

Coop Pank AS

Supervisory Board Report

16 March 2022

Coop Pank continued to implement its growth strategy in 2021 and met all the targets set for this year. This marked the end of the bank's first five-year period of operations (2017-2021). Over the past five years, the bank has grown 4-5 times in size, and the economies of scale resulting from this growth are improving the bank's efficiency indicators year on year.

Last year, the supervisory board of the bank was the main contributor to the development of the strategy and financial plan for the new strategy period (2022-2026), and in December these documents were approved.

Among the most important decisions taken in March, the supervisory board approved the bank's bond programme, the public offering of bonds and the listing on the stock exchange. The bank's risk management policies were updated in April and September. In May, the supervisory board discussed the bank's customer offer with the heads of the business lines. In September, the supervisory board approved the bank's Financial Recovery Plan, which sets out the principles for action in crisis situations. The Group's remuneration policies were reviewed in December. Other internal rules of the bank were also updated during the year.

In October, management board member Kerli Lõhmus handed in her resignation and the supervisory board launched a search for a new management board member. In December, Paavo Truu was appointed the new member of the management board, authorised as of February 2022.

The supervisory board discussed the Group's monthly performance, the achievement of its objectives and compliance with prudential requirements for credit institutions. Risk reports and internal audit reports were reviewed quarterly.

In addition to regular supervisory board meetings, several members of the supervisory board have been involved in various projects and contributed to their implementation.

Ongoing cooperation between the supervisory board and the management board has been good, and open discussions have covered all the most important issues related to the bank's day-to-day operations.

A member of the bank's supervisory board changed in 2021. Ardo Hillar Hansson handed in his resignation at the meeting of shareholders held on 14 April 2021 and Viljar Arakas was elected the new member of the supervisory board. In 2021, 11 meetings of the supervisory board took place and three resolutions of the supervisory board were adopted without calling a meeting. All members of the supervisory board attended all the meetings and voting sessions that took place. The supervisory board was supported by the Remuneration Committee and the Audit Committee, which also served as the Risk Committee.

A single annual meeting of shareholders was held in 2021. The shareholders approved the annual report for 2020, the profit distribution proposal prepared by the management board and elected a new member of the supervisory board.

The bank's shares have been listed on the stock exchange since 2019. The Bank has been open to investors, sharing monthly updates on the bank's performance and conducting quarterly presentations. The bank adheres to the principles of good corporate governance. The bank is well capitalised and has a forward-looking capital plan to support growing business volumes.

In 2021, the supervisory board adopted three resolutions relating to the option programme. In March 2021, the supervisory board decided to issue a total of 905,000 options to 34 employees of the bank, exercisable in April 2024, at a price of €1.1 per share. In May 2021, the supervisory board decided to issue 540,310 new shares for the exercise of the options granted to employees, and in September 2021, 90,000 new shares were issued for the same reason, increasing the number of shares in the bank to 91,254,176.

On 16 March 2022, the supervisory board reviewed the annual report for the financial year 2021 (consisting of the management report, the financial statements and remuneration report), the certified auditor's report and the profit distribution proposal prepared by the management board and approved them for submission to the general meeting of shareholders.

Alo Ivask

Chairman of the Supervisory Board of Coop Pank AS