

The background of the slide features a photograph of modern apartment buildings. On the left, a building has a facade of white and blue rectangular panels. On the right, a building has a dark grey facade with bright yellow-green balconies. The sky is overcast and grey.

POP Bank Group Investor Presentation

August 2020

Photo by Parikka Lindeberg, Unsplash

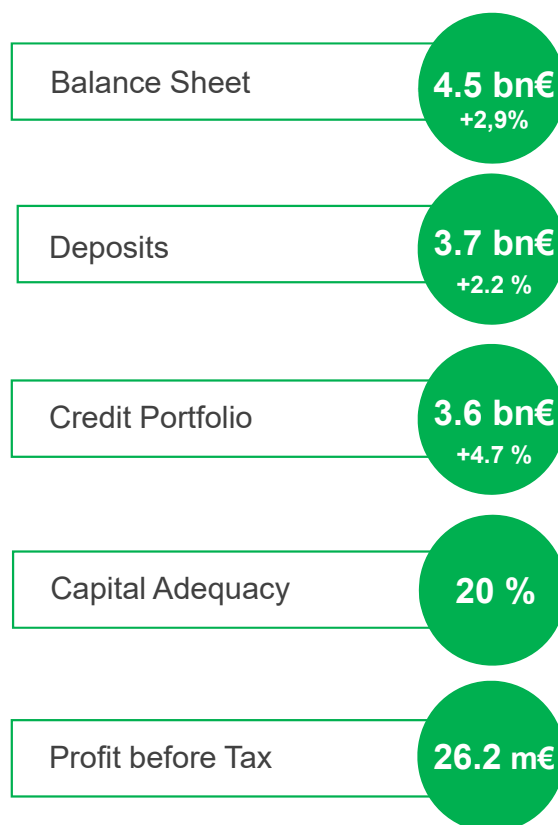
POP Pankki

POP Bank Group Overview

GROUP TODAY

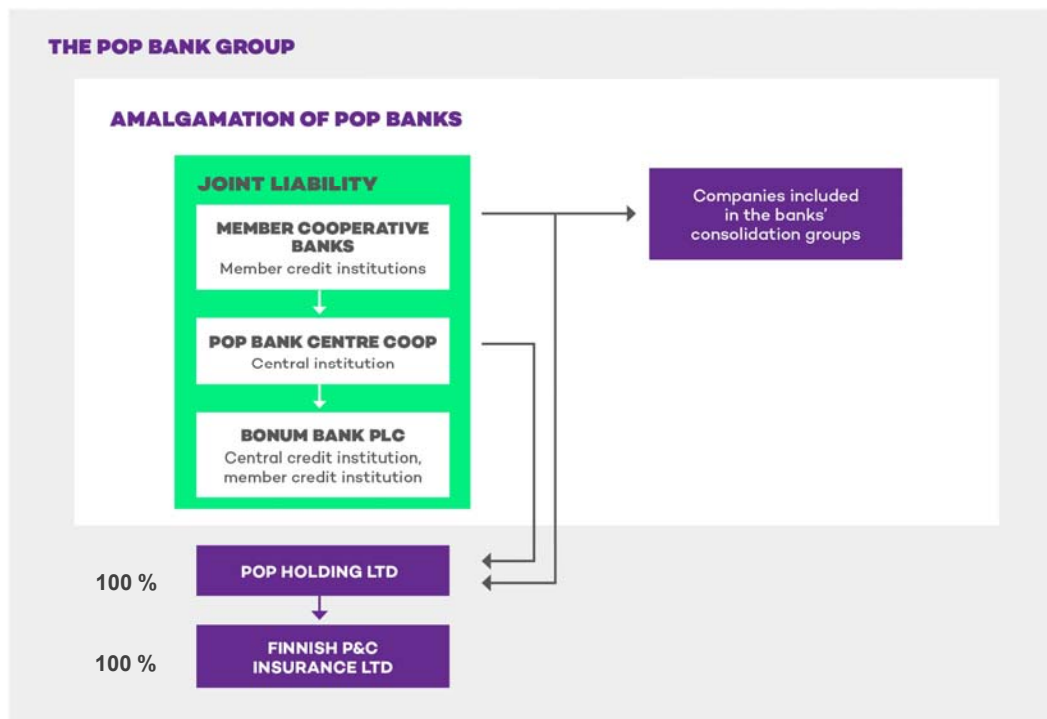
- Finnish co-operative retail bank group
- Specializing in private customers and SME's
- Highest customer satisfaction in the Nordic countries (EPSI Rating 2019)
- Very strong capital position: target to maintain CET1 Ratio > 17,5%
- Investment grade rating: BBB (S&P Global) with negative outlook
- Low risk and diversified loan portfolio
- 94 % of loan portfolio with residential or other real estate collateral
- Rapidly growing and fully digital insurance business driving new customer acquisition

FINANCIAL HIGHLIGHTS 2019



POP Bank Group Structure

26 INDEPENDENT BANKS WITH JOINT LIABILITY, CENTRAL CREDIT INSTITUTION AND DIGITAL P&C INSURANCE COMPANY



- Amalgamation of POP Banks is based on the Act on the Amalgamation of Deposit Banks (2010/599)
- Amalgamation structure offers security to investors (joint liability of the entities)
- Amalgamation is binding: a bank departing the amalgamation will still be liable in accordance with the Act on the Amalgamation of Deposit Banks
- POP Bank Centre coop is the central institution of the group and is responsible for the group strategy and risk control
- Bonum Bank Plc offers funding to Member cooperative banks (POP Banks) and operates the internal bank

A man with glasses and a beard, wearing a dark blue button-down shirt, stands next to a woman with blonde hair, wearing a green and black patterned dress. They are both smiling and looking at each other. The background is a modern living room with a white sofa, a black coffee table, a grey ottoman, and a wall with framed art. A purple semi-transparent rectangle is overlaid on the right side of the image.

POP Bank Group H1/2020 Update

August 2020

POP Pankki

Key Figures H1/2020



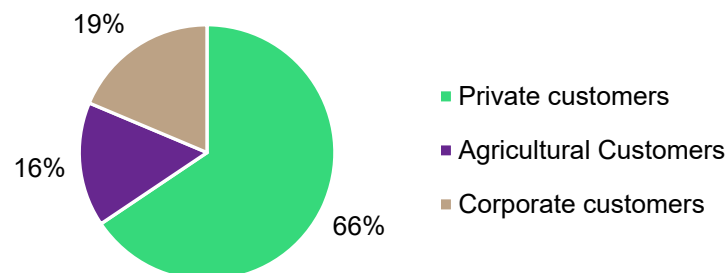
POP Bank Group's Operating Segments H1/2020

