



Interim Report  
Quarter III 2019

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## Management report

Structure of the group as at 30.09.2019. 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 September Coop Pank had 56,300 daily banking clients, thus, the bank's client portfolio has increased by 33% 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. 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.

Group's net loan portfolio increased by EUR 89 million in nine months and reached EUR 418 million by the end of Q3. All financing business lines invested in the growth - home loan, consumer loan, business loan and leasing. In nine months, the volume of Bank's deposits increased by EUR 93 million and was EUR 478 million by the end of September. Term deposits showed the fastest growth. In nine months the banking group earned the profit of EUR 3,9 million, which is about 30% more than in the same period last year. Interest income contributed most to the increased profit.

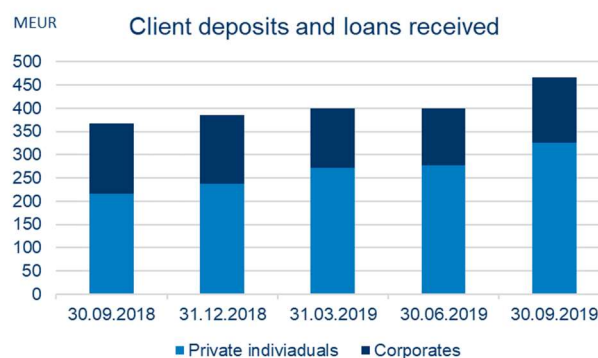
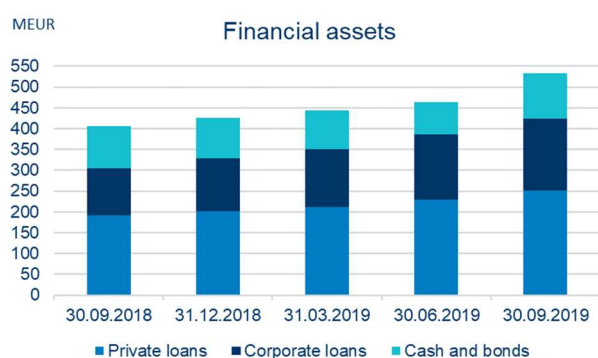
Continuous growth of business volumes is the core objective of Coop Pank in 2019. To support the company's growth strategy, in spring Coop Pank issued subordinated bonds worth EUR 2 million, with a maturity of 10 years, to LHV Pension Funds. The June special general meeting of shareholders decided to increase bank's share capital by EUR 4 million.

Preparatory activities for the public listing of Coop Pank shares began in the spring and have proceeded according to plan. Coop Pank shares are expected to reach the Nasdaq Tallinn Stock Exchange later this year. However, the timing of the issue may be affected by the situation of the world economy and its reflection on stock markets.

## Overview of financial results

Income statement EUR thousand	Q3 2019	Q2 2019	quarterly change	Q3 2018	annual change
Net interest income	5 431	4 939	10%	4 315	26%
Net fee and commissions income	540	606	-11%	601	-10%
Other income	159	77	106%	116	37%
<b>Total net operating income</b>	<b>6 130</b>	<b>5 622</b>	<b>9%</b>	<b>5 032</b>	<b>22%</b>
Operating expenses	-4 039	-3 921	3%	-3 399	19%
Loan losses	-572	-448	28%	-473	21%
Income tax	0	-2	100%	0	0%
<b>Net profit</b>	<b>1 519</b>	<b>1 251</b>	<b>21%</b>	<b>1 160</b>	<b>31%</b>

Business volumes, EUR thousand	Q3 2019	Q2 2019	quarterly change	Q3 2018	annual change
Loan portfolio	417 907	380 642	10%	305 710	37%
Cash and bonds	109 647	78 356	40%	101 030	9%
Customer deposits and loans received	477 826	409 036	17%	367 178	30%
Equity	57 346	55 807	3%	47 579	21%



