



Coop Pank Group

2019 Q4 and yearly unaudited results

11.02.2019

2019 Q4 results

2019 results

Stock information

Growth strategy 2020-2022

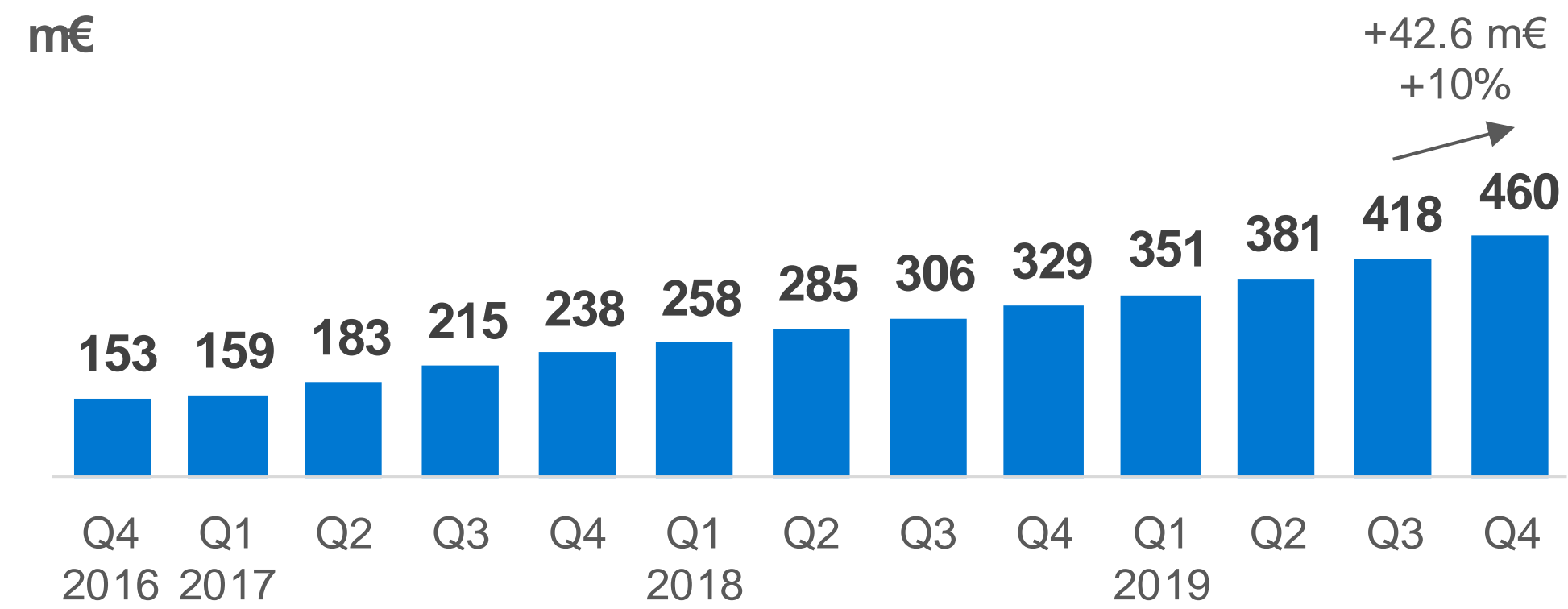
Key indicators in quarterly comparison

	Q4 2019	Q3 2019	Change QoQ
Net operating income ('000 €)	6 756	6 130	+10%
Interest	5 819	5 431	+7%
Service fee and commissions	675	540	+25%
Other	262	159	+65%
Operating expenses	-4 635	-4 039	+15%
Operating profit	2 121	2 091	+1%
Loan impairment losses	-538	-572	-6%
Profit before income tax	1 583	1 519	+4%
Income tax	0	0	-
Net profit	1 583	1 519	+4%
Net loan portfolio (m€)	460	418	+10%
Deposits and loans received	507	478	+6%
Equity	89	57	+56%
ROE	9.6%	10.7%	-1%
Net interest margin (NIM)	4.1%	4.3%	-0.2%
Cost of financing	-1.1%	-1.0%	-0.0%
Cost / income ratio (CIR)	69%	66%	+3%
Capital adequacy ratio	24.3%	17.0%	+7%

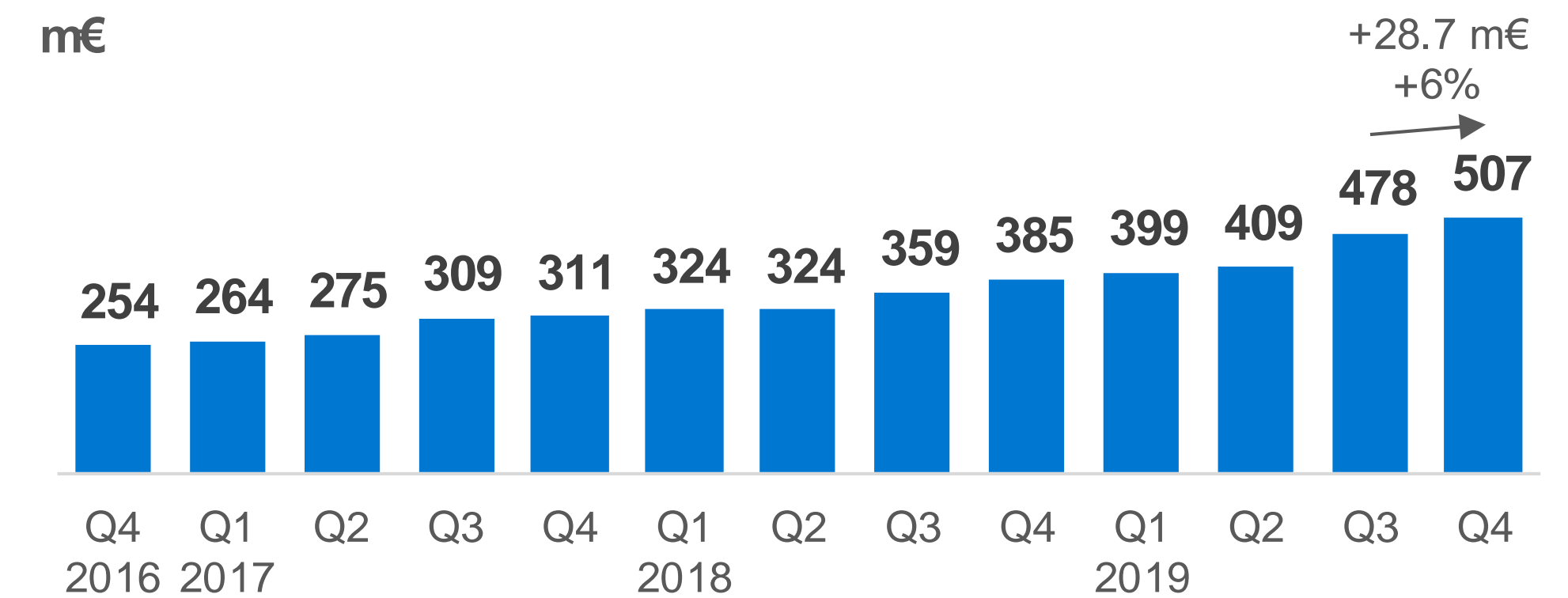
- Strong growth of business volumes: loan portfolio +42m€, deposits +29m€
- IPO result: raised +31m€ additional equity
- Revenues +10%, costs +15% (increased number of employees, one-off transactions), net profit +4%

