



Interim Report  
12 months 2019

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## Management report

Structure of the group as at 31.12.2019. First five companies are registered in Estonian Commercial Register and the last company in Latvian Commercial Register:

Company name	Activity	Holding
Coop Pank AS	banking	parent company
Coop Liising AS	leasing	100%
Coop Finants AS	other lending activities	100%
Coop Kindlustusmaakler AS	insurance mediation	100%
AS Martinoza	real estate management	100%
SIA Prana Property	real estate management	100%

In august, the liquidation process of Bank's subsidiary CP Vara AS was concluded, and the company was deleted from the commercial register on 14 August 2019. However, on 8 August 2019, Bank's new subsidiary was listed in the register - Coop Kindlustusmaakler AS - whose main field of activity is offering insurance mediation services. At the end of the year, the Financial Supervisory Authority issued also the necessary licence for it activities.

At the end of the year Coop Pank had 63 800 daily banking clients, thus, the bank's client portfolio has increased by 41% compared to the same period last year. The growth of customer base is backed by healthy economic environment, reliability as well as the overall attitude of favouring domestically-owned banks. The biggest influence to the growth of customer base was due to initial public offering of the bank shares and listing on stock Exchange. Several product innovations have also had a positive impact to the increase of client numbers. This spring Coop Pank joined the interbank instant payment system that allows customers to make and receive up to EUR 15 000 interbank money transfers in seconds. At the same time Coop Pank set the annual interest rate paid to private customers' current account balance to 1%. In spring, the bank provided the clients with the additional opportunity to pay cash to their bank accounts at the cashier of Coop stores. From July, Coop Bank adds free loan insurance to home loan agreements, providing the home borrower with an additional sense of security. Since November, paying with Coop Pank card enables the best prices in Coop shops.

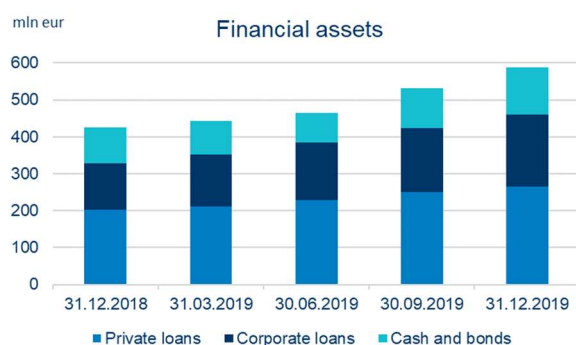
Group's net loan portfolio increased by EUR 131 million (40%) in 2019 and reached EUR 460 million by the end of the year. All financing business lines invested in the growth - home loan, consumer loan, business loan and leasing. In 12 months, the volume of Bank's deposits and loans received increased by EUR 122 million (32%) and was EUR 507 million by the end of December. Term deposits showed the fastest growth. In twelve months the banking group earned the profit of EUR 5,5 million, which is about 16% more than last year. Interest income contributed most to the increased profit.

Continuous growth of business volumes was the core objective of Coop Pank in 2019. To support the company's growth strategy, in spring Coop Pank issued subordinated bonds worth EUR 2 million, with a maturity of 10 years, to LHV Pension Funds. The June special general meeting of shareholders decided to increase bank's share capital by EUR 4 million. In December the bank shares were listed on stock exchange and the bank raised 31 million euros of capital. The first trading day of Coop Pank share was December 10<sup>th</sup>, 2019 and the bank has around 11 000 shareholders.

## Overview of financial results

Income statement EUR thousand	Q4 2019	Q3 2019	quarterly change	Q4 2018	annual change
Net interest income	5 819	5 431	7%	4 983	17%
Net fee and commissions income	674	540	25%	463	46%
Other income	261	159	64%	125	109%
<b>Total net operating income</b>	<b>6 754</b>	<b>6 130</b>	<b>10%</b>	<b>5 571</b>	<b>21%</b>
Operating expenses	-4 634	-4 039	15%	-3 593	29%
Loan losses	-538	-572	-6%	-313	72%
Income tax	0	0	0	-22	0%
<b>Net profit</b>	<b>1 582</b>	<b>1 519</b>	<b>4%</b>	<b>1 643</b>	<b>-4%</b>

Business volumes, EUR thousand	Q4 2019	Q3 2019	quarterly change	Q4 2018	annual change
Loan portfolio	460 460	417 907	10%	328 723	40%
Cash and bonds	126 356	109 647	15%	97 160	30%
Customer deposits and loans received	506 531	477 826	6%	385 118	32%
Equity	89 351	57 346	56%	49 163	82%



