



Pillar 3 Report

2022

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General information

The information on capital adequacy and risk management published in this document and in the Annual Report 2022 of Coop AS group has been prepared in accordance with the Capital Requirements Directive 2013/36/EU (CRD IV) and the Capital Requirements Regulation (EU) 575/2013 (CRR).

Annual Report 2022 of Coop Pank AS group, published on the bank's website www.cooppank.ee, contains information on the risk profile of the consolidation group, the total amount and composition of capital requirements and the total amount and composition of own funds, which is the basis for calculating the capital adequacy ratio. The requirements set out in Article 439 of Regulation (EU) 575/2013 do not apply to the Group, due to absence of the respective exposures. The group's risk management principles are described in Note 2 "Risk management" of the Annual Report 2022.

Key ratios and indicators of exposure

In thousands of euros	31.12.2022	31.12.2021
Net loan portfolio	1,300,775	953,396
Credit cost per year on average loan portfolio	0.5%	0.4%
Liquid assets to total assets ratio	22.38%	21%
Capital adequacy*	17.84%	16.69%

*The accepted profit of the reporting period includes an auditor's reviewed 9 month interim profit for 2022, which was approved by the Financial Supervisory Authority and from which expected dividend payments have been deducted.

The Group's risk strategy operates in accordance with the operational strategy approved by the Supervisory Board. The Group focuses on growing business volumes. As a result, the Group's risk appetite is medium in the credit risk, market risk and strategic risk categories and low in the operational risk, liquidity risk, reputation risk and real estate risk categories.

Group's risk appetite by main risk categories		Credit risk	Market risk	Liquidity risk	Operational risk	Real estate risk	Strategic risk	Reputational risk
		Medium	Medium	Low	Low	Low	Medium	Low
Risk control measures	Avoidance							X
	Limiting	X	X	X	X	X	X	
	Hedging	X	X		X	X	X	
	Separation	X	X	X	X		X	
	Insurance				X	X		

Regular risk reporting to the management is carried out in the Group. In the event of a large-scale realisation of risks or a significant deviation from the general risk management principles, the Management Board and the Supervisory Board shall be notified immediately.

The Group uses risk-based capital planning, ensuring that all risks are adequately covered by own funds at all times. Capital planning is based on financial forecasts that take into account the Group's strategy, future expectations and risk profile, as well as risk appetite. The existing capital buffer is sufficient to permanently cover all risks taken to achieve the Group's strategic goals.

The Group implements the mandatory crisis prevention and resolution measures established by the Financial Crisis Prevention and Resolution Act in order to ensure the financial stability of the consolidation group, the sustainability of critical functions and the sufficient protection of depositors, investors and other customers funds. Thus, a recovery plan for the Group's financial position has been prepared and the Group monitors and complies at all times with the minimum level of own funds and eligible liabilities provided by law. As financing of the Group is organized through Coop Pank AS as the parent company, then the Group does not use intra-group financial support measure. Consequently, any group undertaking hasn't entered into a financial support agreement under which it may provide financial support to another group undertaking.

Disclosure requirement with reference to CRR Article

	Primary location in our Annual Report	Primary location in our Pillar 3 report
Article 435. Risk management objectives and policies	p 63-64	p 3-4
Article 436. Scope of application	N/A	p 5
Article 437. Own funds	p 17	p 5-11
Article 438. Capital requirements and RWA	p 17, 65-66	p 5-11
Article 439. Exposure to counterparty credit risk	N/A	p 6
Article 440. Countercyclical capital buffers	N/A	p 15
Article 441. Indicators of global systemic importance	N/A	N/A
Article 442. Credit risk adjustments	p 67-73, 74-85	p 16-18
Article 443. Encumbered and unencumbered assets	N/A	p 14
Article 444. Use of the Standardised Approach	p 67	N/A
Article 445. Exposure to market risk	p 91	N/A
Article 446. Operational risk	p 94	N/A
Article 447. Key metrics	p 17	p 7
Article 448. Exposure to interest rate risk on positions not included in the trading book	p 92-94	N/A
Article 449. Exposure to securitisation positions	N/A	N/A
Article 449a. Disclosure of environmental, social and governance risks (ESG risks)	p 25-33	N/A
Article 450. Remuneration policy	p 39-41	N/A
Article 451. Leverage ratio	p 18	p 7, 12-13
Article 451a. Liquidity requirements	p18	p 7, 20-21
Article 452. Use of the IRB Approach to credit risk	N/A	N/A
Article 453. Use of credit risk mitigation techniques	N/A	p 19
Article 454. Use of the Advanced Measurement Approaches to operational risk	N/A	N/A
Article 455. Use of Internal Market Risk Models	N/A	N/A
Article 473a. Introduction of IFRS 9	p 48	p 11