(EUR 1,000)	Banking H1 2020	Insurance H1 2020	Segments total H1 2020	Banking H1 2019	Insurance H1 2019	Segments total H1 2019	Banking 2019	Insurance 2019	Segments total 2019
Net interest income	36,682	261	36,943	33,441	187	33,628	68,927	405	69,332
Net commissions and fees	16,049	-208	15,841	15,299	-231	15,068	30,545	-450	30,094
Net investment income	-4,336	-1,041	-5,377	10,210	793	11,003	13,161	1,235	14,395
Net income from non-life insurance	-	5,149	5,149	-	5,379	5,379	-	10,913	10,913
Other operating income	4,867	237	5,103	3,985	184	4,169	4,777	436	5,213
Total operating income*	53,262	4,398	57,660	62,936	6,311	69,247	117,410	12,538	129,948
Personnel expenses	-15,065	-3,367	-18,432	-15,286	-3,442	-18,727	-31,250	-6,927	-38,177
Other operating expenses	-30,892	-461	-31,353	-29,277	-1,382	-30,659	-51,119	-2,175	-53,294
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-2,358	-1,053	-3,411	-2,398	-910	-3,308	-4,769	-1,851	-6,620
Total operating expenses	-48,316	-4,881	-53,196	-46,961	-5,734	-52,695	-87,138	-10,952	-98,090
Impairment losses on loans and receivables	-3,663	-32	-3,695	1,071	-21	1,050	-6,487	-41	-6,528
Profit before tax	1,283	-515	768	17,046	556	17,603	23,785	1,545	25,330
Income tax expense	-267	1	-266	-3,437	-7	-3,444	-4,892	-13	-4,905
Profit for the financial period	1,016	-514	502	13,609	550	14,159	18,893	1,532	20,425

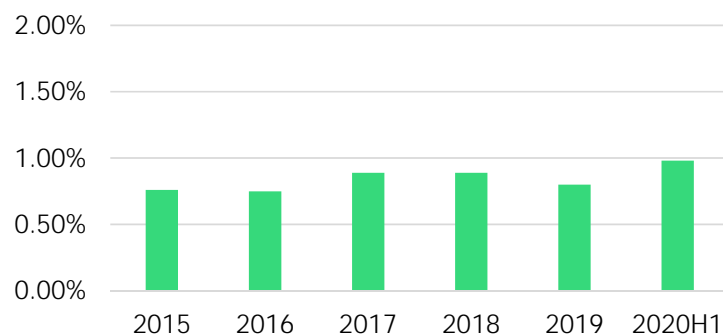
Low Risk and Diversified Loan Portfolio

- Individual housing loans are moderate
– average €68 000
- Impairment losses at the lowest level since amalgamation

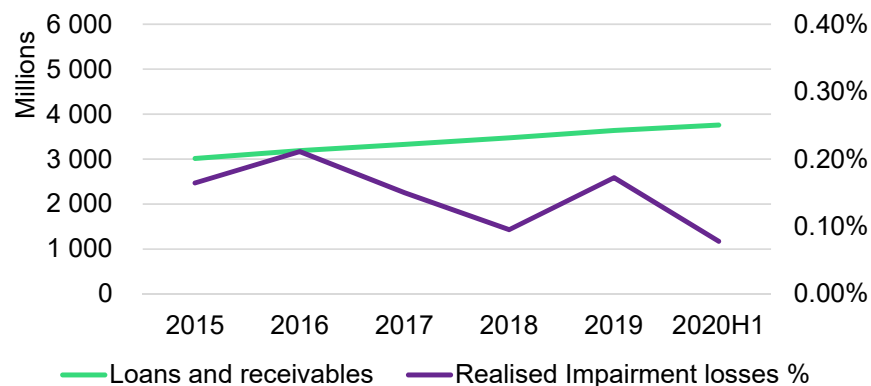
Loan portfolio structure:



Loans over 90 days past due



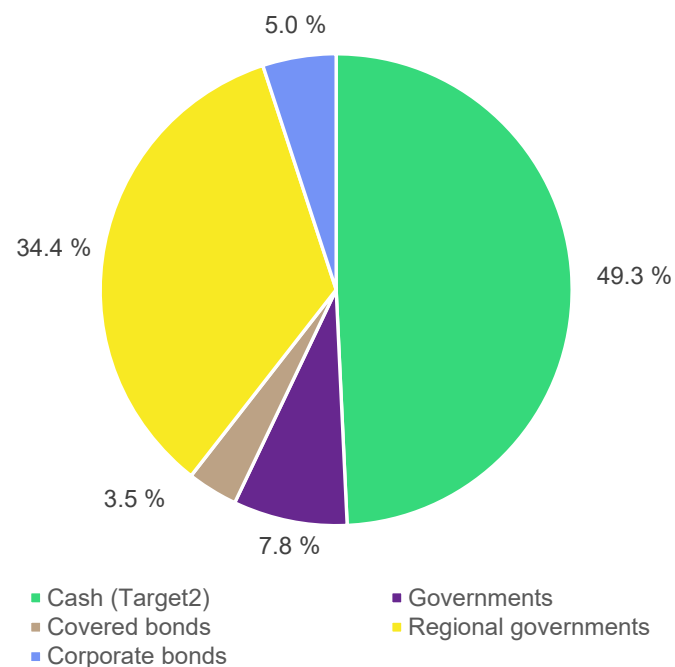
Annual Impairment Losses



Solid Liquidity Position

- LCR eligible liquid assets were 516 m€ per 30 Jun 2020
- LCR of the POP Bank Group was 177.2% as of 30 Jun 2020 (114.7% as of 31 Dec 2019)
- LCR portfolio liquid assets 516.0 (305.4) m€, of which:
 - Cash and Target2 49.3 (70.2)%
 - other Level 1 assets 45.7 (25.0)%
 - Governments 7.8%
 - Regional governments 34.4%
 - Covered bonds 3.5%
 - other Level 2 assets 5.0 (4.9)%

LCR - liquid assets per 30.6.2020



H1/2020 Highlights

Operating environment	After a promising start to 2020, the situation changed abruptly because of the impact of the coronavirus pandemic on the global economy. As yet, the coronavirus crisis has not hit the Finnish economy as hard as in most Western European countries. The GDP is expected to decrease exceptionally strongly year-on-year. The extent of the decrease and the negative impacts on the Finnish economy are exceptionally difficult to predict. The coronavirus pandemic limited the opening hours of banks to some degree, but the POP Banks have been able to provide banking and expert services without interruption. The non-life insurance company operating online-basis was not affected by COVID19 restrictions.
Organisation	The POP Bank Group confirmed its new strategy at the beginning of the year. Our renewal programme is centred on shifting the focus of business operations to growth areas, as well as greater lending to businesses and the extensive digitisation of customer service situations. New service centre e.g. hosting POP Banks' contact centre was established in February. Three bank mergers were confirmed within the POP Bank Group by the end of June. These are planned to be implemented by end of November 2020
Product development	The use of digital services has been made easier by introducing digital signatures more extensively throughout the product portfolio. The development of the mobile banking application has continued as planned, and numerous new features were added to the application. the POP Banks product offering was supplemented by new asset management and savings services for private and corporate customers. In addition to this, a new investment fund POP Environment, focusing on supporting sustainable development. In June, the POP Banks joined the DIAS platform for digital housing sales. POP Bank Group has also started a pilot of digital housing loan proposals. The goal is to introduce the service in all POP Banks by the end of the year.
New partnerships	The Group continued to update the banking product range, in terms of savings products in particular, by introducing new asset management solutions for private and corporate customers. At the same time, a cooperation project that had lasted several years was completed. This had some effect on the POP Bank's product partners.
Insurance sector	The company gained 3,500 new insurance customers per month on average during the first half of the year 2020 totaling 150,300 by the end of H1/2020. In the first half of the year, the operating expense ratio in insurance operations improved significantly year-on-year, due to changes in the sales operating model in particular. The company also further developed claims handling operating models and system properties, as well as product pricing capabilities, and introduced the company's own customer relationship management system.