Business volumes in quarterly comparison

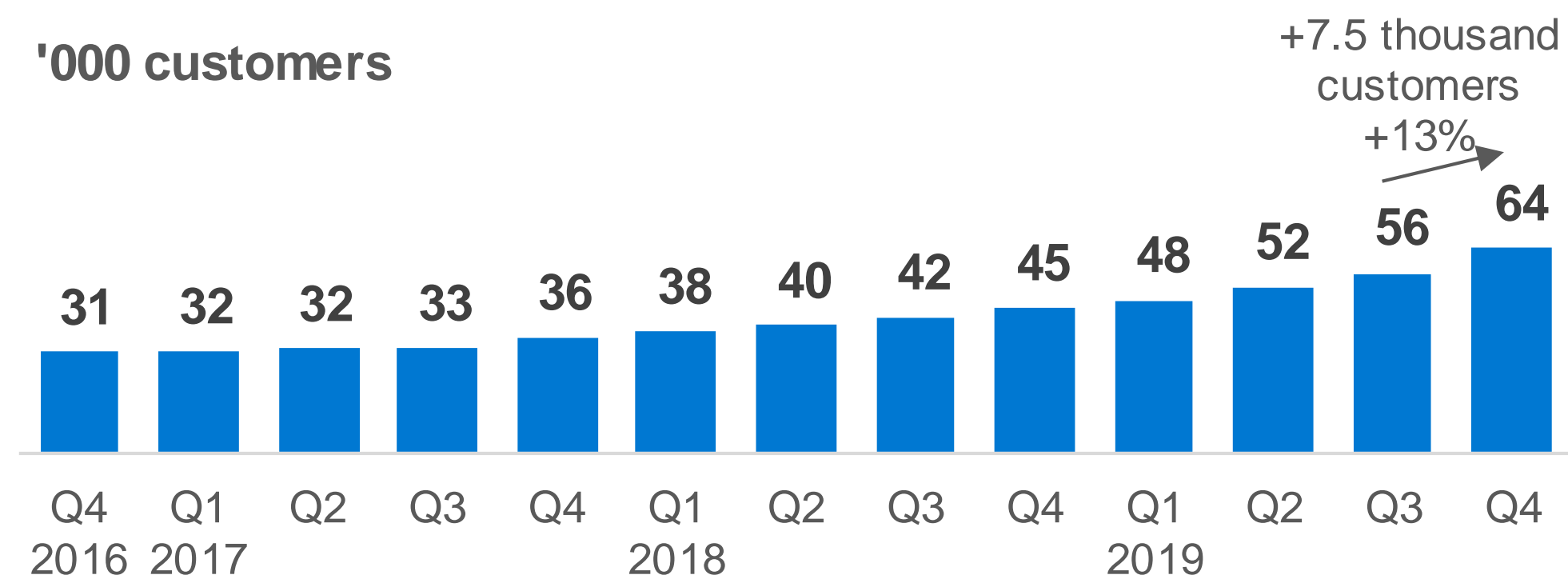
Loans



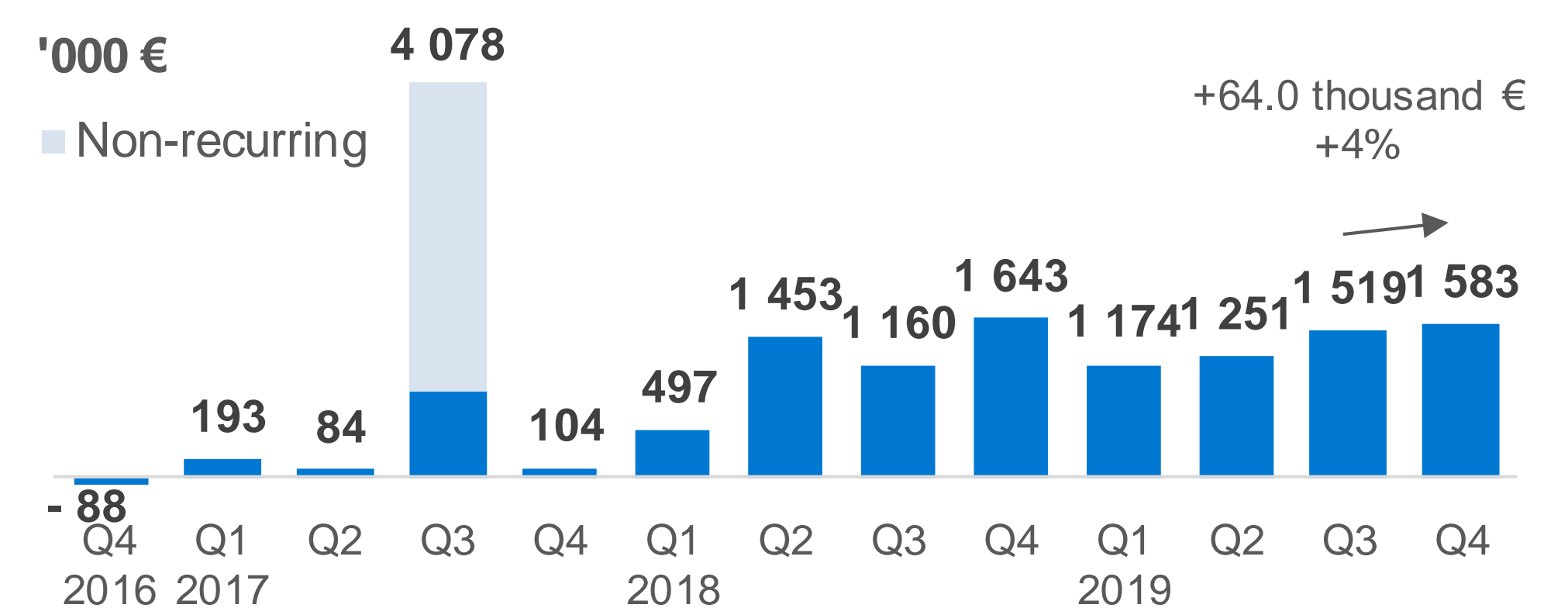
Deposits



Clients



Net profit



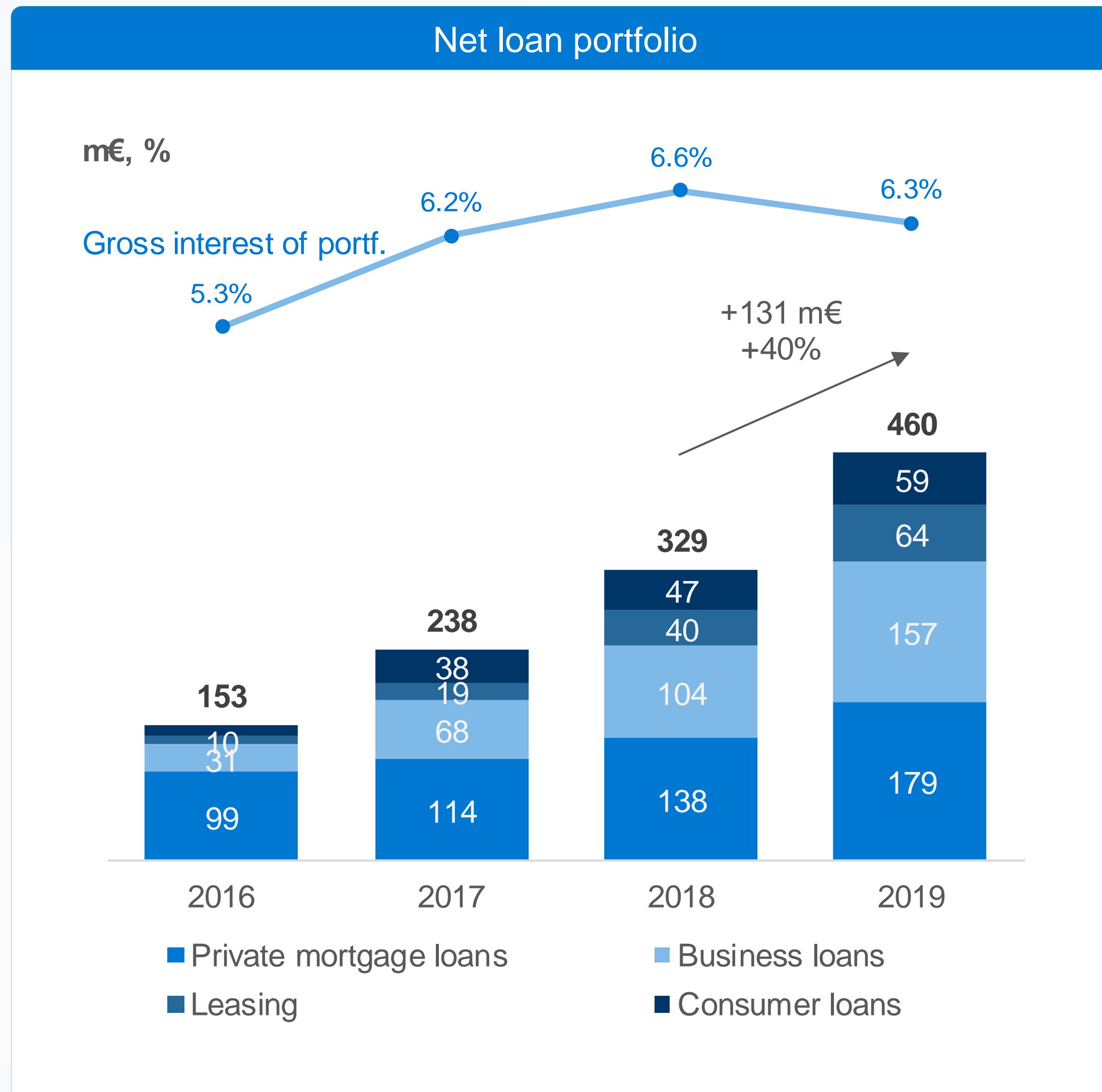
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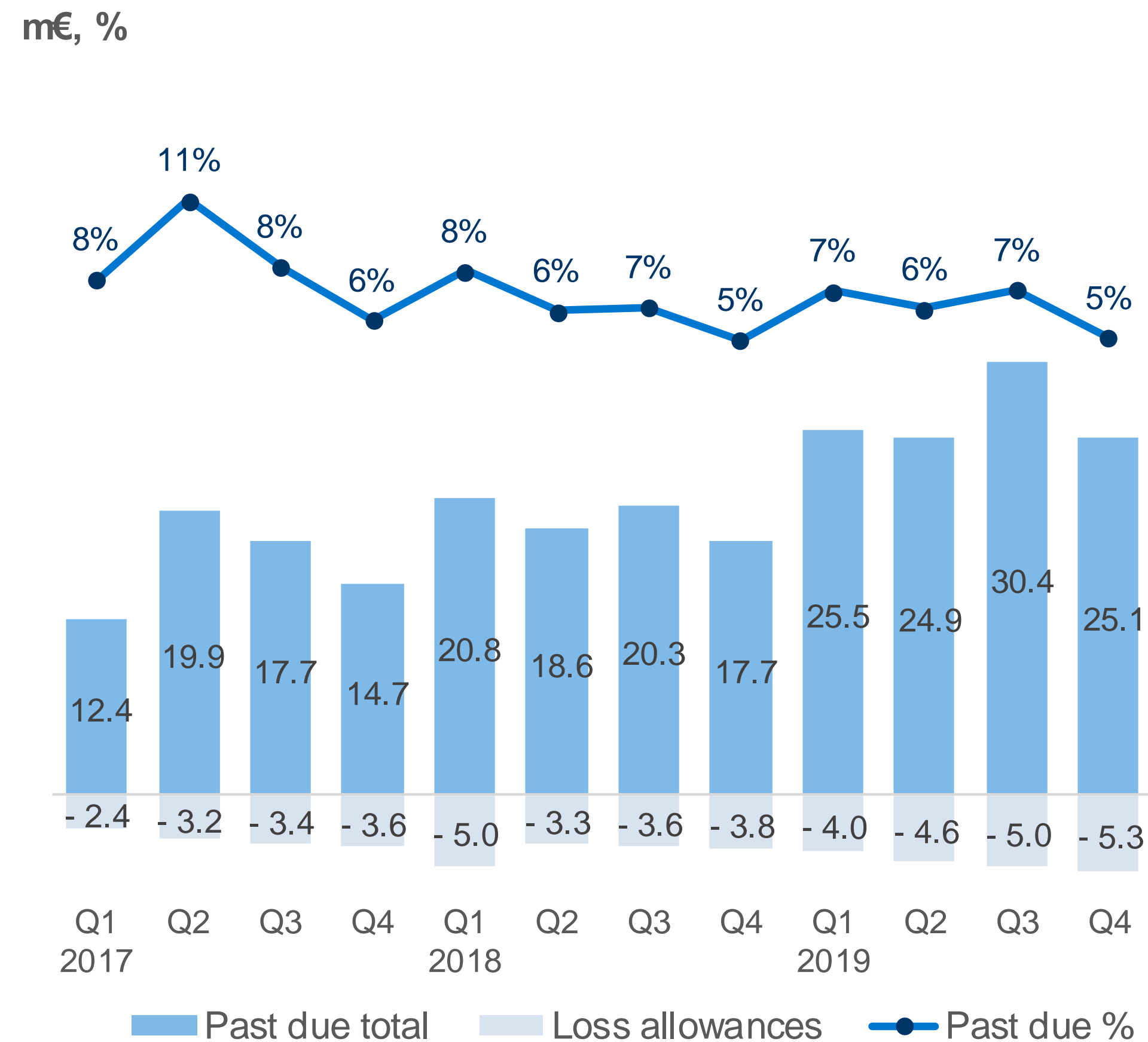
Decent growth of loan portfolio



- Loan portfolio growth +131m€ (40%), incl.
 - Private mortgage loans +41m€ (29%)
 - Business client loans +53m€ (50%)
 - Leasing +24m€ (60%)
 - Consumer finance +12m€ (25%)
- We have grown loan portfolio on average 44% per year in last three years

Quality of loan portfolio remains high

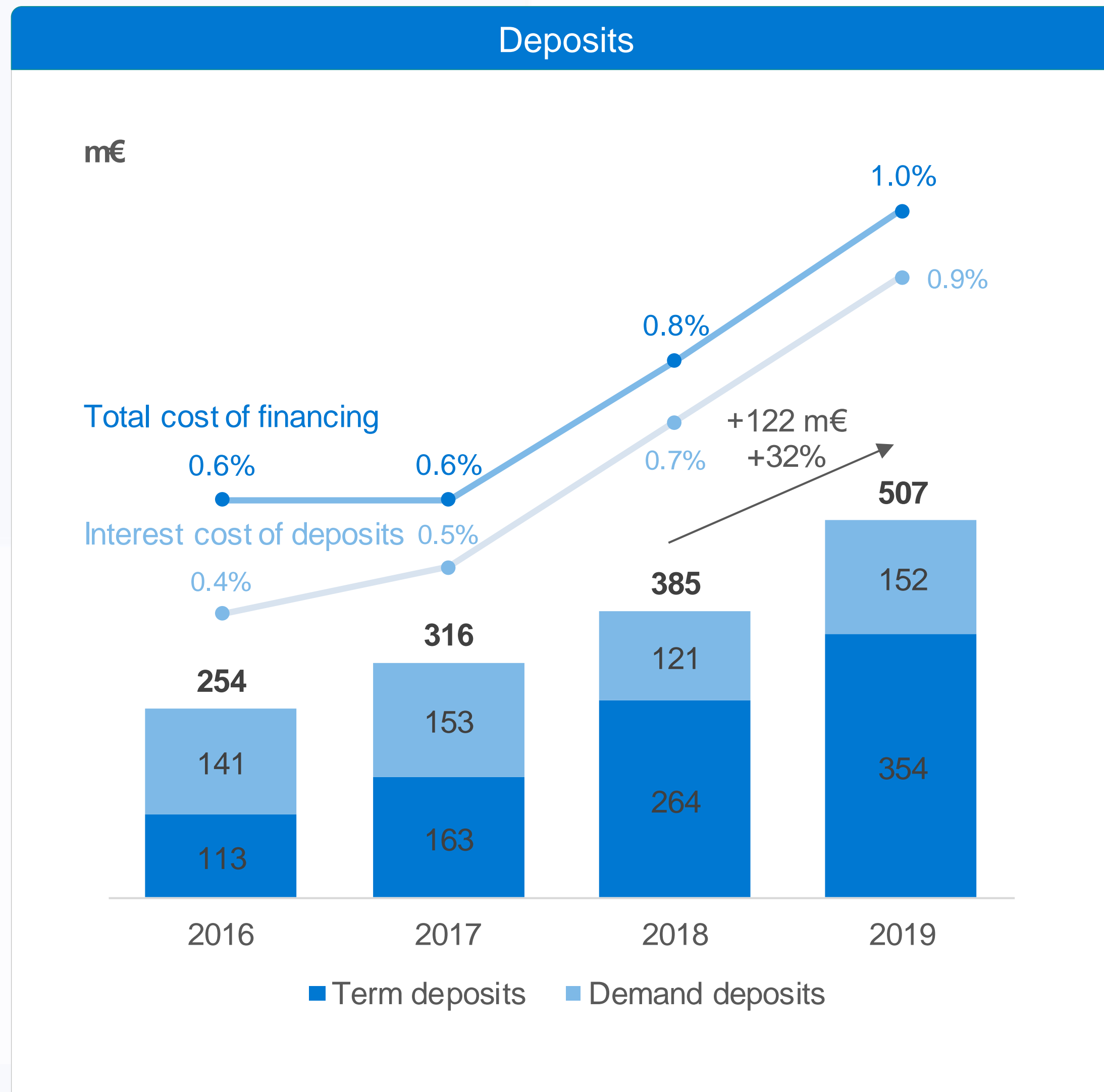
Loans past due and loss allowances in balance sheet



- Quality of loan portfolio remains high. Only a few business loans (where our collateral is strong) have some effect.
- In order to cover future possible loan losses, we formed reserves in sync with the growth of the loan portfolio (+39% YOY)

The chart shows total volume of loans past due; loss allowances in balance sheet; share of overdue contracts in total portfolio