Information on the reconciliation between own funds balance sheet items

Disclosed information according to Annex VII Template EU CC2 of the commission implementing regulation (EL) nr 2021/637

The information of Coop Pank Group's own funds is provided according to corresponding CRR Regulation (EU) 575/2013 point (c) of Article 436 and Article 438. Coop Pank group's own funds tables show only those items and amounts that are relevant to the group.

In thousands of euros, as of 31.12.2022

Own funds	Value in the statement of financial position	Regulatory corrections	Regulatory own funds
Paid-up share capital	69,148	0	69,148
Share premium	25,435	0	25,435
Reserve capital	3,838	0	3,838
Retained earnings*	50,863	-9,581	41,282
Other reserves	-168	-715	-883
Tier 1 capital before adjustments	149,116	-10,296	138,820
Adjustments:			
Goodwill as intangible asset	-6,757	0	-6,757
Intangible assets	-8,579	0	-8,579
Adjustment of value arising from requirements of reliable measurement	0	-18	-18
Other deductions from Tier 1 capital	0	-1,898	-1,898
Other adjustments of own funds resulting from transitional provisions	0	157	157
Total regulatory adjustments of Tier 1 capital	-15,336	-1,759	-17,095
Total Tier 1 capital	16,100	0	16,100
Subordinated debt			
Total Tier 2 capital	22,000	0	22,000
Own funds	171,880	-12,055	159,825

* Retained earnings include the undistributed profits of previous periods recognised in the financial statement and the profit of 2022, from which the interim profit of the IV quarter of 2022 in the amount of 6,515 and estimated dividend payments in the amount of 3,066 thousand euros have been deducted as regulatory corrections. Regulatory own funds include the undistributed profits of previous periods and Interim profit for the 9 months of 2022, which has been audited by an independent auditor and received permission from the Financial Supervision Authority to include the profit.

Risk exposure amounts and capital requirements

The Group calculates capital requirement arising from credit risk exposures according to the standardised approach and operational risk exposure according to basic indicator approach. All the exposures, risk-weighted exposures and capital requirements per exposure class as of 31.12.2022 can be found in the tables below.

Disclosed information according to Annex I of the commission implementing regulation (EL) nr 2021/637

In thousands of euros

Template EU OV1 – Overview of total risk exposure amounts	Net exposure	Risk-weighted exposure amount	Minimum regulatory capital requirement
1. Credit risk (excluding CCR)			
2. of which the standardised approach			
Central governments and central banks	361,691	2,775	222
Public sector entities and local governments	37	7	1
Credit institutions, investment companies	4,034	1,833	146
Companies	117,782	89,202	7,136
Retail receivables	201,349	142,086	11,367
Receivables secured by mortgage on real estate	941,831	446,296	35,704
Receivables past due	3,964	4,334	347
Items subject to particularly high risk	52,347	78,519	6,281
Investments in equity	13	13	1
Other assets	15,950	12,351	988
Total balance sheet exposures	1,698,998	777,416	62,193
Off-balance sheet (standardised approach)			
Companies	4,534	3,655	292
Retail receivables	9,491	5,798	464
Receivables secured by mortgage on real estate	26,527	17,244	1,379
Receivables past due	20	20	2
Items subject to particularly high risk	21,692	32,537	2,603
Total off-balance sheet exposures	62,264	59,254	4,740
Total credit risk exposure (standardised approach)	1,761,262	836,670	66,933
23 Operational risk			
EU 23a Of which basic indicator approach	n/a	59 360	4 749
29. Total risk exposure amounts and minimum capital requirement	1,761,262	896,030	71,682