POP Bank Group Financial Information

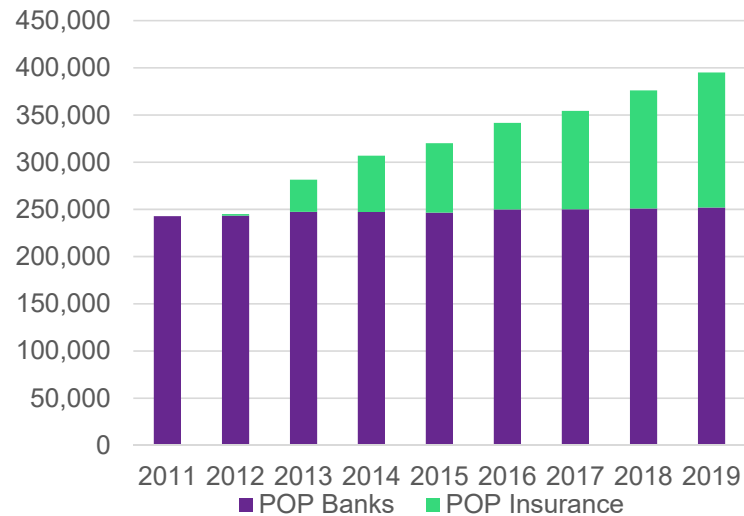
August 2020

POP Pankki

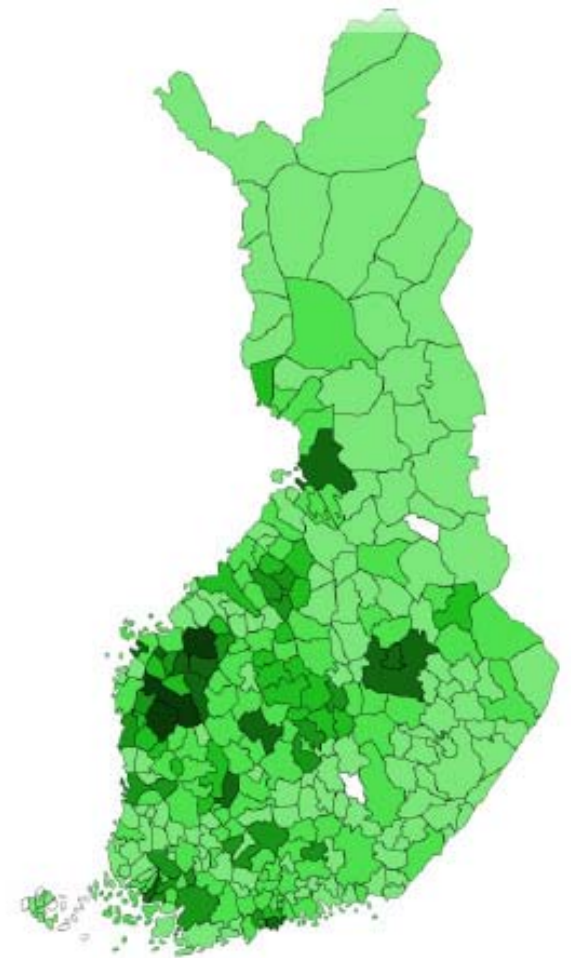
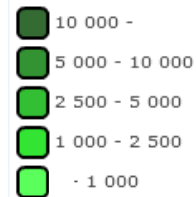
POP Bank Customers

76 BRANCH OFFICES COUNTRY WIDE

- Total number of customers 395,000 (including insurance customers)
- Increasing focus on online banking, maintaining personalized service
- Increasing customer potential in growth centers and cross-selling potential with insurance customers

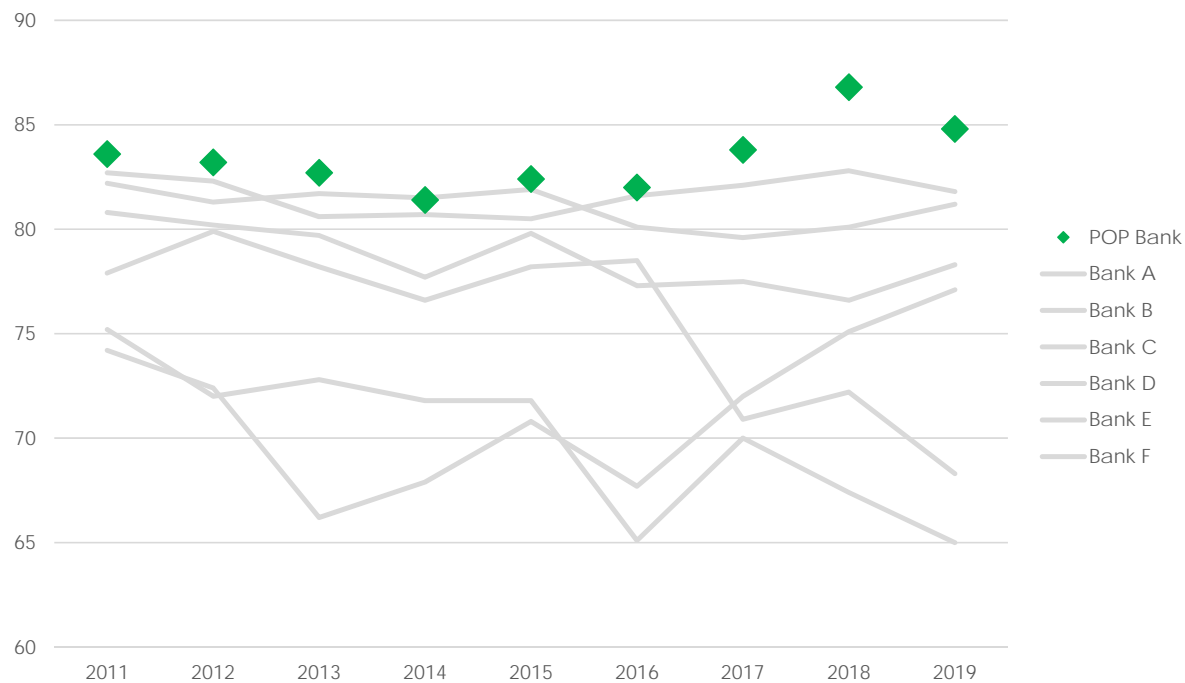


Number of customers



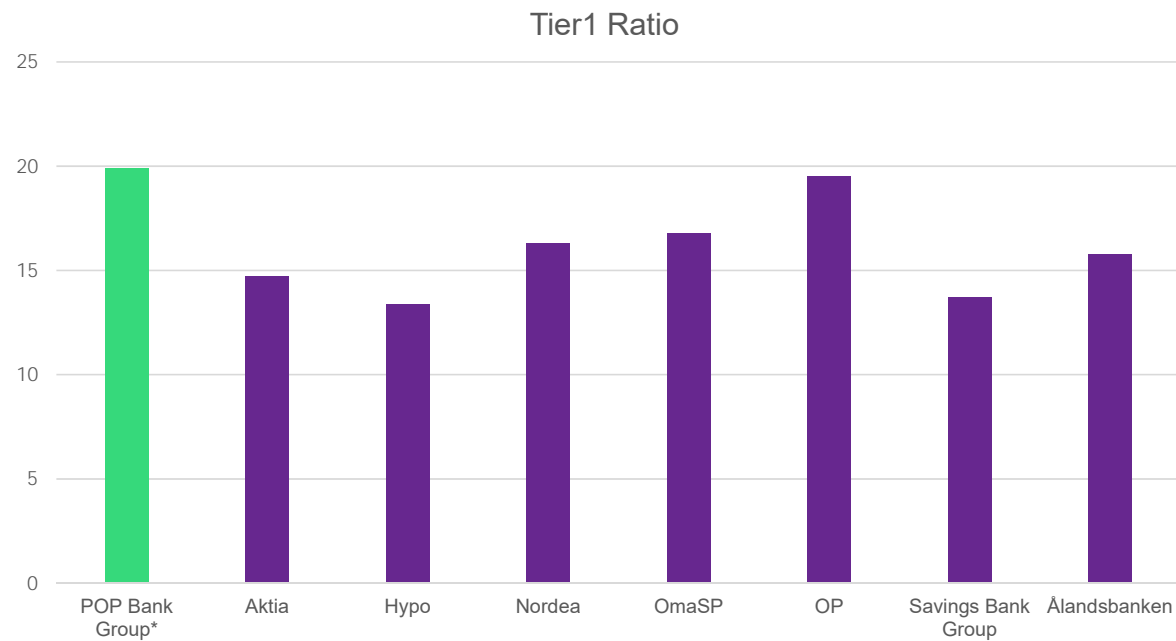
Leading Position in Customer Satisfaction

