

Corporate Governance Report

Coop Pank implements the Corporate Governance Recommendations (hereinafter CGR) approved by the Nasdaq Tallinn Stock Exchange and the Financial Supervision Authority since the listing of Coop Pank AS shares on the Tallinn Stock Exchange main list on 10 December 2019. The report provides an overview of Coop Pank management and compliance with CGR guidelines. Coop Pank AS complies with the recommendations of the Good Corporate Governance, unless otherwise stated in this report.

1. General Meeting

Coop Pank is a public limited company whose management bodies are the General Meeting of Shareholders, the Supervisory Board and the Management Board. The General Meeting is the highest directing body of the Coop Pank, where the shareholders exercise their rights. The competence of the General Meeting is provided by law and the Articles of Association of Coop Pank. For example, the General Meeting is competent to amend the Articles of Association, increase and decrease the share capital, decide on the issue of convertible bonds, elect and extend the term, as well as decide on the early removal of the Supervisory Board members, approve the annual report and distribute the profit, approve the share option programme and appoint and dismiss the auditor.

Every shareholder is entitled to participate in the General Meeting, to speak at the General Meeting on the topics in the agenda and to ask reasonable questions and make proposals. In 2023, no shareholders' questions on agenda topics were raised before the General Meeting. A shareholder may attend the General Meetings and vote at the meeting in person or through a duly authorized representative. The General Meetings are held on business days in Tallinn.

The General Meeting is called by the Management Board. The Annual General Meeting, which approves the annual report, is held at least once a year. The Management Board shall call an Annual General Meeting not later than four months after the end of the financial year. The Management Board shall give the notice of both the Annual and Special General Meetings at least three weeks in advance by publishing the notice of convening the General Meeting through the information system of the Nasdaq Tallinn Stock Exchange as well as on its homepage and at least through one daily national newspaper.

The agenda of the General Meeting, the proposals of the Management Board and the Supervisory Board, the draft resolutions and other relevant materials shall be made available to the shareholders before the General Meeting. In 2023, from the announcement of the General Meeting until the day of the General Meeting, the shareholders had access to the materials and draft resolutions of the General Meeting and other documents required by law on Coop Pank's webpage and at Coop Pank's headquarters on workdays from 09:00-17:00 at Maakri 30, Tallinn. Shareholders are given the opportunity to ask questions on the agenda before the General Meeting.

Following and participation in the General Meeting via means of communication has not been made available (CGC clause 1.3.3), since there has been no need, demand nor suitable technical solution for that.

In 2023 one General Meetings were held – an Annual General Meeting.

The Annual General Meeting of Shareholders that took place on 12 April 2023 approved the 2022 Annual Report, distributed the profit for the year 2022 and decided to pay dividends and adopted the new Articles of Association. The General Meeting also recalled the current chairman Alo Ivask from the Supervisory Board and elected a new member of the Supervisory Board Mr. Rainer Rohkla in his place, and also extended the powers of other members of the Supervisory Board for a new 3-year term. The General Meeting also made a decision regarding the remuneration of the members of the Supervisory Board. The General Meeting was held in the Estonian language. The meeting was chaired by Mariann Suik, Head of the Legal Department of Coop Pank, and

lawyer Renno Mägi took minutes of the meeting. All Management Board and Supervisory Board members of Coop Pank attended the General Meeting. Also, the auditor of Coop Pank from AS PricewaterhouseCoopers, Lauri Past, attended the meeting. The minutes and decisions of the General Meeting was certified Annika Kuimet, Notary public in and for Tallinn.

