

Bonum Bank Plc

**FINANCIAL
STATEMENTS
RELEASE**

1 January – 31 December 2023

CONTENTS

BOARD OF DIRECTORS REPORT 1 JANUARY – 31 DECEMBER 2023	3
POP Bank Group and amalgamation of POP Banks	3
Operating environment	5
Financial position	6
Credit rating	9
Shareholdings and equity.....	9
Risk and capital adequacy management and risk position	10
Events after the closing date	14
Outlook for 2024	14
Board of directors' proposal on the disposal of the result for the period	14
 BONUM BANK PLC'S FINANCIAL STATEMENTS REPORT 31.12.2023	 15
Statement of other comprehensive income	15
Balance sheet	16
Statement of changes in the equity capital	17
Cash flow statement	18
NOTES	20
Note 1 Accounting policies	20
Note 2 Net interest income	21
Note 3 Net commissions and fees	22
Note 4 Net investment income	23
Note 5 Classification of financial assets and financial liabilities	24
Note 6 Classification of financial assets and financial liabilities and fair values by valuation technique	26
Note 7 Impairment losses on financial assets	32
Note 8 Liabilities to credit institutions and customers	37
Note 9 Derivative contracts and hedge accounting	38
Note 10 Debt securities issued to the public	40
Note 11 Collaterals given and received	41
Note 12 Off-balance-sheet commitments	41
Note 13 Related party disclosures	42
Note 14 Events after the closing date	43

BOARD OF DIRECTORS REPORT 1 JANUARY – 31 DECEMBER 2023

The Bonum Bank Plc (hereinafter “Bonum Bank”) is part of the amalgamation of POP Banks and is responsible for providing 18 POP Banks with central credit institution services, obtaining external funding for the POP Bank Group, handling payments, issuing payment cards to the customers of the POP Banks and providing centralised services for the Group. In addition, Bonum Bank grants unsecured consumer credit 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 operates as the central credit institution for the banks of the amalgamation, arranging funding from the capital markets for the member banks. During 2023, the operating model and the pricing model of POP Bank Group's internal funding was clarified and simplified. In July, Bonum Bank issued a five-year directed bond of EUR 50 million within its EUR 750 million bond programme. 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. During 2023, Bonum Bank also executed interest rate swaps as part of its interest rate risk management. Fixed-rate deposits are hedged by the derivatives. Bonum Bank is responsible for managing of the liquidity puffer (LCR portfolio) of the amalgamation. During the reporting period Bonum Bank made material investments in LCR eligible assets and assets eligible as central bank collateral on behalf of the member banks.

POP Bank Group's mortgage bank, POP Mortgage Bank continued issuing covered bonds in 2023 by issuing EUR 250 million secured bond in April. POP Mortgage Bank has close cooperation with Bonum Bank's treasury and its need to implement issues of securities is determined in Bonum Bank's Treasury.

In addition to providing central credit institution services, Bonum Bank is responsible for issuing

payment cards and card credit facilities to the POP Banks' customers, as well as for maintaining these services. Volumes in the card business developed favourably during 2023. The significance of digital card-related services continued to increase, and customers have actively adopted mobile payment features.

Bonum Bank's Service Centre in Vaasa is the provider of the Group's centralised services, such as centralised client service for the cards. In addition, the anti-money laundering prevention functions of the Group's member banks are carried out centrally in Bonum Bank. The centralised service and monitoring systems ensure that the processes are up-to-date and enhance the control of the fund transfers.

In October 2023 S&P Global Ratings revised its outlook on the ratings on Bonum Bank from stable to positive. At the same time, the credit rating agency affirmed 'BBB/A-2' long- and short-term issuer credit ratings on Bonum Bank.

Bonum Bank's Annual General Meeting was held in March 2023. The Annual General Meeting dealt with statutory matters and elected Jaakko Pulli, Hanna Linna, Kirsi Salo and Ilkka Lähteenmäki to the Board of Directors. Jaakko Pulli has served as Chair of the Board.

POP BANK GROUP AND AMALGAMATION OF POP BANKS

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

STRUCTURE OF THE POP BANK GROUP

POP Bank Group consists of POP Banks, POP Bank Centre coop and their controlled entities. POP Banks are member credit institutions of POP Bank Centre coop. POP Bank Centre coop and its member credit institutions are mutually liable for their debts and liabilities in line with the Act on the Amalgamation of

Deposit Banks. POP Banks, POP Bank Centre coop and their controlled service companies constitute the amalgamation of POP Banks.

POP Bank Centre coop is the central institution of the amalgamation of POP Banks and is responsible for steering and supervising POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

