



Interim Report

6 months 2023

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Management Director's Statement

Business volumes and financial results

By the end of the Q2 2023, Coop Pank had 167,000 customers, during the quarter the number of customers increased by 12,000 (+8%). The bank had 76,100 active customers, during the quarter the number of active customers increased by 6,000 (+9%).

In Q2 2023, volume of deposits in Coop Pank increased by 242 million euros (+16%), reaching total of 1.76 billion euros. Deposits from private clients showed the fastest growth, increasing by 127 million euros: demand deposits decreased by 30 million euros and term deposits increased by 155 million euros. Deposits from domestic companies increased by 107 million euros: demand deposits decreased by 1 million euro and term deposits increased by 108 million euros. Deposits from international deposit platform Raisin and other financing increased by 10 million euros. Compared to Q2 2022, volume of Coop Pank's deposits has increased by 506 million euros (+41%). In an annual comparison, share of term deposits of total deposits has increased from 51% to 67%. In Q2 2023, the bank's financing cost was 1.8%, at the same time last year the financing cost was 0.5%.

In Q2 2023, net loan portfolio of Coop Pank increased by 111 million euros (+8%), reaching 1.46 billion euros. Business loans portfolio showed the fastest growth, increasing the volume by 53 million euros (+9%). Home loans portfolio increased by 34 million euros (+6%), leasing portfolio increased by 17 million euros (+12%) and consumer finance portfolio increased by 8 million euros (+9%). Compared to Q2 2022, total loan portfolio of Coop Pank has grown by 327 million euros (+29%).

In Q2 2023, overdue loan portfolio of Coop Pank increased from the level of 1.8% to the level of 2.0%. A year ago, overdue loan portfolio was at the level of 1.7%.

Impairment costs of financial assets in Q2 2023 were 2.2 million euros, which is 1.1 million euros (+89%) more than in Q2 2022.

Net income of Coop Pank in Q2 2023 was 22.4 million euros, having grown 14% over the quarter and 76% over the year. Operating expenses reached 8.6 million euros in Q2 – operating expenses increased 13% in the quarterly comparison and 30% in the annual comparison.

In Q2 2023, net profit of Coop Pank was 10.4 million euros, which is 11% more than in the previous quarter and 126% more than a year ago. In Q2 2023, cost to income ratio of the bank was 38% and return on equity was 25.6%.

As of 30 June 2023, Coop Pank has 37,500 shareholders, 500 (+1.3%) shareholders have been added over the quarter.

Key events and product developments

In the second quarter, Coop Pank introduced several important innovations that has made using the bank much easier and more convenient for private and business customers.

From the beginning of the second quarter, Coop Pank is issuing cards with a new look instead of blue, black and white bank cards. The new bank cards stand out with their vertical design and greater ease of use and are clearly distinguishable from other bank cards on the market. For the first time, the Coop Pank payment card has all the information on the back of the card. The new cards of Coop Pank were designed by the young Estonian artist Holger Kilumets.

Starting in the second quarter, Coop Pank allows its customers to use biometric authentication, which means that Coop Pank customers can now log in to the internet bank or mobile app and confirm payments with their biometric data, using a fingerprint or facial recognition. In addition, the bank also introduced contactless mobile payments, and from the second quarter, Coop Pank's customers can use simple and convenient Google Pay instant payments with an Android phone. Google Pay is a fast and secure way to make payments both in-store and online. From the third quarter, Coop Pank card holders can also use Apple Pay, which is a convenient, fast and secure way to make payments both in the store and online.

Until now, only private customers could open a current account on Coop Bank's website without visiting the office, but starting in April, the bank offers the same convenient option to all legal entities. Now, the entire process of opening a bank account for a business customer is done conveniently and quickly on the Coop Pank website in just three minutes.

Since May, Coop Pank raised the deposit interest rate from the previous 0.15 percent to 0.5 percent at the demand deposits of business customers. That is until now the highest demand deposit interest offered to business customers on the Estonian market, which applies to demand deposits starting from 1 euro.

In addition to the general increase in interest rates on deposits, Coop Pank also made a campaign offer for term deposits in the second quarter, offering the best 5 percent annual interest on the market for term deposits of 12–17 months for three weeks. The campaign was very successful and helped attract a significant amount of deposits and new customers.

In the second quarter, as a campaign, we also offered our customers a home loan for the purchase or construction of A-energy class homes on favorable terms. The purpose of the campaign was to encourage the purchase of more energy-efficient homes and thereby contribute to reducing the climate impact. We offered a home loan for the purchase or construction of a home with energy class A, the interest of which consisted of a 0% margin in the first year and a 6-month Euribor.

