

Company Coop Pank AS
Type Company Release
Category Management interim statement or quaterly financial report
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Attachments:

- CoopPank-10004334001-en.pdf (<http://oam.fi.ee/en/download?id=4912>)
- CoopPank-10004334002-en.pdf (<http://oam.fi.ee/en/download?id=4913>)
- CoopPank-10004334004-et.pdf (<http://oam.fi.ee/en/download?id=4914>)
- CoopPank-10004334005-et.pdf (<http://oam.fi.ee/en/download?id=4915>)

Currency

Title Coop Pank unaudited financial results for Q3 2020

In Q3 2020, the net loan portfolio of Coop Pank grew by EUR 40 million (+7%), reaching EUR 599 million. The home loans portfolio showed the fastest growth by increasing the volume by EUR 19 million (+9%). The business loans portfolio increased by EUR 14 million (+7%), leasing portfolio EUR 6 million (+7%) and the consumer finance portfolio EUR 1 million (+2%). Compared to Q3 2019, the total loan portfolio of Coop Pank has grown by EUR 181 million, i.e. 43%.

In Q3 2020, the volume of deposits in Coop Pank increased by EUR 73 million (+12%), reaching the total of EUR 688 million. The volume of bank's demand deposits grew by EUR 34 million (+17%), of which EUR 26 million came from bank's business clients and EUR 8 million from private individuals. Term deposits grew by EUR 39 million: EUR 17 million came from domestic companies, EUR 4 million came from private clients and EUR 18 million came via the international deposit-taking platform Raisin. Coop Pank deposit portfolio has increased by EUR 210 million or 44% YoY. By the end of Q3, the share of client demand deposits has increased from 27% to 34% YoY. Bank's financing cost did decrease over the quarter from 1% to 0,9%.

In Q3 2020, the overdue loan portfolio of Coop Pank was at the level of 6%. In nine months, the bank has made impairment of EUR 4.1 million to the loan portfolio, including EUR 1.1 million has made due to the effect of the coronavirus to economic environment. There was no additional impairments made in relation to coronavirus in Q3.

By the end of Q3 2020 we have reached 80,000 clients, number of clients have increased by 5,400, i.e. 7% over the quarter. The number of private clients with current account in the bank increased by 4,800 and the number of business clients by 600 over the quarter. The client base of Coop Pank increased 42%,



i.e. by 24,000 clients YoY.

In Q3 2020, Coop Pank's net income was EUR 8 million, having grown 7% QoQ and 30% YoY. Operating expenses reached EUR 4.7 million, having increased by 9% QoQ and by 17% YoY. The bank's operating profit was EUR 3.3 million, growing by 5% QoQ and 56% YoY.

In Q3 2020, bank's net profit was EUR 2 million, having grown 48% QoQ and 32% YoY. In Q3 2020, the bank's cost / income ratio was 59% and ROE was 8.6%.

As of 30 September, 2020, Coop Pank has 12,486 shareholders, 85 shareholders having joined over the quarter.

Margus Rink, Chairman of the Management Board of Coop Pank, comments the results:

"The results of the third quarter confirm that Coop's offer based on the integration of retail and banking is differentiated in the market, creates value for consumers and helps the bank to grow its client base. The growth of customer-base in both the retail and business segments has led to a rapid growth of domestic deposits. During the quarter, Coop Pank's deposits increased by 73 million euros, of which three quarters or 55 million euros were local deposits. In an environment of low interest rates and an uncertain economic situation, companies maintain liquidity buffers and seek returns for them. The offer of Coop Pank has brought more and more domestic companies to us to deposit their financial resources. The volume of corporate deposits in the bank has almost doubled in a year. The share of the bank's demand deposits is also growing, which was 34% at the end of the third quarter, rising by 7% year-on-year. The increase in the share of domestic demand deposits enables to reduce the cost of financing, which decreased to 0.9%.

Although restrictions on economic activity to prevent the spread of the coronavirus have eased, businesses and private individuals are still uncertain about the future. Businesses are cautious about making new investments, and individuals postpone purchasing decisions for larger durable goods. According to Eesti Pank, in the first eight months of this year, new sales of loans and leasing (excluding consumer financing) have decreased by 21% compared to the previous year. The decline in the demand for corporate financing, which has fallen by 25% over the same period, is particularly noticeable. Nevertheless, Coop Pank has been able to continue to grow its loan portfolio and revenues. In the first 9 months of 2020, Coop Pank's loan portfolio grew by almost 181 million euros.

Growing net interest income due to higher business volumes and declining financing costs through the growth of domestic demand deposits are helping to make the bank more efficient and create greater value for shareholders. The bank's cost-income ratio has declined from 66% in the third quarter of last year to 59% this year. The return on equity is lower than a year ago, but it is due to the increased equity supported by the public offering of the bank's shares.



Compared to the second quarter of this year, the return on equity has increased by 2.7% to 8.6%.

The quality of Coop Pank's loan portfolio remains stable. The share of overdue contracts remains at 6% level. The volume of the loan portfolio on payment leave related to the coronavirus has decreased from 52 million euros in May to 31 million euros at the end of September. We can see that businesses and private individuals are doing well in servicing their obligations and extending payment holidays is minimal.