2. Management Board

2.1. Responsibilities of the Management Board

The Management Board is the governing body of Coop Pank that represents and manages Coop Pank on daily basis. According to the Articles of Association, any member of the Management Board may represent Coop Pank in all legal acts. The members of the Board are elected and removed by the Supervisory Board. The consent of the Board member is required for their election. According to the Articles of Association of the Bank, the Management Board comprises three to seven members. The term of office of a Management Board member is up to five years. Each member of the Management Board has their own area of responsibility, which is determined by the agreement of the Management Board member. On the basis of the authorisation received from the Supervisory Board, the chairman of the Supervisory Board shall enter into an agreement with the member of the Management Board to perform their duties. According to the restrictions set out in the Credit Institutions Act, until 2021, the members of the Management Board of Coop Pank could not simultaneously participate in the work of the Management Board or Supervisory Board of other companies. Contrary to the above, there was no restriction on work in the management bodies of the Group's companies. From 2021, the members of Coop Pank's Management Board may additionally hold one member of the Management Board and two members of the Supervisory Board, or four members of the Supervisory Board. The positions of head of the group shall be considered as one position.

In accordance with the agreements concluded with the Management Board members, the extension of the term of office of a Management Board member shall be decided 3 months before the expiry of their term of office. The Supervisory Board shall appoint the chairman of the Management Board. The chairman of the Management Board shall organise the work of the Management Board. The Supervisory Board may dismiss a member of the Management Board regardless of the reason. A member of the Management Board may resign from the Management Board regardless of the reason with prior notice to the Supervisory Board. The rights and obligations arising from the agreement, concluded with the member of the Management Board, shall expire in accordance with the agreement.

Persons with sufficient knowledge and experience to participate in the work of Coop Pank's Management Board shall be elected as members of the Management Board. For the selection and evaluation of Coop Pank's Management Board and Supervisory Board members, Coop Pank has adopted the "Suitability assessment policy", which is implemented in conjunction with applicable legislation (the Credit Institutions Act in particular) as well as with the recommendations manual and other relevant guidance documents issued by the Financial Supervision Authority and/or other supervisory agencies.

As of 31.12.2023, the Management Board of the Coop Pank comprised of five members: Margus Rink (chairman), Paavo Truu, Heikko Mäe, Arko Kurtmann and Karel Parve. The responsibilities of Management Board members are: Margus Rink – general management, Paavo Truu – financial management, Heikko Mäe – risk management, Arko Kurtmann – corporate banking, Karel Parve – retail banking.

Margus Rink received a Bachelor's degree in financial accounting and Analysis in 1994 from the School of Economics and Business Administration at the University of Tartu and a Master of Business Administration degree in 2000 from the same university. Margus Rink has worked in the banking sector for more than 15 years, starting in 1994 as a bank cashier in AS Eesti Ühispank (current name AS SEB Pank) and worked in various positions in AS Hansapank (current name AS Swedbank) in 1996-2008, including as the Manager of the Viljandi branch, Account Manager, Manager of the Personal Banking Division and Managing Director of Retail Banking.

In 2008 Margus Rink took a position as the member of the management board of Eesti Energia AS where he worked until 2015. In the period 2015-2016 Margus Rink was the chairman of the management board of AS Magnum and a member of the Supervisory Board of several subsidiaries of that group. Margus Rink is also on the management board of the non-profit association Estonian Banking Association (*Pangaliit* in Estonian) and from June 2023 he is also a member of the management board of Estonian Chamber of Commerce and Industry. Currently, Margus Rink is also a member of the Supervisory Board of Coop Pank subsidiaries Coop Finants AS, Coop Liising AS, and Coop Kindlustusmaakler AS.

Paavo Truu obtained a Bachelor's degree in 1996 from the Faculty of Economics of the University of Tartu, majoring in marketing, finance and banking, and has since participated in several professional further training courses. Paavo Truu worked as a board member and financial director of Coop Eesti Keskühistu from 2018 to 2022. In the years 2013-2018, he was a member of the board of AS Magnum and in the same period was also a member of the supervisory board of several subsidiaries of AS Magnum (Magnum Dental OÜ, AS Magnum Veterinaaria). In 2012-2013, Paavo Truu was the financial director of Alexela Group OÜ and in 2007-2012, a member of the board of Bauhof Grupp. Currently, Paavo Truu is also a member of the supervisory board of Coop Pank's subsidiaries Coop Finants AS, Coop Liising AS and Coop Kindlustusmaakler AS. He is also a member of the management board of Solaris Konsult, the private company he owns.