Template EU CR5. Standardised approach	Risk weight							
Exposure classes	0%	20%	35%	50%	75%	100%	150%	Total
Central governments	347,820	13,874	0	0	0	0	0	361,694
Local authorities	0	6	0	0	0	0	0	6
Public sector entities	0	31	0	0	0	0	0	31
Credit institutions, investment companies	0	1,860	0	1,426	0	748	0	4,034
Corporates	0	11,879	0	851	0	109,586	0	122,316
Retail receivables	0	0	0	0	210,840	0	0	210,840
Secured by mortgages on immovable property	0	0	520,491	158,039	78,318	211,509	0	968,357
Exposures in default	0	0	0	0	0	3,245	740	3,985
Exposures associated with particularly high risk	0	0	0	0	0	0	74,037	74,037
Equity	0	0	0	0	0	13	0	13
Other items	3,598	0	0	0	0	12,351	0	15,949
Total risk-weighted assets	351,418	27,650	520,491	160,316	289,158	227,452	74,777	1,761,262

EU KM1. Key metrics template

Disclosed information according to Annex I of the commission implementing regulation (EL) nr 2021/637

In thousands of euros		31.12.2022	31.12.2021
Available own funds (amounts)			
1	Common Equity Tier1 (CET1) capital	121,725	91,171
2	Tier1 capital	137,825	91,171
3	Total capital	159,825	108,171
Risk-weighted exposure amounts			
4	Total risk-weighted assets	896,030	648,112
Capital ratios (as a percentage of risk exposure amount)			
5	Common Equity Tier1 (%)	13,58%	14,07%
6	Tier 1 ratio (%)	15,38%	14,07%
7	Total capital ratio (%)	17,84%	16,69%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2,55%	3,99%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1,43%	1,96%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	3,41%	2,16%
EU 7d	Total SREP own funds requirements (%)	10,55%	11,99%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	1,00%	0,00%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)		
EU 10a	Other Systemically Important Institution buffer (%)	0,00%	0,00%
11	Combined buffer requirement (%)	3,50%	2,50%
EU 11a	Overall capital requirements (%)	14,05%	14,49%
12	CET1 available after meeting the total SREP own funds requirements (%)	7,65%	7,61%
Leverage ratio (as a percentage of risk exposure amount)			
13	Total exposure measure	1,852,098	1,368,815
14	Leverage ratio (%)	7,44%	6,66%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	0,00%
EU 14c	Total SREP leverage ratio requirements (%)	0,00%	0,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	3,00%	3,00%
EU 14e	Overall leverage ratio requirement (%)	3,00%	3,00%
Likviidsuskattekordaja			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	351,207	229,542
EU 16a	Cash outflows - Total weighted value	212,661	128,358
EU 16b	Cash inflows - Total weighted value	12,831	14,529
16	Total net cash outflows (adjusted value)	199,829	113,829
17	Liquidity coverage ratio (%)	175,75%	201,66%
Net Stable Funding Ratio			
18	Total available stable funding	1,483,282	997,243
19	Total required stable funding	1,029,066	746,828
20	NSFR ratio (%)	144,14%	133,53%

EU CCA. Main features of regulatory own funds instruments and eligible liabilities instruments

Disclosed information according to Annex VII of the commission implementing regulation (EL) nr 2021/637

1	Issuer	Coop Pank AS	Coop Pank AS	Coop Pank AS	Coop Pank AS	Coop Pank AS
2	Unique identifier (ISIN)	EE3100007857	EE3300111699	EE3300002047	EE3300002542	EE3300002641 EE3300002658
3	Governing law(s) of the instrument	Estonian	Estonian	Estonian	Estonian	Estonian
Regulatory treatment						
4	Transitional CCR rules	Common equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 1
5	Post-transitional CRR rules	Common equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 1
6	Eligible at solo/(sub-) consolidated/ solo & (sub-)consolidated	solo and sub-consolidated	solo and sub-consolidated	solo and sub-consolidated	solo and sub-consolidated	solo and sub-consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share, (EU) 575/2013 Articles 28,29	Tier 2 subordinated bond, (EU) 575/2013 Article 63	Tier 2 subordinated bond, (EU) 575/2013 Article 63	Tier 2 subordinated bond, (EU) 575/2013 Article 63	Tier 1 subordinated bond, (EU) 575/2013 Article 61
8	Amount recognised in regulatory capital (MEUR, as of 31.12.2021)	74 M, EUR	2 M, EUR	10 M, EUR	10 M, EUR	16 M, EUR
9	Nominal amount of instrument	Without nominal value, § 222 ¹ of the Commercial Code	2 M, EUR	10 M, EUR	10 M, EUR	16 M, EUR
9a	Issue price	74 M, EUR	100,00%	100,00%	100,00%	100,00%
9b	Redemption price	N/A	100,00%	100,00%	100,00%	100,00%
10	Accounting classification	Share capital	liability – amortised cost	liability – amortised cost	liability – amortised cost	liability – amortised cost
11	Original date of issuance	19.07.1999	29.03.2019	31.03.2021	14.03.2022	27.06.2022
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Perpetual
13	Original maturity date	No maturity	29.03.2029	31.03.2031	10.03.2032	No maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Issuer Call Option: 29.03.2024 100,00%	N/A	N/A	Issuer Call Option: 30.06.2027 100,00%
16	Subsequent call dates, if applicable	N/A	Any time after 29.03.2024	N/A	N/A	Any time after 30.06.2027
Coupons / dividends						
17	Fixed or floating dividend/coupon	fixed	fixed	fixed	fixed	fixed
18	Coupon rate and any related index	N/A	7,58% per annum	5,50% per annum	5,00% per annum	10,00% per annum
19	Existence of a dividend stopper	No	N/A	N/A	N/A	N/A
20a	Fully discretionary, partially or mandatory (in terms of timing)	fully discretionary	mandatory	mandatory	mandatory	mandatory
20b	Fully discretionary, partially or mandatory (in terms of amount)	fully discretionary	mandatory	mandatory	mandatory	mandatory

