

Bonum Bank Plc

# **HALF-YEAR REPORT**

**1.1.-30.6.2021**

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Bonum Bank Plc Half-Year Report for 1 January – 30 June 2021 is a translation of the original Finnish version “Bonum Pankki Oyj puolivuosisikatsaus 1.1.–30.6.2021”. In case of discrepancies, the Finnish version shall prevail.

## BOARD OF DIRECTORS' REPORT

Bonum Bank Plc (hereinafter "Bonum Bank") is part of the amalgamation of POP Banks and is responsible for providing 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.

Bonum Bank has efficiently provided funding to the POP Banks for their business needs. Bonum Bank has also provided the POP Banks with the option to invest extra liquidity in Bonum Bank, and the POP Banks have actively used this option. During the review period, Bonum Bank participated in the central bank's TLTRO 3.7 and 3.8 operations. Bonum Bank did not issue any new bonds during the first half of the year.

The service centre, which was founded in Vaasa a year ago, has solidified its position within the Group. During the spring, the Group launched a digital housing loan proposal service. The service centre pre-processes all applications submitted to the service. The service centre supported the Group's sales through telephone call campaigns. In addition, several projects are in progress that, when implemented, will centralise routine tasks in the service centre.

The card business has developed well. To support the card business, employees have been provided with sales training, while customer communications have also been renewed. The exceptional circumstances caused by the coronavirus pandemic continue to affect Bonum Bank's external business operations, although there have already been some signs of recovery.

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.

## 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, agricultural and forestry 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.

### STRUCTURE OF THE POP BANK GROUP

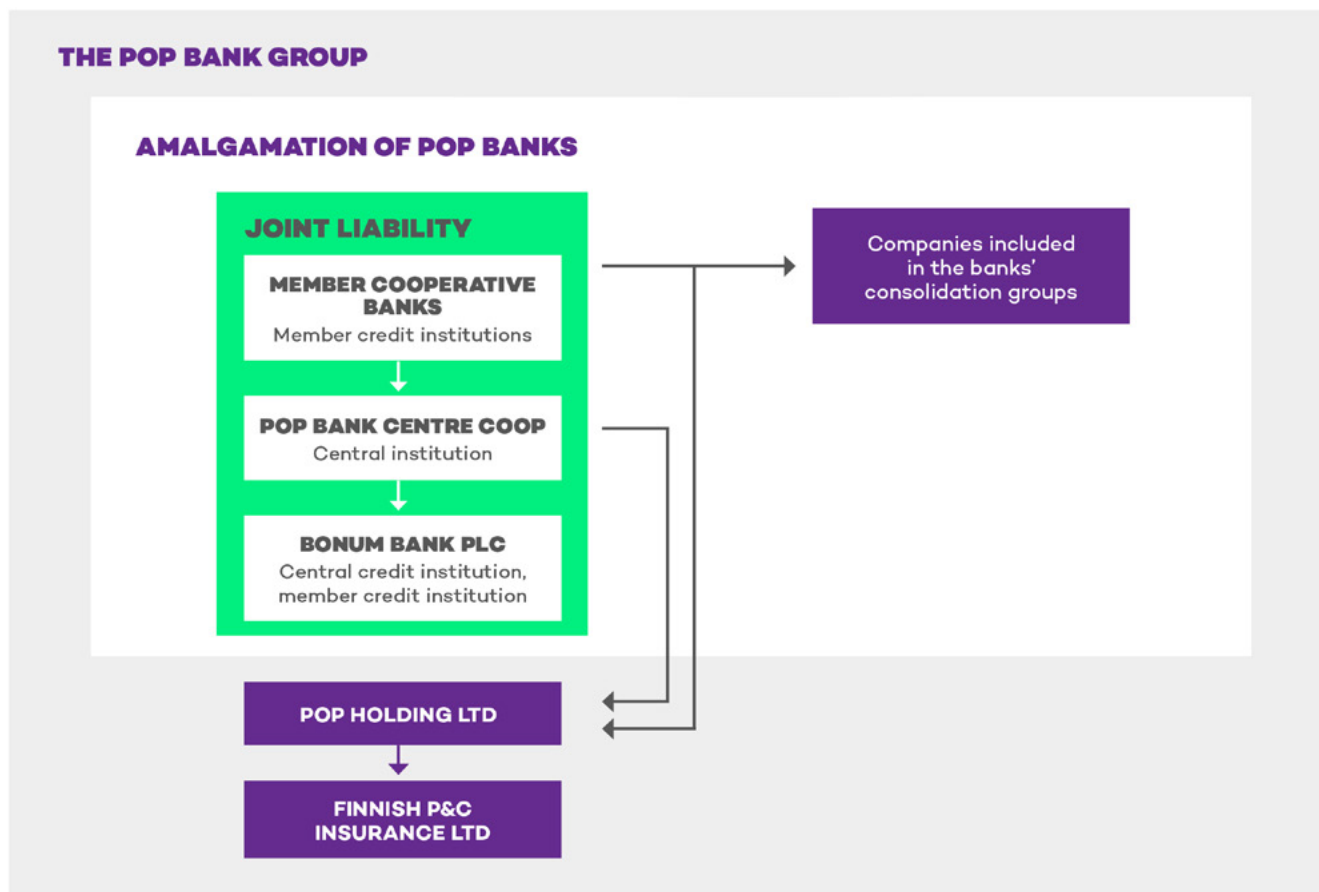
The POP Bank Group comprises of POP Banks and POP Bank Centre coop, and the entities under their control. The most significant companies with customer operations in the POP Bank Group are:

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

The POP Banks are cooperative banks owned by their member customers. POP Bank Centre coop, the central institution, is responsible for the group steering and supervision in accordance with the Act on the Amalgamation of Deposit Banks (24 June 2010/599) (hereinafter referred to as the "Amalgamation Act"). In accordance with the Amalgamation Act, the central institution shall prepare financial statements as a combination of the financial statements or the consolidated financial statements of the central institution and its member credit institutions in accordance with the International Financial Reporting Standards (IFRS).