At the same time, in the second quarter, Coop Pank made the home loan application process more convenient and faster for everyone by introducing a new loan application form on its website. From now on, Coop Pank is the only bank in Estonia that shows the loan applicant an initial indicative loan offer immediately after submitting the application.

The rapidly growing Coop Kindlustusmaakler started to offer a self-service comprehensive insurance option on the Coop Pank website in addition to the convenient and fast signing of motor insurance. Through Coop Kindlustusmaakler, everyone can compare the terms and prices of major insurance companies and sign a comprehensive insurance contract with a few clicks.

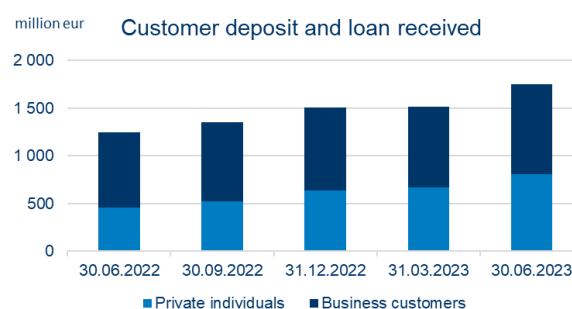
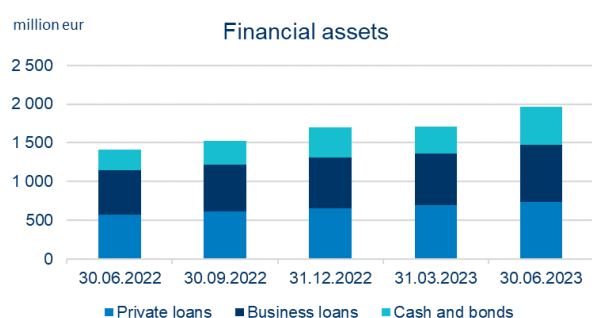
Coop Pank is a member of the Estonian Responsible Business Forum (Vastutustundliku Ettevõtluse Foorum) and since 2022 has had a bronze level mark in the index, which was replaced by a silver level among medium and large companies in the second quarter of 2023. Estonian Responsible Business Forum brings together companies that contribute to the welfare and development of society.

Margus Rink
Chairman of the Management Board

Overview of financial results

Income statement EUR thousand	Q2 2023	Q1 2023	quarterly change	Q2 2022	annual change
Net interest income	21 044	18 372	15%	11 629	81%
Net fee and commissions income	1 183	1 028	15%	904	31%
Other income	163	261	-38%	224	-27%
Total net operating income	22 390	19 661	14%	12 757	76%
Operating expenses	-8 565	-7 596	13%	-6 610	30%
Impairment costs on financial assets	-2 232	-1 627	37%	-1 181	89%
Income tax	-1 227	-1 063	15%	-378	225%
Net profit	10 366	9 375	11%	4 588	126%

Business volumes, EUR thousand	Q2 2023	Q1 2023	quarterly change	Q1 2022	annual change
Net loan portfolio	1 458 201	1 346 822	8%	1 131 367	29%
Cash and bonds	487 508	353 006	38%	266 790	83%
Customer deposits and loans received	1 754 746	1 512 627	16%	1 248 711	41%
Owner´s equity	165 357	158 549	4%	117 287	41%



Ratios (quarterly ratios, expressed on annualised basis)	Q2 2023	Q1 2023	quarterly change	Q1 2022	annual change
Average equity (attributable to parent company), EUR thousand	161 953	153 888	8 065	116 274	45 679
Return on equity ROE % (<i>net profit / average equity</i>)	25,6	24,4	1,2	15,8	9,8
Average total assets, EUR thousand	1 854 043	1 722 093	131 950	1 367 276	486 767
Return on assets ROA % (<i>net profit / average total assets</i>)	2,2	2,2	0,1	1,3	0,9
Cash and interest-bearing assets, average, EUR thousand	1 837 311	1 682 534	131 605	1 349 361	487 950
Net interest margin NIM % (<i>net interest income / interest-bearing assets, average</i>)	4,6	4,4	0,3	3,4	1,1
Cost / income ratio % (<i>total operating costs / total net operating income</i>)	38,3	38,6	-0,4	51,8	-13,6
Liquidity Coverage Ratio LCR %	224	175	49	160	64
Net Stable Funding Ratio NSFR % (<i>as defined by the CRD IV</i>)	153	140	13	137	16