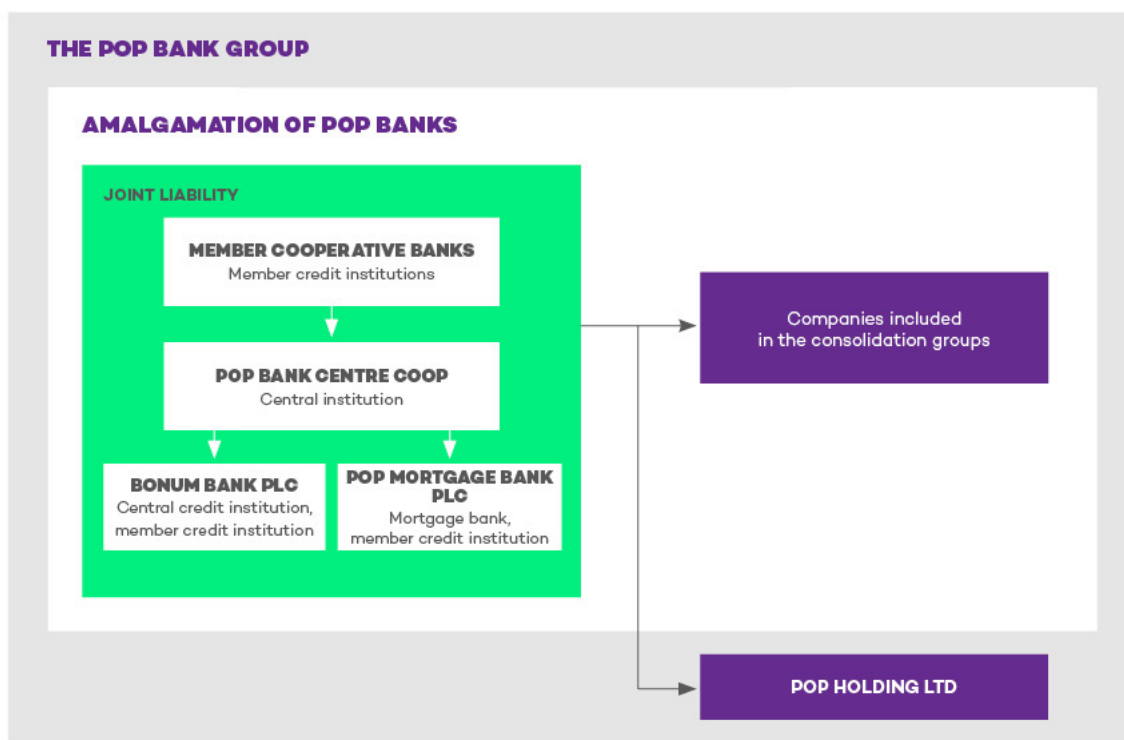
Bonum Bank Plc serves as the central credit institution of POP Banks and acquires external funding for the Group by issuing unsecured bonds. Bonum Bank Plc is also responsible for POP Banks' card business and the Group's payment transactions and centralised services, in addition to granting credit to retail

customers. POP Mortgage Bank Plc is responsible for the Group's mortgage-backed funding, which it acquires by issuing covered bonds.

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

The following figure shows the structure of POP Bank Group and the entities included in the amalgamation and covered by joint mutual responsibility.

POP BANK GROUP STRUCTURE



CHANCES IN GROUP STRUCTURE

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

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

OPERATING ENVIRONMENT

The global economy grew slowly in 2023. The growth slowed down particularly in China, which has been the driving force of the global economy in recent years. The surge in inflation in Europe and the subsequent rise in interest rates, as well as the energy crisis, were reflected as weaker growth in the eurozone. In particular, Germany, Europe's largest economy, has begun to struggle, and therefore Finland's economy is not getting the boost it needs from exports. Russia's war of aggression against Ukraine continued and the uncertainty it has caused is reflected in both economic performance and the security environment.

In 2023, there was a clear turn for the worse in the Finnish economy. High inflation continued to weaken households' purchasing power, even though wage agreements increased nominal wages more than before. The rapid rise in interest rates also meant that consumers started to feel more pessimistic about economic development.

Purchases of housing and consumer durables decreased markedly during the year, which weighed heavily on many sectors, especially residential construction and trade. However, in terms of household spending, there was a cautiously positive signal towards the end of the year when the European Central Bank put an end to the series of interest rate increases, and the market started waiting for interest rates to fall. The inflation rate also slowed significantly towards the end of the year. In Finland, energy prices and availability improved on the previous year, as the wind and nuclear power generation capacity increased.

Construction activity in Finland was exceptionally high in the early 2020s, but the first signs of a downturn in construction had already become visible by the end of 2022. The high inflation and rising interest rates following the pandemic led to a steep decrease in the number of building permits and construction starts in 2023, and at the same time buyers also became more cautious than before. In addition, as housing investors, which make up a major group of buyers, largely disappeared from the housing market, housing prices continued to decline in 2023. The construction sector is very important for the Finnish economy, so the slowdown in construction weighed on GDP development, especially towards the end of the year.

Agricultural input prices fell in 2023 from the previous year, but the declining trend in producer prices in most types of production and rising interest rates have kept investments at a low level. Profitability differences between farms continued to grow. The price of timber was at a historically high level as competition between timber buyers has increased since the end of timber imports from Russia.

Although households' purchasing power was weak in 2023, unemployment continued to remain under control. In general, households have continued to manage their loans well. However, the number of company bankruptcies turned to a clear increase, and the weakened economic situation also led to an increase in the number of lay-offs. The weakened economic cycle is reflected in the amounts of banks' non-performing loans and credit losses.

FINANCIAL POSITION

PERFORMANCE

Bonum Bank's profit for the financial year was EUR 2,406 thousand, whereas last year that was EUR 3,383 thousand. The profit for the financial year primarily consists of interest and commission income on central credit institution services provided for POP Banks, income from unsecured lending and profit on the card business and payments. The bank's cost-to-income ratio was 74.3 per cent (74.2).

The bank's key income statement items have developed as follows, compared with year 2022:

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Interest income	74,665	18,800
Interest expenses	-61,665	-8,639
Net interest income	12,999	10,161
Net commissions and fees	7,226	7,285
Net investment income	-769	459
Other operating income	5,167	4,196
Total operating income	24,623	22,101
Personnel expenses	-5,409	-4,583
Other operating expenses	-11,982	-10,863
Depreciation and amortisation	-911	-949
Total operating expenses	-18,302	-16,395
Impairment losses on financial assets	-3,306	-1,485
Profit before taxes	3,015	4,221
Income tax expense	-609	-838
Profit for the period	2,406	3,383

Operating income totalled EUR 24,623 (22,101) thousand. The increase in income, due to the favourable development of the bank's net interest income, which amounted to EUR 12,999 (10,161) thousand. This represents an increase of 27.9 per cent year-on-year. The growth of net interest income was mainly due to growth of income in central credit institution services, unsecured lending and card business.

Net commission income was stable EUR 7,226 (7,285) thousand. Commission income consists mostly of income from the cards business and payment transmission fees. The increase is due to positive development of the business.

Net investment income decreased to EUR -769 (459) thousand. Net investment income consists of mainly net gains from foreign currency transactions and net income from derivatives. Other operating income totalled to EUR 5,167 (4,196) thousand. The increase in other operating income is due to the growth of the Group's internal services.