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

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



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

One merger was completed within the POP Bank Group during the review period. At the end of February 2021, Reisjärven Osuuspankki merged with Siilinjärven Osuuspankki, and the name of the

bank was changed to Järvi-Suomen Osuuspankki. After the merger, the POP Bank Group consists of 21 cooperative banks. The merger was an intra-group arrangement and had no impact on the POP Bank Group's consolidated financial information.

## OPERATING ENVIRONMENT

The Finnish economy started to recover in early 2021 after a challenging 2020, a year characterised by the coronavirus pandemic. The decrease in total economic output in Finland was among the smallest in the eurozone in 2020, and production has rapidly returned to the pre-crisis level in many sectors.

Driven by the export industry, this trend also improved the situation of companies in the domestic market. Increased economic activity has been seen in brisk corporate loan demand. In some sectors, the recovery rate has been slowed by a global shortage of components and raw materials. For example with renovation and construction picking up, prices of the various materials have increased, and its availability has decreased. The tourism, catering and event sectors in particular continued to suffer from various restrictions during the first half of the year, but even these sectors are expected to fare better in the second half.

Consumer confidence has improved, and the recovery of consumption has also been driven by the additional savings accumulated last year. Furthermore, because interest rates continue to be at a very low level, the sales of various durable goods, as well as apartments and holiday homes, were at a good level during the first half of the year. However, business owners and employees in sectors heavily affected by the pandemic are at a disadvantage in these circumstances. While unemployment decreased during the first half of the year, the number of long-term unemployed increased.

The rapid recovery of the economy and the release of pent-up consumption, combined with the shortage of components, have been factors behind the rise in inflation that started in the first half of the year. The European Central Bank's highly expansionary policy, including securities purchases, funding for banks under special conditions and low interest rates, have had a similar impact. Housing prices in growth centres, as well as share prices, have continued to rise. Outside the growth centres in Finland, housing price rises have been moderate in recent years, but the number of deals has increased somewhat.

Earlier of the year, inflation in the euro area was faster than before and also in Finland, the price increases accelerated. In Finland, compared to the previous year, especially the prices of the fuel and town house properties as well as costs of the basic renovations speeded up the inflation. In the beginning of the July, in the pursuit of price stability, ECB decided to aim to the symmetric inflation target of two per cent over the medium period, whereas earlier the aim was below two per cent.

In the public sector, indebtedness increased significantly last year and this year, and is at a markedly higher level than before. However, the short-term negative impacts of the pandemic have been successfully mitigated by targeting state aid at companies and municipalities. Nevertheless, Finland's structural problems remain unresolved, and, although the direct cost impacts of indebtedness are small in a low-interest environment, as interest rates rise the already high rate of taxation does not allow any leeway without negatively affecting economic growth.

## KEY RATIOS

### KEY INCOME FIGURES

(EUR 1,000)	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Net interest income	3,866	3,715	7,061
Net commissions and fees	4,096	3,575	7,207
Net investment income	174	226	440
Personnel expenses	-2,252	-1,530	-3,137
Other operating expenses	-3 723	-3,829	-7,638
Impairment losses on financial assets	-1,812	-1,778	-3,865
Profit before taxes	1,011	701	888

### KEY BALANCE SHEET FIGURES

(EUR 1,000)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Loan portfolio	443,286	427,545	399,126
Deposit portfolio	750,115	612,458	696,311
Equity capital	35,292	32,919	34,368
Balance sheet total	1,024,680	906,208	1,006,480

### KEY RATIOS

	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Cost to income ratio	70.5 %	69.8 %	71.4 %
Return on assets, ROA %	0.2 %	0.2 %	0.1 %
Return on equity, ROE %	4.6 %	3.4 %	2.1 %
Equity ratio, %	3.4 %	3.6 %	3.4 %
Common equity Tier 1 capital ratio, (CET1) %	23.3 %	24.7 %	24.1 %
Capital adequacy ratio, (TC) %	23.3 %	24.7 %	24.1 %

The calculation formulas for key indicators are presented on page 10 of the Bonum Bank Plc's Board of Director's Report and Financial Statements 1 January – 31 December 2020.

## PERFORMANCE AND BALANCE SHEET

For financial performance items, the point of comparison is 30 June 2020. For the balance sheet and capital adequacy, the point of comparison is 31 December 2020.

### PERFORMANCE

Bonum Bank's profit before taxes was EUR 1,011 (701) thousand in the comparison period thousand. Its profit for the period was EUR 804 (561) thousand. The cost-to-income ratio for the review period was 70,5 (69,8) per cent.

Operating income increased by 16,5 per cent to EUR 9,557 (8,204) thousand. The change in operating income resulted from an increase in net commissions and fees and other operating income.

Net interest income increased by 4.1 per cent to EUR 3,866 (3,715) thousand. Interest income was EUR 5,226 (4,312) thousand. Interest expenses totalled EUR 1,360 (597) thousand. The "Other interest income" item includes interest income based on the negative interest rates of TLTRO loans. The increase in interest expenses arising from debt securities issued to the public is explained by the issue of EUR 110 million in bonds in May 2020.

Net commissions and fees increased by 14.6 per cent to EUR 4,096 (3,575) thousand. Commissions totalled EUR 4,740 (4,577) thousand. Fees decreased to EUR 644 (1,002) thousand. The change is explained by a decrease of EUR 378 thousand in fees in the card business.

