assessment also aims to evaluate the risks related

to 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.

### **INTERNAL RISK**

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

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

### **INTERNAL AUDIT**

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

The purpose of internal audit is to assess the scope and sufficiency of the internal control of the Bank's operational organisation and to monitor and assess the functionality of risk management systems. Internal audit reports its observations primarily to the Bank's Board of Directors. After

audits, the Bank's Board of Directors discusses the summaries prepared as a result of the internal audit. Internal Audit reports of its activity and observations regularly to central institution's Supervisory Board, central institution's Board and CEO.

The internal audits conducted in the Bank during the year were carried out by the internal audit unit of the central institution and PricewaterhouseCoopers Oy.

## **BONUM BANK'S MANAGEMENT AND PERSONNEL**

Bonum Bank's Annual General Meeting of 24 April 2021 adopted the financial statements for 2020 and granted discharge from liability to the Bonum Bank's Board members and the CEO. The Board of Directors of Bonum Bank Plc had four members. During the year, the Board has convened 31 times.

### **REGULAR BOARD MEMBERS WERE:**

**Pekka Lemettinen**, CEO  
Chairman of the Board

**Hanna Linna**, CEO  
Vice Chairman of the Board

**Ilkka Lähteenmäki**, Adjunct Professor  
Member of the Board

**Kirsi Salo**, CEO  
Member of the Board

Bonum Bank Plc's CEO was **Pia Ali-Tolppa** and CEO's deputy was **Timo Hulkko**.

On 31 December 2021, the Bank had 59 employees, of which 57 full-time with permanent employment contract and two with hourly wage. Equivalent concentration risk may also arise when collateral held for credit is similar.

Employees' professional competence is maintained and developed in line with the bank's needs and changing operating environment, as well as with employees' individual competence requirements and changes therein.

## **AUDIT**

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

## **CORPORATE GOVERNANCE**

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

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

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

## **REMUNERATION**

The Board of Directors of Bonum Bank is responsible for matters related to remuneration. Bonum Bank does not have a remuneration committee appointed by the Board to manage its remuneration scheme. It has not been deemed necessary to establish a remuneration committee, considering the quality, scope and diversity of

the bank's operations. Bonum Bank's Board of Directors monitors compliance with the remuneration scheme and assesses its functionality annually.

The central institution's internal audit function verifies at least once a year whether the remuneration scheme, as approved by the Board of Directors, has been complied with. The compensation of control functions' personnel is independent of the business area being supervised.

### **RELATIONSHIP BETWEEN REMUNERATION AND RESULT**

The remuneration scheme must be in line with the Bank's business strategy, goals, values and long-term interests and support the Bank's long-term benefit. It must also be consistent with and promote the Bank's sound and effective risk management and risk-bearing capacity. The remuneration scheme must also support good corporate governance.

### **CRITERIA USED IN THE ASSESSMENT OF PERFORMANCE, RISK-BASED CHANGES TO THE AMOUNT OF REMUNERATION, POSTPONEMENT PRACTICES AND PAYMENT CRITERIA**

At Bonum Bank, variable bonuses paid to an individual are not allowed to exceed EUR 50,000 over a one-year earnings period. The bank may decide not to pay any variable bonuses in full or in part if its financial position has become weaker to such an extent that, based on the Board's estimate, the payment of performance bonuses would be unreasonable, considering the bank's situation.

Severance pay or other compensation payable to an employee can be paid if employment terminates prematurely. The principles of Act on Credit Institutions chapter 8 are taken into account in payment, and the payment criteria are laid down so that compensation is not paid for failed performance.

### **FIXED AND VARIABLE COMPENSATION**

In the bank's remuneration scheme, variable bonuses may not exceed 50% of the fixed annual salary.

### **KEY PARAMETERS AND CRITERIA APPLIED IN THE SPECIFICATION OF VARIABLE COMPENSATION AND OTHER FRINGE BENEFIT**

The Bank's variable compensation is subject to the following principles

1. The payment criteria for variable compensation will be determined and communicated to the recipients in advance. The Board may also reward employees for exceptional performance without such predetermined grounds with a bonus equalling no more than one month's salary.
2. The compensation must be based on an overall assessment of the performance of the recipient and the related function. Their performance must be evaluated over the long term.
3. When determining the bonus amounts, the risks known at the time of the assessment must be taken into account, as well as future risks, capital costs and the necessary solvency.
4. The compensation beneficiary may be entitled to variable compensation, which can be only paid if the compensation beneficiary has not violated the regulations, instructions or operating principles and procedures defined by the credit institutions, which generate obligations to the credit institution, or contributed to such action through their acts or failure to act. It must also be possible to not pay or to recover the variable compensation if the credit institution becomes aware of such action only after the compensation has been determined or paid.
5. The Bank may commit to unconditional payment of compensation (non-recoverable compensation) only for particularly weighty reasons and provided that the promised compensation only targets the first year of employment of the compensation beneficiary.

