SUMMARY

Introduction and warnings

This Summary (the **Summary**) is a brief overview of the information disclosed in the Prospectus, dated 15 March 2021, on the public offering (the **Offering**) of up to 20,000 subordinated bonds (the **Bonds**) of Coop Pank AS (the **Bank**, together with consolidated subsidiaries Coop Liising AS, Coop Finants AS, Coop Kindlustusmaakler AS, AS Martinoza and SIA Prana Property, also referred to as the **Group)** for up to 12 months in separate series (the **Programme**) on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange (**Nasdaq Tallinn**) (the **Prospectus**). The Summary has been appended to the final terms applicable to the Bonds issued in the first series (the **Final Terms**) and is, therefore, specific to the Bonds in the first series. Information given in this Prospectus has been presented by the Bank as at the registration of the Prospectus, unless otherwise stipulated.

The Summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds by the investor should be based on consideration of the Prospectus as a whole. Civil liability in relation to this Summary (including its translations) attaches individually to persons who have drawn up the Summary only where the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds. Investment in the Bonds involves risks and the investor may lose all or part of the investment. The investor must consider that in the event the investor wants to bring a claim to the court in relation to the information contained in this Prospectus, they may be required to bear the costs of translating the Prospectus.

Name and international securities identification number (ISIN) of the securities. EUR 5.5 Coop Pank bond 21-2031, ISIN-code EE3300002047.

Name and contact details of the issuer, incl. its legal entity identifier (LEI). The business name of the Bank is Coop Pank AS. The Bank is registered in the Commercial Register of the Republic of Estonia under registry code 10237832 and the registered address of the Bank is Narva mnt 4, 15014 Tallinn, the Republic of Estonia. The Bank's e-mail is info@cooppank.ee and contact number is +372 669 0900. The legal entity identifier (LEI) of the Bank is 549300EHNXQVOI120S55.

Name and contact details of the competent authority approving the Prospectus; date of registering the Prospectus. The Prospectus has been registered with the resolution dated 15 March 2021 of the management board of the Estonian Financial Supervision Authority under registration no. 4.3-4.9/52. Registration of the Prospectus by the management board of the Financial Supervision Authority does not mean that the Financial Supervision Authority has examined the accuracy of information published in the Prospectus. The address of the Financial Supervision Authority is Sakala 4, 15030 Tallinn, Republic of Estonia. The e-mail of the Financial Supervision Authority is info@fi.ee and contact number is +372 668 0500.

Key information on the issuer

"Who is the issuer of the securities?"

The issuer is Coop Pank AS (the Bank), established and operating under the laws of the Republic of Estonia in the form of a public limited company. The Bank has been established for an indefinite term. The principal and permanent activity of the Bank is to act as a credit institution. The Bank offers basic banking services (everyday banking and financing) in the Estonian market to private as well as legal persons. The Bank is a parent company of the Group. The Group's business activity is divided between four primary business directions: (i) corporate banking, (ii) retail banking, (iii) consumer financing, (iv) leasing financing. In addition to the above, the Group's activities also include the management and realisation of real estate serving as collateral to problem credit of the Bank through its subsidiary AS Martinoza, engaged in the management and realisation of real estate in Estonia, and through its subsidiary SIA Prana Property, engaged in the management and realisation of real estate in Latvia. In addition to the above, the Group has commenced activities in the field of insurance as an insurance broker through its subsidiary Coop Kindlustusmaakler AS.

As at the date of this Prospectus, the Bank's management board and supervisory board are not aware of any person with direct or indirect control over the Bank or any agreement or circumstances which later might cause a change in control over the Bank. The following shareholders hold over 5% of all the Shares of the Bank and the Bank considers them its main shareholders:

Shareholder	Proportion	Number of shares
Coop Investeeringud OÜ	24.9802%	22,637,993

Andres Sonn	9.3132%	8,440,000
CM Capital OÜ	6.7971%	6,159,765

The management board of the Bank has five members and includes Margus Rink (chairman of the management board, general management), Kerli Lõhmus (financial management), Heikko Mäe (risk management), Arko Kurtmann (corporate banking), Rasmus Heinla (retail banking).

The supervisory board of the Bank has five members. The chairman of the supervisory board is Alo Ivask and the members are Ardo Hillar Hansson, Roman Provotorov, Jaan Marjundi, Raul Parusk, Silver Kuus.

