

BONUM BANK PLC – HALF-YEAR REPORT 1 JANUARY – 30 JUNE 2016

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Bonum Bank's Board of Directors' Half-Year Report 1 January-30 June 2016 is a translation of the original Finnish version "Bonum Pankin puolivuosisikatsaus 1.1.-30.6.2016". In case of discrepancies, the Finnish version shall prevail.

BOARD OF DIRECTORS' REPORT FOR THE HALF-YEAR PERIOD 1 JAN–30 JUN 2016

Bonum Bank's business has developed remarkably during the first half year compared to the same period last year. The central credit institution services to POP Banks has been accomplished to its full extent according to plans. During the reporting period, Bonum Bank Plc has increased remarkably the provision of Treasury services to POP Banks. Bonum Bank has prepared and secured the access for POP Banks to long term funding. In order to enable long term funding channels, Bonum Bank has applied for a credit rating and published a bond programme. According to the programme, Bonum Bank issued a EUR 100 Million bond in June 2016.

Bonum Bank is part of the POP Bank Amalgamation and is responsible for providing central credit institution services to 26 POP Banks. In line with the amalgamation strategy, Bonum Bank has continued to develop and centralize the services. The development of central credit institution services strengthens the business and effectiveness of POP Banks enabling a sound and profitable growth. Bonum Bank is also responsible for the issuance of payment cards to POP Banks' customers.

POP BANK GROUP AND POP BANK AMALGAMATION

Bonum Bank Ltd is a member of the POP Bank Alliance. It belongs to the amalgamation of POP Banks that started its operations on 31 December 2015. The amalgamation of POP Banks is formed by 26 independent co-operative banks, the central institution POP Bank Alliance, the companies included in their consolidation groups and those credit institutions, financial institutions and service companies in which entities included in the amalgamation jointly hold a control of over 50 per cent. POP Bank Alliance acts as the central institution responsible for group steering and supervision.

OPERATING ENVIRONMENT

The development of the global economy is showing signs of a slowing down of growth – however, the development is not fully consistent. The European Central Bank (ECB) has strongly continued its stimulus policy, and measures to support the liquidity of the market have pressed the historically low interest rates even lower. Even though energy prices and interest rates are low and efforts have been made to ease the availability of money in the market, growth in the Eurozone is sluggish. Following the Brexit poll result, there are fears of the rise of populist parties in the EU. The strengthening of EU-critical parties may increase political uncertainty, and also the EU's future goals and progressing unification development may become subject to a political reassessment.

Finland's economic growth has continued to be modest, even though some positive signals have been visible. The growth of unemployment has slowed down, and activity in the construction industry in particular has significantly picked up. Also, the commencement of major investments in the forest industry will have positive cascade effects on the economy. Residential sales were slightly up during the first half of the year, and private consumption increased the gross production clearly during the first quarter year-on-year.

Exports continue to be the biggest problem; they have not begun to recover, and the positive effects of the Competitiveness Pact will only materialise with a delay. However, the conclusion of the Pact was an important step in the right direction, giving faith in a positive turn in the economy and gradual slowing down of the debt growth rate.

The development of households' spending power has been modest in Finland, and the Competitiveness Pact will have a negative effect on its development in the short term, even though the Government has promised that it will compensate for the matter with tax cuts depending on the coverage of the Pact. The inflation rate being close to zero and exceptionally low interest rates have significantly supported households' ability to repay their loans, even though the number of disruptions in payments has risen to a new record high. In particular, households that have not experienced problems caused by unemployment have maintained their financial position solid. For investors, the operating environment has been challenging, as uncertainty took over the market in expectation of the Brexit vote and its impacts. The interest rate markets, on the other hand, have not attracted private households with the returns having been at a historic low. In the housing market, prices have still been increasing in growth centres, while elsewhere prices have remained unchanged or even decreased slightly.