Ratios (quarterly ratios, expressed on annualised basis)	Q4 2019	Q3 2019	Quarterly change	Q4 2018	annual change
Average equity (attributable to parent company), EUR thousand	65 804	56 576	9 228	48 371	17 433
Return on equity ROE % (net profit / average equity)	9,6	10,7	-1,1	13,6	-4,0
Average total assets, EUR thousand	581 300	516 417	64 883	436 925	144 375
Return on assets ROA % (net profit / average total assets)	1,1	1,2	-0,1	1,5	-0,4
Cash and interest-bearing assets, average, EUR thousand	561 667	499 985	61 682	422 296	139 371
Net interest margin NIM % (net interest income / interest-bearing assets, average)	4,1	4,3	-0,2	4,7	-0,6
Cost / income ratio % (total operating costs / total net operating income)	68,6	65,9	2,7	64,5	4,1

Group's liquidity position is strong. At 31.12.2019 the Liquidity Coverage Ratio (LCR) was 682% (31.12.2018 was 1 375%), the regulatory minimum requirement is 100%.

## Capitalisation

Capital base, EUR thousand	31.12.2019	31.12.2018
<b>Tier 1 capital</b>		
Paid-in share capital and share premium	72 757	38 374
Statutory reserve capital	2 526	2 288
Retained earnings	8 314	3 799
Eligible profit of the reporting period	3 944	3 989
Other accumulated comprehensive loss	1	-154
Goodwill accounted for as intangible asset (-)	-6 757	-6 757
Intangible assets (-)	-3 712	-2 290
Adjustment of value arising from requirements of reliable measurement (-)	-4	-10
Other deductions from Tier 1 capital (-)	-538	-313
Other transitional adjustments of own funds	535	598
<b>Total Tier 1 capital</b>	<b>77 066</b>	<b>39 524</b>
Subordinated debt	7 000	5 000
<b>Tier 2 capital</b>	<b>7 000</b>	<b>5 000</b>
<b>Eligible capital for capital adequacy calculation</b>	<b>84 066</b>	<b>44 524</b>
<b>Risk-weighted assets RWA</b>		
Central government and central banks using standardised approach	699	965
Credit institutions, investment companies and local governments using standardised approach	570	2 915
Companies using standardised approach	39 450	28 245
Retail claims using standardised approach	86 643	62 038
Claims secured by mortgage on real estate using standardised approach	142 311	100 004
Claims past due using standardised approach	5 972	959
Items subject to particularly high risk using standardised approach	29 231	19 626
Other assets using standardised approach	11 994	10 330
<b>Total credit risk and counter-party credit risk</b>	<b>316 870</b>	<b>225 082</b>
Operational risk using basic indicator approach	28 414	21 509
<b>Total risk-weighted assets (total risk exposure)</b>	<b>345 284</b>	<b>246 591</b>
<b>Capital adequacy ratio %</b>	<b>24.35%</b>	<b>18.06%</b>
<b>Tier 1 capital ratio %</b>	<b>22.32%</b>	<b>16.03%</b>

### Requirements to own funds:

Core Tier 1 capital ratio	4.50%	core Tier 1 capital / total risk exposure
Tier 1 capital ratio	6.00%	Tier 1 capital / total risk exposure
Total capital ratio (capital adequacy)	8.00%	total capital / total risk exposure
Systemic risk buffer	1.00%	of total risk exposure
Capital conservation buffer	2.50%	of total risk exposure

By the end of the reporting period, the Group is in conformity with all regulative capital requirements. Capital adequacy increased significantly at the end of the year on the account of Tier 1 capital due to public offering and listing of the shares.