Key financial indicators in last three years as of the date of the interim report

EUR thousand	30.06.2023	30.06.2022	30.06.2021
Net loan portfolio	1 458 201	1 131 367	772 516
Customer deposits and loans received	1 754 746	1 248 711	891 397
Subordinated loans	38 139	43 164	17 064
Owner´s equity	165 357	117 287	103 930
Net interest income	39 416	22 224	16 368
Net fee and commission income	2 211	1 699	1 431
Other income	424	327	435
Total net operating income	42 051	24 250	18 234
Operating expenses	-16 160	-12 809	-10 459
Impairment losses on financial assets	-3 859	-2 675	-1 524
Income tax	-2 291	-677	-384
Net profit	19 741	8 089	5 867

Capitalisation

Capital base, EUR thousand	30.06.2023	30.06.2023 adjusted*	31.12.2022
Tier 1 capital			
Paid-in share capital and share premium	95 452	95 452	94 583
Statutory reserve capital	4 855	4 855	3 838
Retained earnings	45 280	45 280	30 513
Eligible profit of the reporting period	0	15 165	10 769
Other accumulated comprehensive loss	-991	-991	-883
Goodwill accounted for as intangible asset (-)	-6 757	-6 757	-6 757
Intangible assets (-)	-9 866	-9 866	-8 579
Adjustment of value arising from requirements of reliable measurement (-)	-28	-28	-18
Other deductions from Tier 1 capital (-)	-3 859	0	-1 898
Other transitional adjustments of own funds	0	0	157
Common Equity Tier 1 (CET1)	124 086	143 110	121 725
Additional Tier 1 capital	16 100	16 100	16 100
Total Tier 1 capital	140 186	159 210	137 825
Subordinated debt	22 000	22 000	22 000
Tier 2 capital	22 000	22 000	22 000
Eligible capital for capital adequacy calculation	162 186	181 210	159 825
Risk-weighted assets RWA			
Central government and central banks using standardised approach	4 570	4 570	2 775
Credit institutions, investment companies using standardised approach	2 503	2 503	1 833
Companies using standardised approach	115 582	115 582	92 857
Retail claims using standardised approach	163 284	163 284	147 884
Claims secured by mortgage on real estate using standardised approach	512 514	512 514	463 540
Claims past due using standardised approach	5 678	5 678	4 355
Items subject to particularly high risk using standardised approach	146 650	146 650	111 056
Other assets using standardised approach	12 318	12 318	12 370
Total credit risk and counter-party credit risk	963 109	963 109	836 670
Operational risk using basic indicator approach	78 909	78 909	59 360
Total risk-weighted assets (total risk exposure)	1 042 018	1 042 018	896 030
CET 1 capital ratio %	11,91%	13,73%	13,58%
Tier 1 capital ratio %	13,45%	15,28%	15,38%
Capital adequacy ratio %	15,56%	17,39%	17,84%

* Includes unaudited profit for Q2 2023 which will be added to regulatory CET 1 capital after approval of the interim profit by independent auditor and the Financial Supervisory Authority and from which expected dividend payments have been deducted.

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
Capital conservation buffer	2.50%	of total risk exposure
Countercyclical capital buffer rate	1.00%	of total risk exposure

By the end of the reporting period, the Group is compliant with all regulative capital requirements. Capital adequacy decrease is caused by growth of loan portfolio and related risk weighted assets.

Consolidated financial statements

Consolidated statement of comprehensive income

EUR thousand	Note	Q2 2023	6 M 2023	Q2 2022	6 M 2022
Interest income calculated using the effective interest method		25 854	47 535	12 159	23 401
Other income similar to interest		2 632	4 802	1 242	2 405
Interest and similar expense		-7 442	-12 921	-1 772	-3 582
Net interest and similar income	3	21 044	39 416	11 629	22 224
Fee and commission income		1 897	3 590	1 509	2 845
Fee and commission expense		-714	-1 379	-605	-1 146
Net fee and commission income	4	1 183	2 211	904	1 699
Sale of assets		0	80	0	0
Cost of assets sold		0	-85	0	0
Direct property operating expenses		0	0	0	-1
Net gains/losses from non-financial asset realization		3	3	6	6
Net gains/losses from financial assets measured at fair value		0	57	18	4
Revenue from claims handling		135	292	108	207
Other income		25	77	92	111
Net other income		163	424	224	327
Payroll expense		-4 900	-9 445	-3 780	-7 229
Operating expense		-2 529	-4 468	-1 768	-3 471
Depreciation		-1 136	-2 250	-1 062	-2 109
Total operating expense		-8 565	-16 160	-6 610	-12 809
Profit before loss allowances and tax		13 825	25 891	6 147	11 441
Credit loss allowance		-2 232	-3 859	-1 181	-2 675
Profit before income tax		11 593	22 032	4 966	8 766
Income tax		-1 227	-2 291	-378	-677
Net profit for the reporting period	2	10 366	19 741	4 588	8 089
Other comprehensive income / loss					
Items that may subsequently be reclassified to income statement:					
Financial assets at fair value through other comprehensive income		-22	-108	-24	-48
Other comprehensive income/loss		-22	-108	-24	-48
Comprehensive income for the reporting period		10 344	19 633	4 564	8 041
Basic earnings per share (in euros)		0,10	0,19	0,05	0,09
Diluted earnings per share (in euros)		0,10	0,19	0,05	0,09