Operating expenses totalled at EUR 18,302 (16,395) thousand. The increase in operating expenses comes mainly from ICT expenses and other operating expenses. Personnel expenses, that are composed of salary expenses and pension and other indirect employee expenses, increased to EUR 5,409 (4,583) thousand. On 31 December 2023 Bonum Bank had 88 (66) employees.

Depreciations and impairments on tangible and intangible assets were EUR 911 (949) thousand.

Impairment losses on financial assets increased to EUR 3,306 (1,485) during the year. Active collection measures are being targeted at receivables recognised as credit losses.

BALANCE SHEET

At the end of the year 2023, Bonum Bank's balance sheet stood at EUR 1,837,618 (1,574,594) thousand.

The amount of liquid assets grew during the review period to EUR 485,020 (436,911) thousand. Loans and receivables from credit institutions were EUR 849,549 (778,257) thousand. This item includes the funding provided by Bonum Bank to other member banks of POP Bank Group. Loans and receivables from customers totalled to EUR 193,373 (170,485)

thousand. This item includes the credit used on credit cards issued by Bonum Bank and other loan products issued by Bonum Bank to its customers.

Liabilities to credit institutions increased up to EUR 1,424,772 (1,122,965) thousand. This item includes deposits from the other member banks of POP Bank Group, TLTRO loans from the European Central Bank and deposits from the other banks outside the Group. The amount of debt securities issued to the public was EUR 283,896 (322,214) thousand at the end of the review period.

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Assets		
Liquid assets	485,020	436,911
Loans and advances to credit institutions	849,549	778,257
Loans and advances to customers	193,373	170,485
Derivatives	9,220	0
Investment assets	259,963	163,891
Intangible assets	329	1,057
Property, plant and equipment	648	359
Other assets	39,309	23,118
Tax assets	207	515
Total assets	1,837,618	1,574,594
Liabilities		
Liabilities to credit institutions	1,424,772	1,122,965
Liabilities to customers	33,435	55,930
Derivatives	1,798	5,975
Debt securities issued to the public	283,896	322,214
Other liabilities	42,970	20,003
Tax liabilities	203	850
Total liabilities	1,787,075	1,527,938
Equity capital		
Share capital	10,000	10,000
Reserves	30,001	28,520
Retained earnings	10,543	8,136
Total equity capital	50,543	46,657
Total liabilities and equity capital	1,837,618	1,574,594

KEY FIGURES AND THE FORMULAS OF KEY FIGURES

	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
Cost-to-income -ratio, %	74.3	74.2	71.4	71.4
ROA, %	0.14	0.3	0.09	0.09
ROE, %	4.95	8.3	2.13	2.13
Capital adequacy ratio (TC) %	19.4	20.0	21.8	24.1
Equity ratio, %	2.8	3.0	3.4	3.4

The calculation formulas for key indicators are presented in Bonum Bank's Board of Director's Report and Financial Statements 1 January – 31 December 2022.

CREDIT RATING

In October 2023 S&P Global Ratings revised its outlook on the ratings on Bonum Bank from stable to positive. At the same time, the credit rating agency affirmed 'BBB/A-2' long- and short-term issuer credit ratings on Bonum Bank.

SHAREHOLDINGS AND EQUITY

On 31 December 2023, Bonum Bank had 1,400,000 shares, all of them held by 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 thousand (10,000). Equity totalled EUR 50,543 (46,657) thousand.

RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION

PRINCIPLES AND ORGANISATION OF RISK AND CAPITAL MANAGEMENT

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 Bonum Bank's risk management is to ensure that all risks are identified, measured and monitored and that they are proportionate to Bonum 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.

BUSINESS RISKS

CREDIT RISKS

Bonum Bank's credit risk exposure grew during the financial period. Balance sheet items exposed to credit risk totalled EUR 460,510 (340,175) thousand at the end of 2023. Bonum Bank's off-balance sheet credit commitments totalled EUR 171,533 (160,498) thousand, consisting mainly of unrestricted credit facilities related to card credit and 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 259,963 (163,890) 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. 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 13.4 per cent during the financial period, amounting to EUR 193,373 (170,485) thousand. Most of the lending was unsecured lending, which represented 59.3 per cent of the loan portfolio. Loans granted to private customers represented 86.3 (83.1) per cent of the loan portfolio.

Expected credit losses (ECL) on loans, receivables and off-balance sheet items increased by EUR 2,194 thousand during the financial period, amounting to EUR 7,094 thousand. Expected credit losses in IFRS stage 3 increased to EUR 4,954 (2,883) thousand. In 2023 final write offs were in total EUR 1,111 (-113) thousand. Receivables are subject to active collection measures.

Credit risk monitoring in banking operations is based on the continuous monitoring of non-performing receivables, payment delays and forbearance, and on monitoring the quality of the loan portfolio. Monitoring the amount of expected credit losses is an important part of the credit risk management process. Foreseeable credit management problems are addressed as early as possible.

LIQUIDITY RISKS

Bonum Bank as the central credit institution is responsible for fulfilling liquidity coverage requirements and liquidity risk management at POP Bank Group level. Liquidity risks are prepared for by maintaining a sufficient liquidity reserve comprising of LCR eligible high-quality liquid assets, assets eligible as central bank collateral, and short-term bank receivables.

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 273.9 (184.8) per cent on 31 December 2023, with the minimum level being 100 per cent. At the end of the financial period, Bonum Bank had EUR 887.2 (691.6) million in LCR-eligible liquid assets before haircuts, of which 55.9 (64.8) per cent consisted of cash and receivables from the central bank and 37.1 (31.0) per cent consisted of highly liquid Tier 1 securities.

In addition, the member credit institutions of the amalgamation had EUR 28.3 (39.80) million in unpledged securities outside the LCR portfolio.

The requirement for stable funding, NSFR, measures the maturity mismatch of assets and liabilities on the balance sheet and aims to ensure that the level of stable 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 2023 was 132.7 (133.5) per cent.

Bonum Bank provides the member banks of the amalgamation with access to long-term wholesale funding, in addition to serving as an internal bank for member credit institutions. The planning of the bank's funding structure is based on liquidity and funding planning of the whole amalgamation as well as the strategic goals and limits set by the central institution.