## **AGGREGATE INFORMATION ON COMPENSATION TO THE MANAGEMENT AND MEMBERS OF PERSONNEL WHO HAVE A SIGNIFICANT IMPACT ON THE BANK'S RISK PROFILE**

The Bank maintains a list of the following persons and the compensation paid to them:

6. CEO and members of the management team,
7. Other persons whose actions have a significant impact on the risk position of the central institution or amalgamation,
8. Persons who work in the risk control function, risk management tasks, compliance function or internal audit function,
9. Another person whose total amount of compensation is not significantly different from the total amount of compensation of the persons referred to in items 1 and 2.

## **PAID COMPENSATION**

No variable compensation payments nor start-up payments were paid during fiscal year. The Bank did not pay compensation of over EUR 1 million during the financial period.

## **KEY OUTSOURCED OPERATIONS**

Bonum Bank's bank system is outsourced to Samlink Ltd. Bonum Bank's accounting is managed at Figure Taloushallinto Ltd., which POP Bank Group owns together with other customer banks of the company. Payment message handling at Bonum Bank is carried out through SWIFT Service Bureau provided by TietoEVERY Oyj and SEPA Instant Payment Gateway and, excluding internal payments within the POP Bank group. In addition, the Bank uses a platform service provided by a subsidiary of Google Inc. for customer data management and payment monitoring system provided by SAS Institute Oy. Some card business services are outsourced to Samlink Ltd., Nets Denmark A/S Finnish Branch, Intrum Justitia Ltd. and Evry Card Services Ltd.

## **DEPOSIT GUARANTEE**

Bonum Bank is a member of the Deposit Guarantee Fund, which protects the deposits of customers to a maximum of EUR 100 thousand. The deposit banks that are members of the amalgamation of deposit banks are considered to be a single deposit bank in terms of deposit guarantee. Therefore, the deposit guarantee concerning a depositor's deposits in all member credit institutions of the amalgamation of POP Banks (POP Banks and Bonum Bank Plc) totals EUR 100,000. Bonum Bank's operations focus on central credit institution services provided for the member banks of the amalgamation. Therefore, the Deposit Guarantee Fund is of minor significance.

## **SOCIAL RESPONSIBILITY**

POP Bank Group's social responsibility is described in the Group's financial statements. Bonum Bank's social responsibility refers to the Bank's responsibility for the effects of its operations on the surrounding society and the company's stakeholders. By acting as the central credit institution for POP Banks, Bonum Bank contributes to supporting the social responsibility of local POP Banks.

## **EVENTS AFTER THE CLOSING DATE**

After the closing date, POP Bank Group signed in January 2022 an agreement with Finnish IT company Crosskey for the renewal of the core bank system. POP Bank expects to introduce the new core banking system during 2025.

In January 2022 Bonum Bank agreed with Evli Bank Plc on a trade based on which Bonum Bank will be buying 25 million euros worth of bonds from Evli's loan portfolio.

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

Bonum Bank Plc'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.



## **OUTLOOK FOR 2022**

Bonum Bank Plc will use the available funding sources diversely during 2022. 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 2022, the focus will be on increasing operational efficiency and improving profitability. In its card business operations, the bank is focusing on improving the customer experience, as well as continuing the 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 2022.

The full-year result for 2022 is expected to be positive.

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

Bonum Bank Plc's distributable funds were EUR 21,311,163.86. Bonum Bank Plc's Board of Directors proposes to the Annual General Meeting that the profit for the period EUR 1,046,093.58 be recognised in retained earnings and that no dividends be paid.