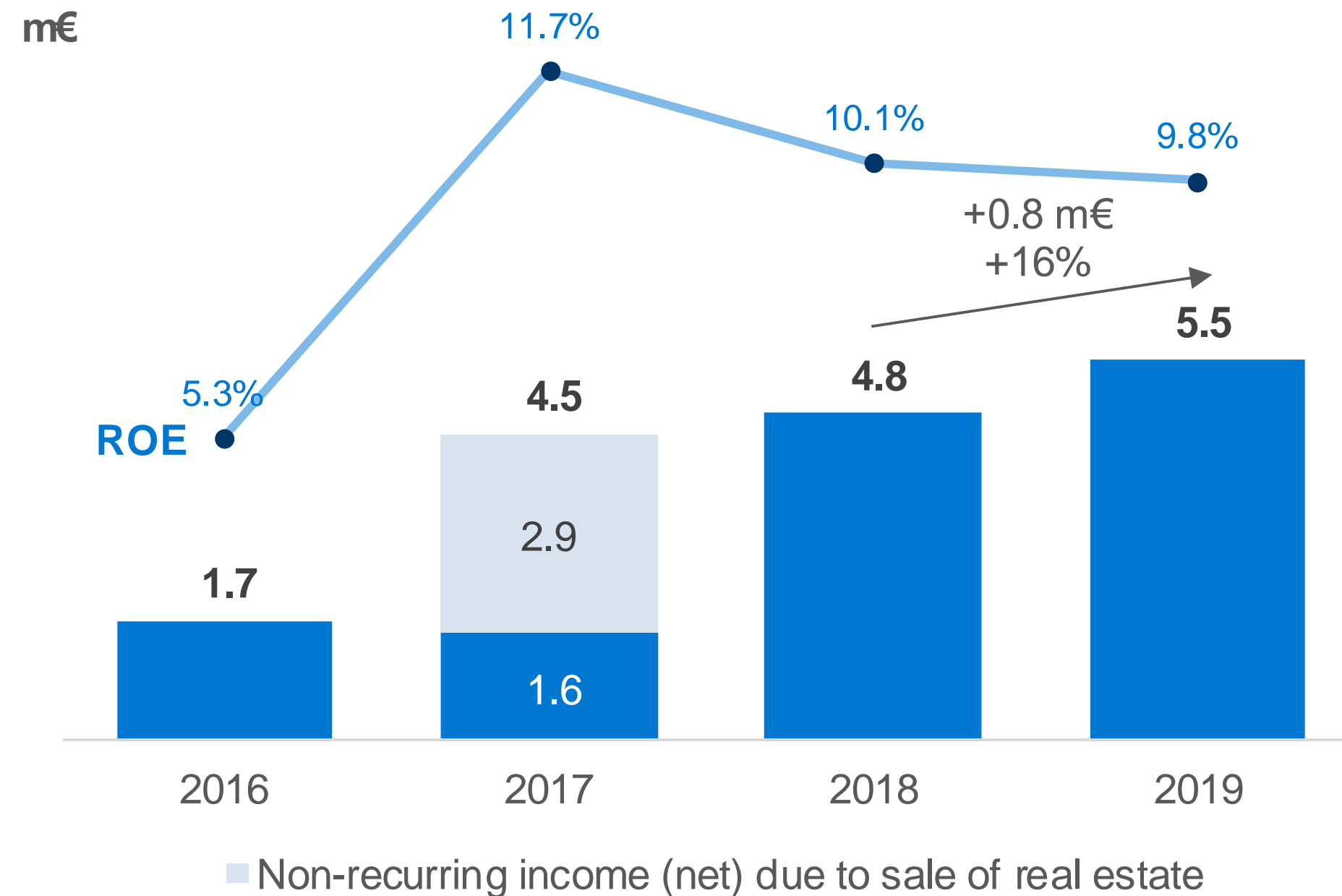
Growth of deposits supports loan volume growth



- Deposit growth +122m€ (32%). At the same time we sent out non-resident deposits ca 30m€
- Demand deposits grew 31 m€ (26%)
- Term deposits +90m€ (34%), incl.
 - +50m€ through Raisin platform
 - +19m€ from private clients
 - +10m€ from business clients
 - +11m€ as loans and deposits from financial institutions
- The share of term deposits compared to demand deposits has increased
- We have grown the volume of deposits on average 26% per year in last three years

Decent profit

Net profit and summary of income statement



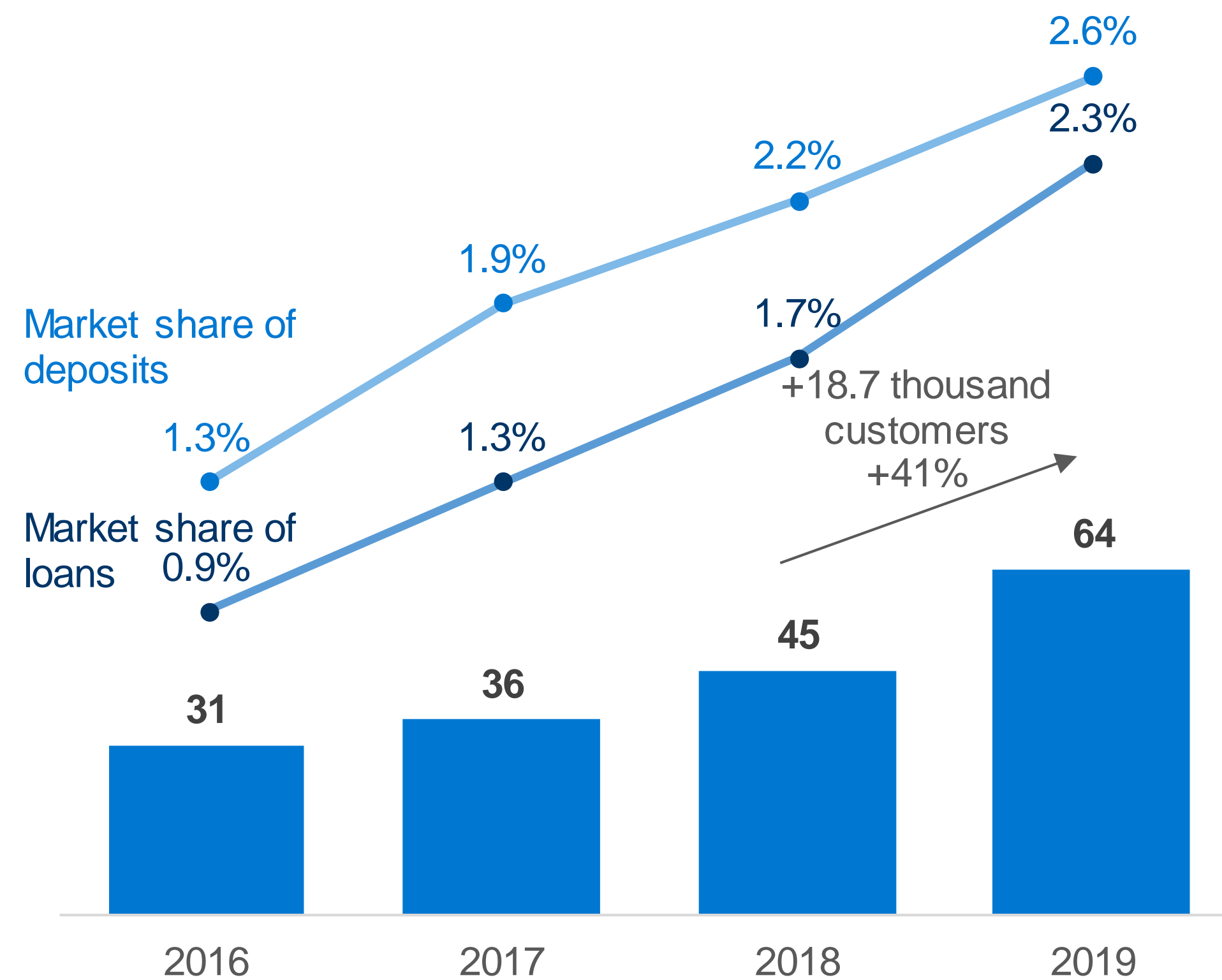
	2016	2017	2018	2019	Change YoY
Net operating income	11.0	17.3	19.8	23.7	+20%
Operating expenses	-8.1	-11.5	-13.6	-16.3	+20%
Loan impairment losses	-1.0	-1.3	-1.4	-1.9	+39%
Income tax	-0.1	0.0	0.0	0.0	-100%
Net profit	1.7	4.5	4.8	5.5	+16%
CIR	74%	67%	69%	69%	

- Net profit grew +0,7m€ (16%).
- Revenues grew +20%. The biggest influencer was net interest income +23%. Fee revenue grew +3%.
- Operating costs grew +20%. The biggest influencers were IT costs +53% and personnel costs +21%.
- ROE was stable around 10%
- Cost/income stayed around 69%

We are growing client base and market share

Market share and number of bank clients

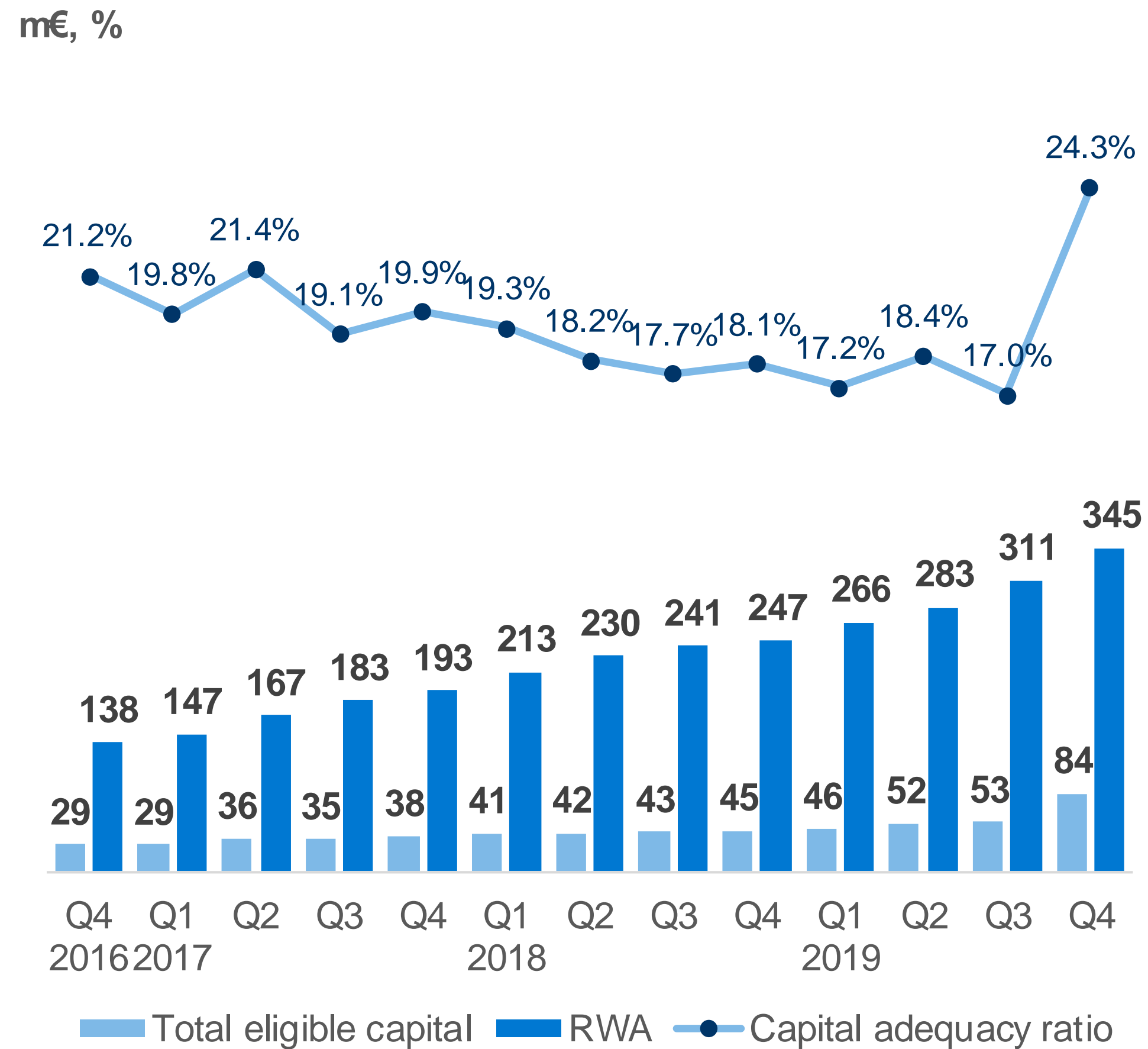
No of customers, thousand; market share %