With its resolution of 28 May 2020, the General Meeting of Shareholders has appointed AS PricewaterhouseCoopers (registry code 10142876, address Pärnu mnt 15, Tallinn 10141) as the auditor of the Group for the financial years 2020–2022. The Audited Financial Statements enclosed to the Prospectus have been audited by AS Pricewaterhouse Coopers, the auditor's reports have been signed by sworn auditors Tiit Raimla and Evelin Lindvers.

"What is the key financial information regarding the issuer?"

The Group's consolidated audited financial statements for the financial years ended on 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 respectively (**Audited Financial Statements**) have been enclosed to the Prospectus. Also, the Group's consolidated unaudited 12-month interim report for the period ended on 31 December 2020 (**Interim Financial Statements;** together with the Audited Financial Statements referred to also as the **Financial Statements**) has been enclosed to the Prospectus. The Audited Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting (IAS 34). The below tables present the consolidated financial information in accordance with Annex III of Commission Delegated Regulation 2019/979/EU and is based on or derived from the Financial Statements and should be read together with the Financial Statements, including the explanations provided in the schedules to the Financial Statements.

Table 1. Consolidated statement of comprehensive Income (in TEUR)

	12M 2020 (unaudited)	2019 (audited)	2018 (audited)
Net interest income	28,371	20,689	16,779
Net fee and commission income	2,097	2,372	2,302
Impairment losses on financial assets	-4,789	-1,931	-1,392
Net gains from financial assets at fair value	-183	7	-12
Profit before income tax	7,504	5,527	4,775
Net profit attributable to owners of the parent company	7,259	5,527	4,753

Table 2. Consolidated statement of financial position (in TEUR)

	31.12.2020 (unaudited)	31.12.2019 (audited)	31.12.2018 (audited)
Loans and advances to customers (net)	670,593	460,460	328,723
Total assets	869,909	611,302	446,278
Deposits from customers	737,542	479,620	370,408
Senior debt	20,293	26,911	14,710
Subordinated debt	7,064	7,064	5,026
Total equity	97,567	89,351	49,163
Key ratios (unaudited)			
Common equity tier 1 (CET1) ratio	17.96%	22.32%	16.03%
CAD%	19.50%	24.35%	18.06%
Leverage ratio	8.75%	11.98%	8.33%

"What are the key risks that are specific to the issuer?"

Unfavourable developments in global and Estonian economy may reduce the demand for banking services and lead to lower income of the banking sector, also cause difficulties for the Group's customers in the fulfilment of payment obligations, resulting in problems with loan repayment, allowances and loan losses. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of economic or political changes, which is also amplified by the uncertainty accompanying the pandemic of the SARS-CoV-2 induced coronavirus disease (COVID-19).

The COVID-19 pandemic could have a long-term negative effect on global economy and financial markets as well as the Group's activity, financial condition and performance. The possible harmful consequences of the COVID-19 pandemic, both known and unknown as at the date of the Prospectus, could have an adverse effect on the Bank's ability to perform all its obligations under the Bonds and the market value of the Bonds.

The Group is exposed to counterparty credit risk due to its business activity. The credit risk is mainly expressed in the fact that the borrowers might not be able to repay the credit in accordance with the terms and conditions of the agreement and the collateral provided to secure the fulfilment of the Group's claims might be insufficient to cover the claim. If the loans are concentrated in one specific area of activity, the Group is exposed also to the risks associated with this area. As at 31 December 2020, 32% of corporate loans have been granted to real estate companies and 9% to wholesale and retail sale companies. As the Group's credit activity is concentrated on the Estonian market, the wellbeing of Estonian economy, primarily that of the real estate and wholesale industry, affects the Group. Notable market decline above all on Estonian property market, but also in the wholesale industry, may lead to increased credit losses and the need for additional provisions, which in turn would have an adverse effect on the Group's operating results and financial position.