At the end of the year, Bonum Bank had EUR 255 (255) 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 29.0 (67.3) million was outstanding at the end of the review period. In addition, Bonum Bank has a EUR 22.3 million loan programme with the Nordic Investment Bank (NIB). At the end of the financial period, Bonum Bank had a total of EUR 78.4 (128.4) million in TLTRO 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 interest levels on the market value of balance sheet and off-balance-sheet items, or on net interest income. 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 interest rate risk. The Bank executed derivative hedges during the financial year to decrease banking book interest rate risk in member banks balance sheet.

Bonum Bank monitors the interest rate risk using the present value method and the dynamic income risk model on 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 impact. The objective is pursued through continuous personnel development and comprehensive operating instructions and internal control measures.

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 based on business risks assessments, 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.

CAPITAL ADEQUACY

Bonum Bank's capital adequacy was at a good level at the end of 2023. Both capital adequacy ratio and core capital adequacy ratio were 19.4 (20.0) per cent. At the end of 2023, the bank's own funds totalled EUR 47,515 (41,981) thousand, consisting entirely of CET1 capital.

Bonum Bank's risk weighted assets increased during 2023 mainly because of increase in retail credit portfolio. The growth in the retail credit portfolio is expected to continue in 2024, which will increase the amount of its risk weighted receivables accordingly.

Bonum Bank's own funds consist of share capital, retained earnings and other non-restricted reserves. In line with the practice followed by the amalgamation, the bank does not include the profit for the financial year 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 statutory minimum for capital adequacy ratio is 8 per cent and 4.5 per cent for CET1 capital. In addition to the minimum capital adequacy ratio, Bonum Bank is subject to 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. All additional capital requirements have to be covered in full with tier 1 capital.

Bonum Bank's leverage ratio was 4.6 (4.9) per cent on 31 December 2023, as the required minimum level is 3 per cent. With special permission from the Financial Supervisory Authority, intra-amalgamation items are deducted from the amount of leverage exposure in the calculation of the leverage ratio.

SUMMARY OF CAPITAL ADEQUACY

Bonum Pankki Oyj Summary of capital adequacy (EUR 1,000)	31 Dec 2023	31 Dec 2022
Own funds		
Common Equity Tier 1 capital before deductions	48,137	43,274
Deductions from Common Equity Tier 1 capital	-622	-1,293
Total Common Equity Tier 1 capital (CET1)	47,515	41,981
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	47,515	41,981
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	47,515	41,981
Total risk weighted assets	244,745	210,283
of which credit risk	196,019	171,065
of which credit valuation adjustment risk (CVA)	6,658	3,433
of which market risk (exchange rate risk)	1,248	0
of which operational risk	40,820	35,785
Fixed capital conservation buffer according to Act on Credit institutions (2.5%)	6,119	5,257
Countercyclical capital buffer	65	26
CET1 Capital ratio (%)	19.4%	20.0%
T1 Capital ratio (%)	19.4%	20.0%
Total capital ratio (%)	19.4%	20.0%
Capital requirement		
Total capital	47,515	41,981
Capital requirement *	25,764	22,115
Capital buffer	21,752	19,865
Leverage ratio		
Tier 1 capital (T1)	47,515	41,981
Leverage ratio exposure	1,024,580	858,279
Leverage ratio, %	4.6%	4.9%

* The capital requirement comprises the minimum requirement of 8%, the capital conservation buffer of 2.5% and the country-specific countercyclical capital requirements of foreign exposures.

EVENTS AFTER THE CLOSING DATE

Bonum Bank's Board of Directors is not aware of any events having taken place after the closing date that would have a material impact on the information presented in the financial statements.

OUTLOOK FOR 2024

Global economic growth is expected to pick up in 2024, but remain lower than usual. However, the Finnish economy is expected to contract, and inflation is expected to slow down. The main factors affecting the Finnish economy are a weaker export outlook and a decline in investment. The European Central Bank has stopped key interest rate hikes for the time being, and expectations of a decrease in key interest rates have increased. The rapid fall in market interest rates at the end of 2023 has stabilised in early 2024, but interest rates are expected to continue to fall at a moderate pace.

Bonum Bank will use the available funding sources diversely during 2024. The goal is to keep the average price of funding for the group as low as possible. The mortgage bank enables the amalgamation to obtain long-term wholesale funding at a competitive price for its business growth by issuing covered bonds.

The general focus will be on increasing operational efficiency and improving profitability. Bonum Bank's personnel are involved in POP Bank Group's core banking system reform project to a significant degree.

The full-year result for 2024 is expected to be positive.

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

Bonum Bank's distributable funds were EUR 40,213,698.11. Bonum Banks Board of Directors proposes to the Annual General Meeting that the profit for the period EUR 2,406,077.04, of which be recognised in retained earnings EUR 1,406,077.04 and EUR 1,000,000.00 paid out as dividends.

BONUM BANK PLC'S FINANCIAL STATEMENTS REPORT 31.12.2023

INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Interest income		74,665	18,800
Interest expenses		-61,665	-8,639
Net interest income	2	12,999	10,161
Net commissions and fees	3	7,226	7,285
Net investment income	4	-769	459
Other operating income		5,167	4,196
Total operating income		24,623	22,101
Personnel expenses		-5,409	-4,583
Other operating expenses		-11,982	-10,863
Depreciation and amortisation		-911	-949
Total operating expenses		-18,302	-16,395
Impairment losses on financial assets	7	-3,306	-1,485
Profit before taxes		3,015	4,221
Income tax expense		-609	-838
Profit for the period		2,406	3,383

STATEMENT OF OTHER COMPREHENSIVE INCOME

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Profit for the financial period		2,406	3,383
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in fair value of equity instruments		141	-154
Capital gains and losses for equity instruments		0	-1,538
Deferred taxes		-28	338
Total		113	-1,354
Items that may be reclassified to profit or loss			
Movement in fair value reserve for liability instruments		1,368	-2,247
Total		1,368	-2,247
Other comprehensive income items total		1,481	-3,601
Comprehensive income for the financial year		3,887	-217