Net investment income was EUR 174 (226) thousand.

Other operating income totalled EUR 1,420 (687) thousand. The increase is mainly explained by an increase in internal invoicing within the POP Bank Group.

Operating expenses grew by 17.6 per cent to EUR 6,734 (5,724) thousand. Operating expenses increased because of higher personnel expenses in

particular, as well as depreciation on tangible and intangible assets.

Personnel expenses totalled EUR 2,252 (1,530) thousand in the review period. The change in personnel expenses is explained especially by the increase in the number of employees at the Vaasa service centre. Bonum Bank had a total of 58 (42) employees at the end of the review period.

Other operating expenses totalled EUR 3,723 (3,829) thousand. This item includes office expenses, ICT expenses and marketing costs.

Depreciation and impairment on tangible and intangible assets increased by 108.3 per cent to EUR 760 (365) thousand.

Impairment losses on financial assets totalled EUR 1,821 (1,778) thousand.

### BALANCE SHEET

At the end of the review period, Bonum Bank's balance sheet stood at EUR 1,024,680 (1,006,480) thousand.

Loans and receivables from credit institutions increased during the reporting period to EUR 348,453 (314,967) thousand. This item includes the funding provided by Bonum Bank to other member banks of the POP Bank Group.

Loans and receivables from customers increased by 12.7 per cent during the review period, totalling EUR 94,833 (84,159) thousand. This item includes the credit used on credit cards issued by Bonum Bank and other loan products issued by Bonum Bank to its customers.

Liabilities to credit institutions increased by 8.0 per cent during the reporting period and were EUR 712,345 (659,657) thousand. This item includes deposits made by other member banks of the POP Bank Group, TLTRO loans from the central bank and deposits made by other banks outside the Group. During the reporting period, Bonum Bank participated in two TLTRO operations organised by the Bank of Finland. The total amount of TLTRO loans

increased by EUR 78,400 thousand during the reporting period.

The amount of debt securities issued to the public decreased by 14.8 per cent to EUR 226,932 (266,346) thousand during the review period. Bonum Bank did not issue any new bonds or certificates of deposit during the reporting period.

## 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.

## RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION

### PRINCIPLES AND ORGANISATION OF RISK MANAGEMENT

The purpose of Bonum Bank's risk management is to ensure that significant risks arising from its business operations are identified, measured, assessed and limited, and that their monitoring is organised in accordance with appropriate internal control principles. Risk management is part of the capital adequacy management process, which aims to ensure that the risk levels are proportion-

ate to the bank's risk-bearing capacity and do not jeopardise the bank's capital adequacy position.

In terms of Bonum Bank's business operations and capital adequacy, the key risk management areas are credit risk, interest rate risk, liquidity risk and operational risks.

## CAPITAL ADEQUACY

Bonum Bank applies the standard method to the calculation of the capital adequacy requirement for credit risk and the basic method for operational risk. Bonum Bank's own funds consist of share capital, retained earnings and other non-restricted reserves, less the deductible items in accordance with the EU's Capital Requirements Regulation (No. 575/2013). On 30 June 2021, Bonum Bank's CET1 capital totalled EUR 27,554 (EUR 26,568 on 31 December 2020) thousand, and its CET1 capital adequacy ratio was 23.3 (24.1) per cent.

During the first half of 2021, Bonum Bank's own funds increased moderately through decreasing capitalisations due to profit and depreciation for the previous financial year. The growth of the loan portfolio slowed because of the exceptional circumstances caused by the coronavirus pandemic. At the same time, risk-weighted receivables increased moderately during the spring.

The result of the first half of 2021 has not been included in own funds.



**SUMMARY OF CAPITAL ADEQUACY**

<b>(EUR 1,000)</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
<b>Own funds</b>		
Common Equity Tier 1 capital before deductions	34,487	33,656
Deductions from Common Equity Tier 1 capital	-6,934	-7,088
<b>Total Common Equity Tier 1 capital (CET1)</b>	<b>27,554</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>27,554</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>27,554</b>	<b>26,568</b>
<b>Total risk weighted assets</b>	<b>118,277</b>	<b>110,125</b>
of which credit risk	90,952	83,048
of which credit valuation adjustment risk (CVA)	-	-
of which market risk (exchange rate risk)	3,114	2,867
of which operational risk	24,210	24,210
<b>Fixed capital conservation buffer according to Act on Credit institutions (2.5%)</b>	<b>2,957</b>	<b>2,753</b>
<b>Countercyclical capital buffer</b>	<b>3</b>	<b>-</b>
<b>CET1 Capital ratio (%)</b>	<b>23.3 %</b>	<b>24.1 %</b>
<b>T1 Capital ratio (%)</b>	<b>23.3 %</b>	<b>24.1 %</b>
<b>Total capital ratio (%)</b>	<b>23.3 %</b>	<b>24.1 %</b>
<b>Capital requirement</b>		
Total capital	27,554	26,568
Capital requirement *	12,422	11,563
Capital buffer	15,131	15,005
<b>Leverage ratio</b>		
Tier 1 capital (T1)	27,554	26,568
Leverage ratio exposure	719,286	730,690
Leverage ratio, %	3.8 %	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.

## CREDIT RISK AND CONCENTRATIONS

During the first half of 2021, Bonum Bank's credit risk position remained at the same level as it had been at the end of 2020. Balance sheet items exposed to credit risk totalled EUR 290,956 (300,426) thousand on 30 June 2021. Bonum Bank's off-balance sheet credit commitments totalled EUR 141,177 (125,354) thousand, consisting mainly of unrestricted credit facilities related to card credits and the POP Banks' liquidity facilities.