Ratios (quarterly ratios, expressed on annualised basis)	Q3 2019	Q2 2019	quarterly change	Q3 2018	annual change
Average equity (attributable to parent company), EUR thousand	56 576	53 130	3 446	46 978	9 598
Return on equity ROE % (net profit / average equity)	10.7	9.4	1.3	9.9	0.8
Average total assets, EUR thousand	516 417	473 494	42 923	213 786	302 631
Return on assets ROA % (net profit / average total assets)	1.2	1.1	0.1	2.2	-1.0
Cash and interest-bearing assets, average, EUR thousand	499 985	457 196	42 789	412 076	87 909
Net interest margin NIM % (net interest income / interest-bearing assets, average)	4.3	4.3	0.0	4.2	0.2
Cost / income ratio % (total operating costs / total net operating income)	65.9	69.7	-3.8	67.5	-1.6

## Capitalisation

Capital base, EUR thousand	30.09.2019	31.12.2018
<b>Tier 1 capital</b>		
Paid-in share capital and share premium	42 400	38 374
Statutory reserve capital	2 526	2 288
Retained earnings	8 313	3 799
Eligible profit of the reporting period	2 425	3 989
Other accumulated comprehensive loss	-33	-154
Goodwill accounted for as intangible asset (-)	-6 757	-6 757
Intangible assets (-)	-3 084	-2 290
Adjustment of value arising from requirements of reliable measurement (-)	-4	-10
Other deductions from Tier 1 capital (-)	-572	-313
Other transitional adjustments of own funds	535	598
<b>Total Tier 1 capital</b>	<b>45 749</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>52 749</b>	<b>44 524</b>
<b>Risk-weighted assets RWA</b>		
Central government and central banks using standardised approach	714	965
Credit institutions, investment companies and local governments using standardised approach	683	2 915
Companies using standardised approach	31 947	28 245
Retail claims using standardised approach	80 634	62 038
Claims secured by mortgage on real estate using standardised approach	125 479	100 004
Claims past due using standardised approach	4 295	959
Items subject to particularly high risk using standardised approach	26 680	19 626
Other assets using standardised approach	11 920	10 330
<b>Total credit risk and counter-party credit risk</b>	<b>282 352</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>310 766</b>	<b>246 591</b>
<b>Capital adequacy ratio %</b>	<b>16.97%</b>	<b>18.06%</b>
<b>Tier 1 capital ratio %</b>	<b>14.72%</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. Compared to the end of 2018, the capital adequacy ratio has decreased by 1,09 pp. In Q1, to support the growth of business volumes the Bank included subordinated debt in the amount of EUR 2 million in Tier 2 capital, and in Q2, EUR 4 million share capital in Tier 1 capital.