Heikko Mäe holds Master of Arts degree in Law from Audentes University (2008). In the period of 2004-2008 Heikko Mäe has worked in AS PricewaterhouseCoopers Advisory as the risk management senior consultant, in 2008-2013 in Eesti Energia AS as Director of the Risk Management and Internal Auditing Unit and in 2013-2015 as Director of Energy Trading in Eesti Energia AS. In the period of 2015-2019 Heikko Mäe worked as the head of AS Magnum Veterinary and in 2016-2020 as Supervisory Board member of TULEVA Fondid AS. Heikko Mäe has been working at the bank as a risk manager since 2019. Currently, Heikko Mäe is also a member of the Supervisory Board of Coop Pank subsidiaries Coop Finants AS, Coop Liising AS and Coop Kindlustusmaakler AS and a member of the board of SIA Prana Property.

Arko Kurtmann graduated with a degree in Economics and Business from the Estonian University of Life Sciences in 2003. Arko Kurtmann has worked for AS LHV Pank as the head of the business banking department and a member of the credit committee in 2012-2019. Arko Kurtmann is a member of the management board of Corby Capital OÜ. Currently, Arko Kurtmann is also a member of the Supervisory Board of Coop Pank subsidiaries Coop Finants AS, Coop Liising AS and Coop Kindlustusmaakler AS.

Karel Parve holds a Bachelor's degree in International Relations from Bucknell University. Since 2019, he has been working at LHV Pank, where he last managed the private banking unit. He has previously worked at Luminor Bank AS and Swedbank AS. Karel Parve is also a member of the Supervisory Board of the Coop Pank subsidiaries Coop Finants AS, Coop Liising AS and Coop Kindlustusmaakler AS.

The Management Board carries out its day-to-day management decisions independently, considering the best interests of the bank and its shareholders, while excluding any personal interests. The members of the Management Board are responsible for the day-to-day management of Coop Pank and for developing and implementing the bank's strategy. The Management Board ensures proper functioning of risk management and internal control considering Coop Pank's area of activity.

2.2. Remuneration principles of managers

The purpose of Coop Pank's remuneration policy is to provide fair, motivating, transparent and legally compliant remuneration. The Supervisory Board has the right to decide on the remuneration of the members of the Management Board. The Remuneration Committee of the bank annually reviews the remuneration principles of the Management Board. When determining the remuneration of a member of the Management Board, the Remuneration Committee shall, in particular, consider the responsibilities of the individual member of the Management Board, their performance, the overall performance of the Management Board, as well as

the financial position of the Coop Pank, the current state and future direction of the business in comparison with the corresponding indicators of companies of the same economic sector.

The remuneration of a Management Board member must be such as to motivate the person to act in the best interests of Coop Pank. The basic wage of the Management Board members is agreed in the Management Board member agreement. The remuneration principles of the Management Board members and/or employees exercising internal control and risk management functions must ensure their independence and objectivity in performing their risk management/internal control tasks. The remuneration of these employees must not depend on the results of the departments controlled and the set objectives must be described at the individual employee level.

Coop Pank applies an annual performance pay, commensurate with achieving the objectives, to all Group employees, plus a long-term option programme for key employees.

Gross remuneration paid to the Management Board members in 2023 in euros:

Gross remuneration paid in 2023	Basic salary	Performance pay	Value of options granted	Total remuneration
Margus Rink	156 000	36 000	108 024	300 024
Paavo Truu	114 000	21 000	62 952	197 952
Heikko Mäe	116 000	24 000	71 966	211 966
Arko Kurtmann	108 000	24 000	71 966	203 966
Karel Parve	20 000	0	0	20 000
Rasmus Heinla	96 000	32 000	0	128 000

In the event of an extraordinary termination of the Management Board member's agreement by the bank, the Management Board member shall be paid severance pay in the amount of 6 months' remuneration. The severance pay is not payable if the termination is due to significant culpable failure to fulfil official duties or to any other act that seriously damages the bank's reputation. If the term of office of a member of the Management Board is not extended, the Management Board member is entitled to a severance pay in the amount of 3 months' remuneration.