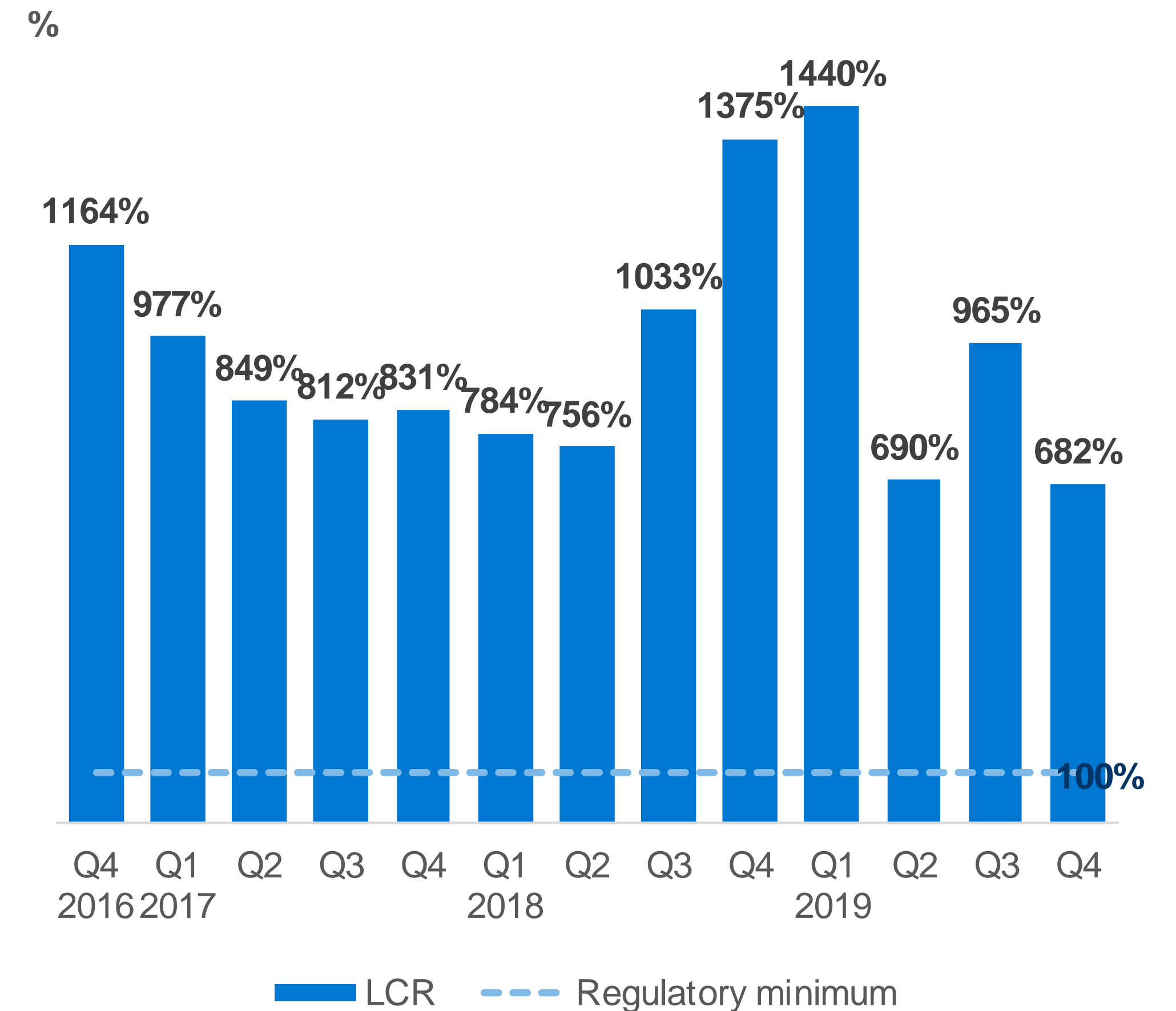
- 18 700 new clients with bank account (2018 +9000 and 2017 +4600), incl:
 - 17 100 private clients
 - 1 600 business clients
- In three years, number of bank clients has grown on average 27% per year
- Market share growth in loan portfolio 1,7%→2,3% and deposits 2,2→2,6%

Capital base supports growth plans

Quarterly capitalization



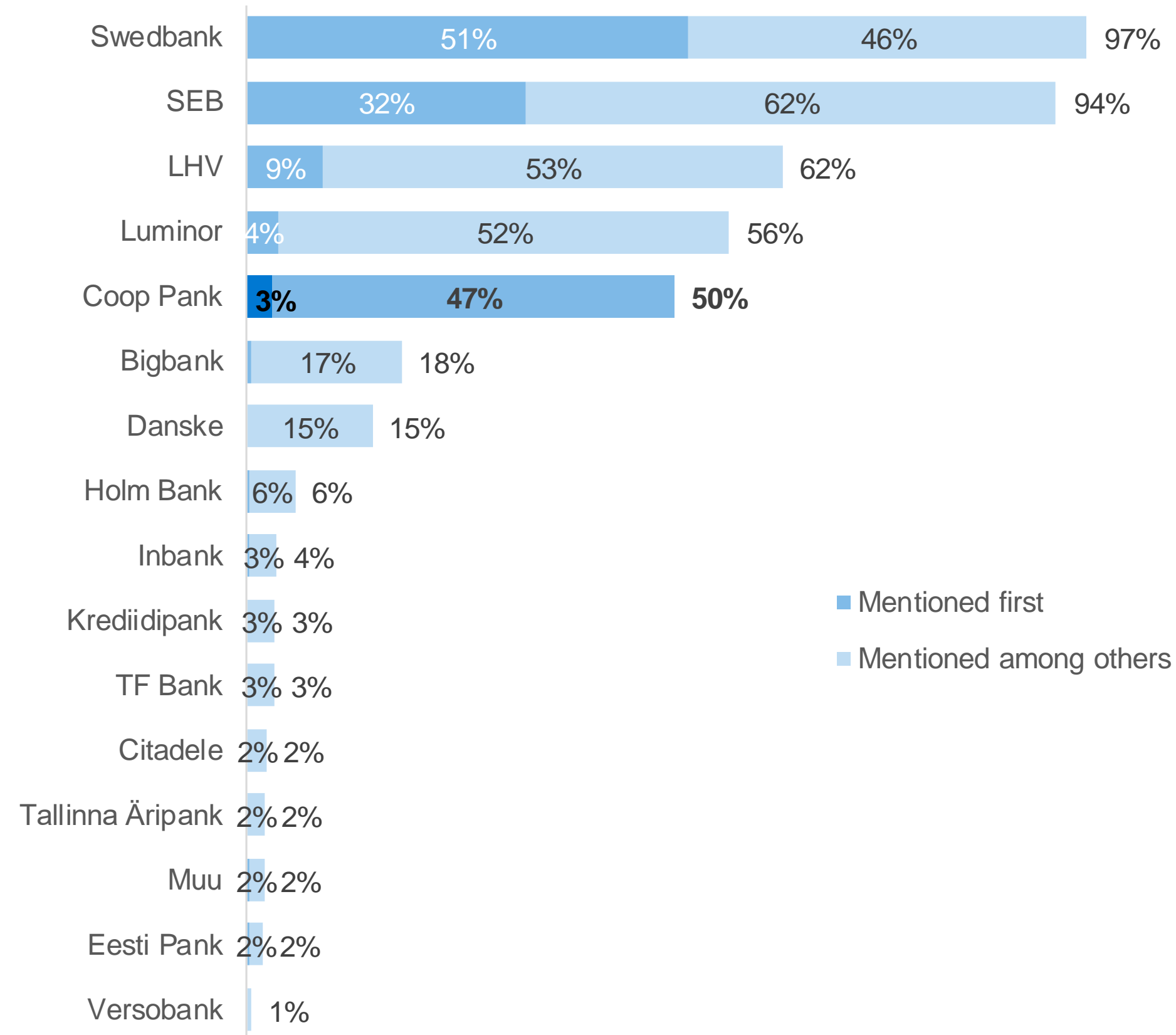
Liquidity coverage ratio (LCR)



Our reputation has risen

Coop Pank brand awareness

Recognition of different brands of banks



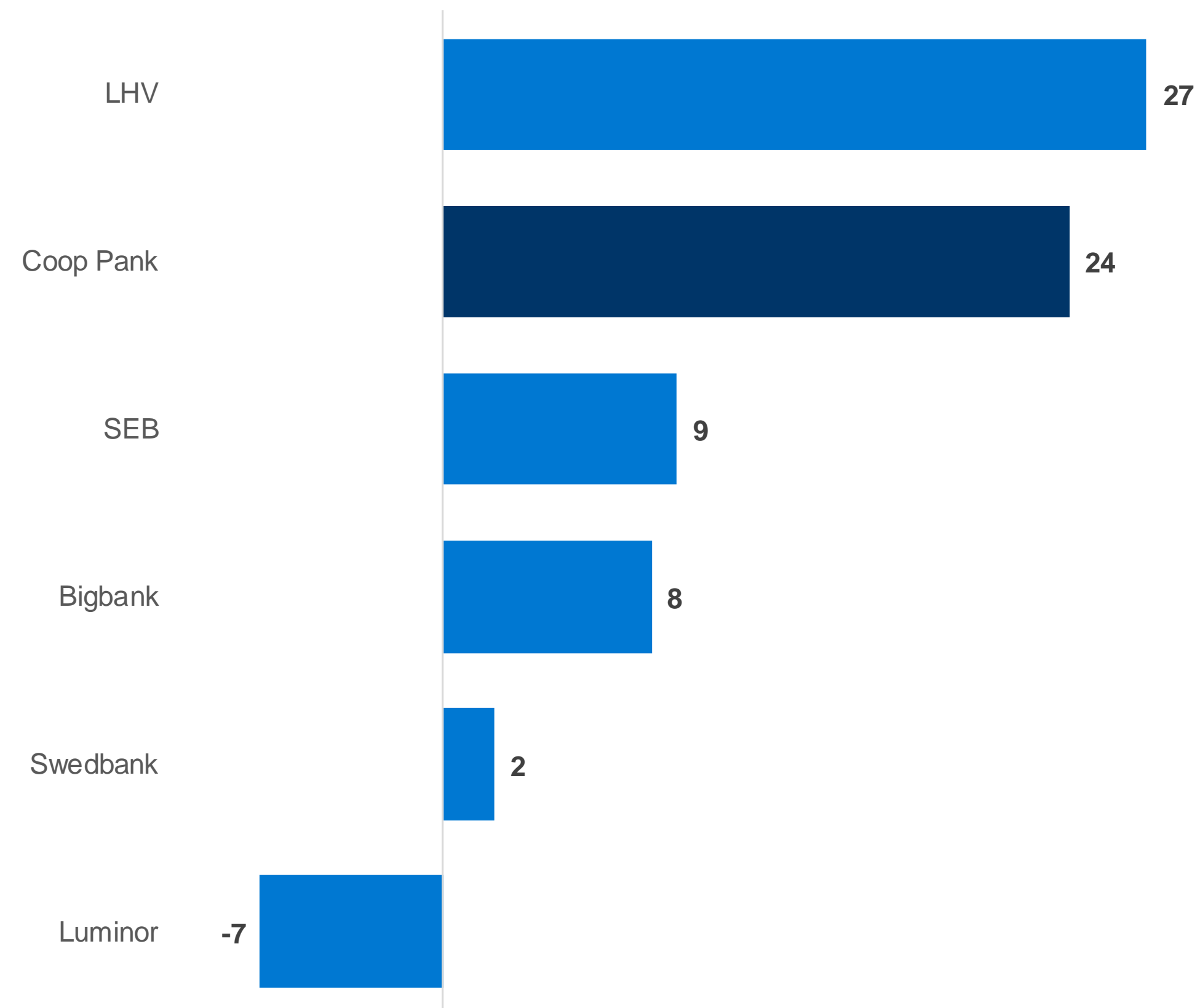
Source: Initiative brand study, august 2019

- Answer to the question: „Which banks in Estonia do you know?“
- Change during 2019: 36% (january) -> 50% (august)

We have achieved high promoter score

Banking sector recommendation index

Net Promoter Score (NPS) in banking sector



- Domestic banks are increasingly favored by clients

Source: Recommendation index of Estonian service companies. Kantar Emor, april 2019

Summary: 2019 results

- Business volumes +40% YOY, third year in a row
- Record growth in number of clients +18 700
- Decent profitability and ROE 10%
- Growth of market share to 2,5%
- Brand awareness: we are one of the five universal banks in Estonia
- We raised 31m€ additional capital through IPO and number of shareholders grew from 64 to 11 000
- The most important product developments: instant payments, interest to demand deposit, Coop Sula cash in, the best prices in Coop shops, leasing car department store
- Establishment of Coop Kindlustusmaakler AS