# Consolidated financial statements

## Consolidated statement of comprehensive income

EUR thousand	Note	Q4 2019	12 M 2019	Q4 2018	12 M 2018
Interest income calculated using the effective interest method		6 609	23 298	4 825	17 561
Other similar income		671	2 280	1 010	2 294
Interest expense		-1 461	-4 889	-852	-3 076
<b>Net interest income</b>	<b>3</b>	<b>5 819</b>	<b>20 689</b>	<b>4 983</b>	<b>16 779</b>
Fee and commission income		1 039	3 725	862	3 669
Fee and commission expense		-364	-1 353	-399	-1 367
<b>Net fee and commission income</b>	<b>4</b>	<b>675</b>	<b>2 372</b>	<b>463</b>	<b>2 302</b>
Revenue from sale of assets		0	140	175	648
Cost of assets sold		-25	-159	-201	-662
Rental income from investment properties		5	32	15	77
Direct property operating expenses		-13	-79	-36	-127
Change in fair value of investment property		0	-20	-262	-187
Net gains/losses from non-financial asset realization		0	0	2	-6
Net gains/losses from financial assets measured at fair value		0	7	20	-12
Revenue from claims handling		144	536	158	599
Other income		151	201	254	357
<b>Other net income</b>		<b>262</b>	<b>658</b>	<b>125</b>	<b>687</b>
Payroll expense		-2 710	-9 880	-2 131	-8 177
Operating expense		-1 382	-4 577	-1 236	-4 628
Depreciation		-543	-1 804	-226	-796
<b>Total operating expense</b>		<b>-4 635</b>	<b>-16 261</b>	<b>-3 593</b>	<b>-13 601</b>
<b>Net profit before impairment losses on loans and advances</b>		<b>2 121</b>	<b>7 458</b>	<b>1 978</b>	<b>6 167</b>
Impairment losses on loans and advances		-538	-1 931	-313	-1 392
<b>Profit before income tax</b>		<b>1 583</b>	<b>5 527</b>	<b>1 665</b>	<b>4 775</b>
Income tax		0	0	-22	-22
<b>Net profit for the reporting period</b>	<b>2</b>	<b>1 583</b>	<b>5 527</b>	<b>1 643</b>	<b>4 753</b>
Items that may subsequently be reclassified to income statement:					
Financial assets at fair value through other comprehensive income		35	155	-88	-239
<b>Comprehensive income for the reporting period</b>		<b>1 618</b>	<b>5 682</b>	<b>1 555</b>	<b>4 514</b>
Net profit attributable to:					
Owners of parent company		1 583	5 527	1 643	4 753
<b>Net profit for the reporting period</b>		<b>1 583</b>	<b>5 527</b>	<b>1 643</b>	<b>4 753</b>
Comprehensive income attributable to:					
Owners of parent company		1 618	5 682	1 643	4 514
<b>Comprehensive income for the reporting period</b>		<b>1 618</b>	<b>5 682</b>	<b>1 643</b>	<b>4 514</b>
Basic earnings per share		0,02	0,09	0,03	0,08
Diluted earnings per share		0,02	0,09	0,03	0,08

## Consolidated statement of financial position

EUR thousand	Note	31.12.2019	31.12.2018
<b>Assets</b>			
Cash and cash equivalents	5	122 295	88 030
Debt securities at fair value through other comprehensive income	6	4 061	9 130
Equity instruments at fair value through profit or loss		13	13
Loans and advances to customers	7,8,9,10	460 460	328 723
Other financial assets		1 263	333
Assets held for sale		6 756	6 697
Goodwill		6 757	6 757
Right-of-use assets		1 722	0
Other property, plant and equipment		2 504	2 465
Intangible assets		3 712	2 289
Investment property		594	904
Other assets		1 165	937
<b>Total assets</b>		<b>611 302</b>	<b>446 278</b>
<b>Liabilities</b>			
Customer deposits and loans received	11	506 531	385 118
Lease liabilities		1 725	0
Other financial liabilities		3 572	4 126
Other liabilities		3 059	2 845
Subordinated debt		7 064	5 026
<b>Total liabilities</b>		<b>521 951</b>	<b>397 115</b>
<b>Shareholder's equity</b>			
Share capital		60 960	38 199
Share premium		11 797	175
Statutory reserve capital		2 526	2 288
Retained earnings		13 841	8 552
Other reserves		227	-51
<b>Total equity</b>		<b>89 351</b>	<b>49 163</b>
<b>Total liabilities and equity</b>		<b>611 302</b>	<b>446 278</b>