FINANCIAL POSITION

PERFORMANCE

Bonum Bank's profit before taxes for the first half year amounted to EUR 1,336 thousand (loss for the equal period in 2015 was EUR 61 thousand). The first half year is Bonum Bank's first period during which the bank has been operating to the full extent according to the strategy. Most of the result comes from interest and commission income on central credit institution services provided for POP Banks and investment income mainly from the sale of Visa Europe's equity. The Bank's cost-to-income ratio was 73.23% (90.98).

The Bank's key income statement items have developed as follows:

(EUR 1,000)	1 Jan–30 Jun 2016	1 Jan-30 Jun 2015	Change %
Interest income	1,621	384	322%
Interest expenses	-235	-164	43%
Net interest income	1,386	220	530%
Net commissions and fees	1,404	494	184%
Net trading income	151	22	586%
Net investment income	1,522	-2	...
Other operating income	1,249	513	143%
Total operating income	5,713	1,248	358%
Personnel expenses	-656	-519	26%
Other operating expenses	-3,235	-601	438%
Depreciation and amortisation on property, plant and equipment and intangible assets	-292	-189	54%
Total operating expenses	-4,183	-1,309	220%
Impairment losses on loans and receivables	-193	0	...
Profit before taxes	1,336	-61	...
Income taxes	-268	55	...
Result for the period	1,069	-6	...

The bank's net interest income amounted to EUR 1,386 thousand (220). Interest income consisted mainly of interest income from the bank's card business, which started in June 2015 and the bank's own investments. The decreasing interest rates and negative money market yield will continue to decrease the bank's interest income.

Net commission income increased to EUR 1,404 thousand (494). Commission income consists mainly of payment transfer fees and income from card business.

Other income, totaling EUR 1,522 thousand (-2) originates from investment income and commissions from card business and payment transfer operations EUR 1,249 thousand (513).

Personnel expenses consist of salary expenses, pension expenses and other indirect personnel expenses. The growth in personnel expenses to EUR 656 thousand (519) was due to the increase in the number of the bank's personnel during the reporting period. The increase in other operating expenses was mainly due to the central credit institution services and card business operations.

BALANCE SHEET

The bank's balance sheet was EUR 515,722 thousand at the end of the reporting period (427,333). The total balance has increased due to the bond issuance in June and loans to POP Banks.

Bonum Bank Plc's key balance sheet items are:

(EUR 1,000)	30 Jun 2016	31 Dec 2015	Change %
Assets			
Cash funds	190,349	159,147	20%
Loans and advances to credit institutions	59,044	47,725	24%
Loans and advances to customers	45,593	43,944	4%
Investment assets	215,880	171,147	26%
Intangible assets	2,648	2,932	-10%
Property, plant and equipment	55	50	10%
Other assets	1,756	1,893	-7%
Tax assets	397	495	-20%
Total assets	515,722	427,333	21%
Liabilities			
Liabilities to credit institutions	367,480	390,200	-6%
Liabilities to customers	11,108	7,007	59%
Debt securities issued to the public	99,422	-	...
Other liabilities	15,035	9,453	59%
Tax liabilities	755	435	74%
Total liabilities	493,800	407,095	21%
Equity			
Share capital	10,000	10,000	0%
Reserves	10,535	9,919	6%
Profit (loss) for previous financial years	318	12	...
Profit (loss) for the period	1,069	306	249%
Total equity	21,921	20,237	8%
Total liabilities and equity	515,722	427,333	21%

OTHER KEY INDICATORS

Key figures	30 Jun 2016	31 Dec 2015
Cost-to-income ratio, %	73,23	90,98
ROA	0,56	0,14
ROE	12,59	1,52
Equity ratio	4,25	4,74

Cost – to – income ratio, % =

$$\frac{\text{administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses}}{\text{net interest income + net commissions and fees + net trading income + net invest income + other operating income}} \cdot 100$$

Return on equity (ROE), % =

$$\frac{\text{Operating profit (loss) – Income taxes}}{\text{Equity (average of beginning and end of year)}} \cdot 100$$