+19 000 clients
5,5 mln € profit
11 000 shareholders

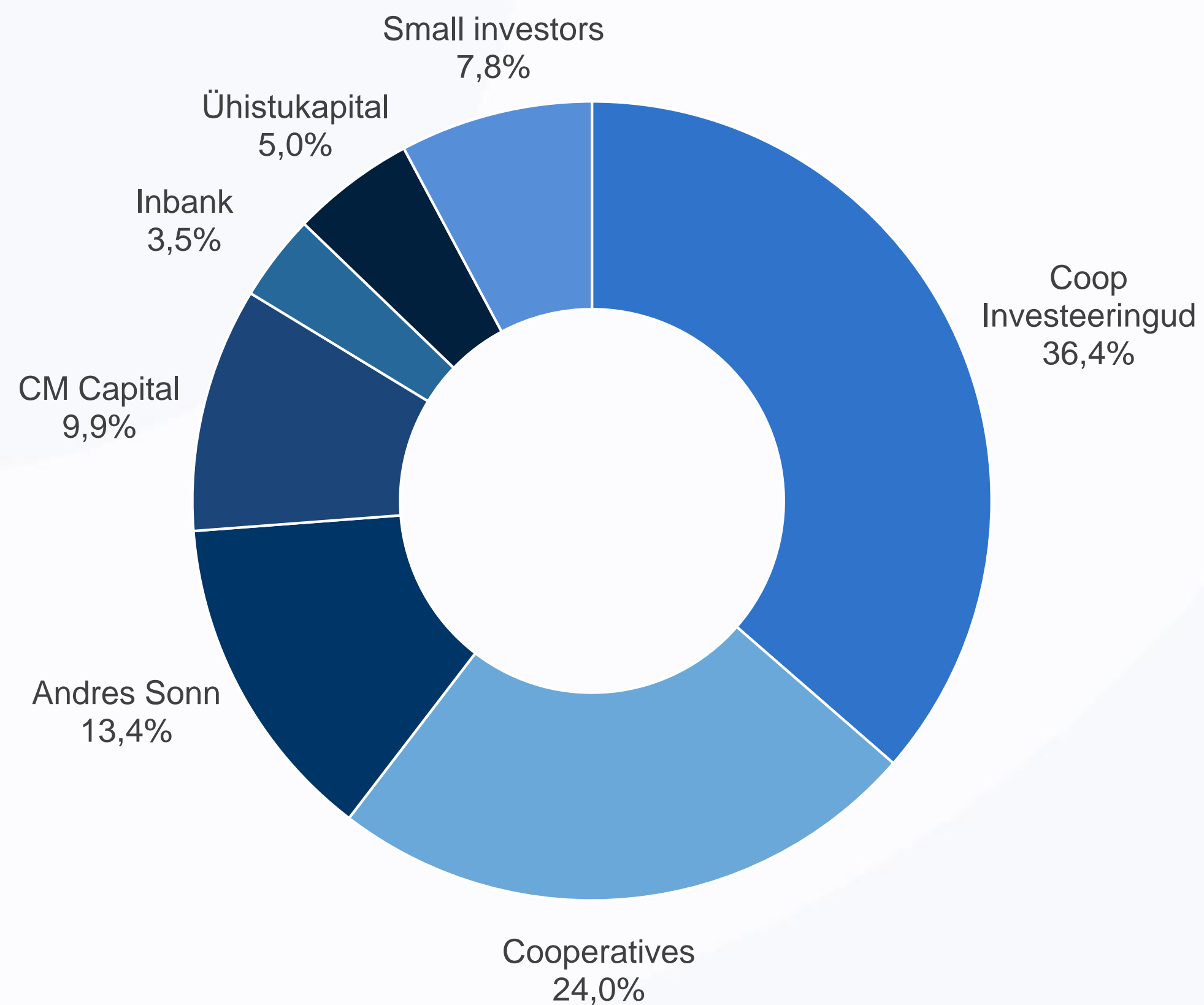
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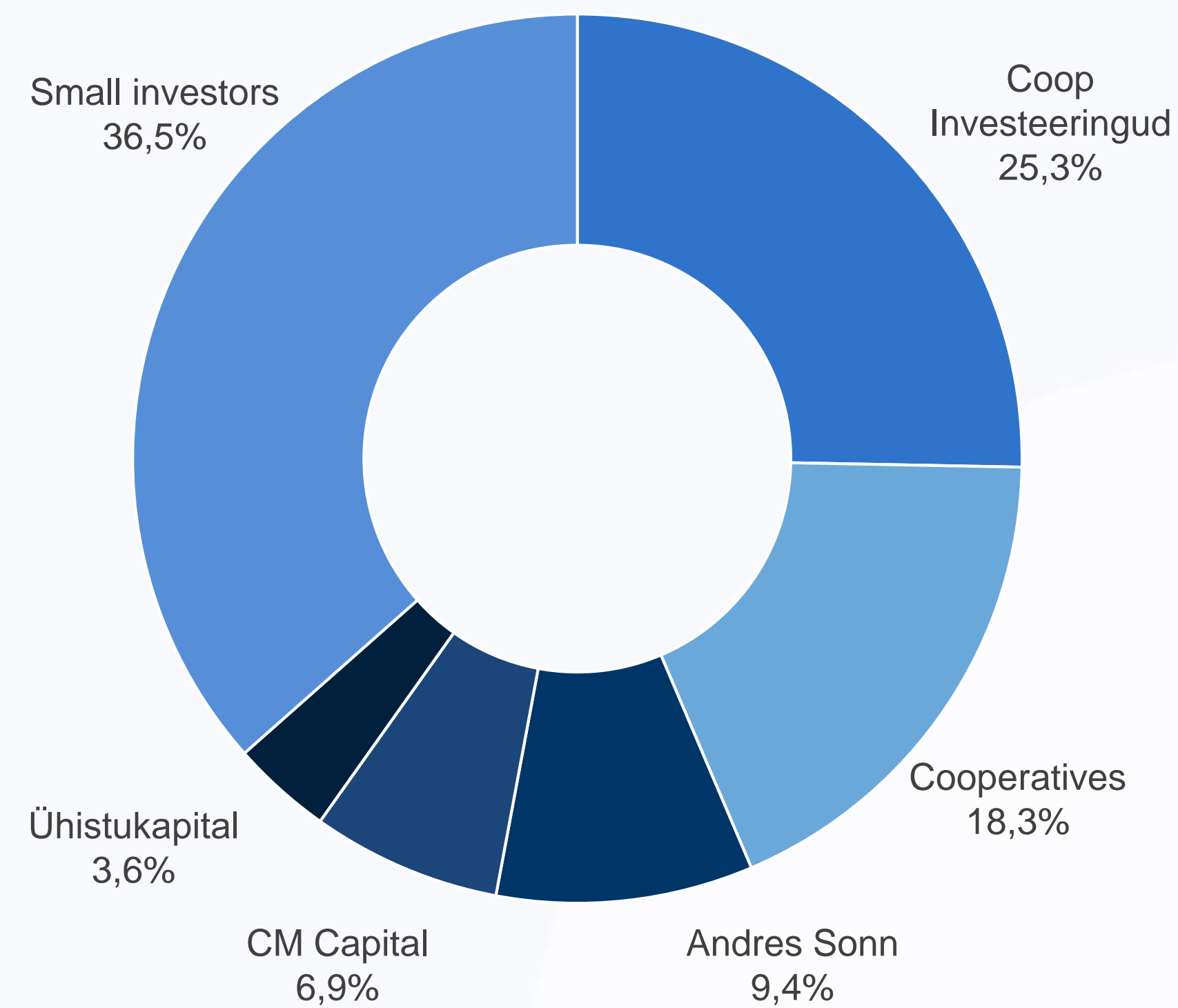
Stock information

Growth strategy 2020-2022

Shareholders (before/after IPO)



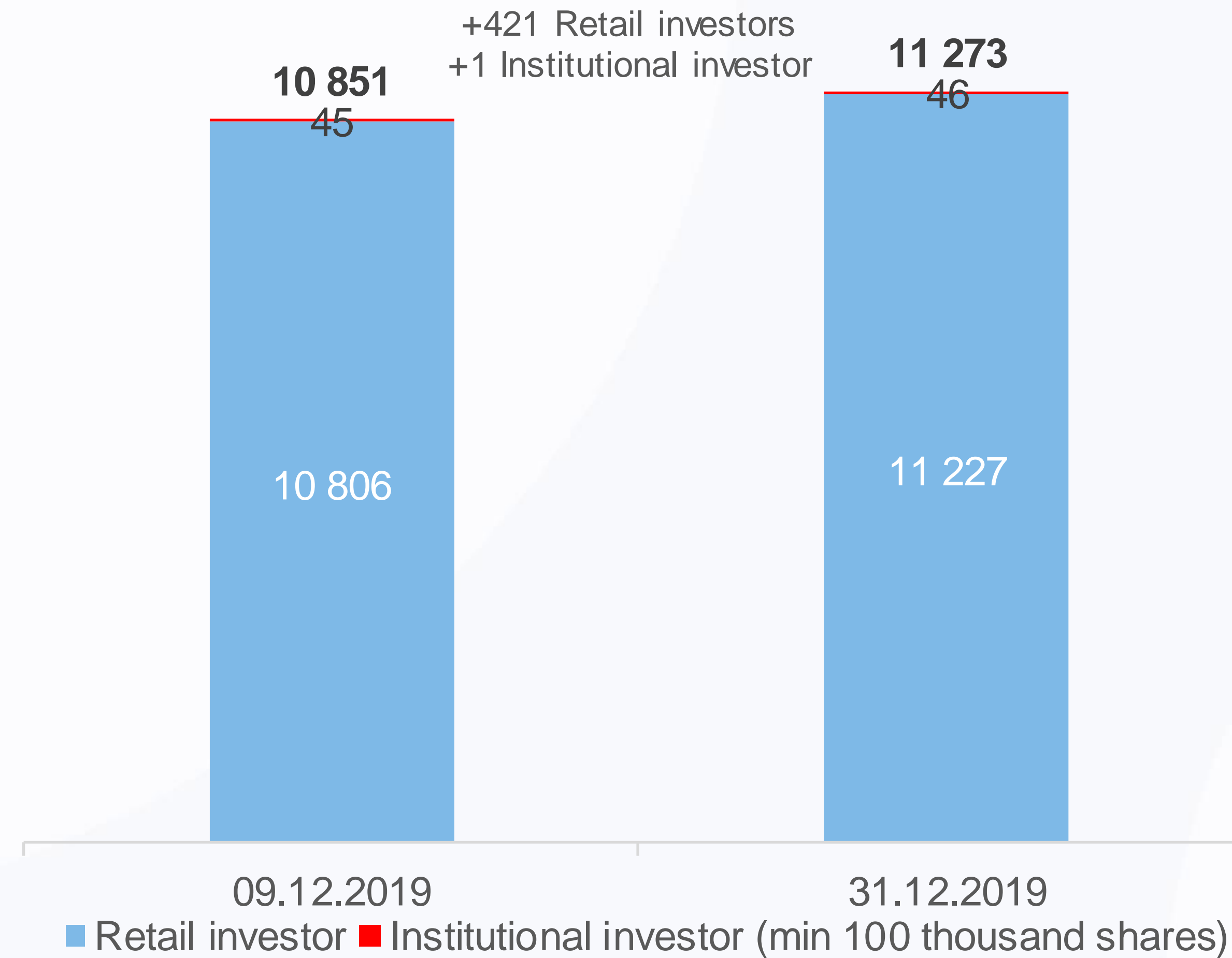
Before IPO: in total
64 shareholders



After IPO: in total ca
11 000 shareholders

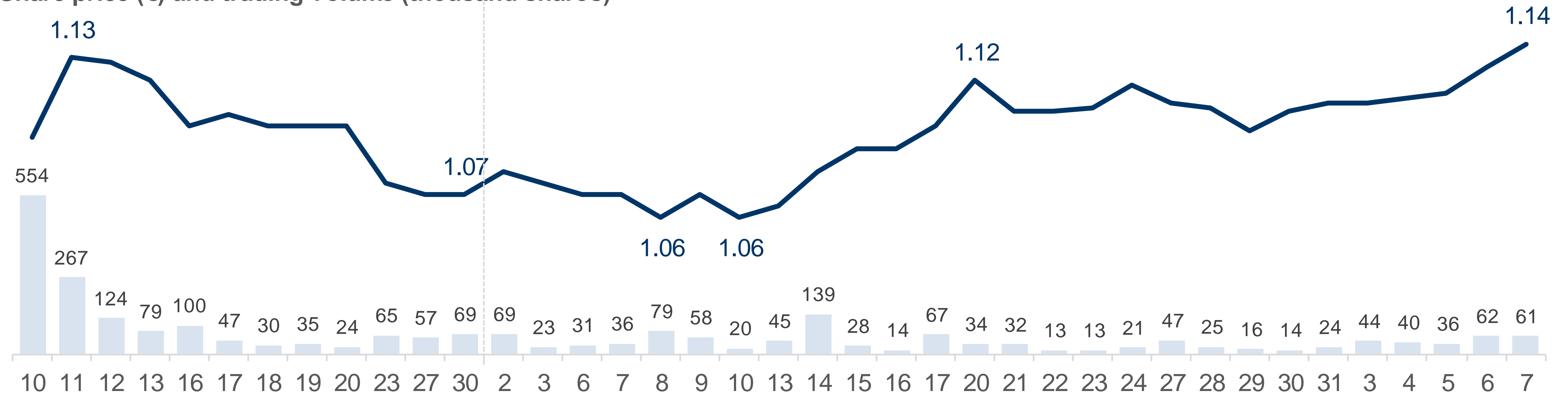
Number of retail investors has grown

No of shareholders of Coop Pank



Coop Pank share price and trading volume, by dates

Share price (€) and trading volume (thousand shares)