Shares, bonds and share options owned by the Management Board members and their associated persons as at 31.12.2023:

Holder of securities	Shares	Holding	Bonds
Margus Rink	716 000	0,70%	7
Paavo Truu (by the Solaris Konsult OÜ)	48 248	0,05%	100
Heikko Mäe	53 270	0,05%	0
Arko Kurtmann (by the Corby Capital OÜ)	49 000	0,05%	0

Holder of options	Quantity	Strike price	Subscription term
Margus Rink	90 000	1,100	2024
Heikko Mäe	70 000	1,100	2024
Rasmus Heinla	70 000	1,100	2024
Arko Kurtmann	40 000	1,100	2024
Margus Rink	61 200	1,255	2025
Heikko Mäe	40 800	1,255	2025
Rasmus Heinla	40 800	1,255	2025
Arko Kurtmann	46 600	1,255	2025
Paavo Truu	22 700	1,255	2025
Margus Rink	71 900	1,526	2026
Paavo Truu	41 900	1,526	2026
Heikko Mäe	47 900	1,526	2026
Arko Kurtmann	47 900	1,526	2026

No significant transactions took place between Coop Pank and the members of the Management Board or persons close to or associated with them in 2023.

2.3. Conflicts of interest

Coop Pank has established a Group-wide "Policy of Management of Conflicts of Interest", under which members of the Group's corporate bodies, heads of departments and client managers are required to submit and annually update their Declaration of Financial Interests and Credibility. Also, a new declaration must be submitted immediately after a change of significant circumstances which constitute or are likely to give rise to a conflict of interest.

Transactions between the bank and the members of the Management Board or persons close to or associated to them shall be subject to the prior approval of the Supervisory Board, except for transactions made on the basis of market prices within the framework of daily economic activity. In 2023, no such transactions took place.

Management Board members are not members of the Management Board or Supervisory Board of other issuers, except Paavo Truu who is a member of the board of a private limited company he owns. The Management Board members of Coop Pank are also the Supervisory Board members of Coop Pank's subsidiaries; the Management Board member, fulfilling the duties of risk manager, is also a Management Board member of real estate management companies established in Estonia and Latvia which are part of the Group.

3. Supervisory Board

The Supervisory Board is Coop Pank's governing body, which plans and organises Coop Pank's management and supervises the activities of the Management Board. The Board determines and periodically reviews Coop Pank's strategy, general business plan, principles of risk management and annual budget. The Supervisory Board comprises five to seven members. The term of office of the Supervisory Board members is up to five years. The members of the Supervisory Board shall elect from among themselves the chairman of the Supervisory Board who shall organise the activities of the Supervisory Board.

The Supervisory Board regularly evaluates the activities of the Management Board by implementing Coop Pank's strategy, as well as evaluates the bank's financial position, risk management systems, compliance with prudential regulations and the lawfulness of the activities of the Management Board.

Persons with sufficient knowledge and experience to participate in the work of the bank's Supervisory Board shall be elected as members of the Supervisory Board. For the selection and evaluation of the bank's Management Board and Supervisory Board members, Coop Pank has adopted a "Suitability assessment policy", which is implemented in conjunction with applicable legislation (the Credit Institutions Act in particular) as well as with the recommendations manual and other relevant guidance documents issued by the Financial Supervision Authority and/or other supervisory agencies.

As at 31.12.2023, the Supervisory Board of Coop Pank comprised of six members and they were Rainer Rohtla (chairman, term 12.04.2026), Viljar Arakas (term 12.04.2026), Jaan Marjundi (term 12.04.2026), Roman Provotorov (term 12.04.2026), Raul Parusk (term 12.04.2026) and Silver Kuus (term 12.04.2026). In the meaning of CGR there are three independent members in Coop Pank's Supervisory Board – Viljar Arakas, Raul Parusk and Silver Kuus.

Rainer Rohtla has obtained higher education in logistics management from Jyväskylä university of Applied Sciences, Finland. Rainer Rohtla has worked in top management positions in various logistics management related international enterprises, latest of them from 2019-2022 as General Manager of Via 3L Group. From 2023 February he acts as chairman of the board of Coop Eesti Keskühistu.