## BONUM BANK PLC'S FINANCIAL STATEMENT REPORT 31.12.2021

### INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020	Change-%
Interest income		11,132	9,203	21.0
Interest expenses		-2,634	-2,142	23.0
<b>Net interest income</b>	2	<b>8,498</b>	<b>7,061</b>	<b>20.3</b>
Net commissions and fees	3	6,639	7,207	-7.9
Net investment income	4	389	440	-11.6
Other operating income		3,105	2,484	25.0
<b>Total operating income</b>		<b>18,630</b>	<b>17,192</b>	<b>8.4</b>
Personnel expenses		-4,273	-3,137	36.2
Other operating expenses		-8,665	-8,380	3.4
Depreciation and amortisation		-1,103	-923	19.5
<b>Total operating expenses</b>		<b>-14,041</b>	<b>-12,440</b>	<b>12.9</b>
Impairment losses on financial assets	7	-3,281	-3,865	-15.1
<b>Profit before taxes</b>		<b>1,309</b>	<b>888</b>	<b>47.4</b>
Income taxes		-263	-176	49.7
<b>Result for the period</b>		<b>1,046</b>	<b>712</b>	<b>46.9</b>

POP Bank Group has changed the accounting policies, and therefore comparison period has been re-stated. The changes are presented in Note 1.

### STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020	Change-%
<b>Profit for the financial period</b>	1,046	712	46.9
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Changes in fair value reserve			
Equity instruments	152	992	-84.7
<b>Items that may be reclassified to profit or loss</b>			
Changes in fair value reserve			
Liability instruments	-229	231	-199.1
<b>Total other comprehensive income for the financial period</b>	<b>968</b>	<b>1,936</b>	<b>-50.0</b>

**BALANCE SHEET**

<b>(EUR 1,000)</b>	<b>Note</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Assets</b>			
Cash funds		268,871	380,108
Loans and advances to credit institutions	5	442,718	314,967
Loans and advances to customers	5	116,455	84,159
Investment assets		197,563	215,354
Intangible assets		1,933	2,728
Property, plant and equipment		361	367
Other assets		10,008	8,737
Tax assets		5	58
<b>Total assets</b>		<b>1,037,914</b>	<b>1,006,480</b>
<b>Liabilities</b>			
Liabilities to credit institutions	5, 8	655,626	659,657
Liabilities to customers	5, 8	53,329	36,654
Debt securities issued to the public	9	284,920	266,346
Other liabilities		7,978	8,653
Tax liabilities		724	800
<b>Total liabilities</b>		<b>1,002,578</b>	<b>972,112</b>
<b>Equity capital</b>			
Share capital		10,000	10,000
Reserves		22,121	22,199
Retained earnings		3,215	2,169
<b>Total equity capital</b>		<b>35,336</b>	<b>34,368</b>
<b>Total liabilities and equity</b>		<b>1,037,914</b>	<b>1,006,480</b>

POP Bank Group has changed the accounting policies, and therefore comparison period has been re-stated. The changes are presented in Note 1.

**STATEMENT OF CHANGES IN EQUITY**

<b>(EUR 1,000)</b>	<b>Share capital</b>	<b>Fair value reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 1st of Jan 2020</b>	<b>10,000</b>	<b>2,199</b>	<b>20,000</b>	<b>2,169</b>	<b>34,368</b>
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,046	1,046
Other comprehensive income	-	-78	-	-	-78
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-78</b>	<b>-</b>	<b>1,046</b>	<b>968</b>
<b>Balance at 31 December 2020</b>	<b>10,000</b>	<b>2,121</b>	<b>20,000</b>	<b>3,215</b>	<b>35,336</b>

<b>(EUR 1,000)</b>	<b>Share capital</b>	<b>Fair value reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 1 January 2019</b>	<b>10,000</b>	<b>976</b>	<b>20,000</b>	<b>1,457</b>	<b>32,433</b>
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	712	712
Other comprehensive income	-	1,223	-	-	1,223
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>1,223</b>	<b>-</b>	<b>712</b>	<b>1,936</b>
<b>Balance at 31 December 2019</b>	<b>10,000</b>	<b>2,199</b>	<b>20,000</b>	<b>2,169</b>	<b>34,368</b>

POP Bank Group has changed the accounting policies, and therefore comparison period has been re-stated. The changes are presented in Note 1.