# Consolidated financial statements

## Consolidated statement of comprehensive income

EUR thousand	Note	Q3 2019	9 M 2019	Q3 2018	9 M 2018
Interest income calculated using the effective interest method		5 950	16 295	4 628	12 736
Other similar income		737	2 003	506	1 284
Interest expense		-1 256	-3 428	-819	-2 224
<b>Net interest income</b>	<b>3</b>	<b>5 431</b>	<b>14 870</b>	<b>4 315</b>	<b>11 796</b>
Fee and commission income		928	2 686	939	2 807
Fee and commission expense		-388	-989	-338	-968
<b>Net fee and commission income</b>	<b>4</b>	<b>540</b>	<b>1 697</b>	<b>601</b>	<b>1 839</b>
Revenue from sale of assets		40	140	148	473
Cost of assets sold		-41	-134	-171	-461
Rental income from investment properties		5	27	14	62
Direct property operating expenses		-14	-67	-23	-90
Change in fair value of investment property		0	-20	-7	75
Net gains/losses from non-financial asset realization		0	0	-2	-8
Net gains/losses from financial assets measured at fair value		12	7	-31	-32
Revenue from claims handling		139	391	158	449
Other income		18	52	30	95
<b>Other net income</b>		<b>159</b>	<b>396</b>	<b>116</b>	<b>563</b>
Payroll expense		-2 567	-7 169	-2 073	-6 046
Operating expense		-1 025	-3 197	-1 115	-3 396
Depreciation		-447	-1 260	-211	-566
<b>Total operating expense</b>		<b>-4 039</b>	<b>-11 626</b>	<b>-3 399</b>	<b>-10 008</b>
<b>Net profit before impairment losses on loans and advances</b>		<b>2 091</b>	<b>5 337</b>	<b>1 633</b>	<b>4 190</b>
Impairment losses on loans and advances		-572	-1 393	-473	-1 080
<b>Profit before income tax</b>		<b>1 519</b>	<b>3 944</b>	<b>1 160</b>	<b>3 110</b>
Income tax		0	0	0	0
<b>Net profit for the reporting period</b>	<b>2</b>	<b>1 519</b>	<b>3 944</b>	<b>1 160</b>	<b>3 110</b>
Items that may subsequently be reclassified to income statement:					
Financial assets at fair value through other comprehensive income		-11	121	15	-151
<b>Comprehensive income for the reporting period</b>		<b>1 508</b>	<b>4 065</b>	<b>1 175</b>	<b>2 959</b>
Net profit attributable to:					
Owners of parent company		1 519	3 944	1 160	3 110
Non-controlling interest		0	0	0	0
<b>Net profit for the reporting period</b>		<b>1 519</b>	<b>3 944</b>	<b>1 160</b>	<b>3 110</b>
Comprehensive income attributable to:					
Owners of parent company		1 508	4 065	1 175	2 959
Non-controlling interest		0	0	0	0
<b>Comprehensive income for the reporting period</b>		<b>1 508</b>	<b>4 065</b>	<b>1 175</b>	<b>2 959</b>
Basic earnings per share		0,02	0,07	0,02	0,05
Diluted earnings per share		0,02	0,06	0,02	0,05

## Consolidated statement of financial position

EUR thousand	Note	30.09.2019	31.12.2018
<b>Assets</b>			
Cash and cash equivalents	5	105 533	88 030
Debt securities at fair value through other comprehensive income	6	4 114	9 130
Equity instruments at fair value through profit or loss		13	13
Loans and advances to customers	7,8,9,10	417 907	328 723
Other financial assets		898	333
Assets held for sale		6 774	6 697
Goodwill		6 757	6 757
Right-of-use assets		1 595	0
Other property, plant and equipment		2 494	2 465
Intangible assets		3 084	2 289
Investment property		594	904
Other assets		1 535	937
<b>Total assets</b>		<b>551 298</b>	<b>446 278</b>
<b>Liabilities</b>			
Customer deposits and loans received	11	477 826	385 118
Lease liabilities		1 598	0
Other financial liabilities		5 156	4 126
Other liabilities		2 261	2 845
Subordinated debt		7 111	5 026
<b>Total liabilities</b>		<b>493 952</b>	<b>397 115</b>
<b>Shareholder's equity</b>			
Share capital		42 400	38 199
Share premium		0	175
Statutory reserve capital		2 526	2 288
Retained earnings		12 258	8 552
Other reserves		162	-51
<b>Total equity</b>		<b>57 346</b>	<b>49 163</b>
<b>Total liabilities and equity</b>		<b>551 298</b>	<b>446 278</b>

