Coop | Pank

Annual Report

2024

General information

Business name	Public Limited Company (AS) Coop Pank
Registered	15.03.1992 in Tallinn
Legal address	Maakri 30, Tallinn 15014, Republic of Estonia
Commercial register number	10237832 (Commercial Register of the Republic of Estonia)
Date of first entry	19.08.1997
Phone	+ 372 669 0900
SWIFT/BIC	EKRDEE22
E-mail	info@cooppank.ee
Website	www.cooppank.ee
Auditor	AS PricewaterhouseCoopers
Commercial register number of the auditor	10142876 (Commercial Register of the Republic of Estonia)
Auditor's address	Tatari 1, Tallinn 10116
Balance sheet date of the financial statements	31.12.2024
Beginning and end of the financial year	01.01.2024 - 31.12.2024
Reporting currency	euro (EUR), in thousands

Members of the Supervisory Board:

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

Members of the Management Board:

Margus Rink (Chairman), Paavo Truu, Heikko Mäe, Arko Kurtmann, Karel Parve

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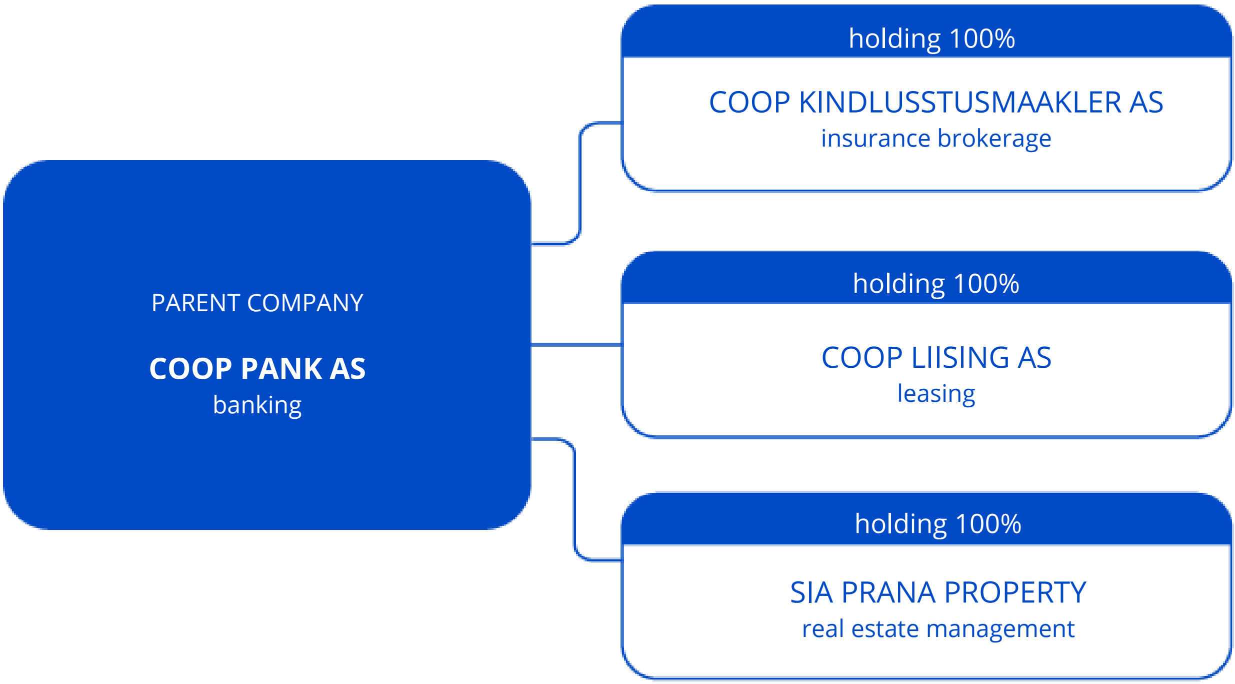
Management report

The following companies were part of Coop Pank AS group (also used as "consolidation group", "the bank") as at 31.12.2024: Coop Pank AS, Coop Liising AS, Coop Kindlustusmaakler AS and SIA Prana Property. The first three companies are registered in the Commercial Register of the Republic of Estonia and SIA Prana Property in the Commercial Register of the Republic of Latvia.

STRUCTURE OF THE GROUP



Strategy

The bank's way of operating for achieving its strategic objectives is as follows:

Estonian bank. Coop Pank is predominantly owned by domestic investors. The bank's customers are all residents of Estonia. All our decisions are made in Estonia. Our employees, the Management Board and the Supervisory Board sit at one table, every week if they must. We feel there is public support for domestic capital-based banks. Through its activities, the bank wishes to contribute to the development of Estonian people and companies and thereby support the development of the Estonian economy. In fulfilling this mission, we cooperate proactively with Estonian entrepreneurs who need financial support to implement their business plans in both rural and urban areas. By supporting the development of companies outside the big cities, we contribute to the regional development of Estonia and create opportunities for people to live where they want to in Estonia.

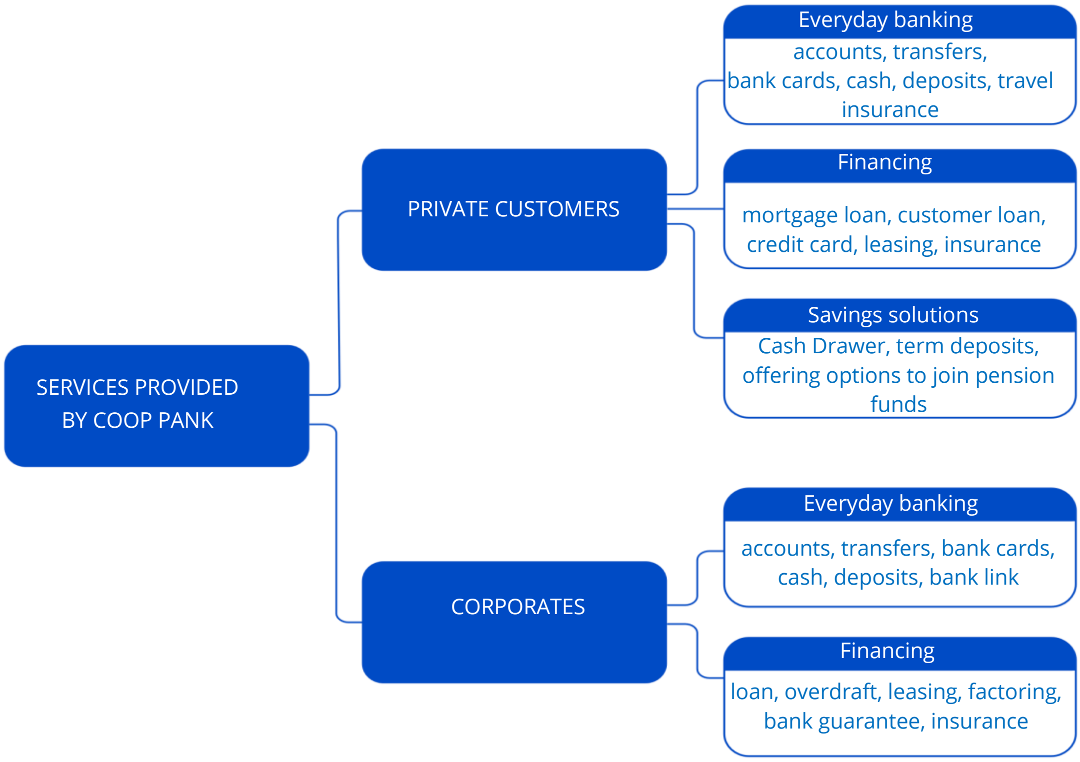
Everyday banking, financing services and saving products. Coop Pank sees its strengths and the resulting growth opportunities primarily in the provision of everyday banking (account, payments, bank card, cash, deposits), financing services (mortgage loan, consumer loan, credit card, business loan, finance lease receivable) and saving products (short term saving, medium term saving into deposits, long term saving into pension funds). In addition, we intermediate the most common property insurance products (motor third party liability insurance, comprehensive insurance, home insurance, travel insurance, purchase insurance) through our insurance broker. We react quickly to market changes.

We're fast. Our way of operating is fast always and everywhere - customer can open an account through electronic channels in about 3 minutes, instant payments are made in seconds, we make a decision on a private customer's small loan or credit card in about 5 minutes and we make a mortgage loan decision or car finance lease receivable decision within one working day.

Digital sales- and service channels and banking with a human face. At a time when the prevailing trend is digitalisation and service on electronic channels, Coop Pank is following the same path, but also differs by offering customers human contact – the bank's customer service advisors are available to assist clients at 14 branches across Estonia.

A bank that suits your life/business. **Not the other way around.** Coop Pank has an ambition to grow and therefore we strive on behalf of every customer. Our risk appetite is significantly higher. Having a growth strategy and we see as our strength the will and ability to delve into the wishes of our customers, to approach them personally and to find a solution that suits the customer's wishes. We price everyday banking services on a package basis, allowing for the use of all banking services the customer needs on a daily basis for a fixed monthly fee. We pay interest rates on customer term deposits as well as on demand deposits.