**CASH FLOW STATEMENT**

<b>(EUR 1,000)</b>	<b>1 Jan - 31 Dec 2021</b>	<b>1 Jan - 31 Dec 2020</b>
<b>Cash flow from operating activities</b>		
Profit for the financial year	1,046	712
Adjustments to profit for the financial year	4,663	5,086
<b>Increase (-) or decrease (+) in operating assets</b>	<b>-145,358</b>	<b>-195,533</b>
Advances to credit institutions	-126,424	-61,947
Advances to customers	-35,622	-11,507
Investment assets	17,762	-119,684
Other assets	-1,075	-2,395
<b>Increase (+) or decrease (-) in operating liabilities</b>	<b>12,005</b>	<b>263,830</b>
Liabilities to credit institutions	-4,032	243,718
Liabilities to customers	16,675	19,316
Other liabilities	-638	796
Income tax paid	-266	31
<b>Total cash flow from operating activities</b>	<b>-127,910</b>	<b>74,125</b>
<b>Cash flow from investing activities</b>		
Changes in other investments	-65	-
Purchase of PPE and intangible assets	-335	-951
<b>Total cash flow from investing activities</b>	<b>-401</b>	<b>-951</b>
<b>Cash flow from financing activities</b>		
Payment of lease liabilities	-157	-107
Debt securities issued, increase	79,945	246,821
Debt securities issued, decrease	-61,387	-95,426
<b>Total cash flow from financing activities</b>	<b>18,401</b>	<b>151,288</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at period-start	383,730	159,268
Cash and cash equivalents at the end of the period	273,820	383,730
<b>Net change in cash and cash equivalents</b>	<b>-109,910</b>	<b>224,462</b>
Interest received	9,480	8,573
Interest paid	2,697	1,500
Dividends received	4	9
<b>Adjustments to result for the financial year</b>	<b>4,663</b>	<b>5,085</b>
Non-cash items and other adjustments		
Income taxes	64	-
Impairment losses on receivables	3,281	3,865
Depreciation	1,103	923
Other	17	122
<b>Cash and cash equivalents</b>		
Liquid assets	268,871	380,108
Receivables from credit institutions payable on demand	4,949	3,622
<b>Total</b>	<b>273,820</b>	<b>383,730</b>

POP Bank Group has changed the accounting policies, and therefore comparison period has been re-stated. The changes are presented in Note 1.

## NOTES

### NOTE 1 ACCOUNTING POLICIES

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.

The figures disclosed in the financial statements bulletin are unaudited. 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.

#### CHANGES IN ACCOUNTING POLICIES

##### NEW IFRS STANDARDS AND INTERPRETATIONS

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

During the financial year, the agenda decision of the IFRS Interpretations Committee in April 2021 on the accounting treatment of configuration and cus-

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

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

(EUR 1,000)	31 Dec 2020	Change in accounting policy	31 Dec 2020
<b>Assets</b>			
Intangible assets	6,937	-4,208	2,728
Other assets	4,528	4,208	8,737
Total changes in assets	<b>11,465</b>	-	<b>11,465</b>
Retained earnings	2,169	-	2,169
<b>Total changes in equity capital</b>	<b>2,169</b>	-	<b>2,169</b>
<b>Income statement</b>			
Other operating income	1,912	571	2,484
Other operating expenses	-7,638	-742	-8,380
Depreciation and amortisation	-1,093	170	-922
Profit for the financial year	712	0	712

Other amendments and improvements to the existing IFRS standards during the financial year have not had a material effect on Bonum Bank's financial statements. Other amendments to IFRS standards or IFRIC interpretations to be applied on future financial periods are not expected to have a material impact on Bonum Bank's financial statements.

#### **OTHER CHANGES IN ACCOUNTING POLICIES**

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

#### **ACCOUNTING POLICIES REQUIRING MANAGEMENT'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.

## NOTE 2 INTEREST INCOME AND EXPENSES

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
<b>Interest income</b>		
Loans and advances to credit institutions	2,846	2,893
Loans and advances to customers	6,236	6,010
Debt securities		
Other interest income	1,626	1
<b>Total interest income</b>	<b>11,132</b>	<b>9,203</b>
Of which positive interest expense	1,891	1,683
<b>Interest expenses</b>		
Liabilities to credit institutions	-937	-599
Liabilities to customers	-463	-294
Debt securities issued to the public	-1,217	-1,246
Other interest expenses	-17	-2
<b>Total interest expenses</b>	<b>-2,634</b>	<b>-2,142</b>
Of which negative interest income	-1,137	-589
<b>Net interest income</b>	<b>8,498</b>	<b>7,061</b>

## NOTE 3 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
<b>Commissions and fees</b>		
Lending	455	415
Card business	4,529	5,383
Payment transfers	4,043	3,923
Other commission income	0	0
<b>Total fee and commission income</b>	<b>9,026</b>	<b>9,721</b>
<b>Commissions expenses</b>		
Card business	-1,512	-1,704
Payment transfers	-843	-772
Other commission expenses	-33	-38
<b>Total commission expenses</b>	<b>-2,387</b>	<b>-2,514</b>
<b>Net commissions and fees</b>	<b>6,639</b>	<b>7,207</b>