Liquidity risk and inability to secure favourable funding. The Group's business activity depends on its ability to finance its activities on favourable terms and to meet its contractual obligations on time. When planning liquidity, the Bank proceeds from assumptions about the behaviour of depositing customers and the stability analysis of demand deposits. Deposit volumes, however, depend on factors beyond the Bank's control, such as changes in the household savings and the customers' ability to save by depositing. In addition to involving deposits, the Bank has received loans from the European Investment Fund and the Rural Development Foundation; also, the Bank has issued bonds (incl. subordinated bonds) for Estonian pension funds. If the Bank is unable to raise new funds from money and capital markets or refinance its existing commitments on similar favourable terms with current funding, it might have a material adverse effect on the Group's business operations, financial condition and results of operations.

The operations of the Group are inherently exposed to interest rate risk. The operations of the Group, and above all those of the Bank, Coop Finants and Coop Liising, are inherently exposed to interest rate risk. The amount of interest income earned by the Group companies significantly affects the revenues and profitability of the operations of the Group, which could be affected by unforeseen adverse changes in interest rates.

The Group operates on a highly competitive market. The Group competes not only with credit institutions, but also with various credit providers and payment institutions. The financial services market where the Group operates is highly competitive. Tight competition in the financial sector might also lead to bigger price pressure on the Group's products and services, which may have an adverse effect on the Group's business operations, financial condition and results of operations.

Strategic risk pertaining to fast growth phase. Strategic risk is a potential source of loss that may emerge from the pursuit of wrong strategic decisions. It is estimated that the strategic risk of the Group in fast growth phase exceeds the strategic risk of a bank in a stable stage.

Materialisation of operational risk may give rise to a loss or disruption to the everyday business of the Group. Operational risk is risk arising from malfunctions or deficiencies in the Group's information systems, personnel, processes or external factors causing damage to or disturbance in the Group's daily business activities. The Group's work procedures are reviewed periodically to ensure minimisation of human failure and process flaws and the potential loss arising therefrom; however, the risk of such losses cannot be eliminated altogether. Also, the Group's activity depends on the functioning of information technology systems and failures of or significant disruptions in the work of the Group's information technology systems and in their development could prevent the Group's operations.

Good reputation is important in the banking sector, in which the Group is operating, and materialisation of the reputational risk may reduce the Group's competitiveness and trustworthiness. Disclosure of negative information about the Group may have an adverse effect on the Group's reputation among the public, investors and partners, regardless of the accuracy of the information, and may thereby reduce the Group's competitiveness and income. The Group shares the trademark Coop Eesti Keskühistu with the stores of the consumer associations belonging to the Coop retail trade chain and the circumstances and activity related to these stores may also affect the Group's reputation.

The Bank is subject to strict capital adequacy requirements subject to frequent reforms and changes. Tightening of capital requirements may have a material adverse impact on the Group's business operations, which may bring about need to increase capital, decrease financial leverage or risk-weighted assets, change the legal structure or business model of the Group.

Group's operations are exposed to higher risk of money laundering and terrorist financing. The risk of banks being potentially exploited for money laundering or terrorist financing purposes has increased worldwide. The Group may not be able to identify all patterns of customers and cases which indicate a violation by the customer of the legislation concerning money laundering or sanctions. Violation or even suspected violation of any regulations on anti-abuse of the financial system may lead to serious legal consequences for the Group and its reputation, which in turn may have a material adverse effect on the Group.

The Group offers various financial services and products that create the obligation to comply with extensive requirements which are subject to regular state supervision. Several authorities, including the Financial Supervision Authority, consumer protection, data protection, anti-money laundering, tax and other authorities conduct regular supervision over the Group's business activity, including compliance with capital requirements, responsible lending requirements, data protection requirements, anti-money laundering and terrorist financing prevention obligations, tax and reporting obligations, corporate governance practices etc. The enforcement activity of state supervision authorities and the resulting negative public opinion could have an adverse effect on the Group's financial condition and results of operations.

The Group operates in a legal environment that exposes it to significant risk of claims, disputes and legal proceedings. The results of such disputes are inherently difficult to predict and even the disputes themselves, not only unfavourable outcomes, may result in the Group incurring significant expenses and damages, and in an adverse effect on the Group's reputation, which in turn may have a material adverse effect on the Group's financial performance and profitability of operations.

Key information on the securities

"What are the main features of the securities?"