At the end of the review period, investment assets totalled EUR 194,814 (215,345) thousand, which consisted of debt securities included in the bank's liquidity reserve. In addition, the bank had a total of EUR 4,289 (3,621) thousand in short-term bank receivables belonging to the liquidity portfolio.

The retail banking segment's loan portfolio increased by 12.7 per cent during the review period, amounting to EUR 94,833 (84,159) thousand. Most of the lending was unsecured lending, which represented 69.7 per cent of the loan portfolio. Loans granted to private customers represented 86.0 (92.0) per cent of the loan portfolio.

With regard to the unsecured loan portfolio, EUR 1,831 (812) thousand was recognised as final credit losses in the first half of 2021. Receivables overdue by more than 90 days represented 3.9 (4.7) per cent of the loan portfolio. No credit losses or non-performing receivables were recognised for other balance sheet items. Active collection measures are being targeted at receivables recognised as credit losses.

Expected credit losses (ECL) on loans, receivables and off-balance sheet items increased by EUR 18 thousand during the first half of the year, amounting to EUR 2,939 (2,958) thousand.

## LIQUIDITY RISKS

The POP Bank Group's liquidity position remained strong during the review period. The liquidity requirement (Liquidity Coverage Ratio, LCR) for the

amalgamation of POP Banks was 176.0 (191.4) per cent on 30 June 2021, the minimum level being 100 per cent. At the end of the review period, Bonum Bank had EUR 565,526 (621,909) thousand in LCR-eligible liquid assets before haircuts, of which 68.2 (63.0) per cent consisted of cash and receivables from the central bank and 26.3 (32.4) per cent consisted of highly liquid Level 1 securities.

Of Bonum Bank's EUR 750 million bond programme, EUR 205.0 (225.0) million in unsecured senior loans was outstanding at the end of the review period. Of the bank's EUR 250 million certificate of deposit programme, EUR 22.0 (41.5) million was outstanding. In addition, Bonum Bank has a EUR 35 million loan programme with the Nordic Investment Bank (NIB). On 30 June 2021, Bonum Bank had EUR 128.4 (50.0) million in secured long-term funding from the European Central Bank's TLTRO III funding operations.

The requirement for net stable funding, NSFR, became binding in 2021 (28 June 2021) as part of CRR II Regulation 2019/876. The minimum level of the requirement is 100 per cent. The NSFR measures the maturity mismatch of assets and liabilities on the balance sheet and ensures that the ongoing funding is sufficient to meet funding needs over a one-year period, thus preventing over-reliance on short-term wholesale funding.

## MARKET RISKS

Bonum Bank's market risk levels remained moderate during the first half of the year. The interest rate risk is the most significant market risk related to Bonum Bank's business operations. The interest rate risk refers to the impact of changes in interest levels on the market value of balance sheet and off-balance-sheet items, or on net interest income. The interest rate risk arises from differences in the interest terms of receivables and liabilities and mismatches in interest rate repricing and maturity dates. The objective of interest rate risk management is to stabilise the interest rate risk involved in the bank's balance sheet at a level at which business operations are profitable, but profit

or capital adequacy is not threatened, even during considerable changes in the interest rate environment.

The interest rate risk arises from liquidity reserve investment activities and banking book operations. Bonum Bank did not use any derivatives during the first half of 2021.

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

Bonum Bank's role as a service provider for the banks of the amalgamation will become stronger with the implementation of the projects that are currently being planned. In addition, the outlook for Bonum Bank's own business operations for the rest of the year is bright. The full-year result is expected to be positive. The result involves uncertainty arising from the impairment provisions and credit losses related to the increase in lending, as well as uncertainty caused by the general market situation.

## **EVENTS AFTER THE REVIEW PERIOD**

S&P Global Ratings confirmed Bonum Bank's credit rating in August. The credit rating remained unchanged, with a stable outlook.

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

## HALF-YEAR REPORT 1.1-30.6.2021

### INCOME STATEMENT

(EUR 1,000)	Note	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	Change %
Interest income		5,226	4,312	21.2
Interest expenses		-1,360	-597	128.0
<b>Net interest income</b>	2	<b>3,866</b>	<b>3,715</b>	<b>4.1</b>
Net commissions and fees	3	4,096	3,575	14.6
Net investment income	4	174	226	-23.0
Other operating income		1,420	687	106.6
<b>Total operating income</b>		<b>9,557</b>	<b>8,204</b>	<b>16.5</b>
Personnel expenses		-2,252	-1,530	47.1
Other operating expenses		-3,723	-3,829	-2.8
Depreciation and amortisatio		-760	-365	108.3
<b>Total operating expenses</b>		<b>-6,734</b>	<b>-5,724</b>	<b>17.6</b>
Impairment losses on financial assets	7	-1,812	-1,778	1.9
<b>Profit before taxes</b>		<b>1,011</b>	<b>701</b>	<b>44.2</b>
Income tax expense		-206	-140	<b>47.1</b>
<b>Profit for the period</b>		<b>804</b>	<b>561</b>	<b>43.4</b>

### STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	Change %
<b>Profit for the period</b>	<b>804</b>	<b>561</b>	<b>43.4</b>
Other comprehensive income			
Items that may not be reclassified to profit or loss			
Changes in fair value reserve			
Equity instruments	-99	-96	2.5
Items that may be reclassified to profit or loss			
Changes in fair value reserve			
Debt instruments	218	22	906.1
<b>Total comprehensive income</b>	<b>924</b>	<b>486</b>	<b>90</b>