**NOTE 4 NET INVESTMENT INCOME**

<b>(EUR 1,000)</b>	<b>1 Jan - 31 Dec 2021</b>	<b>1 Jan - 31 Dec 2020</b>
<b>At fair value through other comprehensive income</b>		
Debt securities		
Capital gains and losses	1	29
Transferred from fair value reserve to the income statement	16	38
Shares and participations		
Dividend income *)	4	9
<b>Total</b>	<b>21</b>	<b>76</b>
<b>Net income from foreign exchange trading</b>	<b>367</b>	<b>364</b>
<b>Net income investments total</b>	<b>389</b>	<b>440</b>

\*) Dividend income from equity shares measured at fair value through other comprehensive income held in the end of the financial period is EUR 4 (9) thousand.

## NOTE 5 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

### FINANCIAL ASSETS 31 DECEMBER 2021

(EUR 1,000)	Measured at amortised cost	Measured 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
<b>Financial assets total</b>	<b>865,034</b>	<b>157,577</b>	<b>3,035</b>	<b>1,025,608</b>
Other assets				12,306
<b>Total assets 31 December 2021</b>				<b>1,037,914</b>

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

### FINANCIAL ASSETS 31 DECEMBER 2020

(EUR 1,000)	Measured at amortised cost	Measured at fair value through other comprehensive income	Expected Credit Loss	Total carrying amount
Liquid assets	380,108	-	-	380,108
Loans and advances to credit institutions	314,972	-	5	314,967
Loans and advances to customers	86,821	-	2,662	84,159
Debt securities*	40,000	172,662	16	212,647
Shares and participations	-	2,708	-	2,708
<b>Financial assets total</b>	<b>821,901</b>	<b>175,370</b>	<b>2,683</b>	<b>994,589</b>
Other assets				11,891
<b>Total assets 31 December 2020</b>				<b>1,006,480</b>

\*) Expected credit loss of EUR 35 thousand from debt securities have been recorded in the fair value re-serve.

**FINANCIAL LIABILITIES 31 DECEMBER 2021**

<b>(EUR 1,000)</b>	<b>Measured at amortised cost</b>	<b>Total carrying amount</b>
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
<b>Financial liabilities total</b>	<b>993,875</b>	<b>993,875</b>
Other liabilities		8,702
<b>Total liabilities 31 December 2021</b>		<b>1,002,578</b>

**FINANCIAL LIABILITIES 31 DECEMBER 2020**

<b>(EUR 1,000)</b>	<b>Measured at amortised cost</b>	<b>Total carrying amount</b>
Liabilities to credit institutions	659,657	659,657
Liabilities to customers	36,654	36,654
Debt securities issued to the public	266,346	266,346
<b>Financial liabilities total</b>	<b>962,658</b>	<b>962,658</b>
Other liabilities		9,454
<b>Total liabilities 31 December 2020</b>		<b>972,112</b>

## 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

#### ITEMS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2021

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

#### ITEMS RECURRENTLY MEASURED AT FAIR VALUE 31 DECEMBER 2020

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
<b>At fair value through other comprehensive income</b>				
Shares and participations	-	-	2,708	2,708
Debt securities	69,510	103,153	-	172,662
<b>Total</b>	<b>69,510</b>	<b>103,153</b>	<b>2,708</b>	<b>175,370</b>

**FAIR VALUE HIERARCHY LEVELS OF ITEMS RECOGNIZED AT AMORTISED COST****ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2020**

<b>(EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
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
<b>Total</b>	<b>-</b>	<b>607,295</b>	<b>-</b>	<b>607,295</b>	<b>599,159</b>

**LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2020**

<b>(EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
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
<b>Total</b>	<b>-</b>	<b>1,001,348</b>	<b>-</b>	<b>1,001,348</b>	<b>993,875</b>

**ASSETS MEASURED AT AMORTISED COST 31 DECEMBER 2019**

<b>(EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
Loans and advances to credit institutions	-	314,967	-	314,967	314,967
Loans and advances to customers	-	90,092	-	90,092	84,159
Investment assets					
Debt securities	-	40,208	-	40,208	39,984
<b>Total</b>	<b>-</b>	<b>445,267</b>	<b>-</b>	<b>445,267</b>	<b>439,110</b>

**LIABILITIES MEASURED AT AMORTISED COST 31 DECEMBER 2019**

<b>(EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
Liabilities to credit institutions	-	659,657	-	659,657	659,657
Liabilities to customers	-	36,654	-	36,654	36,654
Debt securities issued to the public	-	270,944	-	270,944	266,346
<b>Total</b>	<b>-</b>	<b>967,256</b>	<b>-</b>	<b>967,256</b>	<b>962,658</b>