POP BANKS HAVE THE MOST SATISFIED CUSTOMERS IN FINLAND AND THE NORDIC COUNTRIES,
2011–2013 AND 2015–2019 BY EPSI Rating



Strong Capital Position Compared to Competitors 2019

TARGET TO MAINTAIN TIER1 CAPITAL RATIO ABOVE 20%



*) Amalgamation of POP Banks

Source: Company Reportings dated 31 Dec 2019

POP Bank Group Rating – 'BBB/A-2'

S&P GLOBAL: RATING BBB / A-2 WITH NEGATIVE OUTLOOK

Finnish banks (anchor rating)	A-
Capital & Earnings (very strong) – Very strong capitalization	+2
Liquidity & Funding (adequate) – Stable customer deposit base – Adequate liquidity buffers	0
Risk position (moderate) – Regional concentration – Concentration mitigated by sound collateralization and moderate loan sizes	-1
Business position (weak) – Only in Finnish retail & SME sectors – Weak position in growth centers – Non-life insurance business still small	-2
Additional: Weaker earnings profile compared to peers	-1

POP Bank Group credit rating

BBB (NEGATIVE)

Source: S&P General Rating Report dated 17 June 2020

Major rating factors (from S&P)

Strengths

- Very strong capitalization, which offers a robust buffer to absorb potential losses
- A solid cooperative business model
- Sound regional franchise in selected rural areas

Weaknesses

- Concentrated business operations focused on lending to individuals and small and midsize enterprises
- Weak earnings and cost efficiency

Negative outlook based on deteriorating economic environment related to the COVID-19 turmoil and its potential impact on asset quality & profitability over the next two years.

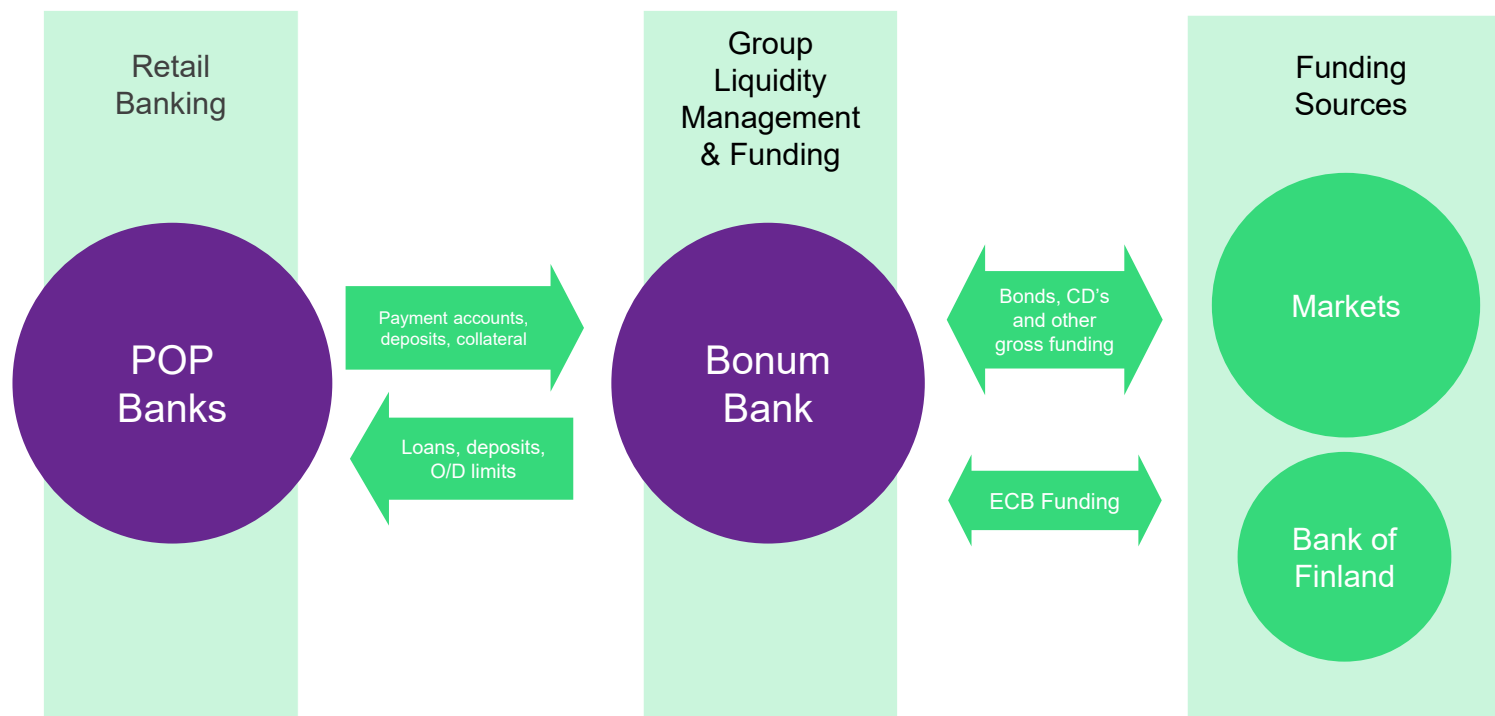
Key Deliveries in Transformation Program

POSITIONING POP BANK GROUP FOR CHALLENGING ECONOMIC CYCLE AND COMPETITIVE ENVIRONMENT

Replacement of core banking platform	The project to replace core banking platform starts in 2019 and is planned to complete in 2021. The new platform builds a solid foundation for fully digital banking operations and improves significantly operational efficiency and agility. The goal is to provide seamless customer experience in every service channel.
Boost digitalisation	The POP Bank Group boosts its digitalization program that fundamentally changes groups technological and digital capabilities: e.g. new mobile banking application, first fully digital consumer credit product (POP Pikalaina) simplification of products and processes, implementing robotics, automation as well as online meeting tools for branches.
Insurance growth	In addition to growing its customer volumes, Finnish P&C Insurance managed to improve its loss ratio. The company gained nearly 20 000 new customers and is the fastest growing P&C insurance company in Finland with a total of 143 000 customers.
Analytics	Considerable investments in analytics, risk management and compliance.
New partnerships	In March 2019, the POP Bank Group increased its offering with 11 new POP Funds. With these, the POP Bank is able to offer a comprehensive range of mutual funds in both traditional and emerging markets. As part of product portfolio development, the management of the POP Funds transferred to another partner in November 2019.