21	Existence of step up or other incentive to redeem	N/A	No	No	No	No
22	Noncumulative or cumulative	cumulative	cumulative	cumulative	cumulative	cumulative
23	Convertible or non-convertible	non-convertible	non-convertible	non-convertible	non-convertible	non-convertible
30	Write-down features	No	No	No	No	No
35	Positioning subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	other debt obligation	other debt obligation	other debt obligation	other debt obligation
36	Non-compliant transitioned features	No	No	No	No	No

EU CC1. Composition of regulatory own funds

Disclosed information according to Annex VII of the commission implementing regulation (EL) nr 2021/637

The items and amounts of Coop Pank Group's own funds are presented as referred to in points (a), (d), (e) and (f) of Article 437 of CRR Regulation (EU) 575/2013 by following the instructions provided in the Annex VIII of (EL) nr 2021/637. Coop Pank group's own funds tables show only those items and amounts that are relevant to the group.

In thousands of euros

Common Equity Tier 1 (CET1) capital: instruments and reserves		31.12.2022	31.12.2021
1	Capital instruments and the related share premium accounts	94,583	74,416
	of which: Instrument type 1	94,583	74,416
2	Retained earnings	41,282	28,473
3	Accumulated other comprehensive income (and other reserves to cover retained earnings on the basis of applied accounting procedures)	-883	-15
3a	Funds for general banking risk	3,838	3,165
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	138,820	106,039
Common Equity Tier 1 (CET1) capital: regulatory adjustments		31.12.2022	31.12.2021
7	Additional value adjustments (negative amount)	-18	-6
8	Intangible assets (net of related tax liability) (negative amount)	-15,336	-14,214
12	Negative amounts resulting from the calculation of expected loss amounts	-1,898	-963
12a	IFRS 9 transitional arrangements	157	315
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-17,095	-14,868
29	Common Equity Tier 1 (CET1) capital	121,725	91,171
30	Additional Tier 1 (CET1)	16,100	0
45	Tier 1 capital (T1 = CET1 + AT1)	137,825	91,171
Tier 2 (T2) capital: instruments		31.12.2022	31.12.2021
46	Capital instruments and the related share premium accounts	22,000	17,000
51	Tier 2 (T2) capital before regulatory adjustments	22,000	17,000
57	Total regulatory adjustments to Tier 2 (T2) capital	0	0
58	Tier 2 (T2) capital	22,000	17,000
59	Total capital (TC = T1 + T2)	159,825	108,171
60	Total risk-weighted assets	896,030	648,112
Capital ratios and requirements including buffers		31.12.2022	31.12.2021
61	Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	13,58%	14,07%
62	Tier 1 capital (as a percentage of total risk exposure amount)	15,38%	14,07%
63	Total capital (as a percentage of total risk exposure amount)	17,84%	16,69%
64	Institution CET1 overall capital requirements	10,93%	8,96%
65	of which: capital conservation buffer requirement	2,50%	2,50%
66	of which: countercyclical buffer requirement	1,00%	0,00%
67	of which: systemic risk buffer requirement	0,00%	0,00%
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	9,08%	9,57%