## **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 profit or loss	Financial assets at fair value through other comprehensive income	Total
<b>Carrying amount 1 Jan 2021</b>	-	<b>2,708</b>	<b>2,708</b>
+ Purchases	-	65	65
+/- Changes in value recognised in other comprehensive income	-	190	190
<b>Carrying amount 31 Dec 2021</b>	-	<b>2,962</b>	<b>2,962</b>

(EUR 1,000)	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
<b>Carrying amount 1 Jan 2020</b>	-	<b>1,468</b>	<b>1,468</b>
+/- Changes in value recognised in other comprehensive income	-	1,240	1,240
<b>Carrying amount 31 Dec 2020</b>	-	<b>2,708</b>	<b>2,708</b>

### SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3

#### 31 December 2020

(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
<b>Total</b>	<b>2,962</b>	<b>444</b>	<b>-444</b>

#### 31 December 2019

(EUR 1,000)	Carrying amount	Possible effect on equity capital	
		Positive	Negative
Financial assets at fair value through other comprehensive income	2,708	406	-406
<b>Total</b>	<b>2,708</b>	<b>406</b>	<b>-406</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 Plc does not have assets measured non-recurrently at fair value.

## NOTE 7 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

### IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

<b>(EUR 1,000)</b>	<b>1 Jan - 31 Jun 2021</b>	<b>1 Jan - 31 Jun 2020</b>
Change of ECL due to write-offs	1,512	-
Change of ECL, receivables from customers and off-balance sheet items	-1,823	-1,072
Change of ECL, debt securities	2	-23
Final credit losses	-2,972	-2,770
<b>Impairment losses on financial assets total</b>	<b>-3,281</b>	<b>-3,865</b>

During the financial year, EUR 2,972 (2,770) thousand was recognised as final credit loss. Recollection measures are attributed to the whole amount.

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.

At the beginning of 2021, Bonum Bank implemented a definition of default in accordance with Article 178 of EU Capital Requirements Regulation 575/2013. The implementation of the new definition of default did not materially affect the amount of impairment losses on financial assets.



**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 2021</b>	<b>1,046</b>	<b>89</b>	<b>1,528</b>	<b>2,662</b>
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
<b>Total</b>	<b>219</b>	<b>30</b>	<b>104</b>	<b>353</b>
<b>ECL 31 Dec 2021</b>	<b>1,265</b>	<b>119</b>	<b>1,632</b>	<b>3,016</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 2021</b>	<b>182</b>	<b>58</b>	<b>35</b>	<b>275</b>
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
<b>Total</b>	<b>4</b>	<b>-48</b>	<b>1</b>	<b>-42</b>
<b>ECL 31 Dec 2021</b>	<b>187</b>	<b>10</b>	<b>36</b>	<b>233</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 2021</b>	<b>50</b>	<b>1</b>	<b>-</b>	<b>51</b>
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
<b>Total</b>	<b>-2</b>	<b>-1</b>	<b>-</b>	<b>-2</b>
<b>ECL 31 Dec 2021</b>	<b>48</b>	<b>1</b>	<b>-</b>	<b>49</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 2021</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>
Increases due to origination	2	-	-	2
Decreases due to derecognition	0	0	-	0
Changes due to change in credit risk (net)	-2	0	-	-1
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>ECL 31 Dec 2021</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>ECL 1 Jan 2021</b>	<b>1,282</b>	<b>148</b>	<b>1,562</b>	<b>2,993</b>
<b>ECL 31 Dec 2021</b>	<b>1,504</b>	<b>130</b>	<b>1,668</b>	<b>3,302</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 2020</b>	<b>1,007</b>	<b>57</b>	<b>587</b>	<b>1,651</b>
Transfers to stage 1	3	-11	-40	-47
Transfers to stage 2	-225	54	-17	-188
Transfers to stage 3	-111	-6	997	880
Increases due to origination	564	29	465	1,058
Decreases due to derecognition	-161	-33	-462	-656
Changes due to change in credit risk (net)	-33	-1	1,107	1,073
Decreases due to write-offs	-	-	-1,109	-1,109
<b>Total</b>	<b>39</b>	<b>32</b>	<b>941</b>	<b>1,011</b>
<b>ECL 31 Dec 2020</b>	<b>1,046</b>	<b>89</b>	<b>1,528</b>	<b>2,662</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 2020</b>	<b>157</b>	<b>25</b>	<b>34</b>	<b>215</b>
Transfers to stage 1	3	-14	-23	-34
Transfers to stage 2	-6	32	-1	26
Transfers to stage 3	-1	0	9	8
Increases due to origination	41	19	15	75
Decreases due to derecognition	-4	0	0	-5
Changes due to change in credit risk (net)	-8	-4	1	-10
<b>Total</b>	<b>25</b>	<b>33</b>	<b>1</b>	<b>60</b>
<b>ECL 31 Dec 2020</b>	<b>182</b>	<b>58</b>	<b>35</b>	<b>275</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 2020</b>	<b>28</b>	<b>2</b>	<b>-</b>	<b>29</b>
Increases due to origination	31	-	-	31
Decreases due to derecognition	-6	0	-	-6
Changes due to change in credit risk (net)	-3	0	-	-3
<b>Total</b>	<b>22</b>	<b>0</b>	<b>-</b>	<b>22</b>
<b>ECL 31 Dec 2020</b>	<b>50</b>	<b>1</b>	<b>-</b>	<b>51</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 2020</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
Increases due to origination	2	-	-	2
Decreases due to derecognition	0	-	-	0
Changes due to change in credit risk (net)	0	-	-	0
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>ECL 31 Dec 2020</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>ECL 1 Jan 2020</b>	<b>1,195</b>	<b>83</b>	<b>620</b>	<b>1,899</b>
<b>ECL 31 Dec 2020</b>	<b>1,282</b>	<b>148</b>	<b>1,562</b>	<b>2,993</b>