Integration of banking and retail. Thanks to the strategic partnership with Coop Eesti Keskühistu and its 18 member cooperatives, in addition to the usual sales and service channels (offices, internet banking, mobile banking), we can also offer financial services in 320 stores of Coop Eesti Keskühistu member associations all over Estonia. This is expressed through the Coop Sula service, i.e. the possibility to make a cash withdrawal from a bank account or a deposit to a bank account at cash registers of Coop stores. The customer also receives the cheapest prices in Coop Estonia stores when paying for purchases with a Coop Pank card.

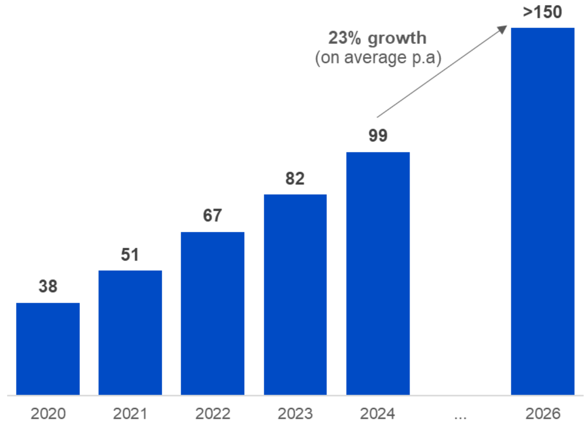


Targets

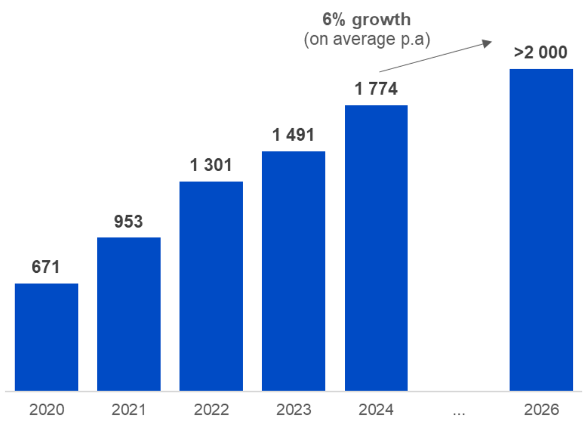
The mission of Coop Pank is to carry life forward in every corner of Estonia. For this, we give impetus to Estonian companies and help people realise their dreams both in the countryside and in the city. We believe that if Estonian entrepreneurs do well, the Estonian people and Estonia as a whole will do well too, and we want to contribute to that. The Estonian banking market and the outlook for the coming years favour banks based on domestic capital, which have a fast-growing ambition and a willingness to respond quickly and flexibly to customer needs. Since the beginning of operations (2017), we have increased the bank's business volume (number of clients, loan portfolio) 7–10 times.

Over the next two years (by the beginning of 2027), our strategic goal is to increase the bank's market share in Estonia to 10% (a loan portfolio of at least 2 billion euros) and thereby to reach a position in which every tenth Estonian is an active customer of Coop Pank (approximately 150,000 active customers). By increasing business volumes, the bank aims to achieve greater efficiency (cost/income ratio max 50%) and to offer shareholders a higher return on equity (ROE min 15%).

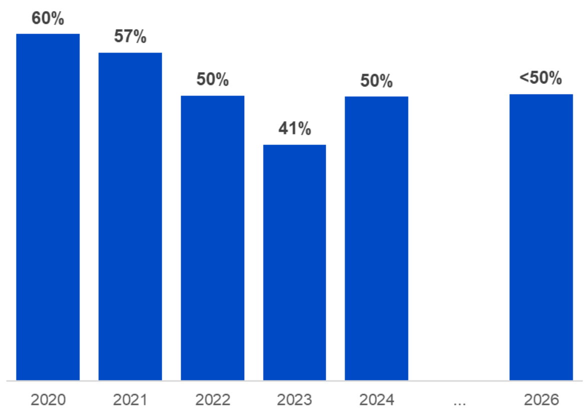
No of active customers of Coop Pank, thousand



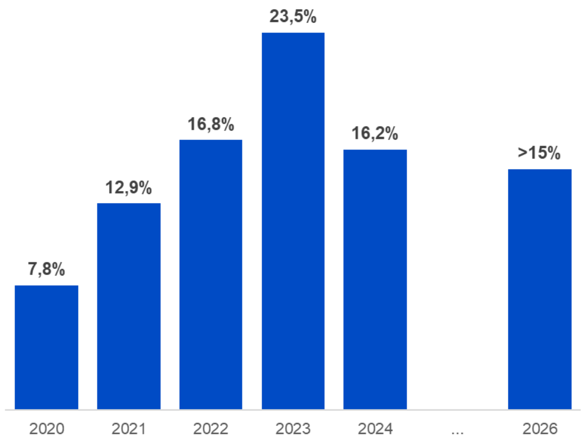
Net loan portfolio of Coop Pank, m€



Cost / income ratio (CIR)



Return on equity (ROE)



$$\text{Compound annual growth rate (CAGR)} = \left(\frac{\text{volume at the end of period}}{\text{volume at the beginning of period}}\right)^{\frac{1}{\text{number of years}}} - 1$$

Operating environment

Main keywords describing the operating environment in the year 2024 are weak growth in developed countries, receding inflation, decline of interest rates and geopolitics conflicts in several regions of the World including continuing war in Ukraine, armed conflict between Israel and Hamas and change of power in Syria.

According to IMF's (International Monetary Fund) estimate[1], the world economy grew by about 3.2% in the year 2024 whereas GDP in developed countries increased only by 1.7%. For the year 2025 IMF forecasts global economy growth of 3.3% but in the developed countries an economic growth of only 1.9% is expected. During the whole year 2024, the world economy was influenced by high interest rates and tightening monetary policy by central banks, driven by an aim to reduce high inflation. Compared to 2023 inflation decreased significantly which allowed central banks to reduce interest rates. By the end of year

[1] https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025?cid=ca-com-compd-pubs_belt3

2024 the inflation has still not reached to levels targeted by central banks causing central banks to be cautious with interest rate cuts. Further decrease of interest rates is expected during 2025 in line with decrease of inflation.

Prices of commodities and energy were more stable in 2024 than during previous years. For example, Brent crude oil prices remained between 70-80 dollars per barrel during 2024. European natural gas market, where significant price indicator's Dutch TTF gas futures prices grew to levels above 300 euros in 2022, decreased to 40 euros by the end of year 2023 and remained in between 30-50 euros during 2024.

2024 has been very strong on stock markets and all major stock markets were growing for the second year in a row. The major US stock indices Dow Jones (14%), S&P500 (26%) and Nasdaq Composite (27%) grew rapidly. Also German DAX increased by 19% and Japanese Nikkei by 19% during a year, despite of the fundamental problems in the countries' economy and global competitiveness grew rapidly.

Russia's full-scale war against Ukraine that started in February 2022 did not show any signs of reaching an end by the end of 2024. Despite the fact that intensity of war itself is not changing, the effect of war on economy has decreased because companies have adapted to new situation where extensive sanctions against Russia and Belorussia and disrupted supply chains to and from Russia, Belorussia and Ukraine influence their business.

In the Middle East the tensions did not ease by the end of 2024. However, in the beginning of 2025 some progress was made with a ceasefire agreed between Israel and Hamas, where in January 2025 a temporary ceasefire came into force and also in Syria, where the power transition to the opposition gives hope for ending the long-running civil war.

The Eurozone economy saw declining inflation and interest rates but also serious problems with competitiveness of European companies and tight government budgets all over Europe. Eurozone inflation rate remained below 3.0% during the whole year and reached 2.4%[2] by December 2024. ECB[3] forecast 2.1% inflation for 2025, which is close to ECB-s long term target (2.0%). Since June 2024 ECB has cut deposit facility rates on four occasions from level 4.0% to level 3.0%. The last cut took place in December 2024. It has caused a drop of rates of all monetary market instruments. For example, the 6-months Euribor, which is the base interest for most corporate and mortgage lending in Estonia, making a recent history record in October 2023 by reaching 4.1%, declined to level 2.6% by the end of 2024. It is expected that in line with inflation decrease and in order to stimulate economies of eurozone ECB will continue with interest rate cuts further during 2025.

The average EU unemployment rate remained at 5.9%[4] in November 2024, which is a very moderate level, and the labour market therefore is not the biggest issue in the EU. However, it's important to notice that the unemployment rate varies regionally significantly between 3% and 12%[5]. Unemployment has not changed during the year 2024 despite the weak growth of economies.

Estonia's real gross domestic product (GDP) has declined by 0.2% according to the estimates of the Statistics Estonia[6] during 2024. This means the recession has continued for the last three years but the decline of GDP is not as steep as it was in 2023 and there are signs of recovery seen at the end of 2024. Despite the three-year long recession the increase of unemployment is rather moderate, and the number of bankruptcy cases is limited. The unemployment rate grew from 6.4% to level of 7.6% during the year. For the year 2025 the Bank of Estonia expects real GDP to recover by 1.6%, inflation rate is expected to remain at high level of 4.3% and unemployment rate to decrease to 6.9% level, which means that economy is clearly recovering.

Development of interest rates in Estonia is mainly led by the ECB. Financial markets expect further interest rate cuts from ECB in 2025. Markets expect that base rates reach level 2.0% or even below that by the end of 2025. This expectation is already considered in Euribor rates, on bond markets and long-term swap prices. Rates on bank deposits have declined significantly during 2024 and further decrease is expected in 2025.