Return on assets (ROA), % =

$$\frac{\text{Operating profit (loss) – Income taxes}}{\text{Balance sheet total (average of beginning and end of year)}} \cdot 100$$

Equity ratio, % =

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

MAIN EVENTS DURING THE REPORT PERIOD

Bonum Bank became a public limited company in the spring. During the spring Bonum Bank also launched a EUR 150 million certificate program. The credit rating agency S&P Global (S&P) granted Bonum Bank Plc a credit rating of 'BBB' for long-term investment grade and a rating of 'A-2' for short-term investment grade on 23 May 2016. The outlook is stable. The granted rating reflects an assessment made based on the criteria used by S&P. The assessment reviewed, for example, the business status of the POP Bank Group, its financial performance, capital and liquidity buffers, risk profiling and fundraising. The stable outlook reflects the strong capital adequacy of the POP Bank Group, the business stability and predictability and the increasing efficiency of the amalgamation.

Bonum Bank published a EUR 750 million bond program in May and issued its first three-year unsecured senior bond of EUR 100 million in June according to the program. The bond is listed on the Helsinki Stock Exchange. The wholesale funding enables a diversification of the fund raising of the POP Bank Group and supports the Group's growth.

Bonum Bank has been a shareholder in Visa Europe and provided Visa Europe's card services to POP Bank customers. Visa Europe's board of directors agreed to sell the company to Visa Inc. registered in USA during spring 2016. The acquisition was finalized in June and Bonum Bank's sales profit from the share was EUR 1.5 million. In connection to the trade finalization Bonum Bank received Visa Inc. C-Series shares.

RISK MANAGEMENT AND CAPITAL ADEQUACY

RISK MANAGEMENT PRINCIPLES

The objective of risk management is to ensure that the risks involved in the bank's business operations have been identified, measured, assessed and restricted and that risks are monitored in accordance with appropriate principles of internal control. Risk management constitutes part of capital adequacy management, aiming to ensure that risk levels are in correct proportion to the bank's risk-bearing capacity and do not endanger the bank's capital adequacy position.

From the perspective of Bonum Bank's business, the essential areas of risk management are credit risks, interest rate risks, liquidity risks and operational risks.

CAPITAL ADEQUACY

The bank applies the standard approach for the calculation of the capital requirement for credit risk and the basic indicator approach for operational risk. Bonum Bank's own funds consist of share capital, non-restricted reserves and retained earnings, less the deductible items in accordance with the EU's Capital Requirements Regulation (No. 575/2013). Bonum Bank does not include operational profit from the accounting period to own funds. 30.6.2016 Bonum Bank's CET1 core equity capital amounted to EUR 18 592 thousand (17 410) ja CET1-capital ratio was 23,9 percent (19,5).

In the first half of year 2016 Bonum Bank's capital adequacy was affected by the initiation of senior debt security funding for POP Bank Amalgamation and the related adjustment of business operations in accordance with business planning. Debt security issuance increased the balance sheet compared to end of year 2015, however, risk weighted assets and capital ratios were maintained within planned normal levels during the first half of the year.

Summary of capital adequacy (EUR 1 000)	30 June 2016	31 December 2015
Common Equity Tier 1 capital before deductions	21 921	19 928
Deductions from Common Equity Tier 1 capital	-3 329	-2 518
Total Common Equity Tier 1 capital (CET 1)	18 592	17 410
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1=CET1+AT1)	18 592	17 410
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC=T1+T2)	18 592	17 410
Total Risk Weighted Assets	77 665	89 175
- Of which credit risk	71 245	82 755
- Of which credit valuation adjustment risk (CVA)	-	-
- Of which market risk (exchange rate risk)	-	-
- Of which operational risk	6 420	6 420
Fixed capital conservation buffer according to the Act on Credit Institutions (2.5%)	1 942	2 229
Countercyclical capital buffer	49	72
Common Equity Tier 1 capital (CET1) in relation to risk-weighted assets (%)	23,94%	19,52 %
Tier 1 capital (T1) in relation to risk-weighted assets (%)	23,94%	19,52 %
Total Capital (TC) in relation to risk-weighted assets (%)	23,94%	19,52 %
Leverage ratio		
Tier 1 capital (T1)	18 592	17 410
Total exposures	533 335	441 750
Leverage ratio, %	3,49%	3,94 %