**CREDIT RISK BY STAGES 31 DEC 2021**

<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	86,556	2,621	4,109	93,286
Corporate	25,791	349	45	26,185
<b>Receivables from customers total</b>	<b>112,347</b>	<b>2,969</b>	<b>4,154</b>	<b>119,471</b>
ECL 31 Dec 2021	1,265	119	1,632	3,016
Coverage ratio %	1.1 %	4.0 %	39.3 %	2.5 %
<b>Off-balance sheet commitments</b>				
Private	137,711	731	265	138,707
Corporate	6,741	19	19	6,778
<b>Off-balance sheet commitments total</b>	<b>144,452</b>	<b>750</b>	<b>284</b>	<b>145,485</b>
ECL 31 Dec 2021	187	10	36	233
Coverage ratio %	0.1 %	1.3 %	12.7 %	0.2 %
<b>Debt securities</b>				
ECL 31 Dec 2021	48	1	-	49
Coverage ratio %	0.0 %	0.2 %	0.0 %	0.0 %
<b>Receivables from credit institutions</b>	<b>398,360</b>	<b>0</b>	<b>0</b>	<b>398,360</b>
ECL 31 Dec 2021	4	-	-	4
Coverage ratio %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Credit risk by stages total</b>	<b>849,466</b>	<b>4,028</b>	<b>4,438</b>	<b>857,931</b>

**CREDIT RISK BY STAGES 31 DEC 2020**

<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	70,975	4,022	3,878	78,874
Corporate	7,947	-	-	7,947
<b>Receivables from customers total</b>	<b>78,922</b>	<b>4,022</b>	<b>3,878</b>	<b>86,821</b>
ECL 31 Dec 2020	1,046	89	1,528	2,662
Coverage ratio %	1.3 %	2.2 %	39.4 %	3.1 %
<b>Off-balance sheet commitments</b>				
Private	120,393	2,998	222	123,613
Corporate	1,741	-	-	1,741
<b>Off-balance sheet commitments total</b>	<b>122,135</b>	<b>2,998</b>	<b>222</b>	<b>125,354</b>
ECL 31 Dec 2020	182	58	35	275
Coverage ratio %	0.1 %	1.9 %	15.6 %	0.2 %
<b>Debt securities</b>	<b>212,354</b>	<b>308</b>	<b>-</b>	<b>212,662</b>
ECL 31 Dec 2020	50	1	-	51
Coverage ratio %	0.0 %	0.5 %	0.0 %	0.0 %
<b>Receivables from credit institutions</b>	<b>274,310</b>	<b>-</b>	<b>-</b>	<b>274,310</b>
ECL 31 Dec 2020	4	-	-	4
Coverage ratio %	0.0 %	-	-	0.0 %
<b>Credit risk by stages total</b>	<b>687,721</b>	<b>7,328</b>	<b>4,099</b>	<b>699,148</b>