## Consolidated statement of cash flows

EUR thousand	Note	9 M 2019	9 M 2018
<b>Cash flows from operating activities</b>			
Interest received		18 097	14 051
Interest paid		-2 916	-1 534
Service fee and commission received		2 686	2 807
Service fee and commission paid		-989	-968
Other received income		414	484
Salaries paid		-7 265	-6 024
Other operating expenses paid		-3 197	-3 206
<b>Cash flows from operating activities before the change in assets and liabilities related to operating activities</b>		<b>6 830</b>	<b>5 610</b>
<b>Change in operating assets:</b>			
Loan receivables from customers		-90 289	-68 452
Change of statutory reserve in central bank		-609	-434
Other assets		-1 149	564
<b>Change in operating liabilities:</b>			
Change in client deposits and loans received		92 281	50 604
Other liabilities		365	2 244
<b>Net cash flows from operating activities</b>		<b>7 429</b>	<b>-9 864</b>
<b>Cash flows from investment activities</b>			
Acquisition of property, plant and equipment		-1 707	-1 622
Sale of property, plant and equipment		226	1 871
Acquisition of debt instruments		0	-2 544
Sale and redemption of debt instruments		4 930	4 216
<b>Total cash flows from investment activities</b>		<b>3 449</b>	<b>1 921</b>
<b>Cash flows from financing activities*</b>			
Issue of subordinated bonds		2 000	0
Contribution to share capital		4 026	0
<b>Total cash flows from financing activities</b>		<b>6 026</b>	<b>0</b>
Effect of exchange rate fluctuations to cash and cash equivalents		-5	4
<b>Change in cash and cash equivalents</b>		<b>16 899</b>	<b>-7 939</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>	5	<b>101 696</b>	<b>87 829</b>
<b>Cash and cash equivalents balance is comprised of:</b>			
Cash on hand		22 154	22 525
Demand deposits in central banks		76 916	46 978
Demand and short-term deposits in credit institutions		2 626	18 326

\* 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	74	0	0	74
Net profit 01.01.-30.09.2018	0	0	0	0	0	3 110	3 110
Other comprehensive income 01.01.-30.09.2018	0	0	0	0	-151	0	-151
Total comprehensive income for the reporting period	0	0	0	0	-151	3 110	2 959
Equity as at 30.09.2018	38 199	175	2 288	74	-66	6 909	47 579
Share options	0	0	0	29	0	0	29
Net profit 01.10.-31.12.2018	0	0	0	0	0	1 643	1 643
Other comprehensive income 01.10.-31.12.2018	0	0	0	0	-88	0	-88
Total comprehensive income for the reporting period	0	0	0	0	-88	1 643	1 555
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	4 026	0	0	0	0	0	4 026
Change in reserves	0	0	238	0	0	-238	0
Share options	0	0	0	92	0	0	92
Net profit 01.01.-30.09.2019	0	0	0	0	0	3 944	3 944
Other comprehensive income 01.01.-30.09.2019	0	0	0	0	121	0	121
Total comprehensive income for the reporting period	0	0	0	0	121	3 944	4 065
Equity as at 30.09.2019	42 400	0	2 526	195	-33	12 258	57 346

## 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 Q3 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.

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, Q3 2019, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	2 026	1 683	2 620	617	460	-719	6 687
Interest expense	-517	-637	-222	-221	-378	719	-1 256
<b>Net interest income</b>	<b>1 509</b>	<b>1 046</b>	<b>2 398</b>	<b>396</b>	<b>82</b>	<b>0</b>	<b>5 431</b>
Commission income	148	303	413	40	24	0	928
Commission expense	-118	-195	-72	-3	0	0	-388
<b>Net commission income</b>	<b>30</b>	<b>108</b>	<b>341</b>	<b>37</b>	<b>24</b>	<b>0</b>	<b>540</b>
Other net income	12	21	84	42	0	0	159
<b>Net income</b>	<b>1 551</b>	<b>1 175</b>	<b>2 823</b>	<b>475</b>	<b>106</b>	<b>0</b>	<b>6 130</b>
Total operating expense	-941	-1 534	-1 004	-405	-155	0	-4 039
<b>Profit before credit losses and income tax</b>	<b>610</b>	<b>-359</b>	<b>1 819</b>	<b>70</b>	<b>-49</b>	<b>0</b>	<b>2 091</b>
Impairment losses	-67	73	-499	-79	0	0	-572
Income tax expense	0	0	0	0	0	0	0
<b>Net profit</b>	<b>543</b>	<b>-286</b>	<b>1 320</b>	<b>-9</b>	<b>-49</b>	<b>0</b>	<b>1 519</b>