Information regarding transitional arrangements that mitigate the impact of IFRS 9 on own funds

Disclosed information according to Annex I of the EBA guidelines EBA/GL/2018/01

In thousands of euros

Available capital		31.12.2022
1	Common Equity Tier1 (CET1) capital	121,725
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	121,568
3	Tier1 capital	137,825
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	137,668
5	Total capital	159,825
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	159,668
Risk-weighted assets		
7	Total risk-weighted assets	896,030
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	895,873
Capital ratios (as a percentage of risk exposure amount)		
9	Common Equity Tier1	13,58 %
10	Common Equity Tier 1 as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,57 %
11	Tier1	15,38 %
12	Tier 1 as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,37 %
13	Total capital	17,84 %
14	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17,82 %
Leverage ratio (as a percentage of risk exposure amount)		
15	Leverage ratio total exposure measure, amount	1,852,098
16	Leverage ratio	7,44 %
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,43 %

The Bank has decided to apply the transitional period for the adoption of IFRS 9 using the static approach set out in Article 473a (7) (b) of Regulation (EU) No 575/2013 established by EU Regulation 2017/2395 and not to apply Article 473a (4) of that Regulation.

In the case of the static approach, the exposures shall be adjusted in accordance with Article 473a (7) (b) of that Regulation as follows: when calculating the exposure value (CRR Article 111), the amount of write-down, deducted from the gross position, shall be multiplied by the factor calculated the gross position shall be multiplied by a factor calculated using the equation:

$sf = 1 - (ABsa / RAsa)$ where:

ABsa – amount added to own funds (after taxes)

RAsa – total amount of specific write-down, deducted from the gross position

The specific write-down shall be adjusted by the ratio between the amount added to own funds and the initial amount of the specific write-down.

Changes in Coop Bank's prudential ratios resulting from the application of IFRS 9 or analogous ECLs transitional arrangements are not significant. 2022 was the last year in which the described transitional arrangements was applied.

Disclosure of CRR leverage ratio

Disclosed information according to Annex XI of the Commission implementing regulation (EL) nr 2021/637. Coop Pank group's leverage tables show only those items and amounts that are relevant to the group.

In thousands of euros

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		31.12.2022	31.12.2021
1	Total assets as per published financial statements	1,714,176	1,241,976
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	154,749	141,391
12	Other adjustments	-16,826	-14,868
13	Leverage ratio total exposure measure	1,852,098	1,368,499
Template EU LR2 - LRCom: Leverage ratio common disclosure		31.12.2022	31.12.2021
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,698,998	1,228,078
6	(Asset amounts deducted in determining Tier 1 capital)	-1,648	-654
7	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	1,697,350	1,227,424
13	Total derivatives exposures	0	0
18	Total securities financing transaction exposures		0
19	Off-balance sheet exposures at gross notional amount	154,749	141,391
20	(Adjustments for conversion to credit equivalent amounts)	0	0
22	Other off-balance sheet exposures	154,749	141,391
EU-22k	(Total exempted exposures)	0	0
23	Tier 1 capital	137,825	91,171
24	Leverage ratio total exposure measure	1,852,098	1,368,815
25	Leverage ratio	7,44%	6,66%
27	Leverage ratio buffer requirement (%)	3,00%	3,00%
EU-27a	Overall leverage ratio requirement (%)	3,00%	3,00%

CRR leverage ratio exposures

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		31.12.2022	31.12.2021
1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	1,698,998	1,228,078
2	Trading book exposures	0	0
3	Banking book exposures, of which:	1,698,998	1,228,078
4	Covered bonds	0	0
5	Exposures treated as sovereigns	361,691	211,727
6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	37	110
7	Institutions	4,034	6,243
8	Secured by mortgages of immovable properties	941,831	673,965
9	Retail exposures	201,349	178,543
10	Corporate	117,782	87,145
11	Exposures in default	3,964	2,768
12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	68,310	67,577