The Bonds are unsecured subordinated bonds with a nominal value of 1,000 euros per one Bond. The Bond represent the Bank's unsecured subordinated debt obligation before the bondholder. The Bonds are registered in the Estonian Register of Securities (**ERS**, registrar Nasdaq CSD SE Estonian branch, registry code 14306553, address Maakri tn 19/1, 10145, Tallinn, Estonia). The international securities identification number (ISIN) of the Bonds is EE3300002047.

The rights attached to the Bonds are set out in the Bond Terms. The primary rights of the Bondholders derived from the Bonds and the Bond Terms are the right to the redemption of the Bonds and the right to receive interest. In case of a delay with payments that have fallen due pursuant to the Bond Terms, the bondholders are entitled to demand a penalty for late payment in accordance with the Bond Terms. The bondholders may exercise the rights arising from the Bonds in accordance with the Bond Terms and the applicable law.

Interest and yield. The interest rate of the Bonds is 5.5% *per annum*, calculated from the Interest Commencement Date on 31 March 2021 until the date of redemption. The interest is paid quarterly on 30th of June, 30th of September, 31st of December and 31st of March. The interest on the Bonds is calculated based on a 30-day calendar month and 360-day calendar year (30/360).

Redemption date. The date of redemption of the Bonds is 31 March 2031.

In accordance with the Bond Terms, the Bank is entitled to redeem the Bonds prematurely at any time after the lapse of 5 years as from the date of issue of the Bonds. The Bank can exercise this right by notifying the bondholders at least 30 calendar days in advance.

The Bank is further entitled to redeem the Bonds prematurely before the lapse of the above 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Bank, excluded from the classification as own funds of a credit institution or if there is a significant change in the taxation regime applicable to the Bonds which the Bank was not in a position to foresee upon the issue of the Bonds.

The Bonds may be redeemed prematurely by the Bank on the above-described grounds only if the Financial Supervision Authority has granted its consent to the early redemption. The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

Ranking and subordination. The Bonds are subordinated to all unsubordinated claims against the Bank. Notwithstanding the above, the Bonds are not subordinated to the claims which are subordinated to the Bonds or which rank *pari passu* with the Bonds. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Bank, all the claims arising from the Bonds shall fall due in accordance with the Bond Terms and shall be satisfied only after the full satisfaction of all unsubordinated claims against the Bank in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Bank, the bondholders of the Bonds are not entitled to any payments due under the Bond Terms until the full and due satisfaction of all the unsubordinated claims against the Bank.

In addition to subordination, any liability arising under the Bonds may be subject to the exercise of bail-In powers by the Estonian Financial Supervision Authority as the relevant resolution authority in cases where a Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met). Exercising the bail-in powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds or the outstanding amounts of the Bonds are cancelled; and/or (d) the terms of the Bonds are altered (e.g. the maturity date of the Bonds could be changed). Consent of the bondholders is not necessary for affecting bail-in measures by the Estonian Financial Supervision Authority.

Transferability. The Bonds are freely transferrable. The public offer of Bonds is subject to requirements arising from the law, including in some cases the requirement to prepare and publish a prospectus. Each bondholder offering the Bonds shall be personally liable for compliance with requirements under the law.

"Where will the securities be traded?"

The Bank intends to apply for the listing and admission to trading of the Bonds in the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The expected date of listing and the admission to trading of the Bonds is on or about 1 April 2021. While every effort will be made in order to ensure the listing and the admission to trading of the Bonds by the Bank, the Bank cannot ensure that the Bonds are listed and admitted to trading.

What are the key risks that are specific to the securities?

- The resolution authority may subject the Bonds to mandatory rebates or conversion to equity instruments and other measures.
- Investment into subordinated bonds opens the investor to heightened risk of loss in case of the Bank's insolvency.
- For the purposes of subordinating the Bonds, the Bond Terms limit the right of the investors to demand the premature redemption of the Bonds by the Bank, including in case of any violation of the Bond Terms or Final Terms by the Bank, except for in case of the Bank's insolvency or liquidation.
- In case of premature redemption of the Bonds, the investor's net proceeds from the investment will be smaller than in case of redemption at maturity.
- The Bank's rating might not reflect all the risks related to investing into the Bonds and the rating is subject to change.
- The price of the Bonds may be subject to volatility. The value of the Bonds in the securities market may fluctuate due to events related to the Group or materialisation of risks, but also due to events beyond the control of the Group, such as the general situation in the Estonian or European economy.
- While every effort is made by the Bank to ensure a successful Offering, the Bank is not able to guarantee the success of the Offering or that the investors will receive their subscribed Bons.
- While every effort will be made to ensure that the Bonds are admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange, the Bank cannot ensure this.