Most important highlight for Coop Pank in the third quarter was that at the end of August, the international rating agency Moody's gave us a stable investment grade rating of Baa2. The investment grade rating now also gives the Estonian state and local governments the opportunity to become a customer of Coop Pank and keep their financial resources in a domestic financial institution, where we pay the best interest on the market.

In the third quarter, the successful development of a new internet-based car dealership is worth highlighting: in addition to new Shkoda models, we supplemented the car dealer's selection with new KIA models in August.

From 1(st) of July, Coop Pank will allow its customers to make instant payments of up to 100,000 euros, and Eesti Pank's statistics published in September shows that 96% of domestic interbank payments initiated by Coop Pank's customers were instant payments in August. With this, we were the bank with the largest share of instant payments in Estonia in August.

Our renewed credit card was also completed in July, with several good benefits that make it the most flexible credit card on the market. In the third quarter, we also made it significantly more convenient for our customers to open an additional account: if previously customers had to visit the office, now it is possible to open an additional account quickly and easily in the Internet bank.

In July, the Supervisory Board of Coop Pank decided to supplement the Management Board of the Bank by one member, whose area of responsibility will be retail banking. The new Management Board has five members and, in addition to the Chairman of the Management Board, includes the Chief Financial Officer, the Risk Manager, the Head of Corporate Banking and the Head of Retail Banking.

In summary, it can be said that the bank's results for the first 9 months of 2020 fully correspond to the plan made at the beginning of this year, and we are moving in the schedule of meeting the three-year strategic goals announced during IPO of Coop Pank in 2019. As a local bank, we see in the market as our advantage that we can make financing decisions quickly and are more flexible. We will continue to pursue a distinctive strategy based on the integration of retail and banking."

Income statement, in thousands of euros	Q3 2020	Q2 2020	9M 2020	Q3 2019	9M 2019
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Net interest income	7 353	6 852	20 563	5 431	14 870
Net fee and commission income	558	477	1 557	540	1 697
Net other income	77	135	450	159	396
Total net income	7 988	7 464	22 570	6 130	16 963
Payroll expenses	-2 844	-2 603	-8 109	-2 567	-7 169
Marketing expenses	-168	-201	-595	-198	-688
Rental and office expenses, depreciation of tangible assets	-557	-552	-1 672	-627	-1 381
IT expenses and depreciation of intangible assets	-632	-565	-1 687	-221	-1 057
Other operating expenses	-525	-434	-1 461	-426	-1 331
Total operating expenses	-4 726	-4 355	-13 524	-4 039	-11 626
Net profit before impairment losses	3 262	3 109	9 046	2 091	5 337
Impairment losses on financial assets	-1 139	-1 721	-4 074	-572	-1 393
Net profit before income tax	2 123	1 388	4 972	1 519	3 944
Income tax expenses	-111	-26	-137	0	0
Net profit for the financial year	2 012	1 362	4 835	1 519	3 944
Basic earnings per share (in euros)	0.02	0.01	0.05	0.02	0.07
Diluted earnings per share (in euros)	0.02	0.01	0.05	0.02	0.06



Statement of financial
position, in thousands of
euros

	30.09.2020	30.06.2020	31.12.2019	30.09.2019
Cash and cash equivalents	168 984	133 905	122 295	105 533
Debt securities	3 084	3 682	4 061	4 114
Loans to customers	599 213	559 295	460 460	417 907
Other assets	26 179	24 948	24 486	23 744
Total assets	797 460	721 830	611 302	551 298
Customer deposits and loans received	688 116	615 153	506 531	477 826
Other liabilities	7 978	7 381	8 356	9 015
Subordinated debt	7 111	7 064	7 064	7 111
Total liabilities	703 205	629 598	521 951	493 952
Equity	94 255	92 232	89 351	57 346
Total liabilities and equity	797 460	721 830	611 302	551 298

The reports of Coop Pank are available at: <https://www.cooppank.ee/en/reporting>

Coop Pank will organise a webinar on 21 October, 2020 at 09:00 AM, to present the financial results of Q3 2020. For participation, please register in advance at:

<https://attendee.gotowebinar.com/register/3808463495017686540>

(https://www.globenewswire.com/Tracker?data=s65Xdwcl7pR96TkMUmG3yNJwXqs-1otI7TkYIXwS8uXhkh7S8aTPsd2bajOXY8wE6RCceDQWMPOjmK7kmLvbcIhG5uxW8RMvUgINHLwey4ZLQN5KpmuCAVWvRbz8_WpOF7CiWBstFtlgxYos5k3bXVkiH9XKUaVZW8lnIoDP_PDIXMejmZH6aUka7DJQREHFx8wkvXu5okUqOcUSFtw==)

The webinar will be recorded and published on the company's website www.cooppank.ee (<http://www.cooppank.ee>) as well as on the Nasdaq Baltic youtube.com channel.

Coop Pank, based on Estonian capital, is one of the five universal banks operating in Estonia. The bank has 80,000 daily banking clients. Coop Pank aims to put the synergy generated by the interaction of retail business and banking to good use and to bring everyday banking services closer to people's homes. The



strategic shareholder of the bank is the domestic retail chain Coop Eesti, comprising of 330 stores.

Additional information:

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