2019 Q4 results

2019 results

Stock information

Growth strategy 2020-2022

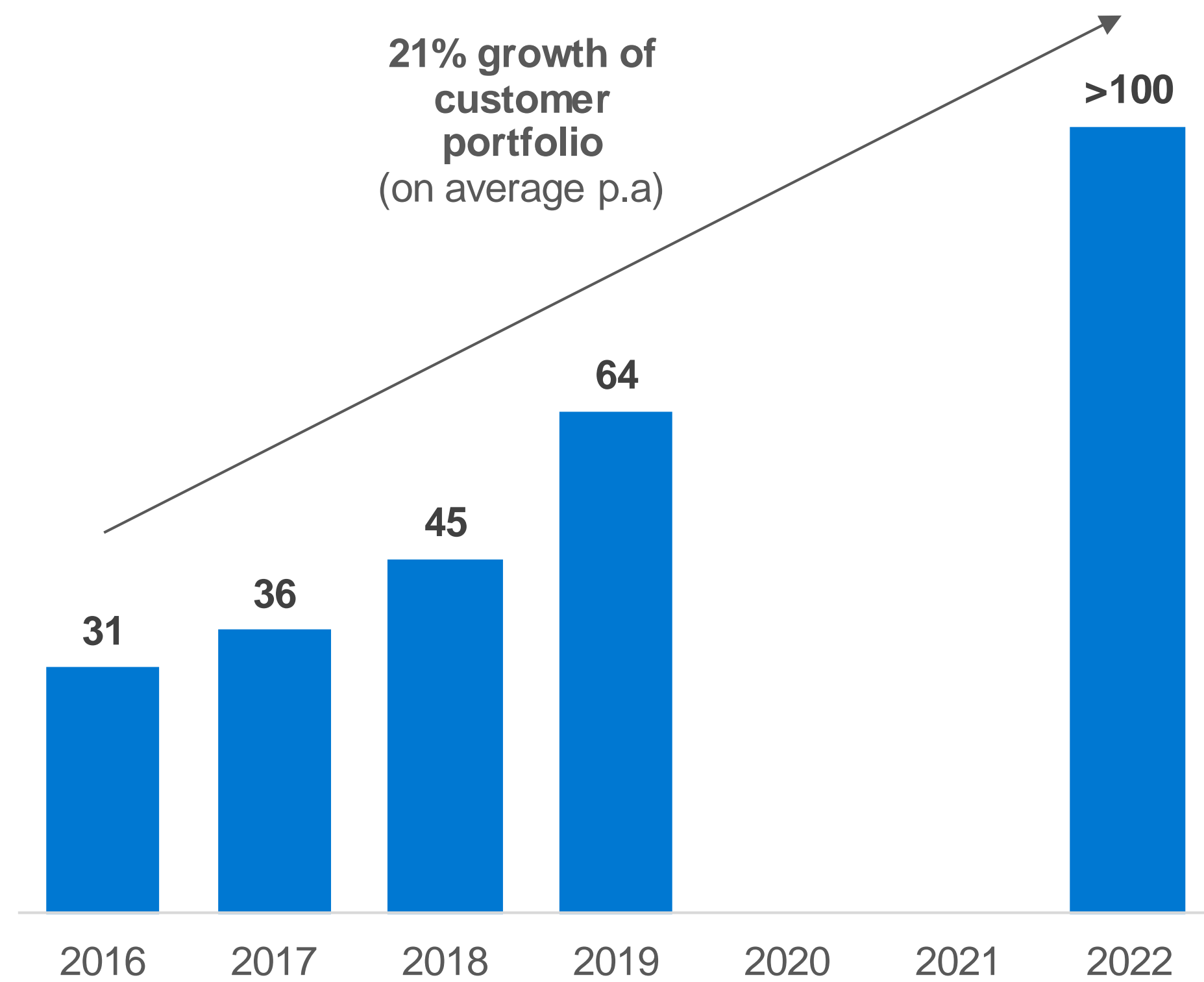
Strategic goal: growing of business volumes