Bonum Bank - POP Bank Group's Internal Bank

BONUM BANK ACTS AS GROUPS' FUNDING VEHICLE



POP Bank Group's Key Financials

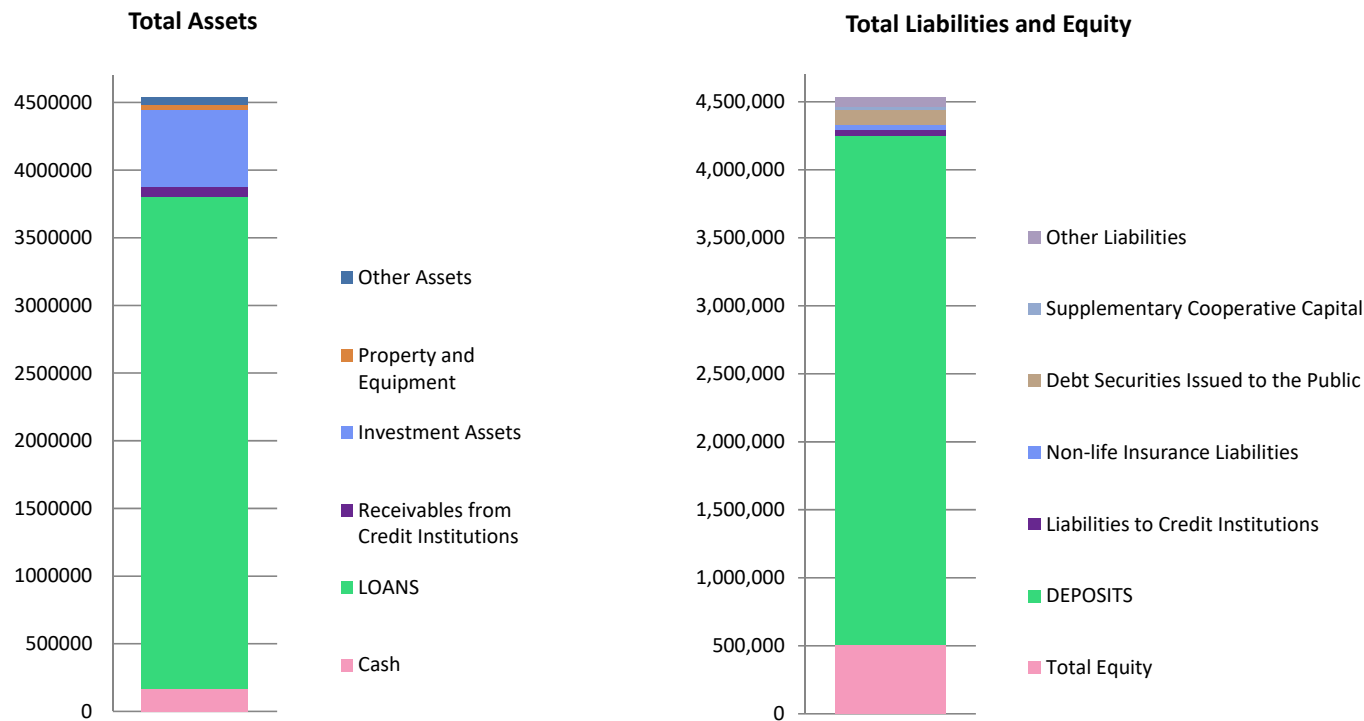
SATISFIED CUSTOMERS, PROFITABLE, WELL CAPITALIZED BANK BUSINESS AND RAPIDLY GROWING DIGITAL INSURANCE BUSINESS

Banking Segment		
2019 EUR 3.7bn deposits EUR 3.6bn loans EUR 23.8m profit before tax 19.8% CET1 ratio *) 19.9% total capital ratio *) 252,000 customers	2018 EUR 3.7bn deposits EUR 3.5bn loans EUR 12.3m profit before tax 20.5% CET1 ratio *) 20.8% total capital ratio *) 251,000 customers	2017 EUR 3.6bn deposits EUR 3.4bn loans EUR 21.2m profit before tax 20.9% CET1 ratio *) 21.2% total capital ratio *) 250,000 customers
Insurance Segment		
2019 EUR 43m insurance premium EUR 12.5m net income EUR 1.5m operating loss EUR 11.0m operating expenses 74.3% loss ratio 143,000 customers	2018 EUR 36m insurance premium EUR 10.2m net income EUR -0.6m operating loss EUR 10.9m operating expenses 70.7% loss ratio 124,600 customers	2017 EUR 35m insurance premium EUR 9.8m net income EUR -0.7m operating loss EUR 10.5m operating expenses 75.1% loss ratio 104,400 customers
POP Bank Group (Banking, Insurance, other functions)		
2019 EUR 4.5bn balance sheet EUR 26.1m profit before tax	2018 EUR 4.4bn balance sheet EUR 11.6m profit before tax	2017 EUR 4.3bn balance sheet EUR 19.5m profit before tax

*) Amalgamation of POP Banks

Group Balance 31st December 2019

STEADY GROWTH – DEPOSITS STILL LARGER THAN LOANS

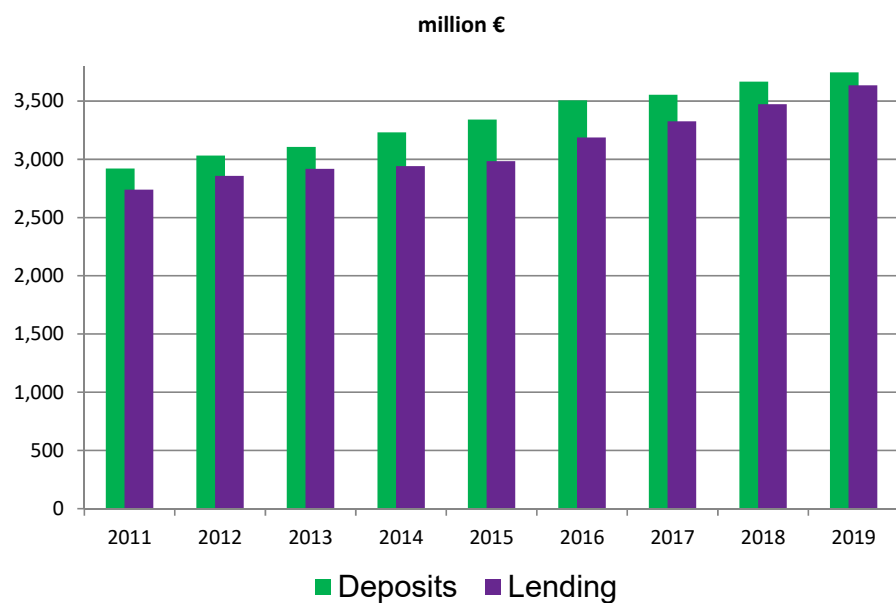


A photograph of a man and a woman in a close embrace. The man, on the left, has light brown hair and blue eyes, wearing a dark green button-down shirt. The woman, on the right, has long dark brown hair and is wearing a light grey sweater. They are both smiling gently. A semi-transparent grey rectangular box is overlaid on the left side of the image, containing the text 'Banking Segment'.