Table EU LRA: Disclosure of LR qualitative information

- Description of the processes used for excessive leverage risk management:**
 In managing the risk of excessive leverage, the Group follows the requirements provided for in § 82² of the Credit Institutions Act. The Group monitors the dynamics of leverage risk quantitatively, mainly using the leverage indicator in accordance with Regulation (EU) No 575/2013. In order to manage the risk of excessive leverage, the Bank's Management Board and the Assets and Liabilities Management Committee monitor the leverage ratio, analyze changes in the balance sheet structure and forecasts and, if necessary, approve an action plan to respond to the changes in leverage ratio. When preparing the strategy and financial forecasts, it is taken into account that the leverage ratio normative would be met in a sustainable manner.
- Description of factors that had an impact on the leverage ratio during the reporting period:**
 The leverage ratio of the Coop Pank Group calculated in accordance with Article 1 of commission delegated regulation (EU) 2015/62 is 7.44% as of 31.12.2022 and 6.66% as of 31.12.2021. During 2022, the Group's business volumes have grown significantly, resulting in increased exposures, which in turn is the main reason for the decline in the leverage ratio in 2022.

Disclosure of encumbered and unencumbered assets

Disclosed information according to Annex XXXV of the Commission delegated regulation (EL) nr 2021/637

In thousands of euros, as of 31.12.2022

Template EU AE1 - Encumbered and unencumbered assets

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
	010	040	060	090
010 Assets of the reporting institution	323	323	1,713,853	1,706,199
030 Equity instruments	0	0	13	13
040 Debt securities	0	0	18,747	18,747
050 of which: covered bonds	0	0	0	0
060 of which: asset-backed securities	0	0	0	0
070 of which: issued by general governments	0	0	13,874	13,874
080 of which: issued by financial corporations	0	0	2,173	2,173
090 of which: issued by non-financial corporations	0	0	2,700	2,700
120 Other assets	323	323	1,695,093	1,687,439
121 of which: loans on demand	0	0	360,957	360,957
122 of which: loans and advances	0	0	1,300,775	1,293,121

Template EU AE2 - Collateral received and own debt securities issued

	Fair value of encumbered collateral received or own debt securities issued	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
	010	040
Total assets, collateral received and own debt		
250 Securities issued	n/a	n/a

Template EU AE3 - Sources of encumbrance

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
	010	030
010 Carrying amount of selected financial liabilities	n/a	n/a

Table EU AE4 - Accompanying narrative information

The Group's business strategy focuses mainly on the day-to-day banking (incl. deposits) and financing (incl. mortgage loans, unsecured loans and leasing) of private customers and small and medium-sized enterprises.

Mainly demand and term deposits and other long-term liabilities (e.g. debt Securities issued) serve as Resources for investments that require financing.

Thus, the group's assets are mostly unencumbered, except for deposits set to secure various settlements in the total amount of 323 thousand euros.

Disclosure of the countercyclical buffer requirement

Disclosed information according to Annex IX of the Commission delegated regulation (EL) nr 2021/637

In thousands of euros, as of 31.12.2022

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer													
General credit exposures			Relevant credit exposures – Market risk			Securitisation exposure		Own funds requirements					
010	By country	Exposure value for SA	Exposure Value for IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure Value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total	Own funds requirement weights (1/100)	Counter-cyclical capital buffer rate (%)
		012	020	030	040	050	060	070	080	090	100	110	120
	Estonia	1,361,651						65,023			65,023	0,977	0,00
	Switzerland	12,046						796			796	0,012	
	France	11,556						185			185	0,003	0,00
	Latvia	7,871						484			484	0,007	0,00
	USA	852						34			34	0,000	0,00
	Other	1,522						42			42	0,001	0,00
020	Total	1,395,498	n/a	n/a	n/a	n/a	n/a	66,564	n/a	n/a	66,564	1	0,00

EU CCyB2 - Amount of institution-specific countercyclical capital buffer		31.12.2022
Row		Column 010
010	Total risk exposure amount (EUR, thousand)	896,030
020	Institution specific countercyclical buffer rate (%)	1,00
030	Institution specific countercyclical buffer requirement (EUR, thousand)	8,960

Disclosure of non-performing and forborne exposures

Disclosed information according to Annex XV of the Commission delegated regulation (EL) nr 2021/637

In thousands of euros, as of 31.12.2022

Template EU CQ1: Credit quality of forborne exposures

	a	b	c	d	e	f	g	h	
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
	Performing forborne	Non-performing forborne		Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which defaulted							
1	Loans and advances	13,416	31	0	0	-301	-16	12,119	0
2	Central banks	0	0	0	0	0	0	0	0
3	General governments	0	0	0	0	0	0	0	0
4	Credit institutions	0	0	0	0	0	0	0	0
5	Other financial corporations	0	0	0	0	0	0	0	0
6	Non-financial corporations	3,727	0	0	0	-39	0	3,681	0
7	<i>Households</i>	9,689	31	0	0	-262	-16	8,438	0
8	Debt securities	0	0	0	0	0	0	0	0
9	Loan commitments given	0	0	0	0	0	0	0	0
10	Total	13,416	31	0	0	-301	-16	12,119	0