CREDIT RISK AND CONCENTRATIONS

The foremost share of Bonum Bank's credit risk is derived from investments and credit card operations. At the end of June 2016, Bonum Bank's investment assets totaled EUR 215 880 thousand (171 147). The investment assets included in the liquidity portfolio consist of notes and bonds issued by governments, municipalities, financial institutions and companies with good credit ratings, collateralized securities and ECB collateral eligible debt securities. The Securities in the liquidity portfolio are valued to market prices (mark-to-market) in the balance sheet.

At the end of June 2016, Bonum Bank's card credit portfolio totalled EUR 38 853 thousand (39,547). During the first half of 2016, EUR 193 thousand (–) credit loss was written off on card credits. No credit loss or non-performing receivables were recognised on other banking items.

LIQUIDITY RISK

During the first half of year 2016, Bonum Bank's liquidity position has remained strong. The key ratio for measuring liquidity risk is the liquidity coverage ratio (LCR), specified in the EU's Capital Requirements Regulation, which was raised to 70% in the beginning of year 2016.

At the end of June 2016, Bonum Bank's LCR ratio was 173,0 percent (153,3). The Bank's LCR-eligible liquid assets totalled EUR 313,2 million (258.1)

INTEREST RATE RISK

In the first half of the year 2016, Bonum Bank's market risks remained on a moderate level. The most significant market risk is the Interest rate risk in banking book. Interest rate risk arises from liquidity portfolio, credit card portfolio, funding items and retail banking. Bonum Bank did not use derivatives during the first half of the year 2016.

Interest rate risk is monitored using the present value method and the income risk model. The present value method measures how changes in interest rates change the constructed market value of financial assets. In the present value method, the market value of each balance sheet item is expected to be formed as the present value of the cash flows generated by the instrument in question. The income risk model predicts the future net interest income as market interest rates change.

EVENTS AFTER THE REPORT PERIOD

No such significant events have taken place at Bonum Bank after the balance sheet date that would have a material effect on the information presented in the financial statements.

OUTLOOK FOR THE REMAINING PART OF THE YEAR

Bonum Bank has initiated a project for the card processing renewal. The objective of the project is to streamline card transaction processing and reduce card operating costs. Bonum Bank will be involved in the POP Bank Amalgamation projects strengthening the group structure.

Eight banks have diverged from the POP Bank Alliance in 2015 and therefore the service agreements with Bonum Bank will end. The agreements with two banks ended in the end of 2015, the rest of the banks will withdraw in the autumn of 2016. The withdrawal will be noticed in the business of Bonum Bank, since the payment and card transaction volumes will decrease and the balance sheet will reduce in the second half year.

Bonum Bank has agreed to repay central credit institution development costs to the diverging banks. In June EUR 123 thousand development costs were repaid to two banks. For the rest of the diverging banks approximately EUR 430 thousand will be repaid. The repayment is included in other liabilities of the balance sheet. The repayment sum has decreased from the estimate in the balance sheet of 2015, due to the fact that the diverging banks will use the central credit institution services for a longer time.

Bonum Bank is expecting that the result for 2016 will be positive and better than 2015.