Key information on the public offer of securities and/or the admission to trading on a regulated market

"Under which conditions and timetable can I invest in this security?"

During the Offering, the Bank offers up to 8,000 unsecured subordinated bonds issued in the first series (the **Offer Bonds**). In case of over-subscription, the Bank has the right to increase the Offering by up to 2,000 Offer Bonds and the Offering may also be decreased by the amount unsubscribed.

Right to participate in the Offering. The Offer Bonds are offered publicly to retail and qualified investors in Estonia (the **Investors**). In addition to the Offering, the Bank may offer the Bonds non-publicly to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in Estonia and in other countries.

The Offer Price. The Bonds are offered for the price of 1,000 euros per one Offer Bond.

The Offering Period. The Offering Period commences on 16 March 2021 at 10:00 local time in Estonia and terminates on 26 March 2021 at 16:00 local time in Estonia.

Submitting subscription undertakings. Subscription Undertakings may be submitted only during the Offer Period. An Investor participating in the Offering may subscribe to the Offer Bonds only at the Offer Price. If multiple Subscription

Undertakings are submitted by one Investor, they will be merged for the purposes of allocation. Subscription Undertakings may be submitted only in euros. An Investor pays all the expenses and fees that are due in relation to the submission, amendment or cancellation of Subscription Undertakings in accordance with the price list of the Nasdaq CSD custodian who received the Subscription Undertaking.

In order to submit a Subscription Undertaking, an investor must have a securities account in the Nasdaq CSD Estonian branch accounting system. A securities account may be opened with any Nasdaq CSD custodian. An investor wishing to subscribe to the Offer Bonds should contact their securities account custodian and submit the Subscription Undertaking. The Subscription Undertaking must be submitted to the custodian during the Offering Period. The Investor may submit the Subscription Undertaking by any means provided by the custodian (e.g. physically at the custodian's customer service point, via online banking or some other means). An investor may submit a Subscription Undertaking through a nominee account. In case of using a nominee account, the Investor must authorise the owner of the nominee account to disclose the Investor's identity, personal identification code or registry code and address to the Bank or a person appointed by the Bank. Subscription Undertakings submitted through nominee accounts without the disclosure of the above information may be rejected.

The Subscription Undertaking must include the following information:

Owner of the securities account:	name of the Investor
Securities account:	number of the Investor's securities account
Custodian:	name of the Investor's account operator
Security:	EUR 5.5 Coop Pank bond 21-2031
ISIN code:	EE3300002047
Amount of securities:	the number of Bonds which the Investor wishes to subscribe to
Price (per one Bond):	1,000 euros
Transaction amount:	The number of Bonds which the investor wishes to subscribe to, multiplied by the Offer Price
Counterparty:	Coop Pank AS
Securities account of the counterparty:	99102215403
Custodian of the counterparty:	AS LHV Pank
Value date of the transaction:	31 March 2021
Type of transaction:	"subscription undertaking"

A Subscription Undertaking shall be deemed as submitted as of the receipt of the duly prepared undertaking by Nasdaq CSD from the respective Investor's custodian. The Investor may amend or cancel their Subscription Undertaking at any time until the end of the Offering Period. For this the Investor must contact their custodian who was used to submit the Subscription Undertaking and perform the activities required by the custodian for the amendment or cancellation of the Subscription Undertaking.

The Investor shall ensure that all the information presented in the Subscription Undertaking is true, accurate and legible. The Bank is entitled to reject any Subscription Undertaking that contains information which does not meet the requirements of the Prospectus or the Bond Terms.

Payment. An investor may submit a Subscription Undertaking only when there are sufficient funds on the current account connected to its securities account to cover the whole transaction amount for that particular Subscription Undertaking. By submitting a Subscription Undertaking, an investor authorises the Nasdaq CSD custodian who operates the Investor's current account connected to its securities account to immediately block the whole transaction amount on the Investor's current account until the settlement is completed or funds are released in accordance with the terms set out in the Prospectus. The amount to be blocked will be equal to the Offer Price multiplied by the Maximum Amount.