In thousands of euros, as of 31.12.2022

Template EU CQ3: Credit quality of performing and non-performing exposures by past due days													
	a	b	c	d	e	f	g	h	i	j	k	l	
	Gross carrying amount/nominal amount												
	Performing exposures			Non-performing exposures									
		Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 year ≤5 years	Past due >5 year ≤7 years	Past due >7 years	Of which defaulted	
1	Loans and advances	1,667,290	1,664,592	2,698	6,629	4,844	455	495	340	416	49	29	1,785
2	Central banks	347,541	347,541	0	0	0	0	0	0	0	0	0	0
3	General governments	10	10	0	0	0	0	0	0	0	0	0	0
4	Credit institutions	1,860	1,860	0	0	0	0	0	0	0	0	0	0
5	Other financial corporations	58,668	58,668	0	0	0	0	0	0	0	0	0	0
6	Non-financial corporations	592,171	590,842	1,330	4,799	4,637	0	75	49	37	0	0	162
7	Of which SMEs	592,154	590,825	1,330	4,799	4,637	0	75	49	37	0	0	162
8	Households	667,040	665,671	1,368	1,830	207	455	420	291	379	49	29	1,623
9	Debt securities	18,747	18,747	0	0	0	0	0	0	0	0	0	0
10	Central banks	0	0										
11	General governments	13,874	13,874										
12	Credit institutions	2,173	2,173										
13	Other financial corporations	0	0										
14	Non-financial corporations	2,700	2,700										
15	Off-balance-sheet exposures	154,651			97								0
16	Central banks	0			0								
17	General governments	0			0								
18	Credit institutions	0			0								
19	Other financial corporations	10,602			0								
20	Non-financial corporations	108,063			97								
21	Households	35,981			0								
22	Total	1,840,688	1,683,339	2,698	6,726	4,844	455	495	340	416	49	29	1,785

Template EU CR1: Performing and non-performing exposures and related provisions.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
		Of which: stage 1.	Of which: stage 2		Of which: stage 2	Of which: stage 3		Of which: stage 1.	Of which: stage 2		Of which: stage 2	Of which: stage 3				
1	Loans and advances	1,667,290	1,613,805	45,548	6,629	0	6,604	-9,285	-5,805	-3,480	-2,578	0	-2,578	0	1,207,101	3,802
2	Central banks	347,541	347,541	0	0		0	0	0	0	0	0	0	0	0	0
3	General governments	10	10	0	0		0	0	0	0	0	0	0	0	0	0
4	Credit institutions	1,860	1,860	0	0		0	0	0	0	0	0	0	0	0	0
5	Other financial corporations	58,668	58,645	23	0		0	-190	-190	0	0	0	0	46,598	0	
6	Non-financial corporations	592,171	560,784	31,387	4,799		4,799	-6,241	-3,556	-2,685	-1,260	0	-1,260	585,814	3,538	
7	of which SMEs	592,154	560,767	31,387	4,799		4,799	-6,241	-3,556	-2,685	-1,260	0	-1,260	585,814	3,538	
8	Households	667,040	644,965	14,138	1,830		1,805	-2,854	-2,059	-795	-1,318	0	-1,318	574,689	574,689	
9	Debt securities	18,747	18,747	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Central banks	0	0													
11	General governments	13,874	13,874													
12	Credit institutions	2,173	2,173													
13	Other financial corporations	0	0													
14	Non-financial corporations	2,700	2,700													
15	Off-balance-sheet exposures	154,651	148,179	6,473	97	0	3	-578	-578	0	0	0	0		0	0
16	Central banks	0	0	0	0		0	0	0							
17	General governments	5	5	0	0		0	0	0							
18	Credit institutions	0	0	0	0		0	0	0							
19	Other financial corporations	10,602	10,596	6	0		0	0	0							
20	Non-financial corporations	108,063	101,610	6,454	97		3	-578	-578							
21	Households	35,981	35,968	13	0		0	0	0							
22	Total	1,840,688	1,780,731	52,021	6,726	0	6,607	-6,383	-6,383	-3,480	-2,578	0	-2,578	0	1,207,101	3,802