## Consolidated statement of cash flows

EUR thousand	Note	12 M 2019	12 M 2018
<b>Cash flows from operating activities</b>			
Interest received		25 171	19 790
Interest paid		-4 086	-2 239
Service fee and commission received		3 725	3 669
Service fee and commission paid		-1 353	-1 367
Other received income		671	882
Salaries paid		-9 743	-8 042
Other operating expenses paid		-4 577	-4 665
<b>Cash flows from operating activities before the change in assets and liabilities related to operating activities</b>		<b>9 808</b>	<b>8 028</b>
<b>Change in operating assets:</b>			
Loan receivables from customers		-133 184	-92 315
Change of statutory reserve in central bank		-1 151	-135
Other assets		-1 118	1 731
<b>Change in operating liabilities:</b>			
Change in client deposits and loans received		120 648	68 311
Other liabilities		-639	1 543
<b>Net cash flows from operating activities</b>		<b>-5 636</b>	<b>-12 837</b>
<b>Cash flows from investment activities</b>			
Acquisition of property, plant and equipment		-2 746	-2 476
Sale of property, plant and equipment		212	2 232
Acquisition of debt instruments		0	-2 632
Sale and redemption of debt instruments		4 999	4 738
<b>Total cash flows from investment activities</b>		<b>2 465</b>	<b>1 862</b>
<b>Cash flows from financing activities*</b>			
Issue of subordinated bonds		2 000	0
Contribution to share capital		34 383	0
<b>Total cash flows from financing activities</b>		<b>36 383</b>	<b>0</b>
Effect of exchange rate fluctuations to cash and cash equivalents		-7	4
<b>Change in cash and cash equivalents</b>		<b>33 205</b>	<b>-10 971</b>
Cash and cash equivalents at the beginning of period		84 797	95 768
<b>Cash and cash equivalents at the end of period</b>	<b>5</b>	<b>118 002</b>	<b>84 797</b>
<b>Cash and cash equivalents balance is comprised of:</b>			
Cash on hand		21 531	21 721
Demand deposits in central banks		94 019	49 321
Demand and short-term deposits in credit institutions		2 452	13 755

\* The Bank has changed the presentation of cash flow statement. The „Loans received“ and „Issue of bonds (unsubordinated)“, reported earlier as cash flows from financing activities, are now recorded under cash flows from operating activities.



## Consolidated statement of changes in equity

EUR thousand	Share capital	Share premium	Statutory reserve capital	Other reserves	Revaluation reserve	Retained earnings	Total equity
Equity as at 31.12.2017	38 199	175	2 070	0	0	4 732	45 176
IFRS9 first day effect:							
Loan portfolio	0	0	0	0	0	-630	-630
Debt securities	0	0	0	0	85	-85	0
Change in reserves	0	0	218	0	0	-218	0
Share options	0	0	0	103	0	0	103
Net profit	0	0	0	0	0	4 753	4 753
Other comprehensive income	0	0	0	0	-239	0	-239
Total comprehensive income for the reporting period	0	0	0	0	-239	4 753	4 514
Equity as at 31.12.2018	38 199	175	2 288	103	-154	8 552	49 163
Increase of share capital at the expense of share premium	175	-175	0	0	0	0	0
Contribution to share capital	22 761	11 622	0	0	0	0	34 383
Change in reserves	0	0	238	0	0	-238	0
Share options	0	0	0	123	0	0	123
Net profit	0	0	0	0	0	5 527	5 527
Other comprehensive income	0	0	0	0	155	0	155
Total comprehensive income for the reporting period	0	0	0	0	155	5 527	5 682
Equity as at 31.12.2019	60 960	11 622	2 526	226	1	13 841	89 351

## Notes to consolidated financial statements

### Note 1 Accounting principles

The interim report has been prepared in conformity with International Accounting Standard IAS 34 "Interim Financial Reporting" as approved by the EU. The interim report should be read parallel to the Annual Report 2018, prepared in conformity with International Financial Reporting Standards (IFRS).

Subsidiaries are consolidated on a line-by-line basis, eliminating the intercompany transactions, receivables and liabilities, income and expense. The definition of group according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council matches that of IFRS.

All figures in financial statements are in thousands of euros unless noted otherwise.

The accounting principles used in Q4 Interim Report 2019 are generally in conformity with accounting principles used in Annual Report 2018, the accounting of leases changed according to changes in IFRS 16 "Leases", applied from 01.01.2019. The effect of implementing the standard is recognised in the statement of financial position and comprehensive income statement, and in notes to financial statements. The Group has not applied this standard in previous reporting periods. Details of the effect of implementing IFRS 16 standard are described in Note 1, section 1.18 of the Annual Report 2018.

### Note 2 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the main operating decision-maker. The main decision-maker, responsible for resource distribution and evaluation of the activities of the segments, is the management board of the bank.

The Group divides its business into segments based on both the legal structure and the customer-specific distribution within the Bank. According to the legal structure, the Group has a consumer loan and leasing segment that provides consumer loans to private customers and leasing products to both private and corporate customers, respectively. Consumer financing segment earns interest incomes from lending and fee commissions from issuing hire-purchase cards. Leasing segment earns interest income from lending. At the end of 2019 the new segment insurance brokerage was added, which earns revenues on intermediating insurance contracts.

Due to the Bank's customer-based division, the Group owns corporate banking (legal entities) and retail banking (private individuals) segments. Both segments offer money transferring products and loan products to customers and gather deposits. The segments earn interest income from lending and commissions fees from settlement of payments and bank card transactions.