BALANCE SHEET

(EUR 1,000)	Note	31 Dec 2023	31 Dec 2022
Assets			
Liquid assets		485,020	436,911
Loans and advances to credit institutions	5,6	849,549	778,257
Loans and advances to customers	5,6	193,373	170,485
Derivatives	9	9,220	0
Investment assets	5,6	259,963	163,891
Intangible assets		329	1,057
Property, plant and equipment		648	359
Other assets		39,309	23,118
Tax assets		207	515
Total assets		1,837,618	1,574,594
Liabilities			
Liabilities to credit institutions	5,6,8	1,424,772	1,122,965
Liabilities to customers	5,6,8	33,435	55,930
Derivatives	9	1,798	5,975
Debt securities issued to the public	10	283,896	322,214
Other liabilities		42,970	20,003
Tax liabilities		203	850
Total liabilities		1,787,075	1,527,938
Equity capital			
Share capital		10,000	10,000
Reserves		30,001	28,520
Retained earnings		10,543	8,136
Total equity capital		50,543	46,657
Total liabilities and equity capital		1,837,618	1,574,594

STATEMENT OF CHANGES IN THE EQUITY CAPITAL

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
Balance 1 Jan 2023	10,000	-1,480	30,000	8,136	46,656
Comprehensive income for the financial year					
Profit for the financial year				2,406	2,406
Other comprehensive income		1,481			1,481
Total comprehensive income for the financial year		1,481		2,406	3,887
Balance 31 Dec 2023	10,000	1	30,000	10,543	50,543

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
Balance 1 Jan 2022	10,000	2,121	20,000	3,215	35,336
Comprehensive income for the financial year					
Profit for the financial year				3,383	3,383
Other comprehensive income		-3,601			-3,601
Total comprehensive income for the financial year		-3,601		3,383	-217
Investment in the unrestricted equity fund			10,000		10,000
Other changes				1,538	1,538
Balance 31 Dec 2022	10,000	-1,480	30,000	8,136	46,656

CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flow from operating activities			
Profit for the financial year		2,406	3,383
Adjustments to profit for the financial year		6,507	3,688
Increase (-) or decrease (+) in operating assets		189,257	-373,740
Advances to credit institutions		325,834	-333,871
Advances to customers		-26,140	-55,480
Investment assets		-94,247	28,722
Other assets		-16,191	-13,111
Increase (+) or decrease (-) in operating liabilities		287,525	488,080
Liabilities to credit institutions	8	287,465	455,764
Liabilities to customers	8	-22,495	20,349
Other liabilities		22,555	11,966
Income tax paid		-1,318	-706
Total cash flow from operating activities		484,377	120,705
Cash flow from investing activities			
Investments in shares and other equity, decreases		-21	1,993
Purchase of PPE and intangible assets		0	102
Total cash flow from investing activities		-21	2,095
Cash flow from financing activities			
Payment of lease liabilities		-175	-167
Debt securities issued, increase	10	129,273	338,923
Debt securities issued, decrease	10	-168,219	-301,853
Equity investment		0	10,000
Total cash flow from financing activities		-39,121	46,903
Change in cash and cash equivalents			
Cash and cash equivalents at period-start		443,523	273,820
Cash and cash equivalents at the end of the period		888,758	443,523
Net change in cash and cash equivalents		445,235	169,703

(EUR 1,000)	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash and cash equivalents			
Liquid assets		485,020	436,911
Receivables from credit institutions payable on demand		403,738	6,612
Total		888,758	443,523
ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT			
Interest received		62,884	14,059
Interest paid		46,413	4,331
Dividends received		7	71
ADJUSTMENTS TO RESULT FOR THE FINANCIAL YEAR			
Non-cash items and other adjustments			
Change in deferred taxes		-20	-1
Net changes in fair value		944	-198
Income taxes		629	1,224
Impairment losses on receivables		3,306	1,485
Depreciation		911	949
Other		738	230
Adjustments to profit for the financial year		6,507	3,688

NOTES

NOTE 1 ACCOUNTING POLICIES

GENERAL

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

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 financial statements release 1 January – 31 December 2023 have been prepared according to IAS34 Interim financial reporting –standard. The Financial statements release is not audited.

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.

Bonum Bank has no subsidiaries or associated companies.

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.

CHANGES IN ACCOUNTING POLICIES

NEW IFRS STANDARDS AND ITERPRETATIONS

No new IFRS standards were adopted during the financial year in Bonum Bank's financial statements. POP Bank Group will adopt from 1 January 2024 the changes in IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, if they have been approved for application in the EU before the effective date. the changes are not expected to have a material impact on POP Bank Group's financial statements.

NOTE 2 NET INTEREST INCOME

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Interest income		
Loans and advances to credit institutions	44,038	7,662
Loans and advances to customers	14,683	8,805
Debt securities		
At amortised cost	2,539	361
At fair value through profit or loss	3,934	627
Hedging derivatives	9,469	1,360
Other interest income	1	-15
Total interest income	74,665	18,800
of which positive interest expense	0	1,164
Interest expenses		
Liabilities to credit institutions	-37,172	-4,279
Liabilities to customers	-491	-512
Debt securities issued to the public	-11,673	-2,924
Hedging derivatives	-12,253	-897
Other interest expenses	-76	-28
Total interest expenses	-61,665	-8,639
of which negative interest income	-7	-847
Net interest income	12,999	10,161

NOTE 3 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Commissions and fees		
Lending	988	619
Card business	4,964	5,275
Payment transfers	4,130	4,030
Other commission income	0	1
Total commissions and fees	10,082	9,925
Commissions expenses		
Card business	-1,932	-1,806
Payment transfers	-819	-792
Other commission expenses	-105	-42
Total commission expenses	-2,856	-2,639
Net commissions and fees	7,226	7,285

NOTE 4 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
At fair value through profit or loss		
Derivatives		
Fair value gains and losses	-1	-
Total	-1	0
At fair value through other comprehensive income		
Debt securities		
Transferred from fair value reserve to the income statement	0	-2
Shares and participations		
Dividend income*	7	71
Total	7	69
Net income from foreign exchange trading	169	192
Net income from hedge accounting		
Change in hedging instruments' fair value	13,399	-5,975
Change in hedged items' fair value	-14,343	6,173
Total	-944	198
Total net investment income	-769	459

* Dividend income from equity shares measured at fair value through other comprehensive income held in the end of the financial period is EUR 7 (71) thousand.