Target: increasing number of clients

Coop Pank number of clients and target

No of customers of Coop Pank, thousand



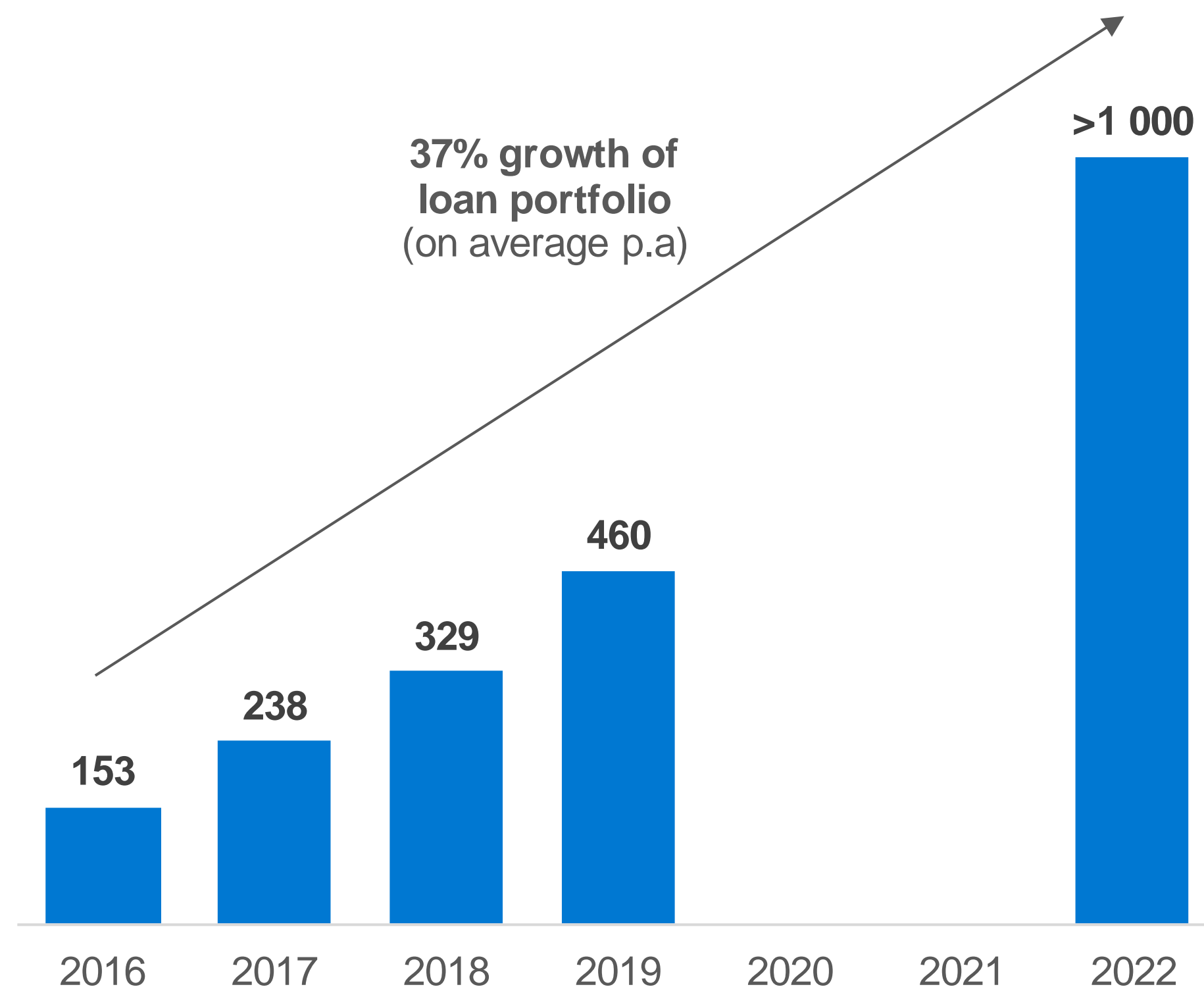
Number of clients >100 000



Target: growth of loan portfolio

Coop Pank loan portfolio and target

Net loan portfolio of Coop Pank, m€



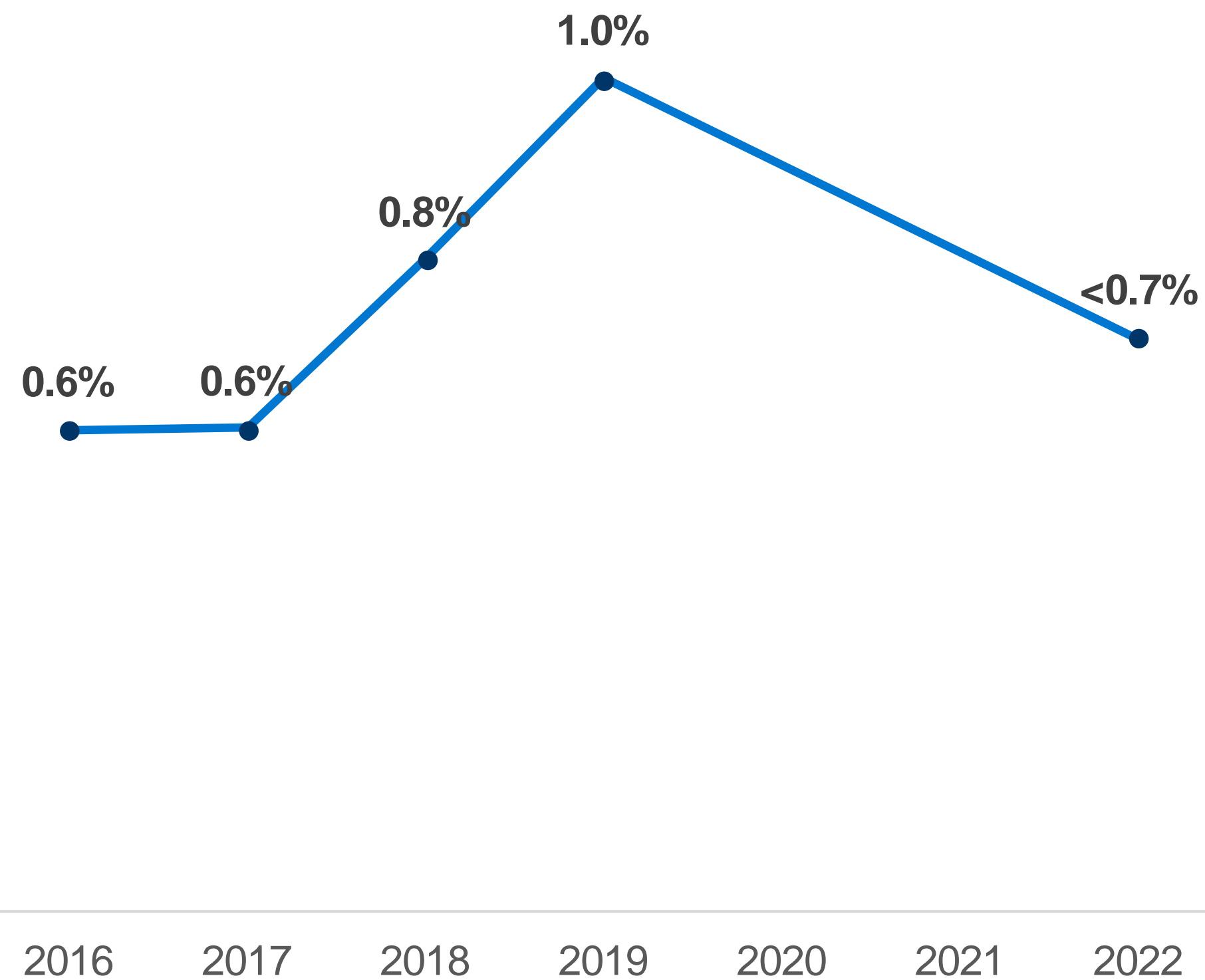
Loan portfolio
>1 mld €



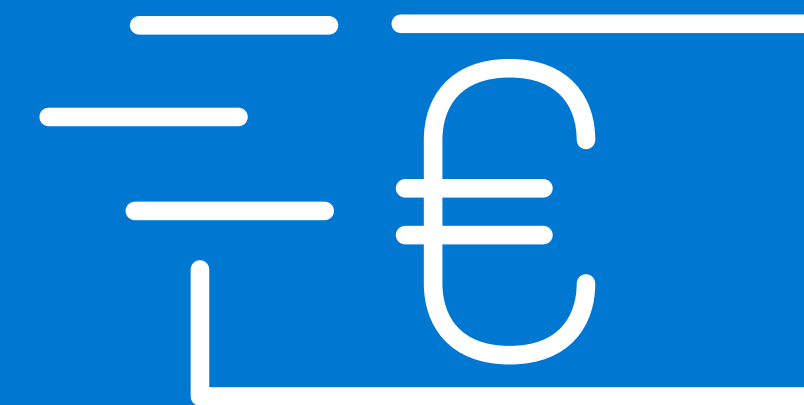
Target: reducing cost of financing

Coop Pank cost of financing and target

Cost of financing, %



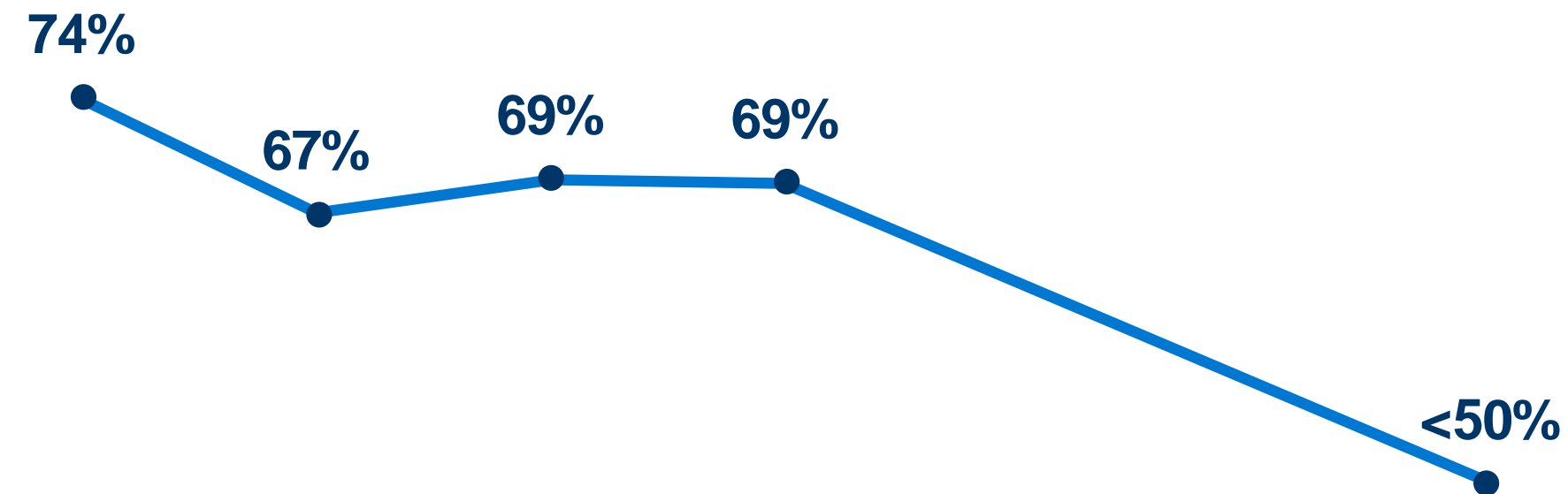
Cost of financing
<math><0,7\%</math>



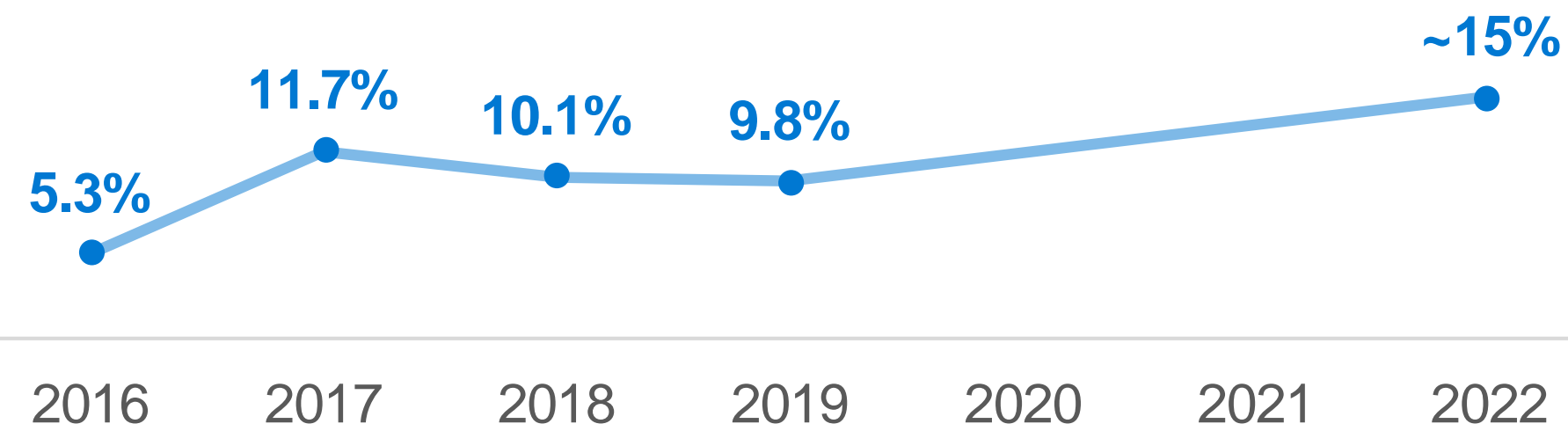
Targets: decreasing cost/income ratio, increasing return on equity

Cost/income ratio and return on equity

Cost / income ratio (CIR)



Return on equity (ROE)



Margus Rink

Chairman of Board, CEO
margus.rink@cooppank.ee

Kerli Lõhmus

Member of Board, CFO
kerli.lohmus@cooppank.ee
www.cooppank.ee/investorile

Annexes

Financial results 2016-2019

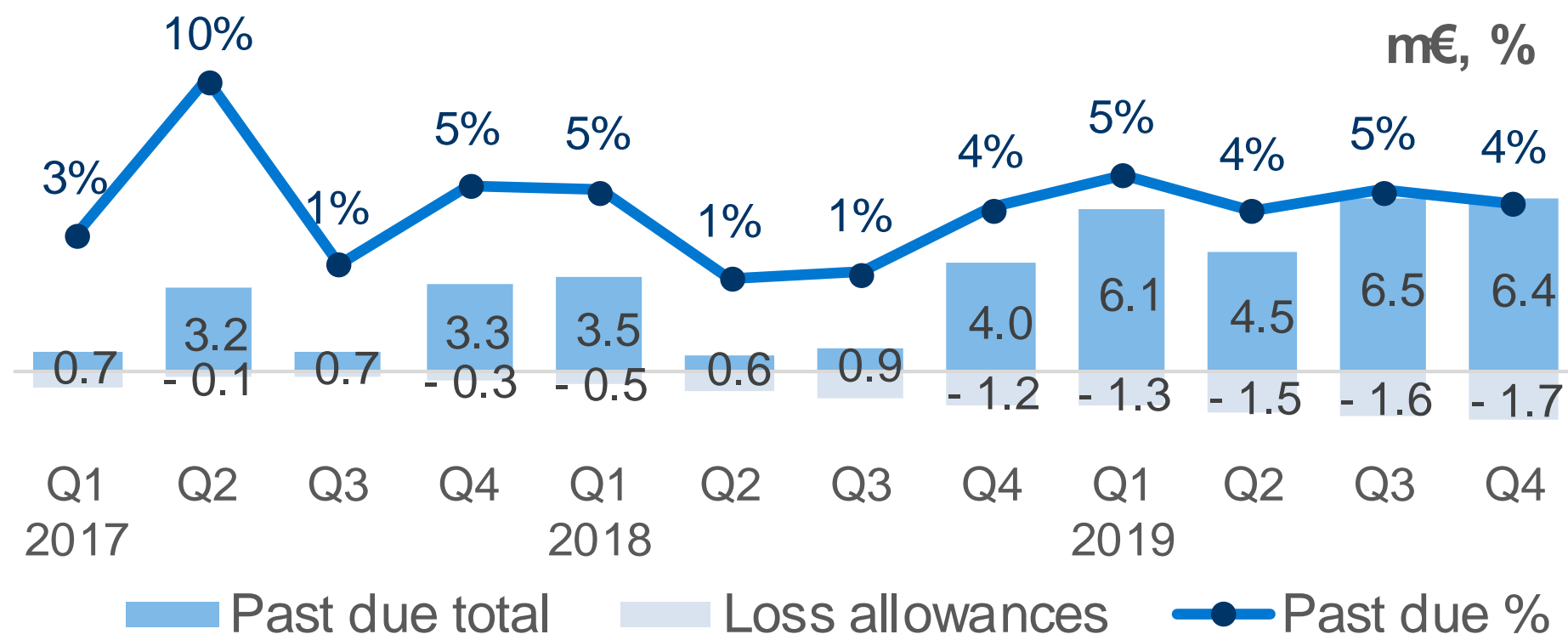
Financial results and key indicators

	2016	2017	2018	2019
Net operating income ('000 €)	10 960	17 289	19 768	23 719
Interest	7 398	11 519	16 779	20 689
Service fee and commissions	2 737	2 170	2 302	2 372
Other	825	3 600	687	658
Operating expenses	-8 088	-11 518	-13 601	-16 261
Operating profit	2 872	5 771	6 167	7 458
Loan impairment losses	-1 009	-1 313	-1 392	-1 931
Profit before income tax	1 863	4 458	4 775	5 527
Income tax	-120	0	-22	0
Net profit	1 743	4 458	4 753	5 527
Net loan portfolio (m€)	153	238	329	460
Deposits and loans received	254	316	385	507
Equity	30	45	49	89
ROE	5.3%	11.7%	10.1%	9.8%
Net interest margin (NIM)	2.6%	3.7%	4.3%	4.2%
Cost of financing	0.6%	0.6%	0.8%	1.0%
Cost / income ratio (CIR)	74%	67%	69%	69%
Capital adequacy ratio	21.2%	19.9%	18.1%	24.3%

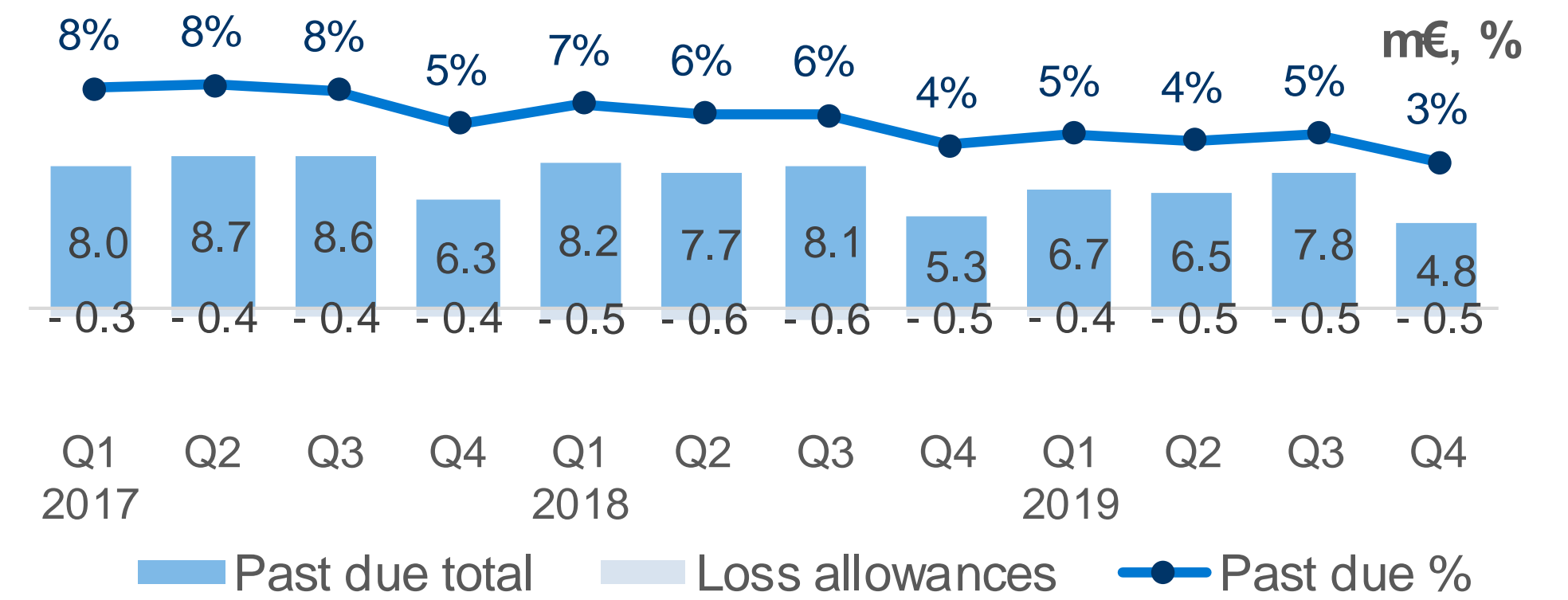
- Net interest income and loan portfolio have grown 40-50% on yearly basis
- In 2017, extra revenue was earned from selling real estate property
- Return on equity stable around 10%
- In 2018-2019, bank exited the business of serving non-resident customers, due to which demand deposits and fee revenues decreased
- In 2018, bank started gathering deposits from Austria and Germany via Raisin web platform, adding Netherlands and Spain in 2019
- Cost of financing has increased due to the reason that loan book grows faster than local demand deposits, the bank has used more term deposits for financing