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2 https://www.ecb.europa.eu/stats/macroeconomic_and_sectoral/hicp/more/html/data.en.html
3 https://www.ecb.europa.eu/press/projections/html/ecb.projections202412_eurosystemstaff~71a06224a5.en.html
4 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics
5 https://www.statista.com/statistics/1115276/unemployment-in-europe-by-country/
6 https://statistika.eestipank.ee/#/et/p/MAJANDUSKOOND/r/4813/4562

Managing Director´s Statement

To evaluate Coop Pank's activities and results in 2024, it is essential to consider the broader context. We operate in an environment shaped by rising base interest rates during 2022–2023, which resulted in decreased purchasing power, diminished corporate investment appetite, and a cooling economy. In 2024, we reached the bottom of the economic downturn, and gradually, signs began to emerge that set the stage for a cyclical turnaround: base interest rates are now declining, real wages have increased over recent quarters, tax changes have been fixed for the coming years, energy prices are stable, and entrepreneurs are dusting off business plans that were shelved.

Based on this context, Coop Pank's performance in 2024 was influenced by two factors. First – declining interest rates. This was an independent process beyond our control, which simultaneously significantly reduced both our interest income and interest expenses at the same time. Secondly, the growth of business volumes. This factor depended entirely on us. As a growth-focused bank, we worked hard and managed to increase business volumes (loan portfolio size, customer base) by approximately 19% during the year of economic downturn. This is 2–3 times higher than the overall Estonian banking market. This achievement is one we are proud of.

Delving into the details: In 2024, our customer base grew by 26,000 (+14% YoY). Increasingly, account openings are followed by customers switching their primary banking relationship to Coop Pank. At the same time, this also represents our greatest challenge moving forward. Primary banking relationships bring growth in demand deposits and help lower financing costs. Currently, demand deposits constitute only one-third of our total deposits.

Coop Pank's loan portfolio grew by 283 million euros (+19% YoY) in 2024. The quality of the loan portfolio remained strong all year. Throughout the year, home loans and car leasing showed strong growth, indicating that demand for personal loans remained solid despite the challenging economic environment. Last year was very active in the home loan market, during which we lowered home loan interest margins and introduced special home loan terms for teachers, a program we continue also this year. Thanks to close cooperation with *Ettevõtluse ja Innovatsiooni Sihtasutus* (EIS) and *Maaelu Edendamise Sihtasutus* (MES), many of our clients were able to establish their homes further away from urban centers with the help of MES's co-loan and EIS's rural housing loan guarantee. Demand for consumer loans remained weak throughout the year. Demand for business loans was low during the first half of the year, but in the fall, demand emerged, and in the final months of the year, we achieved significant growth in the business loan portfolio. We also financed several large business projects, such as the establishment of the Yook oat drink factory in Järvamaa, the opening of the NET sports hall in Tartumaa, the expansion of *Rõngu Pagar*, and the development *of Keila Keskus* in Harjumaa.

Coop Pank's net profit for 2024 amounted to 32.2 million euros (-18%). The decline in profit compared to the previous year was primarily caused by the low-interest economic environment, which could not be offset by 19% growth in business volumes.

In February 2024, we secured a subordinated loan of 15 million euros to support the bank's growth strategy. This is a capital instrument classified as part of the bank's Tier 2 own funds.

We adhered to our current dividend policy and distributed 25% of the consolidated group's 2023 pre-tax profit as dividends, amounting to a net total of 8.9 million euros (8.7 cents per share, nearly double the amount of the previous year). In addition, 2 million euros in income tax liability on dividends was calculated. Over 98% of the dividends were paid into the accounts of Estonian individuals and companies. By the end of the year, Coop Pank had 35,885 shareholders.

In 2024, we further expanded our role as contributors to society. While we have previously contributed to the advancement of life in Estonia primarily through our extensive branch network and Coop stores' cash network, we have now begun directly supporting Estonia's defence capabilities with the innovative *Kaardivägi* program. Additionally, Coop Pank became a major sponsor of both the national volleyball team and Estonian decathletes. Furthermore, in collaboration with the TalTech *Arengufond*, we started awarding scholarships in the fields of artificial intelligence and sustainability.

In collaboration with the Estonian startup Montonio Finance, we introduced the most competitive e-commerce payment solution for merchants – it includes bank payments, card payments, Apple Pay and Google Pay transactions, the addition of a payment link to invoices, as well as delivery and returns management.

In the spring of 2024, the Bank's subsidiary Coop Finants merged with its parent company Coop Pank. As a result of the merger, Coop Pank became the successor to Coop Finants, taking over providing services to all existing Coop Finants clients. The goal of the merger of Coop Pank and Coop Finants was to simplify the structure of the Coop Pank group and make communication with the bank simpler and clearer for clients.

In November an important event occurred, when on the proposal of the Estonian Financial Supervision Authority, the European Central Bank granted to the Bank an additional activity license enabling the issuance of covered bonds. The additional activity license obtained is a necessary prerequisite for the issuance of covered bonds. The purpose of issuing covered bonds is to diversify the Bank's financing structure and stable long-term funds. If suitable market conditions are present, the Bank will have the opportunity to finance additional lending activities and secure its funding on more favorable terms. The actual issuance, including the timing, volume, and other conditions, will be decided by the Bank based on market conditions and the Bank's financing needs. According to initial forecasts, the first issuance is expected to take place in the first half of 2025.

Eesti Pank designated Coop Pank as a systemically important credit institution effective from 01.01.2025, justifying its decision by stating that Coop Pank's significance within the Estonian financial system has steadily increased in recent years. In particular, the bank has increased its market share in the areas of loans issued to and deposits opened by Estonian households and businesses, which was more than 5% at the end of 2023. The decision entails an obligation for Coop Pank to maintain an additional capital buffer of 0.5 percent for a systemically important credit institution starting from 01.01.2025.

At the end of the year, the rating agency Moody's Ratings affirmed Coop Pank's Credit rating on the level Baa2 and raised outlook to positive. This confirms that the Bank is trustworthy with a solid capital base and high quality of the loan portfolio even in difficult times and has shown good profitability.

Coop Pank's strategic goal is to increase its market share in Estonia to 10% by the beginning of 2027 and grow its loan portfolio to at least 2 billion euros. This will position us as the primary bank for more than one in ten Estonians – amounting to at least 150,000 active customers. Through business volume growth, the bank aims to operate with high efficiency (cost-to-income ratio below 50%) and deliver a solid return on equity (ROE of at least 15%).

I would like to thank all Coop Pank customers, shareholders, and employees for the year 2024. Our goal is to build Coop Pank into a success story for everyone: a success story for customers, shareholders, employees and society alike.

Margus Rink

Increase in the number of customers

By the end of 2024 Coop Pank had 208,000 customers. In a year, the number of customers had increased by 26,000. Of these, 23,000 were private customers and 3,000 were business customers.

Decrease in profit

Coop Pank's profits reached 32.2 million euros in 2024, decreasing 18% over the year.

Increase in loans

Coop Pank's loan portfolio increased by 19% over the year, reaching 1.77 billion euros by the end of 2024.

The growth of the loan portfolio was supported by all business lines engaged in financing.

Increase in deposits

Coop Pank's deposits increased by 10% over the year, reaching 1.89 billion euros by the end of 2024.

Term deposits increased by 7% over the year, while demand deposits increased by 15%.

Purchase Insurance with Debit and Credit Cards

All Coop Pank personal banking cards double as customer cards for Alexela and Coop stores and come with free purchase insurance, which automatically insures all purchased durable goods up to €2,500 against accidents and theft.

Coop Pank customers can deposit and withdraw cash free of charge at Coop store checkouts directly to or from their bank accounts. Additionally, withdrawing cash from ATMs of all other banks is also free of charge for personal banking clients.

For convenient payments, Coop Pank cards can be added to Apple Wallet or Google Wallet. Cards can also be linked to smart devices with payment functionality, such as watches, rings, or other devices like Garmin, Fitbit, Fidesmo, Manage Mii, Zepp, Tappy, or Xiaomi.

Insurance Solutions

Coop Kindlustusmaakler continues to provide added value to Coop Pank customers by offering a wide range of the most common insurance products, such as motor liability, comprehensive, home, and travel insurance.

In addition, it offers loan repayment insurance for personal and home loans, as well as property insurance for small and medium-sized enterprises, and insurance for construction machinery and other equipment.

Coop Kindlustusmaakler is growing rapidly, and insurance contracts can be arranged conveniently and quickly via Coop Pank's website.

New Strategic Focus: Savings Solutions

Coop Pank offers convenient options for saving and growing your money.

In addition to term deposits, customers can save and grow their funds flexibly and effortlessly with the *Rahasahtel* account.

Coop Pank also facilitates access to Tuleva's second and third pillar pension funds.

Coop Pank Continues to Invest in Sustainability

In 2024, Coop Pank pursued various initiatives and analyses aimed at reducing environmental impact. The bank focused on identifying its impacts, risks, and opportunities while preparing for sustainability reporting.

Additionally, the bank invested in improving data quality to ensure the most accurate assessment of its footprint and climate impact.

Using a loan secured in 2024 from the European Energy Efficiency Fund, co-funded by the European Union, Coop Pank financed five energy efficiency and renewable energy projects last year.