Template EU CQ7: Collateral obtained by taking possession and execution processes

As of the end of the reporting period, the Group has no collateral obtained by taking possession and execution processes

Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	451,152	1,210,903	1,206,031	4,872	0
2	Debt securities	18,747	0	0	0	0
3	Total	469,899	1,210,903	1,206,031	4,872	0
4	<i>Of which non-performing exposures</i>	249	3,802	3,676	126	0
EU-5	<i>Of which defaulted</i>	249	3,802	-	-	-

Disclosure of liquidity coverage ratio and information on liquidity risk management

Disclosed information according to Annex XIII of the Commission delegated regulation (EL) nr 2021/637

Table EU LIQA - Liquidity risk management in accordance with Article 451a(4) CRR.

Strategies and processes in the management of the liquidity risk	The aim of the Group's liquidity management strategy is to ensure the timely and full fulfilment of the Group's obligations at all times, while optimizing liquidity risk so as to achieve maximum and stable profitability from investments of different durations. A more detailed overview of liquidity management is provided in the Group's annual report "Note 2 Risk Management" and its subchapter "Liquidity Risk Management".
Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)	<p>The main liquidity management body is the Assets and Liabilities Management Committee (ALCO), whose functions and areas of responsibility in liquidity management are:</p> <ul style="list-style-type: none"> • planning the short-term and long-term liquidity of the group and planning and implementing the measures to be used; • analysis of information concerning the Group's assets and liabilities, interest income and expenses, liquidity and investment management and, if necessary, preparation of strategic decisions concerning liquidity management for the Management Board; • optimizing the maturity, profitability and liquidity ratio of the Group's assets and liabilities to achieve the Bank's strategic objectives; • regulation of the Group's required level of liquidity, acceptable interest rate risk and acceptable level of risk of changes in the value of assets and liabilities.
Scope and nature of liquidity risk reporting and measurement systems	<p>The Group's liquidity position is managed using the maturity analysis of assets and liabilities. The model also captures the main observable liquidity ratios and fixed-term ratios of assets and liabilities and liquidity stress tests are conducted. Limits have been set for all key liquidity ratios. The following indicators are used to measure liquidity risk:</p> <ul style="list-style-type: none"> • Liquidity Coverage Ratio (LCR); • survival period in a liquidity crisis situation; • concentration of financing; • the ratio of liquid assets to demand deposits; • the ratio of long-term liabilities to investments requiring stable financing.
Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	<p>The Group's liquidity policy is based on the principle of conservatism and the formed liquidity buffers are sufficient to cover the large-scale outflow of deposits. The Group has established a business continuity and recovery plan for dealing with liquidity crisis situations, which includes activities to cover cash flow deficits in emergency situations. In order to manage the liquidity position, the Group's Management Board has established an internal investment resource model that takes into account the ratio of issued loans and Resources involved. Different coefficients have been assigned to resources in the model, to the extent to which the respective resource can be used for lending activities. The Group diversifies the maturity of resources and avoids large concentrations of one counterparty.</p>

A concise liquidity risk statement approved by the management body, succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement includes key ratios and figures, providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, (incl the risk profile of the institution and the risk tolerance set by the management body)

Liquidity risk management is an important part of the Group's overall risk management and planning process. The Group's risk appetite for liquidity risk is low, but due to the growth strategy, the Group's actual liquidity risk profile is higher than recommended. Therefore, the management actively and continuously monitors the free resource based on the internal investment resource model. The share of the Group's liquid assets in total assets as of 31.12.2022 was 22% (2021: 21%); the share of liquid assets in customer demand deposits 53% (2021:50%) and the share of demand deposits in total deposits was 48% (2021: 45%). The Management Board has established a system of early warning indicators to help identify an increase in risk or financing needs.

In thousands of euros

Template EU LIQ1 - Quantitative information of LCR (Scope of consolidation: (solo/consolidated))

Row number		Total adjusted value			
		31.03.2022	30.06.2022	30.09.2022	31.12.2022
EU-21	LIQUIDITY BUFFER	206,531	235,653	271,404	351,207
22	TOTAL NET CASH OUTFLOWS	135,033	147,530	172,881	199,829
23	LIQUIDITY COVERAGE RATIO	153%	160%	157%	176%

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