Viljar Arakas obtained a Bachelor's degree in business administration from EBS International University in 2003 and has completed his second Bachelor's degree at Hogeschool NOVI in the Netherlands. Viljar Arakas is a founding member and a member of the Management Board and CEO of EfTEN Capital AS, the largest management company focused on commercial real estate in the Baltic States.

Roman Provotorov obtained a higher education in economics and management from the Estonian Agricultural University (currently Estonian University of Life Sciences). Since 1995, he is a head of Antsla Tarbijate Ühistu (Antsla Consumer Association) and, since 2017, member of the Supervisory Board of Coop Pank AS.

Jaan Marjundi obtained a higher education in process engineering from Tallinn Polytechnical Institute (currently TalTech). For years, he has worked in top management positions of retail businesses. Since 2007, Jaan Marjundi is a chairman of the board of Harju Tarbijate Ühistu (Harju Consumer Association) and, since 2017, member of the Supervisory Board of Coop Pank AS.

Raul Parusk obtained Master's degrees in political economy from Moscow National University and in business management from Vienna Business School. He has worked in top management positions in different companies, including credit institutions. From 2017 until August 2021, Raul Parusk was a member of the management boards of Forus Grupp OÜ, Forus Security Eesti AS and Forus Haldus OÜ. From March 2022, Raul Parusk has been a member of the board of Kodea OÜ.

Silver Kuus has obtained a Master's degree in international business management from Estonian Business School. Silver Kuus has worked in top management positions in different financial institutions, the latest of them being manager of corporate banking at Luminor Bank AS from 2017-2019. Currently, he is manager of a business consulting company OÜ Lorikori Capital and also development manager of Agrone OÜ.

The General Meeting of Shareholders has decided to set the gross monthly remuneration of the members of the Supervisory Board at EUR 1,500, the chairman at EUR 2,000. There is no severance pay or other additional benefits for members of the Supervisory Board.

Gross remuneration paid to the Supervisory Board members in 2023 in euros:

	Gross remuneration paid in 2023
Alo Ivask	5 000
Rainer Rohtla	17 000
Viljar Arakas	16 000
Jaan Marjundi	16 000
Roman Provotorov	16 000
Raul Parusk	16 000
Silver Kuus	16 000

Shares and bonds owned by members of Supervisory Board as of 31.12.2023:

	Shares	Holding	Bonds
Viljar Arakas (by the Miemma Holding OÜ)	26 094	0,03%	114
Jaan Marjundi	79 247	0,08%	11
Roman Provotorov	14 623	0,01%	0
Raul Parusk (by the Sulvanus Invest OÜ)	6 201	0,01%	0

As set out in clause 2.3 of this report, the Supervisory Board members shall also submit a declaration of their financial interests and reliability.

No significant transactions took place between Coop Pank and the members of the Supervisory Board or persons close to or associated with them in 2023.

In 2023, eleven Supervisory Board meetings were held and two Supervisory Board resolutions were adopted without convening a meeting. The members of the Supervisory Board participated in all meetings and votes, except for Silver Kuus who could not attend the meeting held in June.

The Supervisory Board has formed two committees: the Audit Committee and the Remuneration Committee. The Committees act under the supervision of the Supervisory Board as advisory bodies to the Supervisory Board. Given the size of the Group and the principle of proportionality, no separate Nomination Committee has been set up.

3.1. Audit Committee

The Audit Committee is an advisory body to the Supervisory Board in the areas of accounting, auditing, risk management, internal control and audit, supervision and budgeting and the legality of activities. The activities of the Audit Committee are primarily based on the Auditors Activities Act and the rules of procedure of the Audit Committee, approved by the Supervisory Board.

The Audit Committee is responsible, inter alia, for supervision of the audit process of the annual or consolidated accounts and the independence of the sworn auditor. The Audit Committee also performs the functions of the Risk Committee and advises the Supervisory Board and the Management Board on risk management principles and supervises risk management. The Audit Committee makes proposals to the Supervisory Board for the appointment or removal of the external and internal auditor, as well as for changes in risk management principles, elimination of problems in the organisation and compliance with legal acts. At least once a year, the external auditor shall report to the Audit Committee on the findings of the audit.