Net investment income includes net income from financial instruments except interest income from debt securities recognised in net interest income

NOTE 5 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS 31 DEC 2023

(EUR 1,000)	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Expected credit loss	Total carrying amount
Liquid assets	485,020		-	-	485,020
Loans and advances to credit institutions	849,550		-	-1	849,549
Loans and advances to customers	200,093		-	-6,720	193,373
Derivatives	-	9,220	-	-	9,220
Debt securities*	144,655		114,368	-16	259,007
Shares and participations	-		956	-	956
Financial assets total	1,679,317	9,220	115,324	-6,736	1,797,126
Other assets					40,493
Total assets					1,837,618

* Expected credit loss of EUR 24 (30) thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL ASSETS 31 DEC 2022

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

*) Expected credit loss of EUR 30 thousand from debt securities have been recorded in the fair value reserve.

FINANCIAL LIABILITIES 31 DEC 2023

(EUR 1,000)	At fair value through profit or loss	At amortised cost	Total carrying amount
Liabilities to credit institutions	-	1,424,772	1,424,772
Liabilities to customers	-	33,435	33,435
Derivatives	1,798	-	1,798
Debt securities issued to the public	-	283,896	283,896
Financial liabilities total	1,798	1,742,104	1,743,902
Other liabilities			43,173
Total liabilities			1,787,075

FINANCIAL LIABILITIES 31 DEC 2022

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

NOTE 6 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUES BY VALUATION TECHNIQUE

FINANCIAL ASSETS

(EUR 1,000)	31 Dec 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Liquid assets	485,020	485,020	436,911	436,911
Loans and advances to credit institutions	849,549	849,549	778,257	778,257
Loans and advances to customers	193,373	191,872	170,485	168,477
Investment assets	9,220	9,220	-	-
At amortised cost				
At fair value through profit or loss	144,639	147,546	50,842	50,170
Total	115,324	115,324	113,049	113,049
Total	1,797,126	1,798,530	1,549,544	1,546,864

FINANCIAL LIABILITIES

(EUR 1,000)	31 Dec 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities to credit institutions	1,424,772	1,424,750	1,122,965	1,122,911
Liabilities to customers	33,435	33,435	55,930	55,930
Derivatives	283,896	280,693	322,214	315,109
Debt securities issued to the public	1,798	1,798	5,975	5,975
Total	1,743,902	1,740,676	1,507,085	1,499,926

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECURRENTLY RECOGNISED AT FAIR VALUE**ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023**

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through other comprehensive income				
Derivatives		9,220		9,220
At fair value through other comprehensive income				
Shares and participations	-	-	956	956
Debt securities	80,549	33,819	-	114,368
Total	80,549	43,039	956	124,545

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Derivatives	-	1,798	-	1,798
Total financial liabilities	0	1,798	0	1,798

ASSETS RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2022

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

LIABILITIES RECURRENTLY MEASURED AT FAIR VALUE 31 DEC 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value
At fair value through profit or loss				
Derivatives	-	5,975	-	5,975
Total financial liabilities	0	5,975	0	5,975

FAIR VALUE HIERARCHY LEVELS OF ITEMS RECOGNIZED AT AMORTISED COST**ASSETS MEASURED AT AMORTISED COST 31 DEC 2023**

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	849,549	-	849,549	849,549
Loans and advances to customers	-	193,373	-	191,872	193,373
Debt securities	-	144,639	-	147,546	144,639
Total	-	1,187,562	-	1,188,966	1,187,562

LIABILITIES MEASURED AT AMORTISED COST 31 DEC 2023

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities to credit institutions	-	1,424,772	-	1,424,750	1,424,772
Liabilities to customers	-	33,435	-	33,435	33,435
Debt securities issued to the public	-	283,896	-	280,693	283,896
Total	-	1,742,104	-	1,738,878	1,742,104

ASSETS MEASURED AT AMORTISED COST 31 DEC 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Loans and advances to credit institutions	-	778,257	-	778,257	778,257
Loans and advances to customers	-	168,477	-	168,477	170,485
Debt securities	-	50,170	-	50,170	50,842
Total	-	996,904	-	996,904	999,585

LIABILITIES MEASURED AT AMORTISED COST 31 DEC 2022

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities to credit institutions	-	1,122,911	-	1,122,911	1,122,965
Liabilities to customers	-	55,930	-	55,930	55,930
Debt securities issued to the public	-	315,109	-	315,109	322,214
Total	-	1,493,950	-	1,493,950	1,501,109

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

Level 3 includes financial instruments and other assets 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)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2023		815	815
Changes in value recognised in other comprehensive income		141	141
Carrying amount 31 Dec 2023		956	956

(EUR 1,000)	At fair value through profit or loss	At fair value through other comprehensive income	Total
Carrying amount 1 Jan 2022		2,962	2,962
Purchases		310	310
Sales		-765	-765
Changes in value recognised in other comprehensive income		230	230
Realised changes in value recognised in retained earnings		-1,922	-1,922
Carrying amount 31 Dec 2022		815	815

SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AT LEVEL 3 31 DEC 2023

(EUR 1,000)	Carrying amount	Possible effect on equity capital	
		Positive	Negative
At fair value through other comprehensive income	956	143	-143
Total	956	143	-143

31 DEC 2022

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

The sensitivity of financial assets recurrently measured at fair value at level 3 has been calculated for interest rate linked investments by assuming a 1 percentage points change in interest rates and for other investments by assuming the market price of the security to change by 15%.