Consolidated statement of financial position

EUR thousand	Note	30.06.2023	31.12.2022
Assets			
Cash, balances with central banks and other deposits	5	459 631	364 878
Debt securities at fair value through other comprehensive income	6	27 877	18 747
Equity instruments at fair value through other comprehensive income		13	13
Loans and advances to customers	7,8,9,10	1 458 201	1 300 775
Other financial assets		1 155	1 380
Other assets		2 510	697
Assets held for sale		3 317	3 412
Right-of-use assets		6 088	6 130
Tangible assets		2 794	2 808
Intangible assets		9 866	8 579
Goodwill		6 757	6 757
Total assets		1 978 209	1 714 176
Liabilities			
Customer deposits and loans received	11	1 754 746	1 508 126
Lease liabilities		6 118	6 142
Other financial liabilities		8 058	7 052
Other liabilities		5 791	5 601
Subordinated debt		38 139	38 139
Total liabilities		1 812 852	1 565 060
Shareholder's equity			
Share capital		69 673	69 148
Share premium		25 779	25 435
Statutory reserve capital		4 855	3 838
Retained earnings		65 021	50 863
Other reserves and assets revaluations		29	-168
Shareholders' equity attributable to owners of the parent company		165 357	149 116
Total shareholder's equity		165 357	149 116
Total liabilities and shareholders' equity		1 978 209	1 714 176

Consolidated statement of cash flows

EUR thousand	Note	6 M 2023	6 M 2022
Cash flows from operating activities			
Interest and other similar income received		50 711	25 687
Interest paid		-7 688	-3 530
Service fee and commission received		3 590	2 845
Service fee and commission paid		-1 379	-1 146
Other received income		432	330
Salaries paid		-9 829	-7 523
Other operating expenses paid		-4 468	-3 471
Income Tax paid		-1 746	-512
Total cash flows from operating activities before changes in operating assets and liabilities		29 623	12 680
Change in operating assets:			
Loans and advances to customers		-159 916	-178 505
Change of mandatory reserve in central bank		-2 552	-1 597
Other assets		-1 942	-880
Change in operating liabilities:			
Change in client deposits and loans received		241 407	149 913
Other liabilities		1 725	6 061
Net cash flows from operating activities		108 345	-12 328
Cash flows from investment activities			
Acquisition of property, plant and equipment		-3 178	-2 089
Sale of property, plant and equipment and investment properties		95	0
Acquisition of debt securities		-9 818	-500
Sale and redemption of debt instruments		959	1 542
Total cash flows from investment activities		-11 942	-1 047
Cash flows from financing activities			
Contribution to share capital		778	59
Dividends paid		-4 566	-2 738
Issue of subordinated bonds		0	26 100
Repayment of principal of lease liabilities		-406	-613
Total cash flows from financing activities		-4 194	22 808
Effect on exchange rate changes on cash and cash equivalents		-8	-7
Change in cash and cash equivalents		92 201	9 426
Cash and cash equivalents at the beginning of period		350 642	241 286
Cash and cash equivalents at the end of period	5	442 843	250 712
Cash and cash equivalents balance is comprised of:			
Cash on hand		3 232	44 503
Demand deposits in central bank		426 302	190 685
Demand and short-term deposits in credit institutions and other financial institutions		13 309	15 524