## BALANCE SHEET

(EUR 1,000)	Note	30 Jun 2021	31 December 2020	Change %
<b>Assets</b>				
Liquid assets		374,881	380,108	-1.4
Loans and receivables from credit institutions	5	348,453	314,967	10.6
Loans and receivables from customers	5	94,833	84,159	12.7
Investment assets		194,814	215,354	-9.5
Intangible assets		6,199	6,937	-10.6
Property, plant and equipment		284	367	-22.6
Other assets		5,183	4,528	14.5
Tax assets		32	58	-45.6
<b>Total assets</b>		<b>1,024,680</b>	<b>1,006,480</b>	<b>1.8</b>
<b>Liabilities</b>				
Liabilities to credit institutions	5, 8	712,345	659,657	8.0
Liabilities to customers	5, 8	37,769	36,654	3.0
Debt securities issued to the public	9	226,932	266,346	-14.8
Other liabilities		11,561	8,653	33.6
Tax liabilities		781	800	-2.4
<b>Total liabilities</b>		<b>989,388</b>	<b>972,112</b>	<b>1.8</b>
<b>Equity</b>				
Share capital		10,000	10,000	0.0
Reserves		22,318	22,199	0.5
Retained earnings		2,974	2,169	37.1
<b>Total equity capital</b>		<b>35,292</b>	<b>34,368</b>	<b>2.7</b>
<b>Total liabilities and equity capital</b>		<b>1,024,680</b>	<b>1,006,480</b>	<b>1.8</b>

## 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 1 Jan 2021</b>	<b>10,000</b>	<b>2,199</b>	<b>20,000</b>	<b>2,169</b>	<b>34,368</b>
Total comprehensive income					
Profit for the period	-	-	-	804	804
Other comprehensive income	-	119	-	-	119
<b>Total comprehensive income</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>564</b>	<b>684</b>
<b>Balance at 30 Jun 2021</b>	<b>10,000</b>	<b>2,318</b>	<b>20,000</b>	<b>2,734</b>	<b>35,292</b>

<b>(EUR 1,000)</b>	<b>Share capital</b>	<b>Fair value reserve</b>	<b>Other</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 1 Jan 2020</b>	<b>10,000</b>	<b>976</b>	<b>20,000</b>	<b>1,457</b>	<b>32,433</b>
Total comprehensive income					
Profit for the period	-	-	-	561	561
Other comprehensive income	-	-75	-	-	-75
<b>Total comprehensive income</b>	<b>-</b>	<b>-75</b>	<b>-</b>	<b>561</b>	<b>486</b>
<b>Balance at 30 Jun 2020</b>	<b>10,000</b>	<b>901</b>	<b>20,000</b>	<b>2,018</b>	<b>32,919</b>

## CASH FLOW STATEMENT

(EUR 1,000)	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020
<b>Cash flow from operations</b>		
Profit for the period	804	561
Adjustments to profit for the financial year	2,751	2,340
<b>Increase (-) or decrease (+) in business assets</b>	<b>-25,309</b>	<b>-244,367</b>
Receivables from credit institutions	-32,817	-89,212
Receivables from customers	-12,530	-10,124
Notes and bonds	20,692	-144,285
Other assets	-654	-746
<b>Increase (+) or decrease (-) in business liabilities</b>	<b>56,889</b>	<b>180,046</b>
Liabilities to credit institutions	52,688	159,640
Liabilities to customers	1,115	19,540
Provisions and other liabilities	3,086	867
Income taxes paid	-229	-1
<b>Total cash flow from operations</b>	<b>34,906</b>	<b>-61,421</b>
<b>Cash flow from investments</b>		
Investments in tangible and intangible assets	61	-1,696
<b>Total cash flow from investments</b>	<b>61</b>	<b>-1,696</b>
<b>Cash flow from financing</b>		
Lease liabilities, decrease	-78	-57
Increases in debt securities issued to the public	-	176,909
Decreases in debt securities issued to the public	-39,448	-39,990
<b>Total cash flow from financing</b>	<b>-39,526</b>	<b>136,861</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of period	383,729	159,268
Cash and cash equivalents at end of period	379,170	233,012
<b>Total cash flow from cash and cash equivalents</b>	<b>-4,559</b>	<b>73,745</b>

<b>(EUR 1,000)</b>	<b>1 Jan–30 Jun 2021</b>	<b>1 Jan–30 Jun 2020</b>
<b>Interest received</b>	<b>4,570</b>	<b>3,910</b>
<b>Interest paid</b>	<b>1,312</b>	<b>411</b>
<b>Dividends received</b>	<b>4</b>	<b>5</b>
<b>Adjustments to profit for the financial year</b>		
<b>Non-cash items and other adjustments</b>		
Impairment losses on receivables	1,812	1,778
Depreciation	-	-
Depreciation	760	365
Other	179	197
<b>Adjustments to profit for the financial year</b>	<b>2,751</b>	<b>2,340</b>
<b>Cash funds</b>		
Receivables from credit institutions repayable on demand	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents</b>		
Liquid assets	374,881	228,879
Receivables from credit institutions repayable on demand	4,289	4,134
<b>Total</b>	<b>379,170</b>	<b>233,012</b>



## NOTES

### NOTE 1 ACCOUNTING PRINCIPLES

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

The half-year report for 1 January – 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting and the accounting policies presented in Bonum Bank's IFRS financial statements 31 December 2020.

The figures disclosed in the half-year report are unaudited. The figures in the half-year report are in thousand euros, unless otherwise stated. The figures in the calculations and tables are rounded, whereby the sum total of individual figures may deviate from the sum total presented.

Copy of Bonum Bank's half-year report is available from its office at Hevosenkä 3, FI-02600 Espoo, and online at [www.bonumpankki.fi](http://www.bonumpankki.fi).

#### CHANGES IN THE ACCOUNTING POLICIES

The new amendments to the accounting IFRS-standards that were adopted in at the beginning of the financial year have not had an impact on the Bonum Bank's financial information.