Segment profits, 9m 2019, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	5 486	4 677	7 183	1 609	1 210	-1 867	18 298
Interest expense	-1 386	-1 772	-615	-584	-938	1 867	-3 428
<b>Net interest income</b>	<b>4 100</b>	<b>2 905</b>	<b>6 568</b>	<b>1 025</b>	<b>272</b>	<b>0</b>	<b>14 870</b>
Commission income	504	840	1 206	71	65	0	2 686
Commission expense	-302	-484	-195	-8	0	0	-989
<b>Net commission income</b>	<b>202</b>	<b>356</b>	<b>1 011</b>	<b>63</b>	<b>65</b>	<b>0</b>	<b>1 697</b>
Other net income	62	77	230	82	-55	0	396
<b>Net income</b>	<b>4 364</b>	<b>3 338</b>	<b>7 809</b>	<b>1 170</b>	<b>282</b>	<b>0</b>	<b>16 963</b>
Total operating expense	-2 672	-4 483	-2 897	-1 147	-427	0	-11 626
<b>Profit before credit losses and income tax</b>	<b>1 692</b>	<b>-1 145</b>	<b>4 912</b>	<b>23</b>	<b>-145</b>	<b>0</b>	<b>5 337</b>
Impairment losses	-422	417	-1 155	-233	0	0	-1 393
Income tax expense	5	-5	0	0	0	0	0
<b>Net profit</b>	<b>1 275</b>	<b>-733</b>	<b>3 757</b>	<b>-210</b>	<b>-145</b>	<b>0</b>	<b>3 944</b>

Assets and liabilities as at 30.09.2019, EUR million	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Total assets	174	234	81	72	183	-193	551
Total liabilities	154	212	73	64	184	-193	494

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

Segment profits, Q3 2018, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	1 396	1 277	2 088	352	376	-355	5 134
Interest expense	-284	-387	-139	-105	-259	355	-819
Net interest income	1 112	890	1 949	247	117	0	4 315
Commission income	295	247	345	7	45	0	939
Commission expense	-135	-142	-59	-2	0	0	-338
Net commission income	160	105	286	5	45	0	601
Other net income	26	44	99	14	-67	0	116
Net income	1 298	1 039	2 334	266	95	0	5 032
Total operating expense	-746	-1 276	-890	-275	-212	0	-3 399
Profit before credit losses and income tax	552	-237	1 444	-9	-117	0	1 633
Impairment losses	-184	17	-294	-12	0	0	-473
Income tax expense	0	0	0	0	0	0	0
Net profit	368	-220	1 150	-21	-117	0	1 160

Segment profits, 9m 2018, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	3 711	3 627	5 762	850	973	-902	14 021
Interest expense	-802	-1 138	-389	-253	-543	902	-2 223
Net interest income	2 909	2 489	5 373	597	430	0	11 798
Commission income	962	685	1 008	22	130	0	2 807
Commission expense	-374	-417	-171	-5	0	0	-967
Net commission income	588	268	837	17	130	0	1 840
Other net income	105	85	299	42	31	0	562
Net income	3 602	2 842	6 509	656	591	0	14 200
Total operating expense	-2 168	-3 660	-2 839	-851	-492	0	-10 010
Profit before credit losses and income tax	1 434	-818	3 670	-195	99	0	4 190
Impairment losses	-446	69	-552	-151	0	0	-1 080
Income tax expense	0	0	0	0	0	0	0
Net profit	988	-749	3 118	-346	99	0	3 110

Assets and liabilities as at 30.09.2018, EUR million	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Total assets	158	182	58	39	84	-93	428
Total liabilities	145	164	53	35	76	-93	380