Segments are the basis for regular monitoring of business results by the Group's management and supervisory boards, and separate financial data are available for the segments. According to the group's structure, the group also divides the corporate banking and retail banking segments into more detailed business lines of loans and everyday banking (deposits, settlements). The Group also uses the division of business lines for planning and budgeting. The Management Board of the Group has been appointed as the chief decision maker for assessing financial allocations and the profitability of business.

Revenue reported by a segment consists of revenue from external customers and additional interest income or interest expense on inter-segment borrowing, which is based on the internal transfer pricing model in the Group and is shown as elimination in the tables below. The Group does not have any customers whose income would account for more than 10% of the respective type of income. All interest income is earned in Estonia. The geographical breakdown of commission fees is shown in Note 4.

Segment profits, Q4 2019, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	2 296	1 798	2 834	671	534	-853	7 280
Interest expense	-624	-729	-252	-255	-454	853	-1 461
<b>Net interest income</b>	<b>1 672</b>	<b>1 069</b>	<b>2 582</b>	<b>416</b>	<b>80</b>	<b>0</b>	<b>5 819</b>
Commission income	208	370	424	28	9	0	1 039
Commission expense	-94	-202	-65	-3	0	0	-364
<b>Net commission income</b>	<b>114</b>	<b>168</b>	<b>359</b>	<b>25</b>	<b>9</b>	<b>0</b>	<b>675</b>
Other net income	59	64	130	32	-23	0	262
<b>Net income</b>	<b>1 845</b>	<b>1 301</b>	<b>3 071</b>	<b>473</b>	<b>66</b>	<b>0</b>	<b>6 756</b>
Total operating expense	-1 156	-1 812	-1 038	-479	-150	0	-4 635
<b>Profit before credit losses and income tax</b>	<b>689</b>	<b>-511</b>	<b>2 033</b>	<b>-6</b>	<b>-84</b>	<b>0</b>	<b>2 121</b>
Impairment losses	-134	44	-445	-3	0	0	-538
Income tax expense	0	0	0	0	0	0	0
<b>Net profit</b>	<b>555</b>	<b>-467</b>	<b>1 588</b>	<b>-9</b>	<b>-84</b>	<b>0</b>	<b>1 583</b>

Segment profits, 12 M 2019, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	7 782	6 475	10 017	2 280	1 744	-2 720	25 578
Interest expense	-2 010	-2 501	-867	-839	-1 392	2 720	-4 889
<b>Net interest income</b>	<b>5 772</b>	<b>3 974</b>	<b>9 150</b>	<b>1 441</b>	<b>352</b>	<b>0</b>	<b>20 689</b>
Commission income	712	1 210	1 630	99	74	0	3 725
Commission expense	-396	-686	-260	-11	0	0	-1 353
<b>Net commission income</b>	<b>316</b>	<b>524</b>	<b>1 370</b>	<b>88</b>	<b>74</b>	<b>0</b>	<b>2 372</b>
Other net income	121	141	360	114	-78	0	658
<b>Net income</b>	<b>6 209</b>	<b>4 639</b>	<b>10 880</b>	<b>1 643</b>	<b>348</b>	<b>0</b>	<b>23 719</b>
Total operating expense	-3 828	-6 295	-3 935	-1 626	-577	0	-16 261
<b>Profit before credit losses and income tax</b>	<b>2 381</b>	<b>-1 656</b>	<b>6 945</b>	<b>17</b>	<b>-229</b>	<b>0</b>	<b>7 458</b>
Impairment losses	-556	461	-1 600	-236	0	0	-1 931
Income tax expense	5	-5	0	0	0	0	0
<b>Net profit</b>	<b>1 830</b>	<b>-1 200</b>	<b>5 345</b>	<b>-219</b>	<b>-229</b>	<b>0</b>	<b>5 527</b>

Assets and liabilities as at 31.12.2019, EUR million	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Total assets	201	262	85	81	187	-205	611
Total liabilities	170	229	74	69	185	-205	522

\* "Other" includes treasury, subsidiaries Martinoza, Prana Property, Coop Kindlustusmaakler.