#### Definition of default

At the beginning of 2021, the Bonum Bank adopted a new definition of default in calculation of expected credit losses, in accordance with Article 178 of the EU Capital Requirements Regulation 575/2013. Liabilities are classified in stage 3 of expected credit losses calculation, when they meet the default criteria.

The effect of the new definition of default is included in Note 7 Impairment losses on financial assets.

#### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of IFRS requires the management's assessments and assumptions concerning the future. These affect the reported amounts in the financial statements and the information included in the notes. The management's main estimates concern the future and the key uncertainties related to the amounts at the balance sheet date. In particular, they are related to fair value assessment and impairment of financial assets and intangible assets, as well as the assumptions used in actuarial analyses. The management's estimates and assumptions are based on the best view at the balance sheet date, which may differ from the actual result. More detailed information on the fair values and valuation techniques of financial assets is provided in Note 6.

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

#### IMPAIRMENT OF FINANCIAL ASSETS

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

## NOTES

### NOTE 2 INTEREST INCOME AND EXPENSES

(EUR 1,000)	1 Jan-30 Jun 2021	1 Jan-30 Jun 2020
<b>Interest income</b>		
Loans and receivables to credit institutions	1,394	1,294
Loans and receivables to customers	2,958	2,933
Debt securities		
At fair value through other comprehensive income	66	57
At amortised cost	155	27
Other interest income	654	1
<b>Total interest income</b>	<b>5,226</b>	<b>4,312</b>
Of which negative interest expenses	1,565	1,022
<b>Interest expenses</b>		
Liabilities to credit institutions	-483	-142
Liabilities to customers	-7	-12
On debt securities issued to the public	-644	-398
Other interest expenses	-226	-45
<b>Total interest expenses</b>	<b>-1,360</b>	<b>-597</b>
Of which negative interest income	-572	-87
<b>Net interest income</b>	<b>3,866</b>	<b>3,715</b>

### NOTE 3 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan-30 Jun 2021	1 Jan-30 Jun 2020
<b>Fee and commission income</b>		
Lending	218	195
Card business	2,579	2,502
Payment transfers	1,806	1,755
Other	137	125
<b>Total fee and commission income</b>	<b>4,740</b>	<b>4,577</b>
<b>Fee and commission expenses</b>		
Card business	-230	-608
Payment transfers	-377	-359
Other	-36	-35
<b>Total fee and commission expenses</b>	<b>-644</b>	<b>-1,002</b>
<b>Net commissions and fees</b>	<b>4,096</b>	<b>3,575</b>

**NOTE 4 NET INVESTMENT INCOME**

<b>(EUR 1,000)</b>	<b>1 Jan-30 Jun 2021</b>	<b>1 Jan-30 Jun 2020</b>
<b>At fair value through other comprehensive income</b>		
Debt securities		
Capital gains and losses	-	31
Transferred from fair value reserve to the income statement	-	21
Shares and participations		
Dividend income	4	5
<b>Total</b>	<b>4</b>	<b>57</b>
<b>Net income from foreign exchange trading</b>	<b>170</b>	<b>169</b>
<b>Total net investment income</b>	<b>174</b>	<b>226</b>

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

## NOTE 5 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

### FINANCIAL ASSETS 30 JUNE 2021

(EUR 1,000)	At amortised cost	At fair value through other comprehensive income	Expected credit loss	Total
Liquid assets	374,881	-	-	374,881
Loans and receivables from credit institutions	348,457	-	5	348,453
Loans and receivables from customers	97,519	-	2,686	94,833
Debt securities *	40,000	151,848	14	191,834
Shares and participations	-	2,980	-	2,980
<b>Total financial assets</b>	<b>860,858</b>	<b>154,828</b>	<b>2,705</b>	<b>1,012,981</b>
Other assets				11,698
<b>Total assets 30 Jun</b>				<b>1,024,680</b>

\*Expected credit loss of EUR 35 thousand from debt securities, measured at fair value through other comprehensive income, have been recorded in the fair value reserve.

### FINANCIAL ASSETS 31 DECEMBER 2020

(EUR 1,000)	At amortised cost	At fair value through other comprehensive income	Expected credit loss	Total
Liquid assets	380,108	-	-	380,108
Loans and receivables from credit institutions	314,972	-	5	314,967
Loans and receivables from customers	86,821	-	2,662	84,159
Debt securities *	40,000	172,662	16	212,647
Shares and participations	-	2,708	-	2,708
<b>Total financial assets</b>	<b>821,901</b>	<b>175,370</b>	<b>2,683</b>	<b>994,589</b>
Other assets				11,891
<b>Total assets 30 Jun</b>				<b>1,006,480</b>

\*Expected credit loss of EUR 35 thousand from debt securities, measured at fair value through other comprehensive income, have been recorded in the fair value reserve.

**FINANCIAL LIABILITIES 30 JUNE 2021**

<b>(EUR 1,000)</b>	<b>At amortised cost</b>	<b>Total</b>
Liabilities to credit institutions	712,345	712,345
Liabilities to customers	37,769	37,769
Debt securities issued to the public	226,932	226,932
<b>Total financial liabilities</b>	<b>977,046</b>	<b>977,046</b>
Other than financial liabilities		12,341
<b>Total liabilities 30 Jun</b>		<b>989,388</b>

**FINANCIAL LIABILITIES 31 DECEMBER 2020**

<b>(EUR 1,000)</b>	<b>At amortised cost</b>	<b>Total</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>Total financial liabilities</b>	<b>962,658</b>	<b>962,658</b>
Other liabilities		9,454
<b>Total liabilities 30 Jun</b>		<b>972,112</b>