Allocation of the Offer Bonds. The Bank will decide on the allocation of the Offer Bonds after the expiry of the Offering Period. The Offer Bonds will be allocated to the Investors participating in the Offering in accordance with the following principles:

(i) under the same circumstances, all Investors shall be treated equally, whereas dependent on the number of Investors and interest towards the Offering, the Bank may set a minimum and maximum number of the Bonds allocated to one Investor;
(ii) the Bank may apply different allocation principles to retail and qualified investor groups;
(iii) the Bank may at its discretion deem as a qualified investor an Investor who has subscribed for more than 100 Offer Bonds;
(iv) the allocation shall be aimed to create a solid and reliable investor base for the Bank;
(v) the Bank shall be entitled to prefer Estonian investors to foreign investors;
(vi) the Bank shall be entitled to prefer its existing shareholders and bondholders to other investors;

(vii) the Bank shall be entitled to prefer its own clients to other investor;
(viii) in case of using a nominee account, the holder of the nominee account shall be deemed as the Investor.

The results of each allocation process of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Bank's website (https://www.cooppank.ee/investorile). The Bank expects to announce the results of allocation not later than on 29 March 2021 but in any case before the Offer Bonds are transferred to the Investors' security accounts. Therefore, trading in the Bonds shall not commence before the allocation results have been announced.

Settlement of the Offering and trading. The Bonds allocated to Investors will be transferred to their securities accounts on or about 31 March 2021 (the date is subject to change) through the "delivery versus payment" method simultaneously with the transfer of payment for such Offer Bonds. Trading in the Bonds at the Exchange is expected to commence on 1 April 2021.

Return of funds. If the Offering or a part thereof is cancelled in accordance with the terms set out in the Prospectus, if the Investor's Subscription Undertaking is rejected or if the allocation differs from the amount of the Bonds subscribed for by the Investor, the funds blocked on the Investor's current account will be released by the Investor's custodian in full or partially (in the amount exceeding the payment made for the Bonds acquired by the Investor).

Cancellation of the Offering. The Bank has the right to cancel the Offering in full or in part at any time until the end of the Offering Period. In particular, the Bank may decide to cancel the Offering in the part not subscribed for. Any cancellation of the Offering will be announced through the information system of the Exchange and through the Bank's website (https://www.cooppank.ee/investorile). All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated as of the moment when such announcement is made public.

"Why is this prospectus being produced?"

As of 2017 (following the change of owners) the Bank has been implementing its growth strategy and increasing the Bank's business volumes (loan portfolio, number of clients, deposits, profit) 30–50% per year. Growth has been thus far financed primarily from Tier 1 capital, i.e. equity, including current operating profit and further share capital raising. In 2019 capital raising was done twice – 4 million euros in June and 31 million euros in December in the course of the initial public offering of shares. Using subordinated bonds, which are deemed as Tier 2 capital, the Bank has raised in total 7 million euros, 2 million of which in 2019 and 5 million of which in 2017. In 2020 one million euros of share capital was raised by the realisation of share options issued to employees.

The management board believes that by relying on an outstanding strategy which by today has proven viable and on society's prevailing positive expectation of the development of domestic capital based banking, it is possible to significantly increase the Bank's operating volumes in the coming years. An increase in operating volumes also brings about an increase in the risk weighted assets base, which is why the Bank needs further Tier 2 equity. As a result of the Offering the Bank also wishes to expand its investors base and make the Bonds liquid by listing.

The total estimated proceeds of the Bank from the issue of the Bonds under the Programme is 20 million euros (provided that all 20,000 Bonds are subscribed for and issued), from which the costs related to organising the Offering are deducted. The costs related to organising the Offering are approximately 100 thousand euros, therefore, the estimated net proceeds of the Bank after the deduction of costs is approximately 19.9 million euros.

The Bank intends to use all raised capital to increase operational volumes and market share for ensuring necessary Tier 2 capital.

The members of the management board of the Bank own shareholdings in the Bank and/or have been issued share options and therefore such members of the management board of the Bank are interested in the future wellbeing and success of the Bank, incl. success of the Offering. According to the knowledge of the Bank's management board, the persons connected with the Offering have no other material personal interests from the viewpoint of the Offering, which could have an effect on the Offering. The management board is not aware of any conflict of interest relating to the Offering.