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 31.12.2021	62 186	12 230	3 165	253	-15	33 924	111 743
Contribution to share capital	47	30	0	-18	0	0	59
Dividends paid	0	0	0	0	0	-2 738	-2 738
Share options	0	0	0	182	0	0	182
Change in reserves	0	0	673	0	0	-673	0
Net profit 01.01-30.06.2022	0	0	0	0	0	8 089	8 089
Other comprehensive income 01.01-30.06.2022	0	0	0	0	-48	0	-48
Total comprehensive income	0	0	0	0	-48	8 089	8 041
Equity as at 30.06.2022	62 233	12 260	3 838	417	-63	38 602	117 287
Contribution to share capital	6 915	13 175	0	0	0	0	20 090
Dividends paid	0	0	0	0	0	0	0
Share options	0	0	0	298	0	0	298
Change in reserves	0	0	0	0	0	0	0
Net profit 01.07 – 31.12.2022	0	0	0	0	0	12 261	12 261
Other comprehensive income 01.07 – 31.12.2022	0	0	0	0	-820	0	-820
Total comprehensive income	0	0	0	0	-820	12 261	11 441
Equity as at 31.12.2022	69 148	25 435	3 838	715	-883	50 863	149 116
Contribution to share capital	525	344	0	-91	0	0	778
Dividends paid	0	0	0	0	0	-4 566	-4 566
Share options	0	0	0	396	0	0	396
Change in reserves	0	0	1 017	0	0	-1 017	0
Net profit 01.01 – 30.06.2023	0	0	0	0	0	19 741	19 741
Other comprehensive income 01.01 – 30.06.2023	0	0	0	0	-108	0	-108
Total comprehensive income	0	0	0	0	-108	19 741	19 633
Equity as at 30.06.2023	69 673	25 779	4 855	1 020	-991	65 021	165 357

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 accounting principles used in interim report are in conformity with accounting principles used in Annual Report 2022.

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.

Structure of the Group	Country	Activity	Holding
Coop Pank AS	Estonia	banking	parent company
Coop Liising AS	Estonia	leasing	100%
Coop Finants AS	Estonia	consumer financing	100%
Coop Kindlustusmaakler AS	Estonia	insurance brokerage	100%
SIA Prana Property	Latvia	real estate management	100%

Note 2 Operating segments

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

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

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

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

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

Segment profits, Q2 2023, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	12 410	9 673	3 805	2 410	4 353	-4 165	28 486
Incl. external income	11 207	8 008	3 805	2 410	3 056	0	28 486
Incl. internal income	1 203	1 665	0	0	1 297	-4 165	0
Interest expense	-3 245	-2 909	-513	-754	-4 186	4 165	-7 442
Net interest income	9 165	6 764	3 292	1 656	167	0	21 044
Commission income	496	691	453	69	188	0	1 897
Commission expense	-142	-454	-58	-1	-59	0	-714
Net commission income	354	237	395	68	129	0	1 183
Other operating income	19	18	117	20	-11	0	163
Net other income	9 538	7 019	3 804	1 744	285	0	22 390
Total operating expenses	-2 767	-3 093	-1 448	-886	-371	0	-8 565
Profit before loss allowances and tax	6 771	3 926	2 356	858	-86	0	13 825
Credit loss allowance	-835	-322	-1 062	-13	0	0	-2 232
Income tax expense	-763	-463	0	0	-1	0	-1 227
Net profit	5 173	3 141	1 294	845	-87	0	10 366

Segment profits, 6 M 2023, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimi- nation	Total
Interest income	23 140	17 623	7 461	4 385	7 308	-7 580	52 337
Incl. external income	20 807	14 487	7 461	4 385	5 197	0	52 337
Incl. internal income	2 333	3 136	0	0	2 111	-7 580	0
Interest expense	-5 977	-5 286	-927	-1 361	-6 983	7 580	-12 921
Net interest income	17 196	12 337	6 534	3 024	325	0	39 416
Commission income	900	1 313	888	123	366	0	3 590
Commission expense	-281	-892	-118	-3	-85	0	-1 379
Net commission income	619	421	770	120	281	0	2 211
Other operating income	40	59	253	41	31	0	424
Net other income	17 855	12 817	7 557	3 185	637	0	42 051
Total operating expenses	-5 202	-5 800	-2 788	-1 687	-683	0	-16 160
Profit before loss allowances and tax	12 653	7 017	4 769	1 498	-46	0	25 891
Credit loss allowance	-1 687	-367	-1 794	-11	0	0	-3 859
Income tax expense	-1 415	-860	0	0	-16	0	-2 291
Net profit	9 551	5 790	2 975	1 487	-62	0	19 741

Assets and liabilities as a 30.06.2023 EUR million	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimi- nation	Total
Loan portfolio	821	567	97	152	410	-589	1 458
Other assets	209	184	42	52	33	0	520
Total assets	1 030	751	139	204	443	-589	1 978
Total liabilities	958	689	128	187	440	-589	1 813

* "Other" includes *Treasury*, subsidiaries Prana Property, Coop Kindlustusmaakler.