The Audit Committee shall comprise at least two members, elected by the Supervisory Board. As of 31.12.2023 the Audit Committee comprised of four members and they were Veiko Haavapuu (chairman), Rainer Rohtla, Silver Kuus and Stan Nahkor. No remuneration is paid to the members of the Audit Committee who are members of the Supervisory Board. Remuneration for Veiko Haavapuu and Stan Nahkor is 400 euros per meeting.

3.2. Remuneration Committee

The responsibility of the Remuneration Committee is to evaluate the implementation of the Remuneration Principles approved by Coop Pank's Supervisory Board and their consistency with Coop Pank's business objectives, the impact of the remuneration decisions on meeting the requirements set to Coop Pank's risk management, own funds and liquidity. The Remuneration Committee also supervises the remuneration of members of the Management Board and employees subject to increased requirements.

The Remuneration Committee comprises at least two members who are elected by the Supervisory Board. As of 31.12.2023, the Remuneration Committee comprised of four members and they were Rainer Rohtla (chairman), Jaan Marjundi, Raul Parusk and Irja Rae. No remuneration is paid to the members of the Remuneration Committee who are members of the Supervisory Board. Irja Rae's remuneration is 400 euros per meeting.

4. Cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board cooperate closely to protect the best interests of Coop Pank. The Management Board and the Supervisory Board jointly develop Coop Pank's strategy. The Management Board is invited to attend monthly meetings of the Supervisory Board. The Management Board shall regularly inform the Supervisory Board of any material information regarding the bank's planning and conduct of business, operational risks and management of these risks.

5. Implementation of diversity policy

In accordance with section 4 of article 24² of the Accounting Act, a large undertaking whose securities granting voting rights have been admitted for trading on a regulated securities market of Estonia or another Contracting State shall describe in the corporate governance report the diversity policies carried out in the company's management board and senior management and the results of the implementation thereof during the accounting year. If no diversity policies have been implemented during the accounting year, the reasons for this should be explained in the corporate governance report.

In 2023, the bank did not implement a diversity policy, as it always considers the best interests of the Group in the selection of both executives and employees, considering the candidate's education, skills and previous work experience. At the same time, the Group follows the principle of non-discrimination of candidates on the grounds of gender or other status.

6. Disclosure of information

Coop Pank shall treat all shareholders equally and shall notify all shareholders equally of material circumstances and from 10.12.2019 considers the rules established for listed companies by providing information.

On the Investor section of Coop Pank's website all documents and information will be made available to shareholders in accordance with the Corporate Governance Recommendations. On its website, Coop Pank shall publish a financial calendar which includes the dates of publication of the Annual Report and Interim Reports. The published information shall also be made available in English.

7. Financial reporting and audit

Once every year, Coop Pank publishes the Annual Report for the previous year. The Annual Report shall be audited by an external auditor, accepted by the Supervisory Board and approved by the General Meeting.

Members of the Supervisory Board do not sign the Annual Report together with the Management Board members (clause 6.1.1 of CGR). The position of the Supervisory Board on the Annual Report is included in the Supervisory Board's written report, approved with the resolution of the Supervisory Board. The bank submits the Annual Report, signed by the Management Board, to the General Meeting of Shareholders (thus Coop Pank does not comply with the requirement to submit the report signed by the members of the Management and Supervisory Board to the shareholders, clause 6.1.1 of CGR). However, a proposal for approval of the Annual Report, prepared by the Supervisory Board, shall be submitted to the General Meeting.

The auditor shall be appointed by the General Meeting of Shareholders, who shall also determine the auditor's remuneration arrangements. The auditor is appointed to perform a single audit or for a period specified by the General Meeting.

In 2023, the auditor has provided contracted services to companies of the consolidation group, including audits of Annual Reports of Group companies and quarterly reviews and other assurance services subject to obligations under the Credit Institutions Act and the Securities Market Act. Also, the auditor has provided other services permitted pursuant to the Republic of Estonia Auditors Activities Act.

In 2023, the fees paid or payable for the services provided by the auditor amounted to 229 thousand euros.