Financial results

Statement of profit or loss, in millions of euros	2024	2023	2022	2021	2020
Net interest income	77.6	81.3	50.7	35.5	28.4
Net fee and commission income	4.3	4.8	3.8	3.1	2.1
Net other income	0.0	-0.9	0.1	0.6	0.6
Total net operating income	81.9	85.2	54.6	39.2	31.1
Operating expenses	-40.6	-35.1	-27.2	-22.4	-18.8
Credit loss allowance	-4.6	-6.3	-5.2	-2.5	-4.8
Income tax expense	-4.5	-4.6	-1.8	-0.8	-0.2
Net profit	32.2	39.2	20.4	13.5	7.3

Business volumes, in millions of euros	2024	2023	2022	2021	2020
Net loan portfolio	1,774	1,491	1,301	953	671
Client deposits and loans received	1,886	1,722	1,508	1,099	758
Subordinated debt	63	50	38	17	7
Equity	212	186	149	112	98

Ratios	2024	2023	2022	2021	2020
Average shareholders' equity, million euros	198	167	121	105	93
Return on equity (ROE) %	16.2	23.5	16.8	12.9	7.8
(net profit / shareholders' equity, average)					
Total assets, average, million euros	2,069	1,866	1,446	1,055	741
Return on assets (ROA), %	1.6	2.1	1.4	1.3	1.0
(net profit / total assets, average)					
Cash and interest-bearing assets, average, million euros	2,054	1,857	1,434	1,039	725
Net interest margin (NIM), %	3.8	4.4	3.5	3.4	3.9
(net interest income / interest-bearing assets, average)					
Cost to income ratio, %	49.6	41.2	49.7	57.2	60.5
(total operating costs / total net operating income)					
Loans to deposits ratio, %	94.1	86.6	86.3	86.8	88.5
(net loans / client deposits and loans received)					
Dividend to net profit ratio, %	22.7	22.3	20.3	0	0
(net dividend / net profit for the previous period)					
Liquidity Coverage Ratio LCR, %	206.7	293.4	175.8	201.7	275.0
Net Stable Funding Ratio NSFR, %	127.2	134.3	144.1	133.5	131.8
Leverage Ratio LR, %	8.8	8.4	7.4	6.7	8.8
(*as defined by the CRD IV*)					

Capitalisation and risk positions

Capital base, in thousands of euros	31.12.2024	31.12.2023
Tier 1 capital		
Paid-in share capital and share premium	96,892	95,452
Statutory reserve capital	6,815	4,855
Retained earnings excl. profit for the reporting period	73,629	45,280
The accepted profit of the reporting period*	19,545	23,757
Other accumulated comprehensive income**	298	-459
Goodwill as intangible asset (-)	-6,757	-6,757
Intangible assets (-)	-12,954	-10,838
Adjustment of value arising from requirements of reliable measurement (-)	-38	-36
Other deductions from Tier 1 Capital (-)	-1,820	-1,148
Common Equity Tier 1 (CET1)	175,610	150,106
Additional Tier 1 capital	28,148	28,100
Total Tier 1 capital	203,758	178,206
Subordinated debt	35,000	22,000
Tier 2 capital	35,000	22,000
Eligible capital for capital adequacy calculation	238,758	200,206
Risk-weighted assets (RWA)		
Central government and central banks using the standardised approach	6,183	5,998
Credit institutions, investment companies and local governments using the standardised approach	2,985	3,084
Companies using the standardised approach	124,619	115,263
Retail receivables using the standardised approach	191,647	166,608
Receivables secured by mortgage on real estate using the standardised approach	638,648	525,037
Receivables past due using the standardised approach	11,217	8,883
Items subject to particularly high risk using the standardised approach	131,950	105,909
Other assets using the standardised approach	9,984	10,994
Total credit risk and counterparty credit risk	1,117,233	941,776
Operational risk using the Basic Indicator Approach	112,728	78,909
Total risk-weighted assets	1,229,961	1,020,685
CET1 capital ratio %	14.28%	14.71%
Tier 1 capital ratio %	16.57%	17.46%
Capital adequacy ratio %	19.41%	19.61%

* The accepted profit of the reporting period includes profit for the nine-month period ending on 30 September, which was approved by the Financial Supervisory Authority and from which expected dividend payments have been deducted.

** Other accumulated comprehensive income includes revaluation reserve of financial assets at fair value through other comprehensive income.

Own funds requirements (31.12.2024)		
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	8.00%	Total capital/total risk exposure
Pillar 2 requirement (P2R)	2.75%	Of total risk exposure
Pillar 2 guidance (P2G)	1.50%	Of total risk exposure
Capital conservation buffer	2.50%	Of total risk exposure
Countercyclical capital buffer rate	1.50%	Of total risk exposure

As at 31.12.2024, the Group overall capital requirement ratio, incl, Pillar 2 requirement, Pillar 2 guidance and capital buffers, was 16.25%.

The capital conservation buffer of the Group as at 31.12.2024 was 30,749 (31.12.2023: 25,517) thousand euros.
The countercyclical capital buffer of the Group as at 31.12.2024 was 18,449 (31.12.2023: 15,310) thousand euros. So, the combined buffer of the Group as at 31.12.2024 was 49,198 (31.12.2023: 40,827) thousand euros.

As at 31.12.2024 and also as at 31.12.2023, the Group was in compliance with all regulatory capital requirements.

With its decision of 28.11.2024, Eesti Pank designated Coop Pank AS among systemically important credit institutions. The decision entails an obligation for Coop Pank to maintain an additional capital buffer of 0.5 percent for a systemically important credit institution. The buffer requirement applies to the total risk exposure of the credit institution and must be met by common equity tier 1 own funds (CET1 capital). The aim of the systemically important institutions buffer is to increase the resilience of systemically important market participants. The additional capital buffer obligation for Coop Pank applies from 1 January 2025.

According to the Regulation (EU) number 575/2013 article 392 of the European Parliament and of the Council, an exposure to a client or group of clients is considered as risky concentration where its value is equal to or exceeds 10% of the credit institution's Tier 1 capital (see the table on previous page about capitalisation). According to the EU Regulation number 575/2013 article 400 paragraph 1 the exposures relating to customers as a result of undrawn commitments are exempt from the applicable concentration of exposures limits. In addition, exposures to central governments and central banks which have been assigned a risk weight of 0% are exempt from the applicable concentration of exposures limits.

According to the EU Regulation number 575/2013 article 395 paragraph 1 the value of an exposure to a client or group of clients, after considering the effect of credit risk hedging, may not be more than 25% of the credit institution's Tier 1 capital. As at 31.12.2024 and 31.12.2023 the exposure of any credit institution, client or group of clients did not exceed the risk concentration limits established by Regulation 575/2013.

Group management system

The Coop Pank AS Group acts based on the principle of consolidation, which entails the establishment of collective and coordinated objectives, the sharing of common core values and functioning of competent governing bodies to manage risks across the Group.

The management of Coop Pank AS has three levels, where the governing bodies are the General Meeting of Shareholders, the Supervisory Board and the Management Board. The General Meeting of Shareholders is the highest governing body of Coop Pank AS, which is open to all shareholders and which normally takes place once a year.

The Supervisory Board is appointed by the General Meeting of Shareholders for up to a five-year term. Shareholders who hold shares at least 1/10 of the share capital are able to nominate candidates for election of members of the Supervisory Board in the form of a draft resolution of the General Meeting of Shareholders. The candidate for member of the Supervisory Board must have relevant knowledge and experience to participate in the management body of the bank, the composition of the Supervisory Board must be diverse and the Supervisory Board must have sufficient independent members.

The Management Board is appointed by the Supervisory Board for up to a five-year term. When appointing members of the Management Board as collegial body, the Supervisory Board ensures that the Management Board that is formed is sufficiently diverse in composition through a profile of knowledge, skills, experience and education in order to make sure that the Management Board has the capability to effectively manage all of the bank's operating segments.

Members of the governing body are appointed based upon requirements applicable to members of governing bodies pursuant to the provisions of the Credit Institutions Act: any appointed individual must have the necessary knowledge, skills, experience, education, professional qualifications and impeccable reputation in business to be able to manage a credit institution. A person whose earlier activities have caused a bankruptcy or compulsory liquidation or revocation of the activity license of a company, or from whom the right to engage in economic activity has been taken away pursuant to law, or whose earlier activities as a manager of a company have shown that he or she is not capable of organising the management of a company such that the interests of the shareholders, members, creditors and clients of the company are adequately protected or whose earlier activities have shown that he or she is not suitable to manage a company for other good reasons cannot be elected or appointed manager of a credit institution. In order to ensure compliance with the aforementioned requirements, the bank has adopted an internal policy for the evaluation of the suitability of a member of its governing body: suitability is evaluated before the individual is appointed member of a governing body and, if necessary, during their term of office as a member. The bank has established a policy for the regular training of members of the management board in order to ensure sustained competency of its management board members. According to the Credit Institutions Act, a bank must have a nomination committee if it is proportionate to the nature, scope and complexity of the credit institution's activities or if the credit institution is systemically important. In 2024, the Bank did not have a nomination committee, as it was not necessary. Since Eesti Pank designated the Bank as a systemically important credit institution as of 01.01.2025, the Bank also intends to establish a separate nomination committee in 2025.