Segment profits, Q4 2018, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	1 968	1 324	2 121	404	400	-382	5 835
Interest expense	-293	-398	-142	-117	-284	382	-852
Net interest income	1 675	926	1 979	287	116	0	4 983
Commission income	255	204	355	11	37	0	862
Commission expense	-144	-167	-86	-2	0	0	-399
Net commission income	111	37	269	9	37	0	463
Other net income	18	56	97	20	-66	0	125
Net income	1 804	1 019	2 345	316	87	0	5 571
Total operating expense	-785	-1 370	-954	-322	-162	0	-3 593
Profit before credit losses and income tax	1 019	-351	1 391	-6	-75	0	1 978
Impairment losses	-255	89	-209	62	0	0	-313
Income tax expense	-14	-9	0	0	0	0	-22
Net profit	750	-271	1 182	56	-75	0	1 643

Segment profits, 12 M 2018, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	5 680	4 952	7 883	1 253	1 371	-1 284	19 855
Interest expense	-1 097	-1 536	-530	-369	-828	1 284	-3 076
Net interest income	4 583	3 416	7 353	884	543	0	16 779
Commission income	1 216	888	1 364	33	168	0	3 669
Commission expense	-517	-585	-259	-6	0	0	-1 367
Net commission income	699	303	1 105	27	168	0	2 302
Other net income	124	140	396	62	-35	0	687
Net income	5 406	3 859	8 854	973	676	0	19 768
Total operating expense	-2 954	-5 030	-3 794	-1 173	-650	0	-13 601
Profit before credit losses and income tax	2 452	-1 171	5 060	-200	26	0	6 167
Impairment losses	-701	159	-761	-89	0	0	-1 392
Income tax expense	-14	-8	0	0	0	0	-22
Net profit	1 737	-1 020	4 299	-289	26	0	4 753

Assets and liabilities as at 31.12.2018, EUR million	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Total assets	151	190	62	49	103	-109	446
Total liabilities	137	174	60	41	94	-109	397

\* "Other" includes treasury, subsidiaries Martinoza and Prana Property.

## Note 3 Net interest income

Interest income	Q4 2019	12 M 2019	Q4 2018	12 M 2018
Interest income calculated using the effective interest method:				
Consumer loans and hire-purchase loans	2 834	10 017	2 122	7 882
Loans to entities	2 128	7 181	1 429	4 825
Loans to private individuals	1 606	5 836	1 151	4 161
Leasing	39	225	95	406
Bonds	1	36	28	193
Interest income on liabilities	1	3	0	94
Other similar interest income:				
Leasing	671	2 280	1 010	2 294
<b>Total</b>	<b>7 280</b>	<b>25 578</b>	<b>5 835</b>	<b>19 855</b>
Customer deposits and loans received	-1 241	-4 140	-710	-2 484
Subordinated debt	-125	-458	-86	-342
Interest expense on assets	-90	-270	-56	-250
Lease liabilities	-5	-21	0	0
<b>Total</b>	<b>-1 461</b>	<b>-4 889</b>	<b>-852</b>	<b>-3 076</b>
<b>Net interest income</b>	<b>5 819</b>	<b>20 689</b>	<b>4 983</b>	<b>16 779</b>

## Note 4 Net fee and commission income

Fee and commission income	Q4 2019	12 M 2019	Q4 2018	12 M 2018
Fees on card transactions	368	1 345	208	1 034
Monthly fees on cards	220	906	214	837
Account opening and management fees	230	668	121	659
Bank transfer fees	79	354	128	609
Gains from foreign exchange transactions	18	146	74	333
Other fee and commission income	124	306	117	197
<b>Total</b>	<b>1 039</b>	<b>3 725</b>	<b>862</b>	<b>3 669</b>
Charges on card transactions	-252	-890	-279	-879
Bank transfer fees	-52	-233	-61	-263
Other fee and commission expense	-60	-230	-59	-225
<b>Total</b>	<b>-364</b>	<b>-1 353</b>	<b>-399</b>	<b>-1 367</b>
<b>Net fee and commission income</b>	<b>675</b>	<b>2 372</b>	<b>463</b>	<b>2 302</b>

In Q4 2019, the Group earned 89% of fee and commission income from Estonian residents and 11% from residents of other countries (Latvia, Finland, other EU countries and Ukraine); in Q4 2018, 79% of fee and commission income was earned from Estonian residents and 21% from residents of other countries (Latvia, Finland and other EU countries).

## Note 5 Cash and cash equivalents

	31.12.2019	31.12.2018
Cash	21 531	21 721
Mandatory reserve at the central bank *	3 893	2 742
Demand deposits at central bank	94 019	49 321
Demand deposits at credit institutions	2 452	13 755
Term deposits at credit institutions *	400	491
<b>Total **</b>	<b>122 295</b>	<b>88 030</b>

\* Not included in cash and cash equivalents in the consolidated statement of cash flows.

\*\* Negative interest in the amount of 11 thousand euros included in the "Total" are not included in cash and cash equivalents in the consolidated statement of cash flows.