Segment profits, Q2 2022, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimi- nation	Total
Interest income	6 590	3 542	3 210	1 135	144	-1 220	13 401
Incl. external income	5 811	3 214	3 210	1 135	31	0	13 401
Incl. internal income	779	328	0	0	113	-1 220	0
Interest expense	-1 295	-1 100	-200	-294	-103	1 220	-1 772
Net interest income	5 295	2 442	3 010	841	41	0	11 629
Commission income	362	560	402	61	124	0	1 509
Commission expense	-132	-369	-57	-3	-44	0	-605
Net commission income	230	191	345	58	80	0	904
Other operating income	35	50	92	37	10	0	224
Net other income	5 560	2 683	3 447	936	131	0	12 757
Total operating expenses	-1 903	-2 385	-1 330	-710	-282	0	-6 610
Profit before loss allowances and tax	3 657	298	2 117	226	-151	0	6 147
Credit loss allowance	-720	-126	-409	74	0	0	-1 181
Income tax expense	-216	-162	0	0	0	0	-378
Net profit	2 721	10	1 708	300	-151	0	4 588

Segment profits, 6 M 2022, EUR thousand	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Interest income	12 538	6 841	6 277	2 196	334	-2 380	25 806
Incl. external income	11 060	6 206	6 277	2 196	67	0	25 806
Incl. internal income	1 478	635	0	0	267	-2 380	0
Interest expense	-2 553	-2 180	-402	-583	-244	2 380	-3 582
Net interest income	9 985	4 661	5 875	1 613	90	0	22 224
Commission income	685	1 053	772	117	218	0	2 845
Commission expense	-256	-710	-112	-5	-63	0	-1 146
Net commission income	429	343	660	112	155	0	1 699
Other operating income	41	67	169	54	-4	0	327
Net other income	10 455	5 071	6 704	1 779	241	0	24 250
Total operating expenses	-3 647	-4 626	-2 604	-1 400	-532	0	-12 809
Profit before loss allowances and tax	6 808	445	4 100	379	-291	0	11 441
Credit loss allowance	-1 588	-114	-985	12	0	0	-2 675
Income tax expense	-515	-162	0	0	0	0	-677
Net profit	4 705	169	3 115	391	-291	0	8 089

Assets and liabilities as at 30.06.2022 EUR million	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Loan portfolio	739	435	76	115	319	-553	1 131
Other assets	122	107	29	30	11	0	298
Total assets	861	542	105	145	330	-553	1 429
Total liabilities	809	498	97	132	329	-553	1 311

* "Other" includes treasury, subsidiaries CP Varad (prev. Martinoza), Prana Property, Coop Kindlustusmaakler.

Note 3 Net interest income

Interest income	Q2 2023	6 M 2023	Q2 2022	6 M 2022
Interest income calculated using the effective interest method:				
Loans to entities	10 959	20 340	5 678	10 802
Consumer loans and hire-purchase loans	3 805	7 461	3 210	6 277
Other loans to private individuals	8 009	14 487	3 214	6 206
Debt securities	241	409	57	116
Other assets	2 840	4 838	0	0
	25 854	47 535	12 159	23 401
Other similar interest income:				
Leasing	2 632	4 802	1 242	2 405
Total interest revenues	28 486	52 337	13 401	25 806
Customer deposits and loans received	-6 718	-11 475	-1 220	-2 515
Subordinated debt	-703	-1 406	-387	-674
Interest expense on assets	0	0	-146	-354
Lease liabilities	-21	-40	-19	-39
Total interest expenses	-7 442	-12 921	-1 772	-3 582
Net interest income	21 044	39 416	11 629	22 224

Note 4 Net fee and commission income

Fee and commission income	Q2 2023	6 M 2023	Q2 2022	6 M 2022
Fees from consumer loans	479	938	416	796
Monthly account fees and transaction fees	339	672	328	651
Fees from cards	414	788	328	602
Insurance brokerage commission	146	283	99	176
Foreign exchange transactions	29	63	21	36
Other fee and commission income	490	846	317	584
Total fee and commission income	1 897	3 590	1 509	2 845
Expenses related to cards	-528	-990	-427	-823
Transaction costs	-54	-127	-62	-115
Other fee and commission expense	-132	-262	-116	-208
Total fee and commission expense	-714	-1 379	-605	-1 146
Net fee and commission income	1 183	2 211	904	1 699

In Q2 2023, the Group earned 87% of fee and commission income from Estonian residents and 13% from residents of other countries (mostly EU countries). This ratio remains unchanged QoQ. All fee and commission income are recognized point in time.