Management Board

MARGUS RINK

Chairman of the Management Board since February 2017

Previously Member of the Management Board of Eesti Energia and Head of Retail Banking in Swedbank

PAAVO TRUU

Member of the Management Board since February 2022

Previously CFO of Coop Estonia and Magnum

HEIKKO MÄE

Member of the Management Board since February 2020

Previously CEO of Magnum Veterinary and Head of Energy Trading in Eesti Energia

KAREL PARVE

Member of the Management Board since November 2023

Previously Head of Private Banking of LHV Pank

ARKO KURTMANN

Member of the Management Board since November 2020

Previously Head of the Corporate Banking Department of LHV Pank

Supervisory Board

RAINER ROHTLA

Chairman of the Supervisory Board
Member of audit committee
Member of remuneration committee

Chairman of the Management Board of Coop Eesti Keskühistu

VILJAR ARAKAS

Member of the Supervisory Board

Chairman of the Management Board of EfTEN Capital

JAAN MARJUNDI

Member of the Supervisory Board
Member of remuneration committee

Chairman of the Management Board of Harju Tarbijate Ühistu

RAUL PARUSK

Member of the Supervisory Board
Member of remuneration committee

Member of the Management Board of Kodea

ROMAN PROVOTOROV

Member of the Supervisory Board

Head of Antsla Tarbijate Ühistu

SILVER KUUS

Member of the Supervisory Board
Member of audit committee

Head of development of Agron Halduse
Head of Lorikoru Capital

The structure of the Group is designed and approved by the management board of the bank in accordance with the provisions of legislation, the articles of association and the strategies of the bank and its subsidiaries, as well as by adhering to the instructions provided by the Supervisory Board and the development priorities of the bank. The Group's organisational structure is based on a functional structure. Responsibility for the activities of the bank and its subsidiaries is divided between the members of the bank's management board according to field of activity and function, thereby establishing areas of responsibility. The allocation of areas of responsibility among members of the management board is based on the principle of separation of functions, which ensures the separation of controlling entities from controlled entities.

The strategy, purposes and principles of the risk management of the Group is approved by the Supervisory Board of the bank. The Management Board of the bank and the members of Supervisory Boards of the entities belonging to the Group individually approve the plan of action for every company or business line. The core values stated in the Group's strategy stand for the whole Group. The Group manages risks across the entire Group and the following committees have been established:

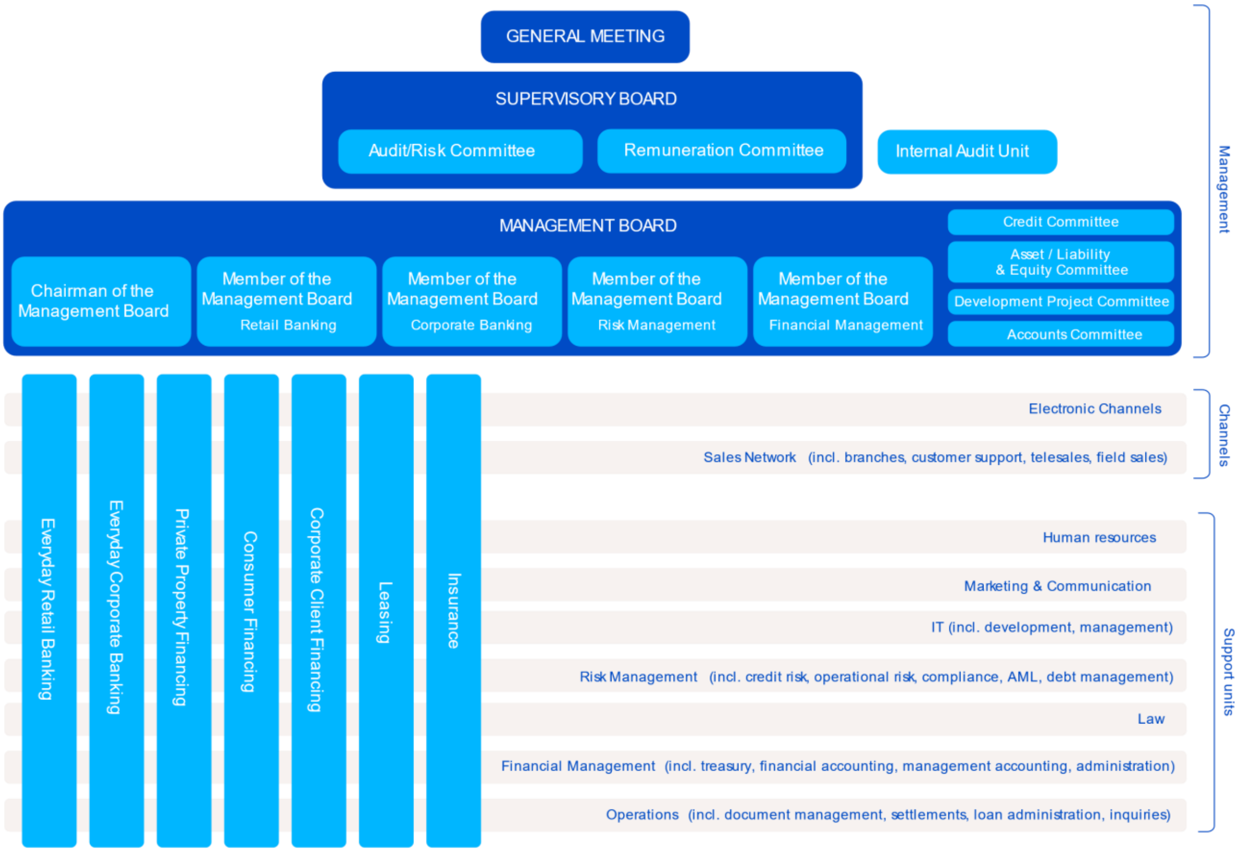
- The Audit/Risk Committee serves as an advisory body in respect of accounting, auditing, risk management, legal compliance, internal control, internal audit and general supervision.
- The Remuneration Committee's role is to evaluate the implementation of remuneration policy and their adherence to the operational objectives of the bank and to evaluate the effect of decisions related to remuneration to compliance with requirements set forth concerning the Group's risk management, own funds and liquidity.
- The Credit Committee is the decision-making body for making credit decisions. The task of the committee is to ensure through their decision-making the adherence to common credit policy across the Group.
- The Asset/Liability Management Committee is a competent body on a group-wide basis for the management of liquidity risk, interest rate risk of the bank portfolio and securities portfolio, designing of the structure of assets and liabilities, management of profitability and management of capital.
- The task of the Account Establishment Committee is to guide through its decisions the establishment and discontinuing of relationships with high-risk clients when necessary.
- The main task of the Investment Projects Committee is to lead different information system developments in order to attain the strategic goals of the Group.

A group-wide internal control system has been implemented by the Group encompassing all operational and management levels for the purposes of ensuring the effectiveness of the Group's operations, reliability of financial reporting, compliance of operations with applicable laws and other legislation, internal regulations approved by governing bodies and the adoption of decisions based on reliable and relevant information. The control is based on a 3-level control system. The first level constitutes internal control that takes place internally within each division. The second level is made up of risk management and compliance functions that operate as autonomous and independent control units. The third level comprises the internal audit unit that exercises control over the entire operations of the Group.

The Group has a uniform remuneration policy. Employees are paid salaries and performance fees according to the market level. In addition to monetary incentives, employees also have many non-monetary benefits such as flexible working hours, the possibility to work from home, different common activities and benefits for health insurance and sports. The Group's employees work under employment contracts, while members of the management board work based on authorisation agreements.

For the bank, employee satisfaction and development are important. To ensure this, various development training and joint events are organised, such as the Gala of the beginning of the year, internal communication events and summer days. Annual and semi-annual interviews are conducted with all staff throughout the year to ensure staff development and that their activities are aligned with the Bank's strategy and common goals.

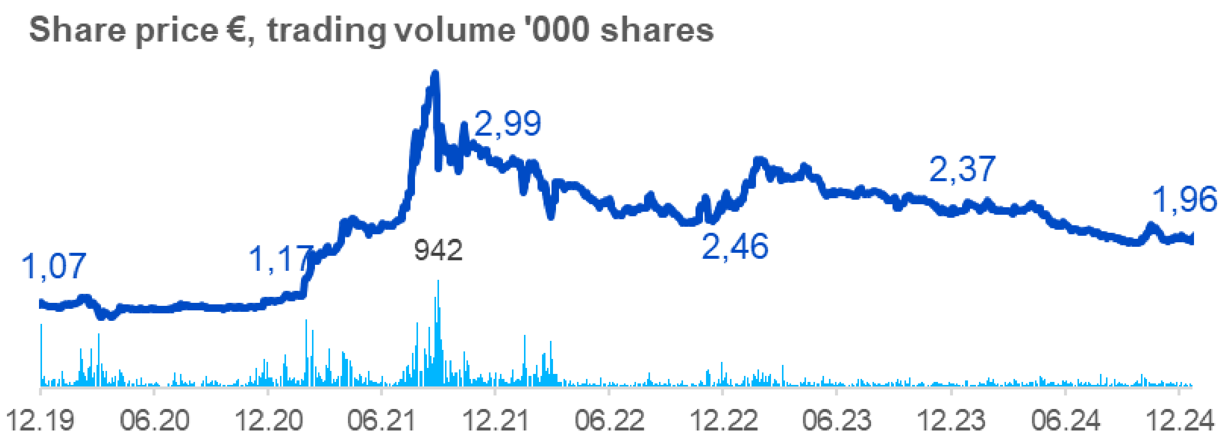
Group structure



Shares

Coop Pank AS has issued ordinary shares, each share giving one voting right. The shares are listed on the main list of Nasdaq Tallinn with ISIN code EE3100007857 as of 10.12.2019. The share subscription price during the IPO was 1.15 euros. As of 31.12.2024, the share price was 1.96 euros. In 2024 the lowest tradable price was 1.93 euros and the highest price was 2.53 euros. As of 31.12.2024, the market value of the bank was 202.1 million euros on the basis of the share price. Throughout the year, the turnover of transactions totalled 16.9 million euros and 7.8 million shares changed hands with an average transaction price of 2.18 euros. Since the beginning of listing on the stock exchange, the turnover of transactions has totalled 179.6 million euros.