## NOTE 6 FAIR VALUE MEASUREMENTS BY VALUATION TECHNIQUE

(EUR 1,000)	30 Jun 2021		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Liquid assets	374,881	374,881	380,108	380,108
Loans and receivables from credit institutions	348,453	348,453	314,967	314,967
Loans and receivables from customers	94,833	100,571	84,159	90,092
Investment assets				
Debt securities	191,834	191,834	212,647	212,647
Shares and participations	2,980	2,980	2,708	2,708
<b>Total</b>	<b>1,012,981</b>	<b>1,018,719</b>	<b>994,589</b>	<b>1,000,522</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	712,345	712,345	659,657	659,657
Liabilities to customers	37,769	37,769	36,654	36,654
Debt securities issued to the public	226,932	230,829	266,346	270,944
<b>Total</b>	<b>977,046</b>	<b>980,943</b>	<b>962,658</b>	<b>967,256</b>

## FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE

### FINANCIAL ASSETS AT FAIR VALUE 30 JUN 2021

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
<b>Fair value through other comprehensive income</b>				
Shares and participations	-	-	2,980	2,980
Debt securities	106,133	85,701	-	191,834
<b>Total financial assets</b>	<b>106,133</b>	<b>85,701</b>	<b>2,980</b>	<b>194,814</b>

## FINANCIAL ASSETS AT FAIR VALUE 31 DEC 2020

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
<b>Fair value through other comprehensive income</b>				
Shares and participations	-	-	2,708	2,708
Debt securities	109,494	103,153	-	212,647
<b>Total financial assets</b>	<b>109,494</b>	<b>103,153</b>	<b>2,708</b>	<b>215,354</b>

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

Financial assets and liabilities are recognised in balance sheet at fair value or amortised cost. Classification and valuation of financial instruments are described in more detail in Bonum Bank Plc's 2020 Financial Statements Report's Note 1 Accounting policies.

### FAIR VALUE HIERARCHIES

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

**Level 2** includes financial instruments 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 that are not measured using market quotations or values determined on the basis of observable market prices using measurement techniques or models. The assumptions applied in the measurement techniques often involve insecurity. The fair value of assets allocated to Level 3 is often based on price information obtained from a third party. This group includes unlisted shares and funds and investment properties.

### TRANSFERS BETWEEN FAIR VALUE HIERARCHY LEVELS

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

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

(EUR 1,000)	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>Carrying amount 1 Jan 2021</b>	-	<b>2,708</b>	<b>2,708</b>
+/- Unrealised changes in value recognised in other comprehensive income	-	272	272
<b>Carrying amount 30 Jun 2021</b>	-	<b>2,980</b>	<b>2,980</b>

(EUR 1,000)	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>Carrying amount 1 Jan 2020</b>	-	<b>1,468</b>	<b>1,468</b>
+/- Unrealised 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

30 Jun 2021	Carrying amount	Possible effect on equity capital	
		Positive	Negative
Fair value through other comprehensive income	2,980	447	-447
<b>Total</b>	<b>2,980</b>	<b>447</b>	<b>-447</b>

31 Dec 2020	Carrying amount	Possible effect on equity capital	
		Positive	Negative
Fair value through other comprehensive income	2,708	406	-406
<b>Total</b>	<b>2,707,697</b>	<b>406,154</b>	<b>-406,154</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 per cent.

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



## NOTE 7 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

### IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

(EUR 1,000)	1 Jan - 31 Jun 2021	1 Jan - 31 Jun 2020
Change of ECL due to write-offs	866	315
Change of ECL, receivables from customers and off-balance sheet items	-848	-1,260
Change of ECL, debt securities	2	-21
Final credit losses	-1,831	-812
<b>Impairment losses on financial assets total</b>	<b>-1,812</b>	<b>-1,778</b>

During the financial year, EUR 1,831 (812) 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 are presented in IFRS financial statements of the Bonum Bank on 31 December 2020, Note 2 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

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
<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	10	-28	-202	-220
Transfers to stage 2	-76	49	-95	-122
Transfers to stage 3	-69	-37	1,003	897
Increases due to origination	278	74	17	369
Decreases due to derecognition	-155	-7	-698	-861
Changes due to change in credit risk (net)	-37	-3	867	826
Decreases due to write-offs	-	-	-866	-866
<b>Total</b>	<b>-50</b>	<b>47</b>	<b>27</b>	<b>23</b>
<b>ECL 30 Jun 2021</b>	<b>996</b>	<b>136</b>	<b>1,554</b>	<b>2,686</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	-40	-17	<b>-52</b>
Transfers to stage 2	-1	3	-3	<b>0</b>
Transfers to stage 3	0	0	8	<b>7</b>
Increases due to origination	40	0	3	<b>43</b>
Decreases due to derecognition	-3	-	-	<b>-3</b>
Changes due to change in credit risk (net)	-33	-5	2	<b>-36</b>
<b>Total</b>	<b>190</b>	<b>15</b>	<b>29</b>	<b>234</b>
<b>ECL 30 Jun 2021</b>	<b>190</b>	<b>15</b>	<b>29</b>	<b>234</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>
Increases due to origination	12	-	-	12
Decreases due to derecognition	-7	-	-	-7
Changes due to change in credit risk (net)	-6	0	-	-6
<b>Total</b>	<b>-2</b>	<b>0</b>	<b>-</b>	<b>-2</b>
<b>ECL 30 Jun 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	1	-	-	1
Decreases due to derecognition	0	-	-	0
Changes due to change in credit risk (net)	-1	-	-	-1
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>ECL 30 Jun 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 30 Jun 2021</b>	<b>1,238</b>	<b>152</b>	<b>1,583</b>	<b>2,973</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>0</b>	<b>0</b>	<b>1</b>
<b>ECL 31 Dec 2020</b>	<b>4</b>	<b>0</b>	<b>0</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 30 JUN 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	75,712	3,259	3,950	82,921
Corporate	14,598	-	-	14,598
<b>Receivables from customers total</b>	<b>90,310</b>	<b>3,259</b>	<b>3,950</b>	<b>97,519</b>
ECL 30 Jun 2021	996	136	1,554	2,686
Coverage ratio %	1.1 %	4.2 %	39.3 %	2.8 %
<b>Off-balance sheet commitments</b>				
Private	135,928	982	218	137,128
Corporate	4,049	-	-	4,049
<b>Off-balance sheet commitments total</b>	<b>139,978</b>	<b>982</b>	<b>218</b>	<b>141,177</b>
ECL 30 Jun 2021	190	15	29	234
Coverage ratio %	0.1 %	1.6 %	13.3 %	0.2 %
<b>Debt securities</b>				
ECL 30 Jun 2021	48	1	-	49
Coverage ratio %	0.0 %	0.3 %	-	0.0 %
<b>Receivables from credit institutions</b>				
ECL 30 Jun 2021	4	-	-	4
Coverage ratio %	0.0 %	-	-	0.0 %
<b>Credit risk by stages total</b>	<b>727,784</b>	<b>4,552</b>	<b>4,168</b>	<b>736,504</b>