Banking Segment

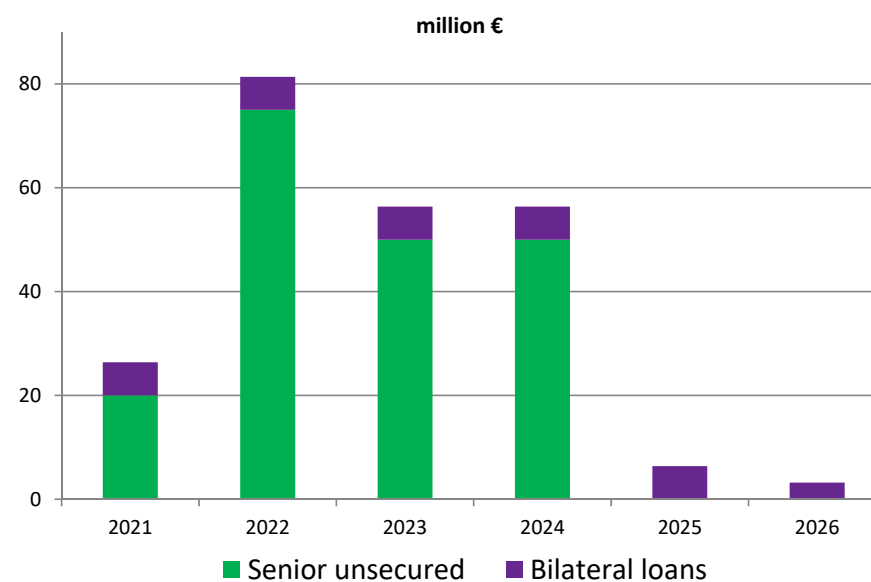
Lending and Deposits

LOAN BOOK FUNDED WITH DEPOSITS



- Steady growth both in deposits and lendings
- Loan book fully funded with deposits
- Amalgamation has enabled faster growth in lending

MATURITY OF LONG TERM FUNDING

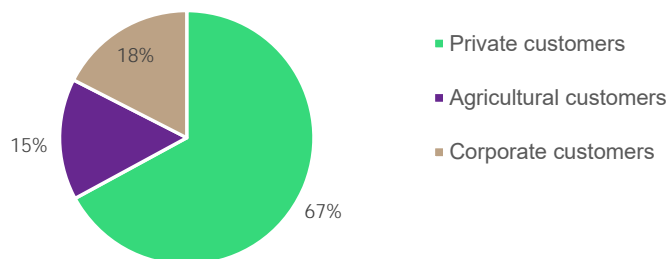


- Funding base has been diversified with an EMTN-program and a CD-program

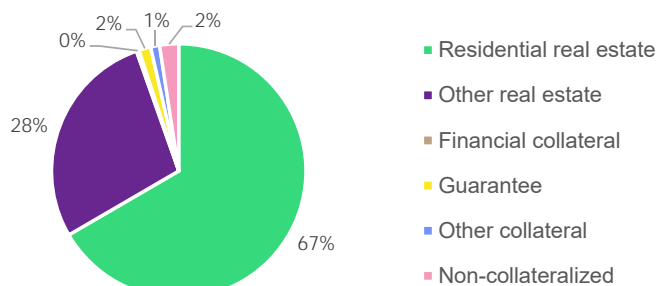
Low Risk and Diversified Loan Portfolio

- Individual housing loans are moderate – average €65,000
- Low level NPL's: 0,9 % vs. 1,7 % Finland average (yr. 2018 **)

Loan portfolio structure:

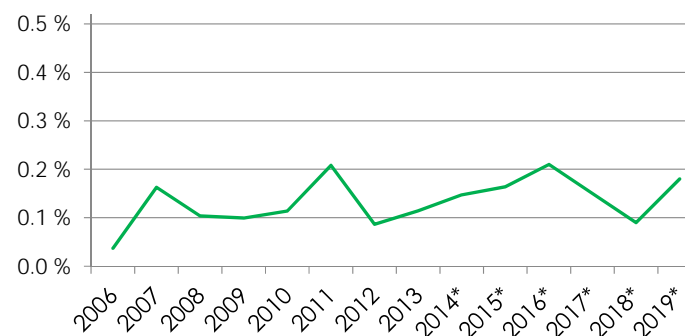


Loan portfolio by collateral:



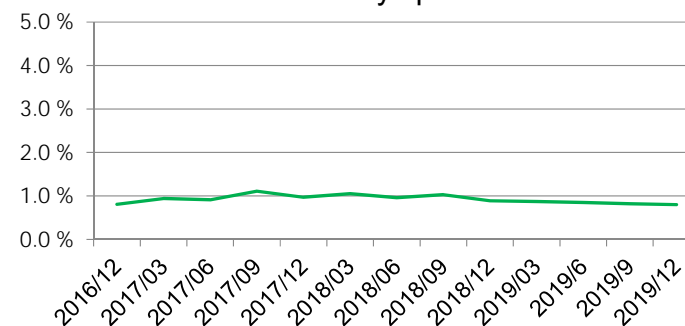
** Source: Finance Finland

Annual impairment losses, %



* POP Bank Group's Banking Segment

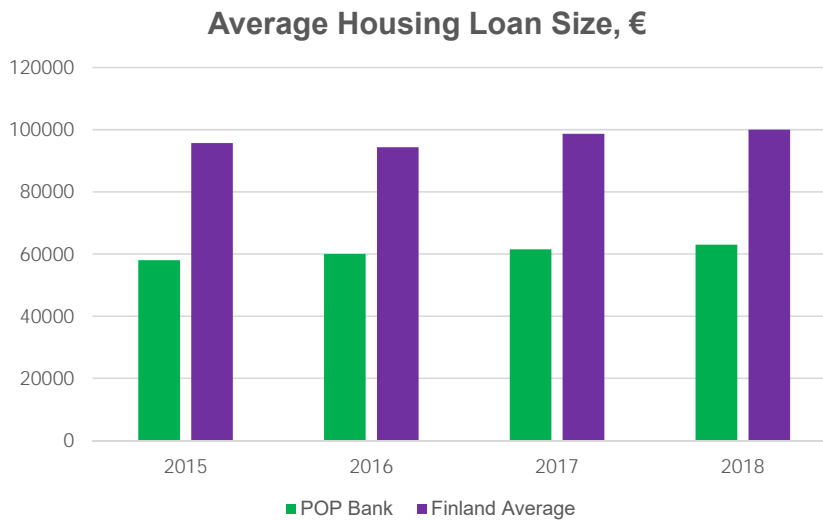
Loans over 90 days past due ***



*** Data available only for POP Bank Group

Housing Loan Portfolio

SMALLER AVERAGE SIZE OF HOUSING LOANS AND LOWER PROBABILITY OF PAYMENT DEFAULTS



- Housing loan portfolio is well diversified; the average size of a housing loan is 65,000 euros compared to 100,000 euros of average size of housing loans in Finland
- The probability of payment defaults is significantly lower due to smaller average housing loan size

Households' withdrawals of new housing loans
New housing loans withdrawn from Finnish financial institutions