## Note 6 Debt securities at fair value through other comprehensive income

	31.12.2019	31.12.2018
Government debt securities	1 398	1 929
Debt securities of other non-financial companies	2 663	7 201
<b>Total</b>	<b>4 061</b>	<b>9 130</b>

## Note 7 Loans and advances to customers

	31.12.2019	31.12.2018
<b>Total receivables from private individuals</b>	<b>268 329</b>	<b>204 003</b>
incl. consumers loans	62 218	48 560
incl. lease financing	26 424	16 875
incl. mortgage loans and other loans	179 687	138 568
<b>Total receivables from legal entities</b>	<b>197 471</b>	<b>128 558</b>
incl. lease financing	38 127	23 635
incl. other loans to legal entities	159 344	104 923
<b>Total receivables</b>	<b>465 800</b>	<b>332 561</b>
Loss allowances of loans and advances	-5 340	-3 838
<b>Total</b>	<b>460 460</b>	<b>328 723</b>

The Group has changed the breakdown of receivables from private individuals by showing only loans issued by its subsidiary Coop Finants AS in the line "consumer loans". Other small loans issued by the bank are shown in the line "mortgage loans and other loans".

## Note 8 Loss allowances of loans and advances

	31.12.2019	31.12.2018
Balance at the beginning of the reporting period	-3 838	-3 644
IFRS 9 first day effect	0	-630
Allowances during the reporting period	-2 460	-1 598
Derecognized during reporting period	958	2 034
<b>Balance of allowance at the end of the reporting period</b>	<b>-5 340</b>	<b>-3 838</b>

## Note 9 Allocation of past due loans

	31.12.2019			31.12.2018		
	Unsecured loans to private individuals	Secured loans to private individuals	Loans to legal entities	Unsecured loans to private individuals	Secured loans to private individuals	Loans to legal entities
1-30 days	3 796	4 993	6 328	3 925	4 375	2 120
31-60 days	918	568	961	974	631	3 649
61-90 days	516	305	333	439	252	37
over 90 days	1 133	400	5 138	703	437	367
<b>Total</b>	<b>6 363</b>	<b>6 266</b>	<b>12 760</b>	<b>6 041</b>	<b>5 695</b>	<b>6 173</b>

## Note 10 Financial assets and liabilities by residual maturity

Undiscounted cash flows by residual maturity

31.12.2019	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Assets</b>					
Cash and cash equivalents	121 893	400	0	0	122 293
Debt securities at fair value	0	0	4 061	0	4 061
Loans and advances to customers	39 180	85 284	272 935	193 242	590 641
Other financial assets	1 263	0	0	327	1 590
<b>Total financial liabilities</b>	<b>162 336</b>	<b>85 684</b>	<b>276 996</b>	<b>193 569</b>	<b>718 585</b>
<b>Liabilities</b>					
Customer deposits and loans received	220 608	184 616	91 986	16 786	513 996
Lease liabilities	157	472	1 090	41	1 760
Other financial liabilities	3 548	24	0	0	3 572
Subordinated debt	149	374	1 985	8 653	11 161
<b>Total financial liabilities</b>	<b>224 462</b>	<b>185 486</b>	<b>95 061</b>	<b>25 480</b>	<b>530 489</b>
<b>Off-balance sheet liabilities</b>					
Undrawn lines of credit and overdraft facilities	38 414	0	0	0	38 414
Financial guarantees	4 161	0	0	0	4 161
<b>Total on-balance / off-balance-sheet liabilities</b>	<b>267 037</b>	<b>185 486</b>	<b>95 061</b>	<b>25 480</b>	<b>573 064</b>
<b>Duration gap of financial assets and financial liabilities</b>	<b>-104 701</b>	<b>-99 802</b>	<b>181 935</b>	<b>168 089</b>	<b>145 521</b>

31.12.2018	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Assets</b>					
Cash and cash equivalents	87 538	500	0	0	88 038
Debt securities at fair value	514	1 371	7 245	0	9 130
Loans and advances to customers	26 300	59 794	203 403	132 670	422 167
Other financial assets	155	0	0	191	346
<b>Total financial assets</b>	<b>114 507</b>	<b>61 665</b>	<b>210 648</b>	<b>132 861</b>	<b>519 681</b>
<b>Liabilities</b>					
Customer deposits and loans received	166 137	158 391	55 034	7 645	387 207
Other financial liabilities	4 126	0	0	0	4 126
Subordinated debt	0	337	1 350	6 325	8 012
<b>Total financial liabilities</b>	<b>170 263</b>	<b>158 728</b>	<b>56 384</b>	<b>13 970</b>	<b>399 345</b>
<b>Off-balance sheet liabilities</b>					
Undrawn lines of credit and overdraft facilities	34 917	0	0	0	34 917
Financial guarantees	2 186	0	0	0	2 186
<b>Total on-balance / off-balance-sheet liabilities</b>	<b>207 366</b>	<b>158 728</b>	<b>56 384</b>	<b>13 970</b>	<b>436 448</b>
<b>Duration gap of financial assets and financial liabilities</b>	<b>-92 859</b>	<b>-97 063</b>	<b>154 264</b>	<b>118 891</b>	<b>83 233</b>