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

NOTE 7 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

IMPAIRMENT LOSSES RECORDED DURING THE REPORTING PERIOD

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Change of ECL due to write-offs	568	231
Change of ECL, receivables from customers and off-balance sheet items	-2,738	-1,834
Change of ECL, debt securities	-25	6
Final credit losses	-1,111	113
Impairment losses on financial assets total	-3,306	-1,485

During the financial year, EUR -1,111 (113) thousand was recognised as final credit loss. Recollection measures are attributed to the whole amount of credit losses.

Changes in expected credit loss (ECL) during the financial period are presented in the tables below. Stage 1 represents financial instruments whose credit risk has not increased significantly since the initial recognition. Expected credit losses are determined for such financial instruments based on expected loan losses for 12 months. Stage 2 represents financial instruments whose credit risk has increased significantly after the initial recognition on the basis of qualitative or quantitative criteria and, for stage 3, financial instruments whose counterparty has been declared as default. Expected credit losses are determined for financial instruments classified in Stage 2 and 3 based on the expected credit losses over the entire life of the instrument.

The principles for calculating expected credit losses and determining the probability of default are presented in IFRS financial statements of the Bonum Bank on 31 December 2022, Note 1 Accounting policies.

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	1,549	213	2,816	4,578
Transfers to stage 1	47	-57	-369	-379
Transfers to stage 2	-163	70	-129	-222
Transfers to stage 3	-159	-57	2,172	1,956
Increases due to origination	769	65	952	1,786
Decreases due to derecognition	-305	-43	-599	-948
Changes due to change in credit risk (net)	-70	-22	608	516
Decreases due to write-offs	0	0	-568	-568
Total	118	-44	2,068	2,141
ECL 31 Dec 2023	1,667	168	4,884	6,720

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	172	39	67	277
Transfers to stage 1	3	-20	-35	-52
Transfers to stage 2	-3	13	-1	10
Transfers to stage 3	-1	-1	16	14
Increases due to origination	39	20	19	78
Decreases due to derecognition	-1	0	-1	-1
Changes due to change in credit risk (net)	-15	-8	5	-19
Total	22	3	3	29
ECL 31 Dec 2023	194	42	70	306

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	43	0	0	43
Increases due to origination	46	0	0	46
Decreases due to derecognition	-9	0	0	-9
Changes due to change in credit risk (net)	-12	0	0	-12
Total	25	0	0	25
ECL 31 Dec 2023	68	0	-	68

RECEIVABLES FROM CREDIT INSTITUTIONS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2023	1	0	0	1
Changes due to change in credit risk (net)	-1	1	0	0
Total	-1	1	0	0
ECL 31 Dec 2023	0	1	0	1
ECL 1 Jan 2023	1,765	251	2,883	4,899
ECL 31 Dec 2023	1,929	211	4,954	7,094

RECEIVABLES FROM CUSTOMERS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	1,265	119	1,632	3,016
Transfers to stage 1	7	-20	-125	-138
Transfers to stage 2	-140	64	-33	-109
Transfers to stage 3	-116	-44	1,493	1,333
Increases due to origination	915	131	255	1,301
Decreases due to derecognition	-283	-34	-427	-745
Changes due to change in credit risk (net)	-99	-3	253	151
Decreases due to write-offs	0	0	-231	-231
Total	284	94	1,185	1,563
ECL 31 Dec 2022	1,549	213	2,816	4,578

OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	187	10	36	233
Transfers to stage 1	1	-5	-13	-17
Transfers to stage 2	-10	17	-1	6
Transfers to stage 3	-1	0	16	14
Increases due to origination	27	19	27	73
Decreases due to derecognition	-8	0	0	-8
Changes due to change in credit risk (net)	-25	-1	3	-23
Total	-15	29	31	44
ECL 31 Dec 2022	172	39	67	277

DEBT SECURITIES

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	48	1	0	49
Increases due to origination	15	0	0	15
Decreases due to derecognition	-19	0	0	-19
Changes due to change in credit risk (net)	-1	-1	0	-2
Total	-5	-1	0	-6
ECL 31 Dec 2022	43	0	-	43

RECEIVABLES FROM CREDIT INSTITUTIONS

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL 1 Jan 2022	4	0	0	4
Decreases due to derecognition	-1	0	0	-1
Changes due to change in credit risk (net)	-3	0	0	-3
Total	-4	0	0	-3
ECL 31 Dec 2022	1	0	0	1
	0			
ECL 1 Jan 2022	1,504	130	1,668	3,302
ECL 31 Dec 2022	1,765	251	2,883	4,899

CREDIT RISK BY STAGES 31 DEC 2023

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Receivables from customers				
Private	143,138	6,678	12,144	161,960
Corporate	37,891	122	120	38,133
Receivables from customers total	181,029	6,800	12,264	200,093
ECL 31 Dec 2023	1,667	168	4,884	6,720
Coverage ratio	0,9 %	2,5 %	39,8%	3,4%
Off-balance sheet commitments				
Private	160,317	2,082	380	162,779
Corporate	8,657	82	15	8,754
Off-balance sheet commitments total	168,974	2,164	396	171,533
ECL 31 Dec 2023	194	42	70	306
Coverage ratio	0,1%	1,9%	17,6%	0,2%
Debt securities				
ECL 31 Dec 2023	68	0	-	68
Coverage ratio	0,0%	0,0%	0,0%	0,0%
Receivables from credit institutions	404,708	292	0	405,000
ECL 31 Dec 2023	0	1	0	1
Coverage ratio	0,0%	0,0%	0,0%	0,0%
Credit risk by stages total	1,013,468	9,549	12,660	1,035,677

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

CREDIT RISK BY STAGES 31 DEC 2022

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

NOTE 8 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Liabilities to credit institutions		
To central banks	78,400	128,400
To other credit institutions		
Repayable on demand	347,519	326,780
Not repayable on demand	998,853	667,785
Total liabilities to credit institutions	1,424,772	1,122,965
Liabilities to customers		
Deposits		
Repayable on demand	33,435	55,930
Total liabilities to customers	33,435	55,930
Total liabilities to credit institutions and customers	1,458,207	1,178,895

Liabilities to central banks includes secured TLTRO III funding total of EUR 78,400 thousand. The funding matures in, March 2024 (EUR 70,000 thousand) and June 2024 (EUR 8,400 thousand) but for which early repayment has been possible from January 2023 onwards.