HALF-YEAR REPORT 1 JANUARY-30 JUNE 2016

INCOME STATEMENT

(EUR 1,000)	1 Jan–30 Jun 2016	1 Jan-30 Jun 2015	Change %
Interest income	1,621	384	322%
Interest expenses	-235	-164	43%
Net interest income	1,386	220	530%
Net commissions and fees	1,404	494	184%
Net trading income	151	22	586%
Net investment income	1,522	-2	...
Other operating income	1,249	513	143%
Total operating income	5,713	1,248	358%
Personnel expenses	-656	-519	26%
Other operating expenses	-3,235	-601	438%
Depreciation and amortisation on property, plant and equipment and intangible assets	-292	-189	54%
Total operating expenses	-4,183	-1,309	220%
Impairment losses on loans and receivables	-193	0	...
Profit before taxes	1,336	-61	...
Income taxes	-268	55	...
Result for the period	1,069	-6	...

STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	1 Jan-30 Jun 2016	1 Jan-30 Jun 2015	Change %
Profit for the period	1,069	-6	...
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in fair value reserve			
From measurement of available-for-sale financial assets	769	-126	...
Deferred taxes	-154	25	...
Total comprehensive income	1,684	-107	...

BALANCE SHEET

(EUR 1,000)	30 Jun 2016	31 Dec 2015	Change %
Assets			
Cash funds	190,349	159,147	20%
Loans and advances to credit institutions	59,044	47,725	24%
Loans and advances to customers	45,593	43,944	4%
Investment assets	215,880	171,147	26%
Intangible assets	2,648	2,932	-10%
Property, plant and equipment	55	50	10%
Other assets	1,756	1,893	-7%
Tax assets	397	495	-20%
Total assets	515,722	427,333	21%
Liabilities			
Liabilities to credit institutions	367,480	390,200	-6%
Liabilities to customers	11,108	7,007	59%
Debt securities issued to the public	99,422	-	...
Other liabilities	15,035	9,453	59%
Tax liabilities	755	435	74%
Total liabilities	493,800	407,095	21%
Equity			
Share capital	10,000	10,000	0%
Reserves	10,535	9,919	6%
Profit (loss) for previous financial years	318	12	...
Profit (loss) for the period	1,069	306	249%
Total equity	21,921	20,237	8%
Total liabilities and equity	515,722	427,333	21%

CASH FLOW STATEMENT

(EUR 1,000)	1 Jan-30 Jun 2016	1 Jan-30 Jun 2015
Cash flow from operations		
Profit for the period	1,069	-6
Adjustments to result for the financial year	753	592
Increase (-) or decrease (+) in business assets	-73,664	-153,082
Receivables from credit institutions	-27,995	-9,150
Receivables from customers	-1,842	-44,547
Notes and bonds	-43,709	-93,119
Other assets	-118	-6,266
Increase (+) or decrease (-) in business liabilities	86,385	348,381
Liabilities to credit institutions	-22,720	338,804
Liabilities to customers	4,101	2,868
Debt securities issued to the public	99,422	-
Provisions and other liabilities	5,583	6,708
Income taxes paid	-4	-
Total cash flow from operations	14,540	195,884
Cash flow from investments		
Increases in held-to-maturity financial assets	-	-72,020
Decreases in held-to-maturity financial assets	-	12,354
Increases in other investments	-	-
Decreases in other investments	-	-
Investments in tangible and intangible assets	-13	-896
Total cash flow from investments	-13	-60,561
Cash flow from financing		
Increases in share capital	-	-
Other increases in equity items	-	-
Total cash flow from financing	-	-
Change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	195,967	8,842
Cash and cash equivalents at end of period	210,493	144,165
Net change in cash and cash equivalents	14,526	135,323
Interest received	1,955	-409
Interest paid	256	102
Adjustments to result for the financial year	367	592

(EUR 1,000)	1 Jan-30 Jun 2016	1 Jan-30 Jun 2015
Non-cash items and other adjustments		
Impairment losses on receivables	-193	0
Unrealised net gains on foreign exchange operations		
Depreciation	292	189
Other	268	403
Items presented outside cash flow from operating activities		
Capital gains, share of cash flow from investing activities		
Total adjustments	-	-
Cash and cash equivalents		
Cash funds	190,349	109,457
Receivables from credit institutions repayable on demand	20,144	34,708
Total	210,493	144,165

STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
Equity on 1 January 2016	10,000	-81	10,000	318	20,237
Total comprehensive income					
Profit for the period				1,069	1,069
Other comprehensive income		615			615
Total comprehensive income	-	615	-	1,069	1,684
Other changes					-
Equity on 30 June 2016	10,000	535	10,000	1,387	21,921

(EUR 1,000)	Share capital	Fair value reserve	Other reserves	Retained earnings	Total equity
Equity on 1 January 2015	10,000	-	10,000	8	20,008
Total comprehensive income					
Profit for the period				-6	-6
Other comprehensive income		-101			-101
Total comprehensive income	-	-101	-	-6	-107
Other changes					0
Equity on 30 June 2015	10,000	-101	10,000	2	19,902

NOTES CONCERNING THE PREPARATION OF THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

The consolidated financial statements of the POP Bank Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations (IFRIC).

The half-year financial report for 1 January – 30 June 2016 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 2015, with the exception of the change to the accounting policies requiring the management's discretion and uncertainties associated with estimates described below.

The figures disclosed in the half-year financial report are unaudited. The figures in the half-year financial 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.

Copies of the half-year financial report of Bonum Bank are available from the bank's office, address Hevosenkentä 3, FI-02600 Espoo, Finland, and online at www.bonumpankki.fi.

ACCOUNTING POLICIES REQUIRING THE MANAGEMENT'S DISCRETION AND UNCERTAINTIES ASSOCIATED WITH ESTIMATES

The application of IFRS requires the management to make assessments and assumptions that effects on the items disclosed in the financial statements and information presented as notes to them. The management's key estimates concern the future and key uncertainties associated with values on the closing date, and they are particularly associated with the assessment of fair value, impairment of financial assets and intangible assets, as well as the assumptions used in actuarial calculations.

In May 2016, the Board of Directors of POP Bank Alliance Coop defined that impairment of an investment in an equity instrument to be significant when the fair value is more than 30 per cent lower than the cost of the instrument. Previously, the criterion for significance was 40 per cent. Bonum Bank complies with the accounting principles defined by the amalgamation's central institution. This change had no impact on Bonum Bank's financial result, as the Bank has no significant equity instruments.

No significant changes have taken place in other accounting policies requiring the management's discretion and uncertainties included in estimates compared to the financial statements for 2015.

NOTES TO THE INCOME STATEMENT

NOTE 2 INTEREST INCOME AND EXPENSES

(EUR 1,000)	1 Jan–30 Jun 2016	1 Jan–30 Jun 2015
Interest income		
On receivables and debts from credit	486	160
On receivables from customers	1,043	166
On notes and bonds	92	58
Other interest income	-	-
Total interest income	1,621	384
Interest expenses		
On receivables and debts to credit institutions	-170	-164
Other interest expenses	-65	-
Total interest expenses	-235	-164
Net interest income	1,386	220

Bonum Bank has no interest income on impaired receivables, as it has no significant individual receivables with recognized impairment loss.

NOTE 3 NET COMMISSIONS AND FEES

(EUR 1,000)	1 Jan–30 Jun 2016	1 Jan–30 Jun 2015
Fee and commission income		
Lending	17	15
Deposits	660	31
Payment transfers	2,760	828
Other	61	-
Total fee and commission income	3,498	874
Fee and commission expenses		
Payment transfers	-721	-370
Securities	-146	-134
Card business	-253	-
Other	-975	124
Total fee and commission expenses	-2,094	-379
Net commissions and fees	1,404	494

NOTE 4 NET INVESTMENT INCOME

(EUR 1,000)	1 Jan–30 Jun 2016	1 Jan–30 Jul 2015
Net income from available-for-sale financial assets	1,479	-
Notes and bonds		
Gains and losses from sales	-1	-2
Reclassified from fair value reserve	44	-
Total net investment income	1,522	-2