The table above summarizes the exposure to credit risk and the amount of the expected credit loss in relation to the amount of the exposure in stages. The coverage ratio illustrates the relative share of the ECL in the amount of exposure. There were no significant changes in the coverage ratio during the period.

**CREDIT RISK BY STAGES 31 DEC 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 %
<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**

<b>(EUR 1,000)</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
<b>Liabilities to credit institutions</b>		
To central banks	128,400	50,000
To other credit institutions		
Repayable on demand	380,240	368,224
Other	203,705	241,433
<b>Total liabilities to credit institutions</b>	<b>712,345</b>	<b>659,657</b>
<b>Liabilities to customers</b>		
Deposits		
Repayable on demand	15,269	9,154
Others than repayable on demand	22,500	27,500
<b>Total liabilities to customers</b>	<b>37,769</b>	<b>36,654</b>
<b>Total liabilities to credit institutions and customers</b>	<b>750,115</b>	<b>696,312</b>

Liabilities to central banks includes secured TLTRO III funding, which matures on 30 June 2023, but for which early repayment is possible from 29 September 2021. 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 2020 - 23 June 2021 was determined on the basis of the net lending review period ending on 31 March 2021. The POP Bank Group estimates it has met the growth criteria. For the current interest period, the management of the POP Bank Group monitors the fulfillment of the growth criteria and, if necessary, changes the management's estimate in a way that in addition to the ECB's -0.5% deposit rate, an additional interest rate is recognized in the income statement. 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

(1 000 EUR)	30 Jun 2021	31 Dec 2020
Debt securities issued to the public	204,941	224,910
Certificates of deposits	21,991	41,436
<b>Total debt securities issued to the public</b>	<b>226,932</b>	<b>266,346</b>

Certificates of deposit with a total nominal value of EUR 22,0 (41,5) million were outstanding on the balance sheet date. Amount of the certificates is 7, nominals range from 2 million to 5 million euros with average maturity of 2 months.

### DEBT SECURITIES

(EUR 1,000)					Carrying amount	
Name	Nominal	Issue date	Due date	Interest	30 Jun 2021	31 Dec 2020
BONUM FRN 290121	20,000	29.1.2019	29.1.2021	EB 3kk + 0,75 %	-	19,999
BONUM FRN 180422	100,000	18.4.2019	18.4.2022	EB 3kk + 0,88 %	99,956	99,929
BONUM FRN 120723	50,000	3.6.2020	12.7.2023	EB 12kk + 1,044 %	49,997	49,996
BONUM FRN 170124	55,000	3.6.2020	17.1.2024	EB 12kk + 1,2 %	54,988	54,986
<b>Total</b>					<b>204,941</b>	<b>224,910</b>

### AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

(EUR 1,000)	30 Jun 2021	31 Dec 2020
<b>Balance sheet 1 Jan</b>	<b>266,346</b>	<b>114,829</b>
Debt securities issued, increase	-	129,995
Certificates of deposits, increase	-	116,826
<b>Total increase</b>	<b>-</b>	<b>246,821</b>
Debt securities issued, decrease	-20,000	-
Certificates of deposits, decrease	-19,448	-95,426
<b>Total decrease</b>	<b>-39,448</b>	<b>-95,426</b>
<b>Total changes of cash flow of financial activities</b>	<b>-39,448</b>	<b>151,395</b>
Valuation, accrued interest	33	122
<b>Balance at the end of period</b>	<b>226,932</b>	<b>266,346</b>

## NOTE 10 COLLATERAL GIVEN

(EUR 1,000)	30 Jun 2021	31 Dec 2020
<b>Given on behalf of own liabilities and commitments</b>		
Collateral to the Bank of Finland	149,635	115,673
<b>Total collateral given</b>	<b>149,635</b>	<b>115,673</b>

## NOTE 11 OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	30 Jun 2021	31 Dec 2020
Loan commitments	141,177	125,354
<b>Total off-balance sheet commitments</b>	<b>141,177</b>	<b>125,354</b>

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

## NOTE 12 RELATED PARTIES

The related parties of Bonum Bank comprise the members of the company's Board of Directors and Executive Group and members of their immediate families. In addition, related parties include Bonum Bank's parent entity POP Bank Centre coop, as well as 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. Key persons also include the managing director and deputy managing director of POP Bank Centre coop. Also entities in the same group with Bonum Bank belong to the related parties.

In the half-year period, 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 16 August 2021

Board of Directors of  
Bonum Bank Plc

## FURTHER INFORMATION

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