The interest rate for TLTRO funding is based on the ECB's deposit rate and the growth of the bank's net lending. 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%. ECB recalibrated the conditions of the third series of targeted longer-term refinancing operations (TLTRO III) from 11/2022 onwards. POP Bank Group has used ECB deposit rate as interest rate for the loans for 2023. 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.

NOTE 9 DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

NOMINAL VALUES OF UNDERLYING ASSETS AND FAIR VALUES OF DERIVATIVES

31 DEC 2023 (EUR 1,000)	Nominal value / Remaining maturity				Fair value	
	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
Hedging derivatives						
Fair value hedging						
Interest rate derivatives	-	524,900	100,000	624,900	9,220	1,798
Derivatives total	-	524,900	100,000	624,900	9,220	1,798

The nominal value of the fair value hedged fixed interest rate deposits is EUR 624,900 thousand at the end of the reporting period. The nominal value of the derivatives match with nominal value of the hedged deposits.

31 DEC 2022 (EUR 1,000)	Nominal value / Remaining maturity				Fair value	
	Less than 1 year	1-5 years	More than 5 years	Total	Assets	Liabilities
Hedging derivatives						
Fair value hedging						
Interest rate derivatives	-	200,000	-	200,000	-	5,975
Derivatives total	-	200,000	-	200,000	-	5,975

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND RESULT

Fair value hedging (EUR 1,000)	31 Dec 2023	31 Dec 2022
Liabilities		
Carrying amount of hedged liabilities to customers	633,069	193,827
of which the accrued amount of hedge adjustments	8,169	-6,173

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

31 DEC 2023	Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements						
	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments held as collateral	Cash held as collateral	Net amount
(EUR 1,000)							
Assets							
Derivatives	16,575	0	16,575	6,104	11,790	0	0
Total	16,575	0	16,575	6,104	11,790	0	0
Liabilities							
Derivatives	6,104	0	6,104	6,104	0	0	0
Total	6,104	0	6,104	6,104	0	0	0

In 2022 derivative contracts have been reported as assets and liabilities

NOTE 10 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Debt securities issued to the public	254,931	254,892
Certificates of deposits	28,965	67,323
Total debt securities issued to the public	283,896	322,214

At the end of reporting period there are 3 pcs of Certificates of deposits, total nominal value EUR 29,000 (67,500) thousand, value between EUR 2,000-20,000 thousand and average maturity 9.3 months.

DEBT SECURITIES ISSUED TO THE PUBLIC

Name	Issue date	Due date	Interest	Nominal	Currency
BONUM 17012024	3.6.2020	17.1.2024	EB 12 months + 1.20%	55,000	EUR
BONUM 26102026	20.10.2021	20.10.2026	EB 3 months + 0.85%	20,000	EUR
BONUM 16112025	16.11.2021	16.11.2025	EB 3 months + 0.75%	30,000	EUR
BONUM 05042025	5.4.2022	5.4.2025	EB 3 months + 1.40%	50,000	EUR
BONUM 22042027	22.4.2022	22.4.2027	EB 12 months + 1.25%	50,000	EUR
Debt securities issued during the reporting period					
BONUM 19072028	19.7.2023	19.7.2028	EB 6 months + 1.11%	50,000	EUR

DEBT SECURITIES PRESENTED IN CASH FLOW RECONCILIATION TO BALANCE SHEET

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Balance 1 Jan	322,214	284,920
Debt securities issued, increase	49,994	99,911
Certificates of deposits, increase	79,279	239,012
Total increase	129,273	338,923
Debt securities issued, decrease	-50,000	-100,000
Certificates of deposits, decrease	-118,219	-201,853
Total decrease	-168,219	-301,853
Total changes of cash flow	-38,946	37,070
Valuation	629	224
Balance at the end of period	283,896	322,214

NOTE 11 COLLATERALS GIVEN AND RECEIVED

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Given on behalf of own liabilities and commitments		
Debt securities	143,199	162,940
Other given collaterals	0	5,150
Total collateral given	143,199	168,090
Collaterals received		
Other received collaterals	11,790	0
Collaterals received from POP Banks	68,208	67,958
Total collateral given	79,998	67,958

Collaterals received from banks of POP Bank Group are long-term money market deposits related to the offering of central credit institution services and made by the banks in POP Bank Group to Bonum Bank. The amount of deposit liabilities in relation to the balance sheet total is confirmed annually.

NOTE 12 OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	31 Dec 2023	31 Dec 2022
Loan commitments	171,533	160,498
Total off-balance sheet commitments	171,533	160,498

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

NOTE 13 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 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. In addition, key persons include POP Bank Centre 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 2023, Bonum Bank granted housing and consumption loans to related parties at employee terms. These loans are tied to generally applied reference rates.

BUSINESS TRANSACTIONS WITH RELATED PARTY KEY PERSONS

(EUR 1,000)	Key persons in management		Other	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Assets			7,918	
Loans	271	284	0	219
ECL	0	0	1	0
Liabilities				
Deposits	34	5	30,905	5,601
Off-balance-sheet commitments				
Loan commitments	8	8	250	250

COMPENSATION TO KEY PERSONS IN MANAGEMENT

(EUR 1,000)	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Short-term employee benefits	1,036	1,030
Total	1,036	1,030

COMPENSATION TO CEO AND MEMBERS OF THE BOARD

(EUR 1,000)	Salaries and remuneration
Ali-Tolppa Pia, CEO	240
Pulli Jaakko, Chairman of the Board	36
Linna Hanna, Vice Chairman of the Board	27
Lähteenmäki Ilkka, member of the Board	24
Kirsi Salo, member of the Board	24
Total	350

NOTE 14 EVENTS AFTER THE CLOSING DATE

Bonum Bank'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.

Espoo 15 February 2024

Bonum Bank Plc
Board of Directors

www.poppankki.fi