NOTE 5 OTHER OPERATING INCOME

(EUR 1,000)	1 Jan-30 Jun 2016	1 Jan-30 Jul 2015
Business development fees from banks	-	388
Central credit institution services excl. payment transfer	116	66
Other income	1,134	59
Total other operating income	1,249	513

NOTE 6 OTHER OPERATING EXPENSES

(EUR 1,000)	1 Jan-30 Jun 2016	1 Jan-30 Jul 2015
Other administrative expenses		
Other personnel expenses	-59	-41
Office expenses	-279	-97
ICT expenses	-2,561	-103
Telecommunications	-148	-57
Representation and marketing expenses	-4	-5
Other administrative expenses total	-3,052	-303
Other operating expenses		
Rental expenses	-89	-85
Bank levy	-	-
Consulting fees	-11	-173
Audit fees	-17	-
Statutory audit	-17	-
Other services	-	-
Other	-66	-39
Other operating expenses total	-183	-297
Total other operating expenses	-3,235	-601

NOTES TO ASSETS

NOTE 7 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Assets 30 June 2016

(EUR 1,000)	Loans and receivables	Available-for-sale	Total carrying amount
Cash funds	190,349		190,349
Loans and advances to credit institutions	59,044		59,044
Loans and advances to customers	45,593		45,593
Investment assets			
Notes and bonds		215,625	215,880
Shares		255	
Total financial assets	294,986	215,880	510,866

Liabilities 30 June 2016

(EUR 1,000)	Other financial liabilities	Total carrying amount
Liabilities to credit institutions	367,480	367,480
Liabilities to customers	11,108	11,108
Debt securities issued to the public	99,422	99,422
Total financial liabilities	478,010	478,010

Assets 31 December 2015

(EUR 1,000)	Loans and receivables	Held to maturity	Total carrying amount
Cash funds	159,147	-	159,147
Loans and advances to credit institutions	47,725	-	47,725
Loans and advances to customers	43,944	-	43,944
Investment assets			
Notes and bonds	-	171,147	171,147
Total financial assets	250,816	171,147	421,963

Liabilities 31 December 2015

(EUR 1,000)	Other financial liabilities	Total carrying amount
Liabilities to credit institutions	390,200	390,200
Liabilities to customers	7,007	7,007
Total financial liabilities	397,208	397,208

NOTE 8 LOANS AND RECEIVABLES

(EUR 1,000)	30 Jun 2016	31 Dec 2015
Loans and advances to credit institutions		
Deposits		
Repayable on demand	20,144	36,820
Other	9,000	10,905
Other receivables	29,900	-
Total loans and advances to credit institutions	59,044	47,725
Loans and advances to customers		
Loans	6,098	4,039
Credit card receivables	38,853	39,395
Other receivables	642	510
Total loans and advances to customers	45,593	43,944
Total loans and receivables	104,637	91,669

Impairment losses recorded on loans and receivables

(EUR 1,000)	1 Jan-30 Jun 2016	1 Jan-30 Jul 2015
-		
/+ Change in collectively assessed impairment losses	-4	-
- Final credit losses	197	-
Impairment losses on loans and receivables	193	-

Accrued impairment losses on loans and receivables in the balance sheet

(EUR 1,000)	30.6.2016	31.12.2015
Impairment losses 1 January	153	-
+/-		
- Change in collectively assessed impairment losses	-4	153
Impairment losses in the end of the period	149	153

Impairment losses have been recognised on card credit receivables. Impairment testing is carried out on a collective basis.