Note 5 Cash, balances with central banks and other deposits

	30.06.2023	31.12.2022
Cash	3 232	3 598
Mandatory reserve at the central bank*	16 788	14 236
Demand deposits at central bank	426 302	333 305
Demand deposits at credit institutions and other financial institutions	13 309	13 739
Total	459 631	364 878

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

Note 6 Financial investments

	30.06.2023	31.12.2022
Government debt securities	22 852	13 874
Credit institutions	3 271	2 173
Debt securities of other non-financial companies	1 754	2 700
Total of debt securities	27 877	18 747
Shares of other non-financial companies	13	13
Total of equity instruments	13	13
Total of financial investments	27 890	18 760

All debt securities and equity instruments in amount of 13 thousand euros are recognized at fair value through changes in other comprehensive income.

Note 7 Loans and advances to customers

	30.06.2023	31.12.2022
Total receivables from private individuals	737 655	657 341
incl. consumers loans	101 342	89 068
incl. lease financing	68 773	61 448
incl. mortgage loans and other loans	567 540	506 825
Total receivables from legal entities	735 418	655 298
incl. lease financing	97 810	82 392
incl. other loans to legal entities	637 608	572 906
Total receivables	1 473 073	1 312 639
Loss allowances of loans and advances	-14 872	-11 864
Total	1 458 201	1 300 775

Note 8 Loss allowances of loans and advances

	30.06.2023	31.12.2022
Balance at the beginning of the reporting period	-11 864	-8 827
Allowances during the reporting period	-3 859	-5 223
Derecognized during reporting period	850	2 186
Balance of allowance at the end of the reporting period	-14 873	-11 864

Note 9 Allocation of past due loans

	30.06.2023			31.12.2022		
	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	4 948	9 569	6 837	4 487	5 791	3 112
31-60 days	965	2 257	1 643	1 023	1 301	1 342
61-90 days	547	467	61	517	313	338
over 90 days	2 119	670	415	1 721	216	525
Total	8 579	12 963	8 956	7 748	7 621	5 317

Note 10 Loans and advances to customers by economic sector

	30.06.2023	%	31.12.2022	%
Private individuals	732 392	50,23%	653 271	50,22%
L – activities related to real estate	312 567	21,44%	285 983	21,99%
G – wholesale and retail	81 386	5,58%	71 145	5,47%
C – manufacturing	58 354	4,00%	54 435	4,18%
K – finance and insurance activities	48 429	3,32%	46 598	3,58%
D – power and heat generation	43 067	2,95%	42 035	3,23%
F – construction	38 145	2,62%	22 322	1,72%
H – transportation and storage	34 566	2,37%	23 598	1,81%
A – agriculture, forestry and fishing	30 950	2,12%	27 184	2,09%
M – professional, scientific and technical activities	28 462	1,95%	23 986	1,84%
N – administrative and support services	15 617	1,07%	11 576	0,89%
I – hospitality and food service	9 496	0,65%	8 599	0,66%
S – other services	3 332	0,23%	4 628	0,36%
Other	21 438	1,47%	25 415	1,96%
Total	1 458 201	100%	1 300 775	100%

Note 11 Financial assets and liabilities by residual maturity

Undiscounted cash flows by residual maturity

30.06.2023	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	459 631	0	0	0	459 631
Debt securities at fair value	0	0	14 671	13 206	27 877
Equity instruments	0	0	0	13	13
Loans and advances to customers	82 476	228 557	986 529	849 409	2 146 971
Other financial assets	1 135	0	20	0	1 155
Total financial assets	543 242	228 557	1 001 220	862 628	2 635 647
Liabilities					
Customer deposits and loans received	916 086	665 276	194 785	2 629	1 778 776
Lease liabilities	223	652	3 345	2 234	6 454
Other financial liabilities	6 228	1 830	0	0	8 058
Subordinated debt	704	2 110	9 645	41 575	54 034
Total financial liabilities	923 241	669 868	207 775	46 438	1 847 322
Off-balance sheet liabilities					
Undrawn lines of credit and overdraft facilities	147 171	0	0	0	147 171
Financial guarantees	16 722	0	0	0	16 722
Total on-balance / off-balance-sheet liabilities	1 087 134	669 868	207 775	46 438	2 011 215
Duration gap of financial assets and financial liabilities	-543 892	-441 311	793 445	816 190	624 432