The ratio of share price to earnings per share at the end of 2024 was 6.3. The basis for finding the ratio is the market capitalisation of Coop Pank as of 31.12.2024 divided by the net profit of the year. The book value of the share as of 31.12.2024 was 2.06 euros and the ratio of the share price to the book value of the share was 0.95.



As at 31.12.2024 shareholders with holdings over 5% are:

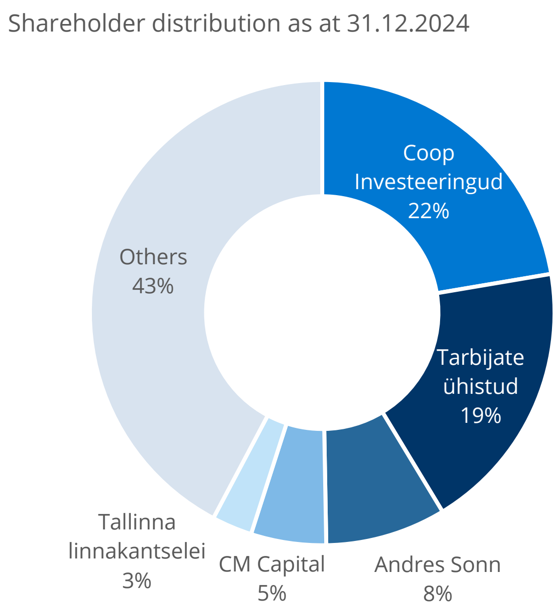
Coop Investeeringud OÜ	22.01%
Andres Sonn	8.27%

In addition, the member cooperatives of Coop Eesti Keskühistu hold a total of 18.96% of the total amount of shares. Separately, none of them hold over 5%.

The bank has 35,885 shareholders as of 31.12.2024, of which 50 shareholders are institutional investors, i.e. owning more than 100,000 shares.
From all shareholders 35,696 (99.5%) are residents of the Republic of Estonia and 189 (0.5%) shareholders are residents of other countries.

The shares are entitled to a dividend (see chapter 'Dividend policy').

In exercising the share option programmes, the shareholders have delegated the authority to issue new shares to the Supervisory Board.



Dividend policy

At the shareholders' meeting on 08.11.2019 the dividend policy was approved, according to which the consolidation bank aims to pay a dividend of 25% of the annual earnings before taxes (incl. income tax), attributable to shareholders of the Group. Preconditions for dividend payment are:

- compliance with external and internal capital and liquidity requirements;
- the level of capital after dividend payments shall be sustainable and sufficient to ensure business growth and investment needs.

Dividend payments have been made as follows:

On May 3, 2023, Coop Pank paid a dividend of 0.045 euros (net) per share from the profit earned in 2022, in the total net amount of 4,566 thousand euros. Part of the dividends (1/3 from dividends paid out in 2022) were taxed at a preferential rate of 14/86 and the remaining part at a rate of 20/80.

On May 7, 2024, Coop Pank paid a dividend of 0.087 euros (net) per share from the profit earned in 2023, in the total net amount of 8,895 thousand euros. Part of the dividends (1/3 from dividends paid out in 2022 and 2023) were taxed at a preferential rate of 14/86 and the remaining part at a rate of 20/80.

Corporate Governance Report

Coop Pank implements the Corporate Governance Recommendations (hereinafter CGR) approved by the Nasdaq Tallinn Stock Exchange and the Financial Supervision Authority since the listing of Coop Pank AS shares on the Tallinn Stock Exchange main list on 10 December 2019. The report provides an overview of Coop Pank management and compliance with CGR guidelines. Coop Pank AS complies with the recommendations of the Good Corporate Governance, unless otherwise stated in this report.

1. General Meeting

Coop Pank is a public limited company whose management bodies are the General Meeting of Shareholders, the Supervisory Board and the Management Board. The General Meeting is the highest directing body of the Coop Pank, where the shareholders exercise their rights. The competence of the General Meeting is provided by law and the Articles of Association of Coop Pank. For example, the General Meeting is competent to amend the Articles of Association, increase and decrease the share capital, decide on the issue of convertible bonds, elect and extend the term, as well as decide on the early removal of the Supervisory Board members, approve the annual report and distribute the profit, approve the share option programme and appoint and dismiss the auditor.

Every shareholder is entitled to participate in the General Meeting, to speak at the General Meeting on the topics in the agenda and to ask reasonable questions and make proposals. In 2024, no shareholders' questions on agenda topics were raised before the General Meeting. A shareholder may attend the General Meetings and vote at the meeting in person or through a duly authorized representative. The General Meetings are held on business days in Tallinn.

The General Meeting is called by the Management Board. The Annual General Meeting, which approves the annual report, is held at least once a year. The Management Board shall call an Annual General Meeting not later than four months after the end of the financial year. The Management Board shall give the notice of both the Annual and Special General Meetings at least three weeks in advance by publishing the notice of convening the General Meeting through the information system of the Nasdaq Tallinn Stock Exchange as well as on its homepage and at least through one daily national newspaper.

The agenda of the General Meeting, the proposals of the Management Board and the Supervisory Board, the draft resolutions and other relevant materials shall be made available to the shareholders before the General Meeting. In 2024, from the announcement of the General Meeting until the day of the General Meeting, the shareholders had access to the materials and draft resolutions of the General Meeting and other documents required by law on Coop Pank's webpage and at Coop Pank's headquarters on workdays from 09:00-17:00 at Maakri 30, Tallinn. Shareholders are given the opportunity to ask questions on the agenda before the General Meeting.

Following and participation in the General Meeting via means of communication has not been made available (CGC clause 1.3.3), since there has been no demand nor suitable technical solution for that.

In 2024 one General Meetings were held – an Annual General Meeting.

The Annual General Meeting of Shareholders that took place on 17 April 2024 approved the 2023 Annual Report, distributed the profit for the year 2023 and decided to pay dividends. Additionally, the General Meeting appointed KPMG Baltics OÜ as the covered pool monitor of the Bank's covered bond pool. This appointment was necessary in connection with the Bank's planned covered bond issuance in spring 2025.
The General Meeting was held in the Estonian language. The meeting was chaired by Mariann Suik, Head of the Legal Department of Coop Pank, and lawyer Renno Mägi took minutes of the meeting. All Management Board and Supervisory Board members of Coop Pank attended the General Meeting. Also, the auditor of Coop Pank from AS PricewaterhouseCoopers, Jüri Koltsov, attended the meeting.

2. Management Board

2.1. Responsibilities of the Management Board

The Management Board is the governing body of Coop Pank that represents and manages Coop Pank on a daily basis. According to the Articles of Association, any member of the Management Board may represent Coop Pank in all legal acts. The members of the Board are elected and removed by the Supervisory Board. The consent of the Board member is required for their election. According to the Articles of Association of the Bank, the Management Board comprises three to seven members. The term of office of a Management Board member is up to five years. Each member of the Management Board has their own area of responsibility, which is determined by the agreement of the Management Board member. On the basis of the authorisation received from the Supervisory Board, the chairman of the Supervisory Board shall enter into an agreement with the members of the Management Board to perform their duties. According to the restrictions set out in the Credit Institutions Act, until 2021, the members of the Management Board of Coop Pank could not simultaneously participate in the work of the Management Board or Supervisory Board of other companies. Contrary to the above, there was no restriction on work in the management bodies of the Group's companies. From 2021, the members of Coop Pank's Management Board may additionally hold one member of the Management Board and two members of the Supervisory Board, or four members of the Supervisory Board. The positions of head of the group shall be considered as one position.

In accordance with the agreements concluded with the Management Board members, the extension of the term of office of a Management Board member shall be decided 3 months before the expiry of their term of office. The Supervisory Board shall appoint the chairman of the Management Board. The chairman of the Management Board shall organise the work of the Management Board. The Supervisory Board may dismiss a member of the Management Board regardless of the reason. A member of the Management Board may resign from the Management Board regardless of the reason with prior notice to the Supervisory Board. The rights and obligations arising from the agreement, concluded with the member of the Management Board, shall expire in accordance with the agreement.

Persons with sufficient knowledge and experience to participate in the work of Coop Pank's Management Board shall be elected as members of the Management Board. For the selection and evaluation of Coop Pank's Management Board and Supervisory Board members, Coop Pank has adopted the "Suitability assessment policy", which is implemented in conjunction with applicable legislation (the Credit Institutions Act in particular) as well as with the recommendations manual and other relevant guidance documents issued by the Financial Supervision Authority and/or other supervisory agencies.

As of 31.12.2024, the Management Board of the Coop Pank comprised of five members: Margus Rink (chairman), Paavo Truu, Heikko Mäe, Arko Kurtmann and Karel Parve. The responsibilities of Management Board members are: Margus Rink – general management, Paavo Truu – financial management, Heikko Mäe – risk management, Arko Kurtmann – corporate banking, Karel Parve – retail banking.