NOTE 9 INVESTMENT ASSETS

(EUR 1,000)	30 Jun 2016	31 Dec 2015
Available-for-sale financial assets		
Quoted notes and bonds measured at fair value		
From general government	119 976	80 637
From others	95 648	90 509
Shares	255	-
Total investment assets	215 880	171 147

NOTES RELATING TO LIABILITIES AND EQUITY

NOTE 10 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	30 Jun 2016	31 Dec 2015
Liabilities to credit institutions		
Liabilities to central banks	98,634	79,450
Liabilities to credit institutions		
Repayable on demand	149,768	195,160
Other than repayable on demand	119,079	115,591
Total liabilities to credit institutions	367,480	390,200
Liabilities to customers		
Deposits		
Repayable on demand	11,108	7,007
Total liabilities to customers	11,108	7,007
Total liabilities to credit institutions and customers	378,588	397,208

NOTE 11 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	30.6.2016	31.12.2015
Bonds	99 422	-
Total debt securities issued to the public	99 422	-

Bonum Bank Plc issued a three-year unsecured bond of EUR 100 million during the reporting period. The bond is listed on the Helsinki stock exchange.

OTHER NOTES

NOTE 12 FAIR VALUES BY VALUATION TECHNIQUE

Financial assets and financial liabilities 30 Jun 2016

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Financial assets recurrently measured at fair value					
Available-for-sale financial assets	67,175	148,450	255	215,880	215,880
Financial assets measured at amortised cost					
Loans and receivables	-	105,349	-	105,349	104,637
Total financial assets	67,175	253,799	255	321,229	320,517
Financial liabilities measured at amortised cost					
Debt securities issued to the public	103,056	-	-	103,056	99,422
Other financial liabilities	-	378,588	-	378,588	378,588
Total financial liabilities	103,056	378,588	-	481,644	478,010

Financial assets and financial liabilities 31 Dec 2015

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Financial assets recurrently measured at fair value					
Available-for-sale financial assets	80,637	90,509	-	171,147	171,147
Financial assets measured at amortised cost					
Loans and receivables	-	91,380	-	91,380	91,669
Total financial assets	80,637	181,889	-	262,527	262,815
Financial liabilities measured at amortised cost					
Other financial liabilities	-	396,933	-	396,933	397,208
Total financial liabilities	-	396,933	-	396,933	397,208

Fair value determination of financial assets and 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 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 quotations are regularly available. This group includes 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 a similar instrument or components of an instrument. This group includes card credits 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. Bonum Bank has no financial assets allocated to Level 3.

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 financial year.

NOTE 13 COLLATERAL GIVEN AND HELD

(EUR 1,000)	30 Jun 2016	31 Dec 2015
Collateral given		
Given on behalf of own liabilities and commitments		
Other collateral	20,936	27,588
Total collateral given	20,936	27,588
Collateral held		
Real estate securities	2,326	1,231
Guarantees received	3,939	3,933
Total collateral held	6,265	5,164

NOTE 14 OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	30 Jun 2016	31 Dec 2015
Loan commitments	101,302	101,165
Other	401	424
Total off-balance sheet commitments	101,703	101,589

NOTE 15 RELATED PARTY DISCLOSURES

The related parties of Bonum Bank comprise the members of the company's Board of Directors and Executive Group and members of their immediate families. In addition, related parties include Bonum Bank's parent entity POP Bank Alliance, as well as its managing director and deputy managing director. Furthermore, related parties include those entities over which key persons included in the management and/or members of their immediate families have control or joint control. Key persons included in the management comprise Bonum Bank's Board of Directors, CEO and Executive Group.

In 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.

Business transactions with related party key persons

(EUR 1,000)	30 Jun 2016	31 Dec 2015
Assets		
Loans to parent entity	1,500	-
Loans to key persons	425	284
Off-balance-sheet commitments		
Loan commitments	76	13

NOTE 16 CAPITAL ADEQUACY

Bonum Bank belongs to the amalgamation of POP Banks. Financial information about Bonum Bank's capital adequacy is part of the amalgamation capital adequacy presented in the consolidated half-year report of POP Bank Group.

POP Bank Group's financial statements are available from the office of POP Bank Alliance at the address Hevosenkentä 3, 02600 Espoo, Finland, or online at www.poppankki.fi.