## Note 11 Customer deposits and loans received

Due to customers	31.12.2019	31.12.2018
Private individuals	338 137	237 279
Legal entities	165 693	137 837
Credit institutions	2 701	10 002
<b>Total</b>	<b>506 531</b>	<b>385 118</b>
Demand deposits	152 189	120 544
Term deposits	327 431	249 864
Issued debt securities	14 103	5 052
Special purpose loans	12 808	9 658
<b>Total</b>	<b>506 531</b>	<b>385 118</b>

## Note 12 Contingent liabilities

	31.12.2019	31.12.2018
Financial guarantees	4 161	2 186
Credit lines and overdrafts	38 414	34 917
<b>Total</b>	<b>42 575</b>	<b>37 103</b>

## Note 13 Related parties

Related parties are:

- a shareholder of significant influence and companies that are part of its group;
- management of the group: i.e. members of the Management Board and the Supervisory Board of parent company, head of internal audit and entities controlled by them;
- individuals, who have equal economic interest as management, and entities associated to them.

The terms of the loans issued to related parties do not differ from the loans issued to other customers regarding interest rates. Transactions with related parties are based on the price list and/or are carried out at market value.

Balances	31.12.2019	31.12.2018
Shareholders:		
Loans	58	0
Deposits	275	5 280
Members of the Management Board and Supervisory Board, and persons and entities associated with them:		
Loans	167	114
Deposits	2 736	1 567

Transactions	31.12.2019	31.12.2018
Shareholders:		
Interest expense	1	7
Members of the Management Board and Supervisory Board, and persons and entities associated with them:		
Interest income of the reporting period	3	3
Interest expense of the reporting period	10	1
Other goods and services sold	2	2
Other goods and services purchased	23	104
Compensation paid to members of the Management Board and Supervisory Board	537	521
Maximum termination benefits payable to members of the management board, on a contingent basis	175	175



## Note 14 Basic earnings and diluted earnings per share

In order to calculate basic earnings per share, net profit attributable to owners of the parent has been divided by the weighted average number of shares issued. Diluted earnings per share comes from the share options granted to key employees.

	Q4 2019	12 M 2019	Q4 2018	12 M 2018
Profit attributable to the owners of the parent (in th.euros)	1 583	5 527	1 643	4 753
Weighted average number of shares (in th.of units)	71 299	62 572	58 385	58 385
Basic earnings per share (euros)	0,02	0,09	0,03	0,08
Adjustments for calculation of diluted earnings per share – share options (in th.of units)	2 015	2 015	1 945	1 556
Weighted average number of shares used for calculating the diluted earnings per share (in th.of units)	73 313	64 587	60 330	59 941
Diluted earnings per share (euros)	0,02	0,09	0,03	0,08

## Shareholders, Supervisory Board and Management Board of Coop Pank AS

As at 31.12.2019 shareholders with holding over 5% are:

Coop Investeeringud OÜ	25,31%
Andres Sonn	9,34%
CM Capital OÜ	6,89%

In addition, the member cooperatives of Coop Eesti Keskühistu hold the total of 18.29% of the total amount of shares, however, separately none of them holds over 5%.

Members of Supervisory Board hold 64 thousand shares of Coop Pank and Members of Management Board hold 72 thousand shares of Coop Pank, which in total accounts for 0.15% of the total amount of shares.

Chairman of the Supervisory Board: Jaanus Vihand

Members of the Supervisory Board: Priit Põldoja, Jaan Marjundi, Roman Provotorov, Märt Meerits

Chairman of the Management Board: Margus Rink

Members of the Management Board: Hans Pajoma, Kerli Lõhmus, Janek Uiboupin

## Statement of the Management Board of Coop Pank AS

The Management Board of Coop Pank is of the opinion, that information in this interim report, consisting of the management report and financial reports, is in conformity with requirements to interim reports and gives a true and fair view of the financial condition and economic results of Coop Pank Group, the presented data and additional information is true and comprehensive. Current interim report is not audited.

10.02.2020

Margus Rink  
Chairman of the Management Board

Hans Pajoma  
Member of the Management Board

Kerli Lõhmus  
Member of the Management Board

Janek Uiboupin  
Member of the Management Board

Contacts

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