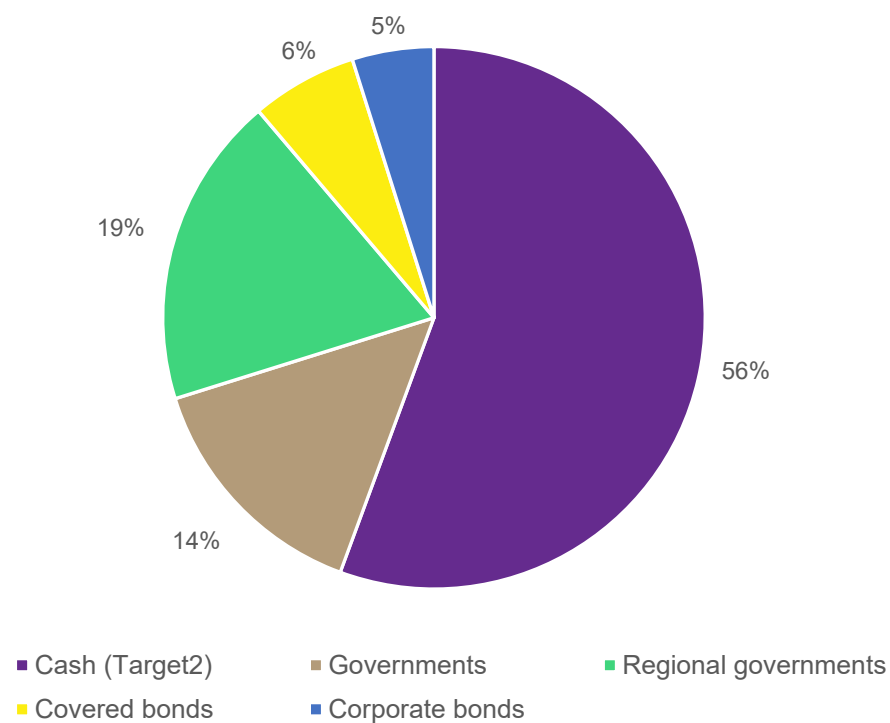


Sources: Statistics Finland, Annual national accounts; Bank of Finland

Solid Liquidity Position

- LCR eligible liquid assets were 305 m€ per 31 Dec 2019
- LCR of the POP Bank Group was 114.7 (151)% as of 31 Dec 2019
- LCR portfolio liquid assets 305.4 (364.1)m€, of which:
 - Cash and T2 56.0 (70.2)%
 - other Level 1 assets 39.5 (25.0)%
 - Governments 14.6%
 - Regional governments 18.6%
 - Covered bonds 6.3%
 - other Level 2 assets 4.6 (4.9)%

LCR - liquid assets per 31.12.2019



Insurance Segment



POP Bank Group Insurance Segment - Key Figures 2019

RAPIDLY GROWING AND HIGHLY SCALABLE DIGITAL BUSINESS MODEL

- Online P&C Insurance company
- Non-life insurance to private customers

Gross Premiums Written
45.8m€
(38.9m€)

Loss Ratio
74%
(71%)

Expense Ratio
26%
(31%)

Profit/Loss
1.5 M€
(- 0.6 €)

- Modern and scalable system, white-labeling readiness

Active Customers
143.00
(124,600)

Active Policies
219.700
(193,900)

Customer Retention
72 %
(69%)

Premium per Customer
330€
(340 €)

- Established player in car insurances

- Very satisfied customers – 9 out of 10 recommends

Personnel
113

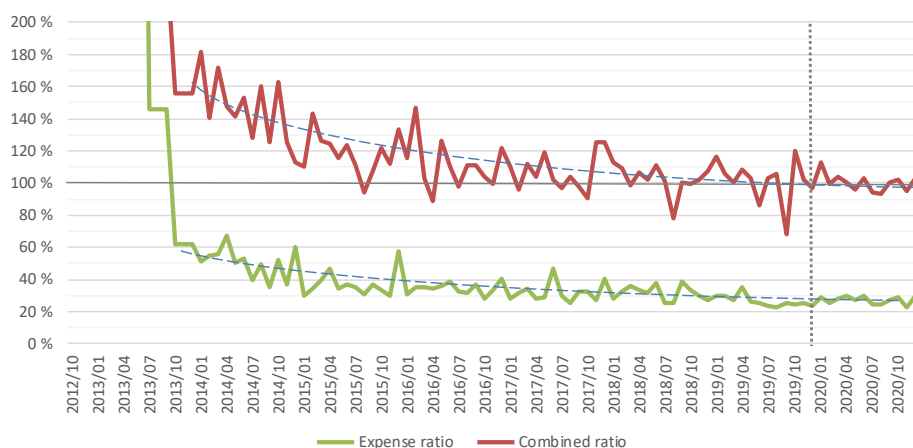
Premium per Employee
410 t€

Customers by Channel
Online 58%
Telesales 24%
Banks 11%
Car dealers 7%

Sales Market Share
Motor Insurance 12%

Financial Development 2012–2019

Realized 2012/10-2019/12 and expected 2020 development



	Loss ratio %	Expense ratio %	Combined ratio%
2012	N/A	N/A	N/A
2013	107	138	245
2014	94	50	144
2015	81	37	118
2016	77	34	111
2017	75	32	107
2018	71	31	102
2019	74	26	101
2020B	73	26	98

Combined ratio is expected to permanently fall under 100% as of 2020. This will be achieved by improving profitability of both new business and existing portfolio and by increasing business volumes and performance.

A portrait of a woman with blonde hair, wearing a dark blazer over a white collared shirt. She is smiling slightly and looking towards the camera. The background is white.

Additional POP Bank Group Information

The Amalgamation of POP Banks

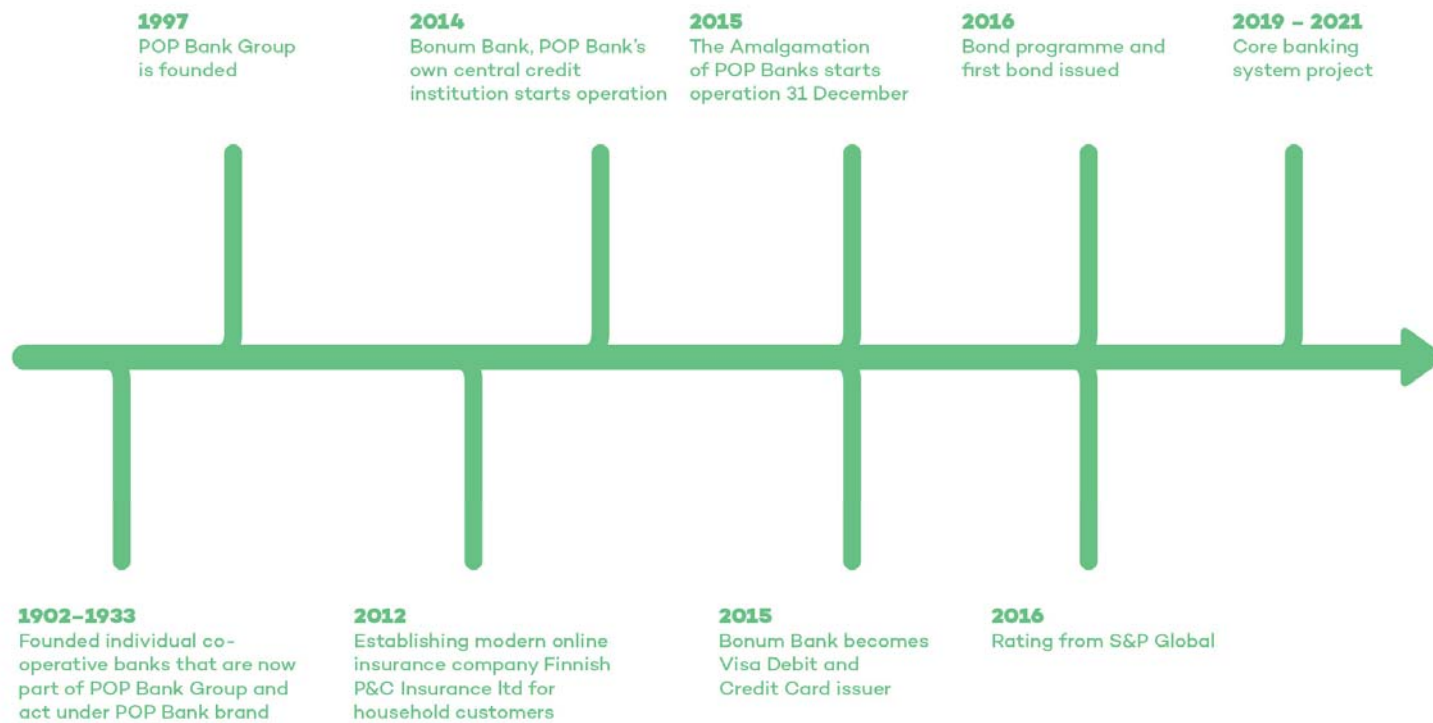
THE AMALGAMATION STRUCTURE ENABLES A SINGLE POINT OF ACCESS TO FUNDING, INTERNAL BANK AND COST EFFICIENT OPERATIONS