Margus Rink received a Bachelor's degree in financial accounting and Analysis in 1994 from the School of Economics and Business Administration at the University of Tartu and a Master of Business Administration degree in 2000 from the same university. Margus Rink has worked in the banking sector for more than 20 years, starting in 1994 as a bank cashier in AS Eesti Ühispank (current name AS SEB Pank) and worked in various positions in AS Hansapank (current name AS Swedbank) in 1996-2008, including as the Manager of the Viljandi branch, Account Manager, Manager of the Personal Banking Division and Managing Director of Retail Banking. In 2008 Margus Rink took a position as the member of the management board of Eesti Energia AS where he worked until 2015. In the period 2015-2016 Margus Rink was the chairman of the management board of AS Magnum and a member of the Supervisory Board of several subsidiaries of that group. Margus Rink is also on the management board of the non-profit association Estonian Banking Association (*Pangaliit* in Estonian) and from June 2023 he is also a member of the management board of Estonian Chamber of Commerce and Industry. Currently, Margus Rink is also a member of the Supervisory Board of Coop Pank subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS.

Paavo Truu obtained a Bachelor's degree in 1996 from the Faculty of Economics of the University of Tartu, majoring in marketing, finance and banking, and has since participated in several professional further training courses. Paavo Truu worked as a board member and financial director of Coop Eesti Keskühistu from 2018 to 2022. In the years 2013-2018, he was a member of the board of AS Magnum and in the same period was also a member of the supervisory board of several subsidiaries of AS Magnum (Magnum Dental OÜ, AS Magnum Veterinaaria). In 2012-2013, Paavo Truu was the financial director of Alexela Group OÜ and in 2007-2012, a member of the board of Bauhof Grupp. Currently, Paavo Truu is also a member of the supervisory board of Coop Pank's subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS. He is also a member of the management board of Solaris Konsult, the private company he owns.

Heikko Mäe holds a Master of Arts degree in Law from Audentes University (2008). In the period of 2004-2008 Heikko Mäe has worked in AS PricewaterhouseCoopers Advisory as the risk management senior consultant, in 2008-2013 in Eesti Energia AS as Director of the Risk Management and Internal Auditing Unit and in 2013-2015 as Director of Energy Trading in Eesti Energia AS. In the period of 2015-2019 Heikko Mäe worked as the head of AS Magnum Veterinary and in 2016-2020 as Supervisory Board member of TULEVA Fondid AS. Heikko Mäe has been working at the bank as a risk manager since 2019. Currently, Heikko Mäe is also a member of the Supervisory Board of Coop Pank subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS and a member of the board of SIA Prana Property.

Arko Kurtmann graduated with a degree in Economics and Business from the Estonian University of Life Sciences in 2003. Arko Kurtmann has worked for AS LHV Pank as the head of the business banking department and a member of the credit committee in 2012-2019. Arko Kurtmann is a member of the management board of Corby Capital OÜ. Currently, Arko Kurtmann is also a member of the Supervisory Board of Coop Pank subsidiaries, Coop Liising AS and Coop Kindlustusmaakler AS.

Karel Parve holds a Bachelor's degree in International Relations from Bucknell University. Since 2019, he has been working at LHV Pank AS, where he last managed the private banking unit. He has previously worked at Luminor Bank AS and AS Swedbank. Karel Parve is also a member of the Supervisory Board of the Coop Pank subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS.

The Management Board carries out its day-to-day management decisions independently, considering the best interests of the bank and its shareholders, while excluding any personal interests. The members of the Management Board are responsible for the day-to-day management of Coop Pank and for developing and implementing the bank's strategy. The Management Board ensures proper functioning of risk management and internal control considering Coop Pank's area of activity.

2.2. Remuneration principles of managers

The purpose of Coop Pank's remuneration policy is to provide fair, motivating, transparent and legally compliant remuneration. The Supervisory Board has the right to decide on the remuneration of the members of the Management Board. The Remuneration Committee of the bank annually reviews the remuneration principles of the Management Board. When determining the remuneration of a member of the Management Board, the Remuneration Committee shall, in particular, consider the responsibilities of the individual member of the Management Board, their performance, the overall performance of the Management Board, as well as the financial position of the Coop Pank, the current state and future direction of the business in comparison with the corresponding indicators of companies of the same economic sector.

The remuneration of a Management Board member must be such as to motivate the person to act in the best interests of Coop Pank. The basic wage of the Management Board members is agreed in the Management Board member agreement. The remuneration principles of the Management Board members and/or employees exercising internal control and risk management functions must ensure their independence and objectivity in performing their risk management/internal control tasks. The remuneration of these employees must not depend on the results of the departments controlled and the set objectives must be described at the individual employee level.

Coop Pank applies an annual performance pay, commensurate with achieving the objectives, to all Group employees, plus a long-term option programme for key employees.

Gross remuneration paid to the Management Board members in 2024 in euros:

Gross remuneration paid in 2024	Basic salary	Performance pay	Value of options granted	Total remuneration
Margus Rink	184,000	42,000	82,043	308,043
Paavo Truu	136,000	30,000	58,544	224,544
Heikko Mäe	136,000	30,000	58,544	224,544
Arko Kurtmann	136,000	30,000	58,544	224,544
Karel Parve	120,000	0	29,136	149,136

In the event of an extraordinary termination of the Management Board member's agreement by the bank, the Management Board member shall be paid severance pay in the amount of 6 months' remuneration. The severance pay is not payable if the termination is due to significant culpable failure to fulfil official duties or to any other act that seriously damages the bank's reputation. If the term of office of a member of the Management Board is not extended, the Management Board member is entitled to a severance pay in the amount of 3 months' remuneration.

Shares, bonds and share options owned by the Management Board members and their associated persons as at 31.12.2024:

Holder of securities	Shares	Holding	Bonds
Margus Rink	806,000	0.78%	7
Paavo Truu (by the Solaris Konsult OÜ)	54,248	0.05%	100
Heikko Mäe	123,270	0.12%	0
Arko Kurtmann (incl. by the Corby Capital OÜ)	89,000	0.09%	0

Holder of options	Quantity	Strike price	Subscription term
Margus Rink	61,200	1.255	2025
Heikko Mäe	40,800	1.255	2025
Rasmus Heinla	40,800	1.255	2025
Arko Kurtmann	46,600	1.255	2025
Paavo Truu	22,700	1.255	2025
Margus Rink	71,900	1.526	2026
Paavo Truu	41,900	1.526	2026
Heikko Mäe	47,900	1.526	2026
Arko Kurtmann	47,900	1.526	2026
Margus Rink	120,800	1.875	2027
Paavo Truu	86,200	1.875	2027
Heikko Mäe	86,200	1.875	2027
Arko Kurtmann	86,200	1.875	2027
Karel Parve	42,900	1.875	2027

No significant transactions took place between Coop Pank and the members of the Management Board or persons close to or associated with them in 2024. There are no other benefits and bonuses from Coop Pank to the members of the Management not mentioned in this chapter.

2.3. Conflicts of interest

Coop Pank has established a Group-wide "Policy of Management of Conflicts of Interest", under which members of the Group's corporate bodies, heads of departments and client managers are required to submit and annually update their Declaration of Financial Interests and Credibility. Also, a new declaration must be submitted immediately after a change of significant circumstances which constitute or are likely to give rise to a conflict of interest.

Transactions between the bank and the members of the Management Board or persons close to or associated to them shall be subject to the prior approval of the Supervisory Board, except for transactions made on the basis of market prices within the framework of daily economic activity. In 2024, no such transactions took place.

Management Board members are not members of the Management Board or Supervisory Board of other issuers, except Paavo Truu who is a member of the board of a private limited company he owns. The Management Board members of Coop Pank are also the Supervisory Board members of Coop Pank's subsidiaries; the Management Board member, fulfilling the duties of risk manager, is also a Management Board member of real estate management company established in Latvia which are part of the Group.

The Management Board members have no shareholdings above 5% in other companies who are Group's business partners, suppliers, clients or other related companies.

3. Supervisory Board

The Supervisory Board is Coop Pank's governing body, which plans and organises Coop Pank's management and supervises the activities of the Management Board. The Board determines and periodically reviews Coop Pank's strategy, general business plan, principles of risk management and annual budget. The Supervisory Board comprises five to seven members. The term of office of the Supervisory Board members is up to five years. The members of the Supervisory Board shall elect from among themselves the chairman of the Supervisory Board who shall organise the activities of the Supervisory Board.

The Supervisory Board regularly evaluates the activities of the Management Board by implementing Coop Pank's strategy, as well as evaluates the bank's financial position, risk management systems, compliance with prudential regulations and the lawfulness of the activities of the Management Board.

Persons with sufficient knowledge and experience to participate in the work of the bank's Supervisory Board shall be elected as members of the Supervisory Board. For the selection and evaluation of the bank's Management Board and Supervisory Board members, Coop Pank has adopted a "Suitability assessment policy", which is implemented in conjunction with applicable legislation (the Credit Institutions Act in particular) as well as with the recommendations manual and other relevant guidance documents issued by the Financial Supervision Authority and/or other supervisory agencies.