## NOTE 8 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31 Dec 2021	31 Dec 2020
Liabilities to credit institutions		
Central Banks	335,245	368,224
Repayable on demand	191,980	241,433
Other	655,626	659,657
<b>Total liabilities to credit institutions</b>		
Liabilities to customers		
Deposits		
Repayable on demand	53,329	36,654
<b>Total liabilities to customers</b>	<b>53,329</b>	<b>36,654</b>
<b>Total liabilities to credit institutions and customers</b>	<b>708,955</b>	<b>696,312</b>

Liabilities to central banks includes secured TLTRO III funding total of 128,400 thousand euros. The funding matures on 27 March 2024 (TLTRO 3.7) and 26 June 2024 (TLTRO 3.8) but for which early repayment is possible from 30 March 2022 and 29 June 2022 onwards. The interest rate on the financing period from 24 June 2020 to 23 June 2022 may be the ECB's deposit rate (-0.5%) less an additional interest rate of 0.5%. The determination of the interest rate is affected by the growth of the POP Bank Group's net lending, and the interest rate for the period 24 June 2021 - 23 June 2022 was determined on the basis of the net lending review period ending on 31 December 2021. The POP Bank Group estimates it has met the growth criteria. 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 2021	31 Dec 2020
Bonds	254,926	224,910
Certificates of deposits	29,995	41,436
<b>Total debt securities issued to the public</b>	<b>284,920</b>	<b>266,346</b>

### DEBT SECURITIES ISSUED TO THE PUBLIC

Name	Issue date	Due date	Interest	Nominal (EUR 1000)	Currency
BONUM FRN 180422	4/18/2019	4/18/2022	EB 3kk + 0,88 %	100,000	EUR
BONUM FRN 120723	6/3/2020	7/12/2023	EB 12kk + 1,044 %	50,000	EUR
BONUM FRN 170124	6/3/2020	1/17/2024	EB 12kk + 1,2 %	55,000	EUR
<b>Debt securities issued during the reporting period</b>					
BONUM FRN 161125	10/20/2021	10/20/2026	EB 3kk + 0,85 %	20,000	EUR
BONUM FRN 161125	11/16/2021	11/16/2025	EB 3kk + 0,75 %	30,000	EUR

Certificates of deposit with a total nominal value of EUR 30 (41.5) million were outstanding on the balance sheet date. Amount of the certificates is 6, nominals range from 1,5 million to 5 million euros with average maturity is 10.7 months.

**DEBT SECURITIES PRESENTED IN CASH FLOW RECONCILIATION TO BALANCE SHEET**

<b>(EUR 1,000)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Balance sheet 1 Jan</b>	<b>142,399</b>	<b>109,713</b>
Increase of bonds	114,764	-
Increase of Certificates of deposits	24,986	72,463
<b>Total increase</b>	<b>139,750</b>	<b>72,463</b>
Decrease of bonds	-119,980	-
Decrease of Certificates of deposits	-47,469	-39,463
<b>Total decrease</b>	<b>-167,449</b>	<b>-39,463</b>
<b>Total changes of cash flow of financial activities</b>	<b>-27,699</b>	<b>33,000</b>
Valuations and accrued interests	130	-315
<b>Balance sheet 31 Dec</b>	<b>114,829</b>	<b>142,399</b>

**NOTE 10 COLLATERAL GIVEN**

<b>(EUR 1,000)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Collaterals given</b>		
Given on behalf of own liabilities and commitments		
Other collateral to the Bank of Finland	144,361	115,673
<b>Total collateral given</b>	<b>144,361</b>	<b>115,673</b>

<b>(EUR 1,000)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Collaterals received</b>		
Collaterals received from banks of POP Group	64,306	59,360
<b>Total collateral given</b>	<b>64,306</b>	<b>59,360</b>

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 Plc. The amount of deposit liabilities in relation to the balance sheet total is confirmed annually.

**NOTE 11 OFF-BALANCE SHEET COMMITMENTS**

<b>(1 000 euroa)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Loan commitments	145,485	125,354
<b>Total off-balance sheet commitments</b>	<b>145,485</b>	<b>125,354</b>

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

## **NOTE 12 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 Alliance, as well as its managing director and deputy managing director. Furthermore, related parties include those entities over which key persons included in the management and/or members of their immediate families have control or joint control. Key persons included in the management comprise Bonum Bank's Board of Directors, CEO and Executive Group. In addition, key persons include POP Bank Alliance 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 2021, Bonum Bank granted housing and consumption loans to related parties at employee terms. These loans are tied to generally applied reference rates.

There has been no material changes in related party transactions since 31 December 2020.

Espoo, February 16th, 2022

Bonum Bank Plc

Board of Directors

**More information**

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