31.12.2022	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	364 878	0	0	0	364 878
Debt securities at fair value	852	0	6 653	11 242	18 747
Equity instruments	0	0	0	13	13
Loans and advances to customers	61 501	184 991	869 984	645 958	1 762 434
Other financial assets	1 360	0	20	0	1 380
Total financial assets	428 591	184 991	876 657	657 213	2 147 452
Liabilities					
Customer deposits and loans received	942 862	451 139	119 215	2 600	1 515 816
Lease liabilities	222	650	3 059	2 531	6 462
Other financial liabilities	6 666	0	386	0	7 052
Subordinated debt	703	2 111	10 450	42 176	55 440
Total financial liabilities	950 453	453 900	133 110	47 307	1 584 770
Off-balance sheet liabilities					
Undrawn lines of credit and overdraft facilities	139 330	0	0	0	139 330
Financial guarantees	15 419	0	0	0	15 419
Total on-balance / off-balance-sheet liabilities	1 105 202	453 900	133 110	47 307	1 739 519
Duration gap of financial assets and financial liabilities	-676 611	-268 909	743 547	609 906	407 933

Note 12 Customer deposits and loans received

Due to customers	30.06.2023	31.12.2022
Private individuals	805 204	640 178
Legal entities	949 542	867 948
Total	1 754 746	1 508 126
Demand deposits	585 043	717 743
Term deposits	1 159 451	779 569
Special purpose loans	10 252	10 814
Total	1 754 746	1 508 126

Note 13 Contingent liabilities

	30.06.2023	31.12.2022
Financial guarantees	16 722	15 419
Credit lines and overdrafts	147 171	139 330
Total	163 893	154 749

Note 14 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. Maximum termination benefits payable to members of the management board on a contingent basis is 288 thousand euros (31.12.2022: 258).

Balances	30.06.2023	31.12.2022
Shareholders:		
Loans	0	0
Deposits	8 000	5 648
Members of the Management Board and Supervisory Board, and persons and entities associated with them:		
Loans	1 498	1 914
Deposits	1 667	606

Transactions	30.06.2023	31.12.2022
Shareholders:		
Interest expense	53	3
Members of the Management Board and Supervisory Board, and persons and entities associated with them:		
Interest income of the reporting period	45	52
Interest expense of the reporting period	3	5
Other goods and services sold	1	2
Compensation paid to members of the Management Board and Supervisory Board	450	698

Note 15 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.

	Q2 2023	6 M 2023	Q2 2022	6 M 2022
Profit attributable to the owners of the parent (in thousands of euros)	10 366	19 741	4 588	8 089
Weighted average number of shares (in thousands of units)	101 856	101 728	91 289	91 278
Basic earnings per share (euros)	0,10	0,19	0,05	0,09
Adjustments for calculation of diluted earnings per share – share options (in thousands of units)	2 265	2 248	1 922	1 854
Weighted average number of shares used for calculating the diluted earnings per share (in thousands of units)	104 122	103 976	93 211	93 132
Diluted earnings per share (euros)	0,10	0,19	0,05	0,09

Shareholders, Supervisory Board and Management Board of Coop Pank AS

As at 30.06.2023 shareholders with holding over 5% are:

Coop Investeeringud OÜ	22,17%
Andres Sonn	8,33%
CM Capital OÜ	4,60%

In addition, the member cooperatives of Coop Eesti Keskühistu hold the total of 19,10% of the total amount of shares, however, separately none of them holds over 5%.

Members of Supervisory Board hold 126 thousand shares of Coop Pank and Members of Management Board hold 919 thousand shares of Coop Pank, which in total accounts for 1,02% of the total amount of shares.

Members of the Supervisory board:

Rainer Rohtla (Chairman), Viljar Arakas, Jaan Marjundi, Raul Parusk, Roman Provotorov, Silver Kuus

Members of the Management board:

Margus Rink (Chairman), Heikko Mäe, Arko Kurtmann, Rasmus Heinla, Paavo Truu

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.

20.07.2023

Margus Rink

Chairman of the Management Board

Paavo Truu

Member of the Management Board

Heikko Mäe

Member of the Management Board

Arko Kurtmann

Member of the Management Board

Rasmus Heinla

Member of the Management Board

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