Loan portfolio quality by business lines

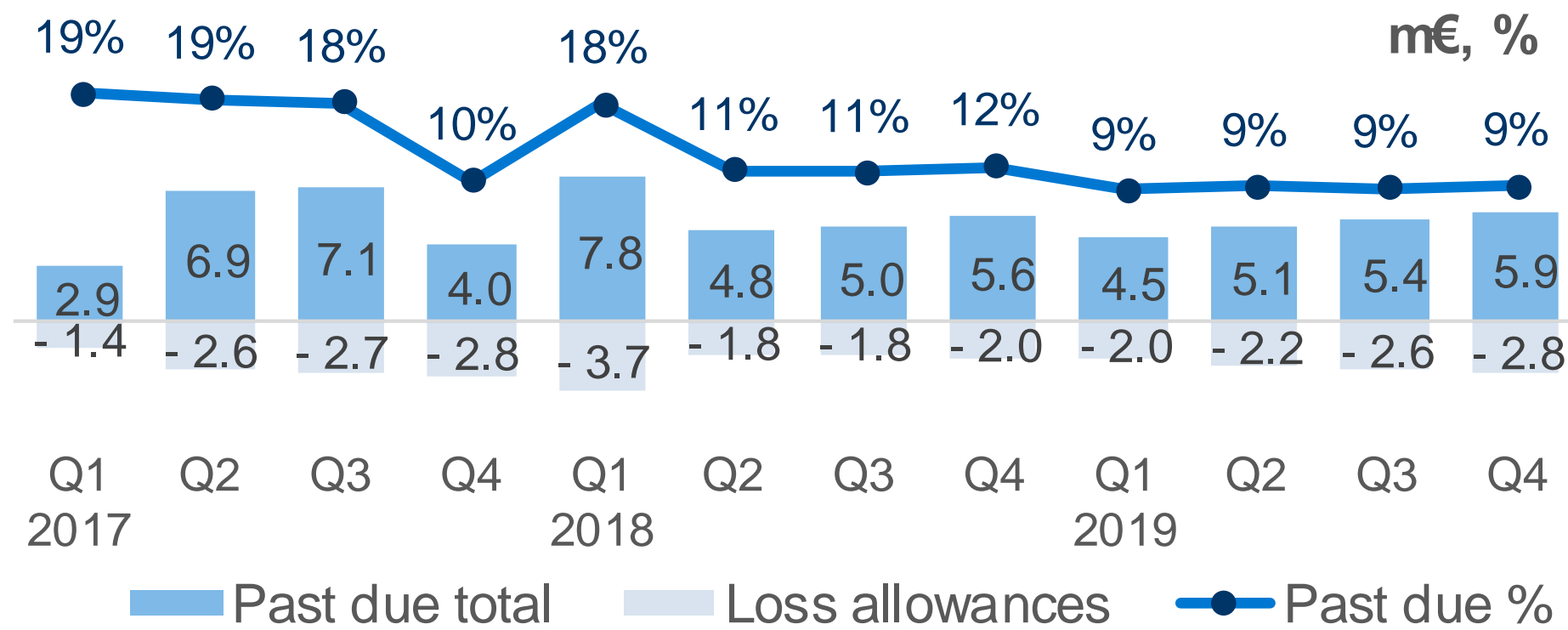
Business loans



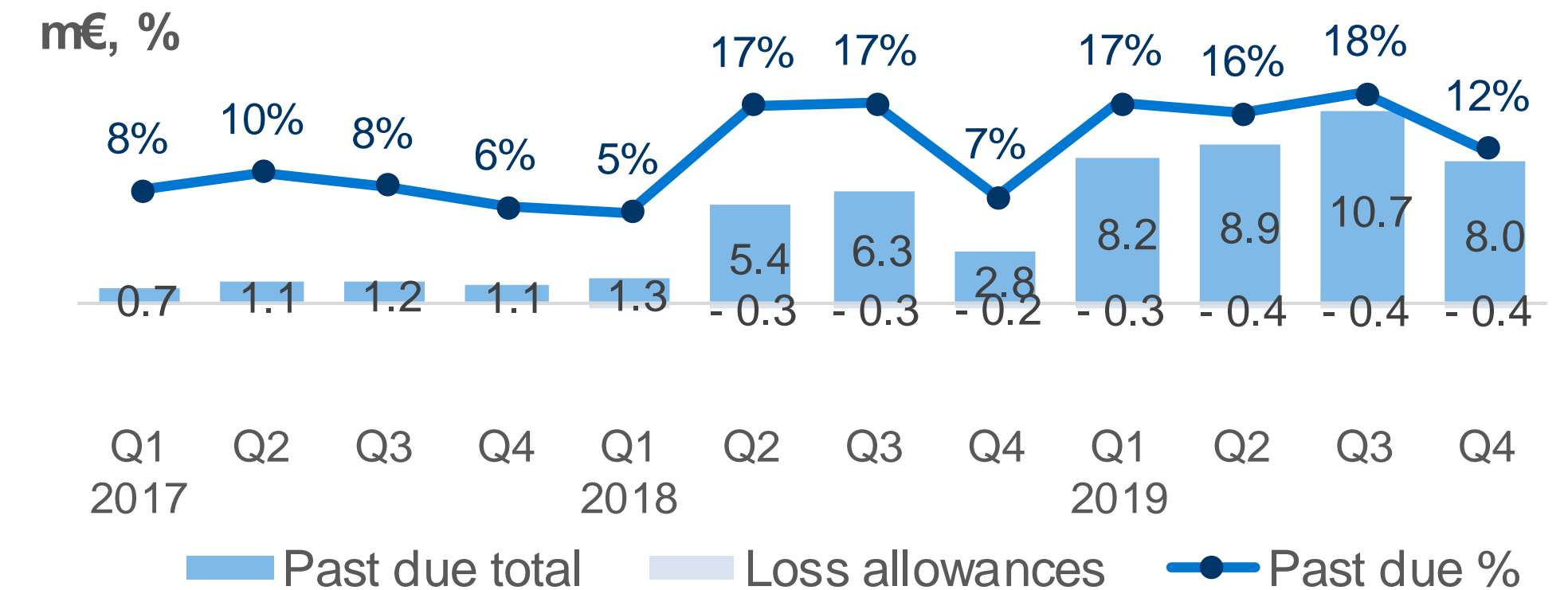
Private real estate loans



Private consumer loans



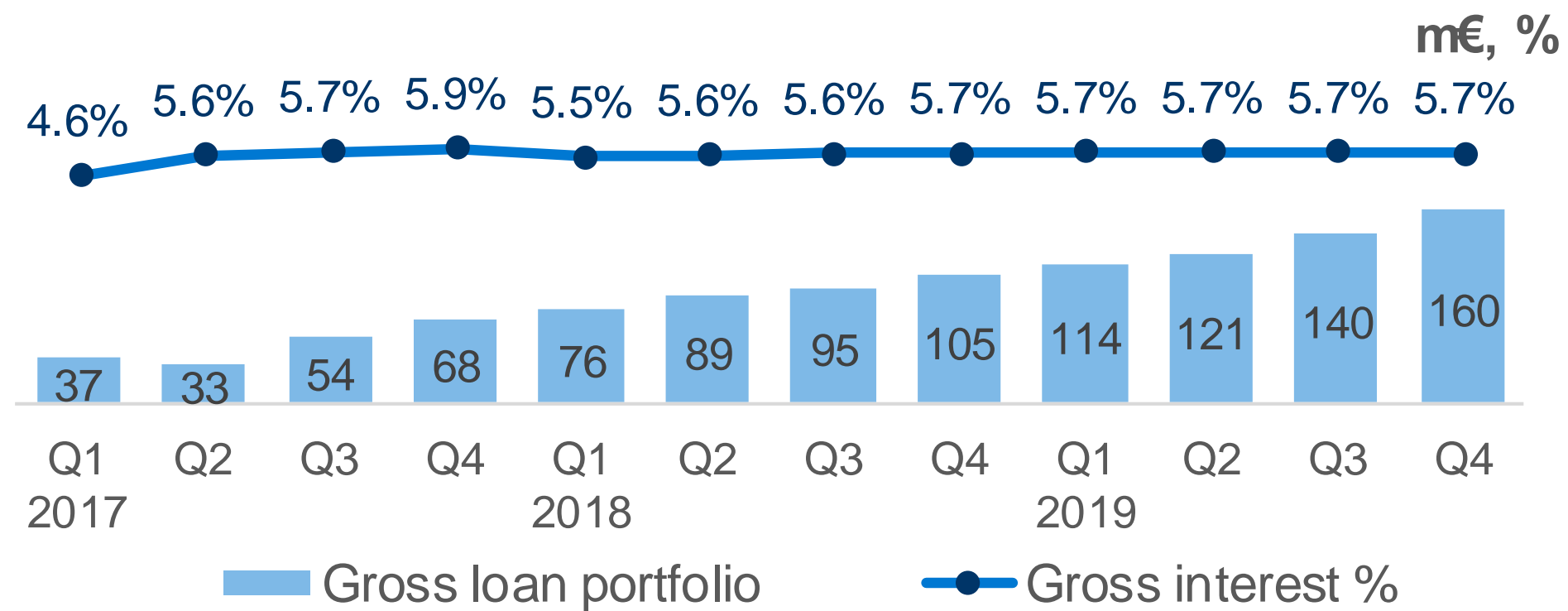
Leasing



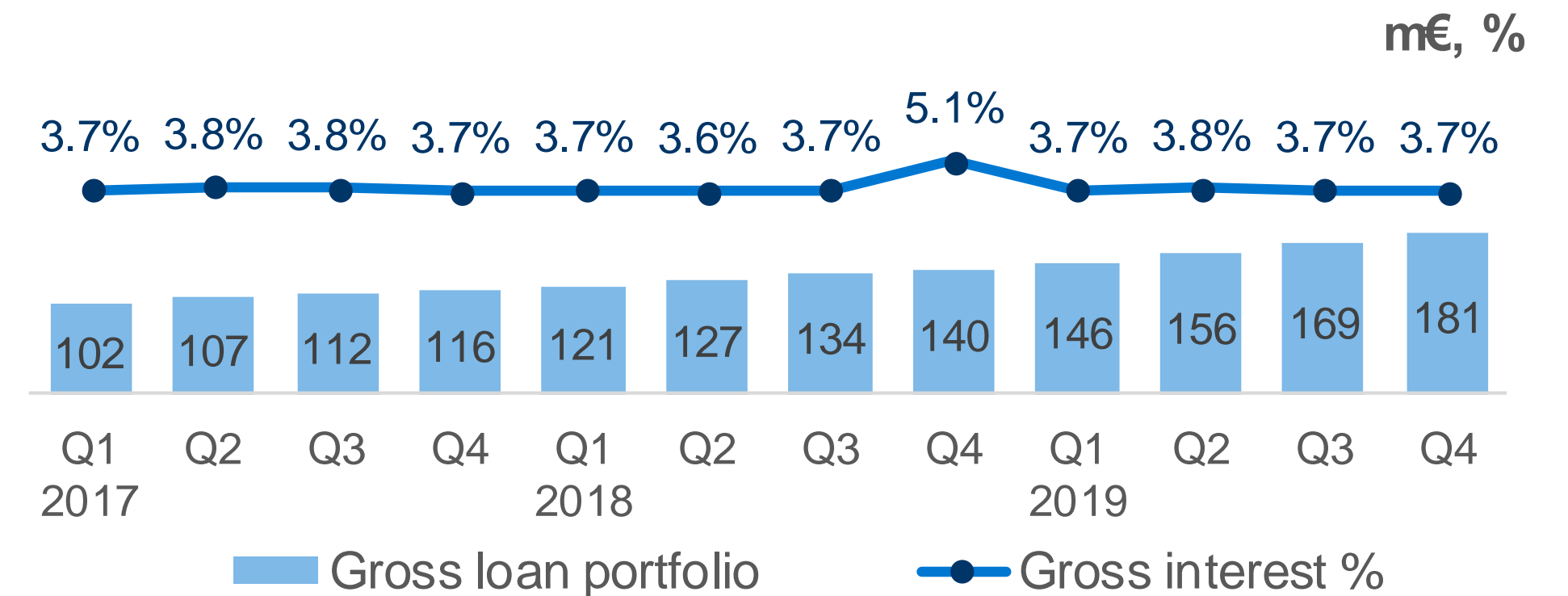
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Loan portfolio interest revenue by business lines

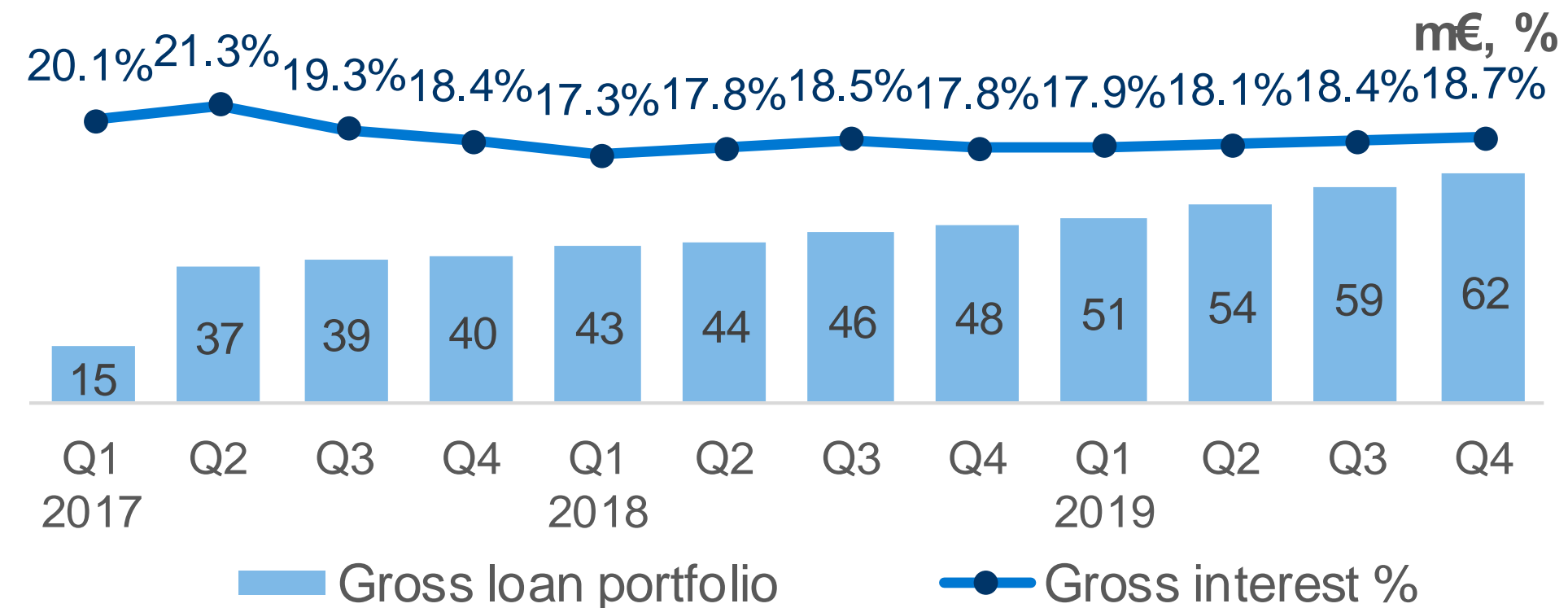
Business loans



Private real estate loans



Private consumer loans



Leasing