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

### Note 3 Net interest income

Interest income	Q3 2019	9 M 2019	Q3 2018	9 M 2018
Consumer loans and hire-purchase loans	2 620	7 183	2 087	5 760
Loans to entities	1 884	5 053	1 347	3 396
Loans to private individuals	1 394	3 835	1 035	3 010
Leasing	737	2 003	506	1 284
Bonds	50	186	97	311
Interest income on liabilities	2	36	55	165
Other assets	0	2	7	94
<b>Total</b>	<b>6 687</b>	<b>18 298</b>	<b>5 134</b>	<b>14 020</b>
<b>Interest expense</b>				
Customer deposits and loans received	-1 064	-2 899	-654	-1 773
Subordinated debt	-124	-333	-86	-256
Interest expense on assets	-63	-180	-79	-195
Other expense	-5	-16	0	0
<b>Total</b>	<b>-1 256</b>	<b>-3 428</b>	<b>-819</b>	<b>-2 224</b>
<b>Net interest income</b>	<b>5 431</b>	<b>14 870</b>	<b>4 315</b>	<b>11 796</b>

### Note 4 Net fee and commission income

Fee and commission income	Q3 2019	9 M 2019	Q3 2018	9 M 2018
Fees on card transactions	350	977	479	826
Account opening and management fees	144	438	180	538
Bank transfer fees	84	275	147	481
Gains from foreign exchange transactions	47	128	89	259
Other fee and commission income	303	868	44	703
<b>Total</b>	<b>928</b>	<b>2 686</b>	<b>939</b>	<b>2 807</b>
<b>Fee and commission expense</b>				
Charges on card transactions	-241	-638	-209	-600
Bank transfer fees	-88	-181	-23	-202
Other fee and commission expense	-59	-170	-106	-166
<b>Total</b>	<b>-388</b>	<b>-989</b>	<b>-338</b>	<b>-968</b>
<b>Net fee and commission income</b>	<b>540</b>	<b>1 697</b>	<b>601</b>	<b>1 839</b>

In Q3 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 Q3 2018, 76% of fee and commission income was earned from Estonian residents and 24% from residents of other countries (Latvia, Finland and other EU countries).

### Note 5 Cash and cash equivalents

	30.09.2019	31.12.2018
Cash	22 154	21 721
Mandatory reserve at the central bank *	3 351	2 742
Demand deposits at central bank	76 904	49 321
Demand deposits at credit institutions	2 626	13 755
Term deposits at credit institutions *	498	491
<b>Total **</b>	<b>105 533</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 14 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

	30.09.2019	31.12.2018
Government debt securities	1 429	1 929
Debt securities of other non-financial companies	2 685	7 201
<b>Total</b>	<b>4 114</b>	<b>9 130</b>

## Note 7 Loans and advances to customers

	30.09.2019	31.12.2018
Total receivables from private individuals	249 870	204 003
incl. consumers loans	73 369	60 001
incl. lease financing	23 986	16 875
incl. mortgage loans and other loans	152 515	127 127
<b>Total receivables from legal entities</b>	<b>173 081</b>	<b>128 558</b>
incl. lease financing	33 737	23 635
incl. other loans to legal entities	139 344	104 923
<b>Total receivables</b>	<b>422 951</b>	<b>332 561</b>
Loss allowances of loans and advances	-5 044	-3 838
<b>Total</b>	<b>417 907</b>	<b>328 723</b>

## Note 8 Loss allowances of loans and advances

	30.09.2019	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	-1 781	-1 598
Derecognized during reporting period	575	2 034
<b>Balance of allowance at the end of the reporting period</b>	<b>-5 044</b>	<b>-3 838</b>

## Note 9 Allocation of past due loans

	30.09.2019			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	3 361	7 550	9 473	3 925	4 375	2 120
31-60 days	869	857	2 231	974	631	3 649
61-90 days	485	421	343	439	252	37
over 90 days	1 168	508	3 276	703	437	367
<b>Total</b>	<b>5 883</b>	<b>9 336</b>	<b>15 323</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