Amalgamation	POP Banks established an amalgamation, as defined in the Act on the Amalgamation of Deposit Banks (599/2010), on 31 December 2015.
Central Institution's role	As the central institution, POP Bank Centre coop is obliged to supervise and instruct the member banks according to the Act. Responsibilities include (among others): <ul style="list-style-type: none">• Risk Management• Corporate Governance• Liquidity and Capital Adequacy• Internal Auditing
Joint Liability	<p>POP Bank Centre coop (the central institution) and all member banks (26 POP Banks and Bonum Bank) are jointly liable for each others' debt.</p> <p>In the case of insolvency of the POP Bank Centre coop, the member banks have unlimited liability to pay the debts of POP Bank Centre coop.</p>
Capital Ratio	POP Bank Centre coop is, as the central institution, responsible for the group's joint capital ratio.
Obligation	If a member bank fails to meet its obligations, a creditor may demand payment from POP Bank Centre coop. Other member banks are obliged to participate in the central institution's supporting actions.

Key Figures and Ratios

Key income figures (EUR 1,000)	1 Jan-31 Dec 2019	1 Jan-31 Dec 2018	1 Jan-31 Dec 2017
Net interest income	69,318	65,391	62,817
Net commissions and fees	30,013	29,790	28,115
Net investment income	15,588	1,111	8,453
Insurance income	10,913	10,433	14,559
Personnel expenses	-42,843	-41,769	-39,720
Other operating expenses	-47,927	-48,257	-47,003
Impairment losses on financial assets	-6,528	-3,195	-4,991
Profit before tax	26,150	11,569	19,488
Key balance sheet figures (EUR 1,000)	31 Dec 2019	31 Dec 2018	31 Dec 2017
Loans and receivables from customers	3,635,488	3,473,310	3,325,363
Liabilities to customers	3,746,305	3,666,543	3,554,357
Non-life insurance liabilities	38,606	32,488	29,250
Total equity capital	508,435	483,788	485,649
Total assets	4,535,557	4,409,518	4,275,838

POP Bank Group Development



POP Bank Group Overview

Group	POP Bank Group is a Finnish financial group that offers retail banking services to private customers, small companies and agricultural and forestry clients, as well as non-life insurance services to private customers.
Alliance	POP Bank Group consists of 26 cooperative POP Banks, POP Bank Centre coop, central credit institution Bonum Bank Plc and online insurance company Finnish P&C Insurance Ltd (branded POP Insurance). POP Banks formed the amalgamation of POP Banks in December 2015.
History	Cooperative banks are over 100 years old and are owned by the co-operative members. POP Banks focus on customer experience, and take pride in having the most satisfied customers in Nordic region and the best customer service in Finland.
Financials	POP Bank Group has a strong financial position and the capital adequacy is among the best bank groups in Finland.
Rating	S&P Global has affirmed a rating 'BBB' to Bonum Bank Plc with negative outlook.
Year 2019	The extensive renewal programme launched in 2017, began to reflect positively in the Group's key figures and performance. Profit before taxes increased by as much as 126 % to EUR 26.2 million. The amalgamation's capital structure and capital adequacy remained strong. Banking and insurance operations developed in line with the targets. Despite the low interest rate level, net interest income increased by 6.0 % on the previous year to EUR 69.3 million. In terms of investing activities, our Group had an excellent year. Net investment income totalled EUR 15.6 million, including EUR 11.4 million in valuations. The Group's digital insurance company, Finnish P&C Insurance, recorded a EUR 1.5 million result and achieved a new record with 20 thousand new customers.

Finland at a Glance

POPULATION

POPULATION
2019



5 525 292

PERSONS AGED
100 OR OVER
2019

MEN **152**
WOMEN **756**



LIFE
EXPECTANCY
2019, years

79.2 MEN
84.5 WOMEN

preliminary data

MOST POPULAR
FIRST NAMES
2019

AINO **LEO**

HOUSEHOLDS 2019



TOTAL EARNINGS OF WAGE
AND SALARY EARNERS 2018
median, €/month

MEN **3 398**
WOMEN **2 827**



INDUSTRIAL
STRUCTURE 2019
share of employed persons, %

74 Services and administration
21 Industry and construction
4 Agriculture and forestry

AVERAGE AGE OF
FIRST-TIME
HOMEBUYERS
2018

28.8
years



AVERAGE HOUSING LOAN OF
HOUSEHOLD-DWELLING UNITS
2018

100 030
€/household-dwelling unit



CENTRAL GOVERNMENT
DEBT 2019



19 193
€/inhabitant

GDB 2019 preliminary data

43 484
€/inhabitant



Sources: Statistics Finland, Population Register Centre, Finnish Centre for Pensions

Contact Information

Pekka Lemettinen, CEO, POP Bank Centre coop

Email: pekka.lemettinen@poppankki.fi

Tel: +358 40 5035 411

Pia Ali-Tolppa, CEO, Bonum Bank Plc

Email: pia.ali-tolppa@poppankki.fi

Tel: +358 50 303 1476

Timo Hulkko, Director, Deputy CEO, Bonum Bank Plc

Email: timo.hulkko@poppankki.fi

Tel: + 358 500 894 008

Jukka Päärnilä, Treasury Manager, Bonum Bank Plc

Email: jukka.paarnila@poppankki.fi

Tel: +358 40 5787 712

Disclaimer

This presentation was prepared by Bonum Bank Plc (the “Bank”) and POP Bank Group (the “Group”) representatives for use in investor relations. This presentation is not intended for retail customers.

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Bank, in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever

All official financial information of the Group, including without limitation profit and loss statement, balance sheet, and annexes is available at the Group’s public webpage www.poppankki.fi. This document is not official financial information of the Group.

This presentation may contain forward-looking statements, which are subject to risks, uncertainties, and assumptions. This presentation is being presented solely for your information and is subject to change without notice. No representation or warranty, expressed or implied, is made and no reliance should be placed on the accuracy, actuality, fairness, or completeness of the information presented.

The contents of this presentation may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.