30.09.2019	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Assets</b>					
Cash and cash equivalents	105 533	0	0	0	105 533
Debt securities at fair value	0	465	3 649	0	4 114
Loans and advances to customers	38 831	71 035	249 506	178 786	538 158
Other financial assets	578	0	0	333	911
<b>Total financial liabilities</b>	<b>144 942</b>	<b>71 500</b>	<b>253 155</b>	<b>179 119</b>	<b>648 716</b>
<b>Liabilities</b>					
Customer deposits and loans received	196 245	186 941	71 558	16 570	471 314
Other financial liabilities	4 552	1 929	273	0	6 754
Subordinated debt	233	367	1 956	8 644	11 200
<b>Total financial liabilities</b>	<b>201 030</b>	<b>189 237</b>	<b>73 787</b>	<b>25 214</b>	<b>489 268</b>
Off-balance sheet liabilities					
Undrawn lines of credit and overdraft facilities	35 548	0	0	0	35 548
Financial guarantees	3 901	0	0	0	3 901
<b>Total on-balance-sheet and off-balance-sheet liabilities</b>	<b>240 479</b>	<b>189 237</b>	<b>73 787</b>	<b>25 214</b>	<b>528 717</b>
<b>Duration gap of financial assets and financial liabilities</b>	<b>-95 537</b>	<b>-117 737</b>	<b>179 368</b>	<b>153 905</b>	<b>119 999</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>
Off-balance sheet liabilities					
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-sheet and 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	30.09.2019	31.12.2018
Private individuals	326 796	237 279
Legal entities	140 577	137 837
Credit institutions	10 453	10 002
<b>Total</b>	<b>477 826</b>	<b>385 118</b>
Demand deposits	127 018	120 544
Term deposits	323 999	249 864
Issued debt securities	14 058	5 052
Special purpose loans	12 751	9 658
<b>Total</b>	<b>477 826</b>	<b>385 118</b>

## Note 12 Contingent liabilities

	30.09.2019	31.12.2018
Financial guarantees	3 901	2 186
Credit lines and overdrafts	35 548	34 917
<b>Total</b>	<b>39 449</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	30.09.2019	31.12.2018
Shareholders:		
Deposits	7 315	5 280
Members of the Management Board and Supervisory Board, and persons and entities associated with them:		
Loans	138	114
Deposits	557	1 567

Transactions	30.09.2019	31.12.2018
Shareholders:		
Interest expense	6	7
Members of the Management Board and Supervisory Board, and persons and entities associated with them:		
Interest income of the reporting period	2	3
Interest expense of the reporting period	3	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	429	521
Maximum termination benefits payable to members of the management board, on a contingent basis	0	175
		16



## 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.

	Q3 2019	9 M 2019	Q3 2018	9 M 2018
Profit attributable to the owners of the parent (in th.euros)	1 519	3 944	1 160	3 110
Weighted average number of shares (in th.of units)	62 220	59 663	58 385	58 385
Basic earnings per share (euros)	0,02	0,07	0,02	0,05
Adjustments for calculation of diluted earnings per share – share options (in th.of units)	2 015	2 015	1 885	1 556
Weighted average number of shares used for calculating the diluted earnings per share (in th.of units)	64 235	61 678	60 270	59 941
Diluted earnings per share (euros)	0,02	0,06	0,02	0,05

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

Shareholders with over 10% holding as at 30.09.2019:

- Coop Investeeringud OÜ 36.82%
- Andres Sonn 13.42%

In addition, the member cooperatives of Coop Eesti Keskühistu hold the total of 23.6% of the share capital, however, separately none of them holds over 10%.

Members of Supervisory Board do not hold shares of Coop Pank, Members of Management Board hold 7 thousand shares of Coop Pank, which accounts for 0.01% of the share capital.

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.

16.10.2019

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

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