As at 31.12.2024, the Supervisory Board of Coop Pank comprised of six members and they were Rainer Rohtla (chairman, term 12.04.2026), Viljar Arakas (term 12.04.2026), Jaan Marjundi (term 12.04.2026), Roman Provotorov (term 12.04.2026), Raul Parusk (term 12.04.2026) and Silver Kuus (term 12.04.2026). In the meaning of CGR there are three independent members in Coop Pank´s Supervisory Board – Viljar Arakas, Raul Parusk and Silver Kuus.

Rainer Rohtla has obtained higher education in logistics management from Jyväskyla university of Applied Sciences, Finland. Rainer Rohtla has worked in top management positions in various logistics management related international enterprises, latest of them from 2019-2022 as General Manager of Via 3L Group. From 2023 February he acts as chairman of the board of Coop Eesti Keskühistu.

Viljar Arakas obtained a Bachelor's degree in business administration from EBS International University in 2003 and has completed his second Bachelor's degree at Hogeschool NOVI in the Netherlands. Viljar Arakas is a founding member and a member of the Management Board and CEO of EfTEN Capital AS, the largest management company focused on commercial real estate in the Baltic States.

Roman Provotorov obtained a higher education in economics and management from the Estonian Agricultural University (currently Estonian University of Life Sciences). Since 1995, he is a head of Antsla Tarbijate Ühistu (Antsla Consumer Association) and, since 2017, member of the Supervisory Board of Coop Pank AS.

Jaan Marjundi obtained a higher education in process engineering from Tallinn Polytechnical Institute (currently TalTech). For years, he has worked in top management positions of retail businesses. Since 2007, Jaan Marjundi is a chairman of the Management board of Harju Tarbijate Ühistu (Harju Consumer Association) and, since 2017, member of the Supervisory Board of Coop Pank AS.

Raul Parusk obtained Master's degrees in political economy from Moscow National University and in business management from Vienna Business School. He has worked in top management positions in different companies, including credit institutions. From 2017 until August 2021, Raul Parusk was a member of the management boards of Forus Grupp OÜ, Forus Security Eesti AS and Forus Haldus OÜ. From March 2022, Raul Parusk has been a member of the board of Kodea OÜ.

Silver Kuus has obtained a Master's degree in international business management from Estonian Business School. Silver Kuus has worked in top management positions in different financial institutions, the latest of them being manager of corporate banking at Luminor Bank AS from 2017-2019. Currently, he is manager of a business consulting company OÜ Lorikori Capital.

The General Meeting of Shareholders has decided to set the gross monthly remuneration of the members of the Supervisory Board at EUR 1,500, the chairman at EUR 2,000. There is no severance pay or other additional benefits for members of the Supervisory Board.

Gross remuneration paid to the Supervisory Board members in 2024 in euros:

	Gross remuneration paid in 2024
Rainer Rohtla	24,000
Viljar Arakas	18,000
Jaan Marjundi	18,000
Roman Provotorov	18,000
Raul Parusk	18,000
Silver Kuus	18,000

Shares and bonds owned by members of Supervisory Board as of 31.12.2024:

	Shares	Holding	Bonds
Viljar Arakas (by the Miemma Holding OÜ)	38,094	0.04%	114
Jaan Marjundi	79,247	0.08%	11
Roman Provotorov	14,623	0.01%	0
Raul Parusk (by the Sulvanius Invest OÜ)	6,201	0.01%	0

As set out in clause 2.3 of this report, the Supervisory Board members shall also submit a declaration of their financial interests and reliability.

No significant transactions took place between Coop Pank and the members of the Supervisory Board or persons close to or associated with them in 2024. There are no other benefits and bonuses from Coop Pank to the members of the Supervisory Board not mentioned in this chapter.

The Supervisory Board members have no shareholdings above 5% in other companies who are Group's business partners, suppliers, clients or other related companies.

In 2024, fourteen Supervisory Board meetings were held. The members of the Supervisory Board participated in all meetings and votes, except for Viljar Arakas who could not attend the meeting held in April and Silver Kuus who could not attend the meeting held in June.

The Supervisory Board has formed two committees: the Audit Committee and the Remuneration Committee. The Committees act under the supervision of the Supervisory Board as advisory bodies to the Supervisory Board. The Bank also intends to establish a separate nomination committee in 2025.

3.1. Audit Committee

The Audit Committee is an advisory body to the Supervisory Board in the areas of accounting, auditing, risk management, internal control and audit, supervision and budgeting and the legality of activities. The activities of the Audit Committee are primarily based on the Auditors Activities Act and the rules of procedure of the Audit Committee, approved by the Supervisory Board.

The Audit Committee is responsible, inter alia, for supervision of the audit process of the annual or consolidated accounts and the independence of the sworn auditor. The Audit Committee also performs the functions of the Risk Committee and advises the Supervisory Board and the Management Board on risk management principles and supervises risk management. The Audit Committee makes proposals to the Supervisory Board for the appointment or removal of the external and internal auditor, as well as for changes in risk management principles, elimination of problems in the organisation and compliance with legal acts. At least once a year, the external auditor shall report to the Audit Committee on the findings of the audit.

The Audit Committee shall comprise at least two members, elected by the Supervisory Board. As of 31.12.2024 the Audit Committee comprised of four members and they were Veiko Haavapuu (chairman), Rainer Rohtla, Silver Kuus and Stan Nahkor. No remuneration is paid to the members of the Audit Committee who are members of the Supervisory Board. Remuneration for Veiko Haavapuu and Stan Nahkor is 400 euros per meeting.

3.2. Remuneration Committee

The responsibility of the Remuneration Committee is to evaluate the implementation of the Remuneration Principles approved by Coop Pank's Supervisory Board and their consistency with Coop Pank's business objectives, the impact of the remuneration decisions on meeting the requirements set to Coop Pank's risk management, own funds and liquidity. The Remuneration Committee also supervises the remuneration of members of the Management Board and employees subject to increased requirements.

The Remuneration Committee comprises at least two members who are elected by the Supervisory Board. As of 31.12.2024, the Remuneration Committee comprised of four members and they were Rainer Rohtla (chairman), Jaan Marjundi, Raul Parusk and Irja Rae. No remuneration is paid to the members of the Remuneration Committee who are members of the Supervisory Board. Irja Rae's remuneration is 400 euros per meeting.

4. Cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board cooperate closely to protect the best interests of Coop Pank. The Management Board and the Supervisory Board jointly develop Coop Pank's strategy. The Management Board is invited to attend monthly meetings of the Supervisory Board. The Management Board shall regularly inform the Supervisory Board of any material information regarding the bank's planning and conduct of business, operational risks and management of these risks.

5. Implementation of diversity policy

In accordance with section 4 of article $24'^2$ of the Accounting Act, a large undertaking whose securities granting voting rights have been admitted for trading on a regulated securities market of Estonia or another Contracting State shall describe in the corporate governance report the diversity policies carried out in the company's management board and senior management and the results of the implementation thereof during the accounting year. If no diversity policies have been implemented during the accounting year, the reasons for this should be explained in the corporate governance report.

In 2024, the bank did not implement a diversity policy, as it always considers the best interests of the Group in the selection of both executives and employees, considering the candidate's education, skills and previous work experience. At the same time, the Group follows the principle of non-discrimination of candidates on the grounds of gender or other status.

6. Disclosure of information

Coop Pank shall treat all shareholders equally and shall notify all shareholders equally of material circumstances and from 10.12.2019 considers the rules established for listed companies by providing information.

On the Investor section of Coop Pank's website all documents and information will be made available to shareholders in accordance with the Corporate Governance Recommendations. On its website, Coop Pank shall publish a financial calendar which includes the dates of publication of the Annual Report and Interim Reports. The published information shall also be made available in English.

7. Financial reporting and audit

Once every year, Coop Pank publishes the Annual Report for the previous year. The Annual Report shall be audited by an external auditor, accepted by the Supervisory Board and approved by the General Meeting.

Members of the Supervisory Board do not sign the Annual Report together with the Management Board members (clause 6.1.1 of CGR). The position of the Supervisory Board on the Annual Report is included in the Supervisory Board’s written report, approved with the resolution of the Supervisory Board. The bank submits the Annual Report, signed by the Management Board, to the General Meeting of Shareholders (thus Coop Pank does not comply with the requirement to submit the report signed by the members of the Management and Supervisory Board to the shareholders, clause 6.1.1 of CGR). However, a proposal for approval of the Annual Report, prepared by the Supervisory Board, shall be submitted to the General Meeting.

The auditor shall be appointed by the General Meeting of Shareholders, who shall also determine the auditor's remuneration arrangements. The auditor is appointed to perform a single audit or for a period specified by the General Meeting.

In 2024, the auditor has provided contracted services to companies of the consolidation group, including audits of Annual Reports of Group companies and quarterly reviews and other assurance services subject to obligations under the Credit Institutions Act and the Securities Market Act. Also, the auditor has provided other services permitted pursuant to the Republic of Estonia Auditors Activities Act.

In 2024, the fees paid or payable for the services provided by the auditor amounted to 196 thousand euros.

Sustainability Report

The basis for the preparation of the report

In January 2023, the CSRD (Corporate Sustainability Reporting Directive) entered into force, the purpose of which is to regulate ESG (Environmental, Social, and Governance) reporting and move towards a more sustainable economy. The reporting requirement is implemented gradually, and according to the CSRD, the Coop Pank group must submit sustainability information prepared based on European Sustainability Reporting Standards (ESRS) for the first time in 2026 (for 2025). It is important for us to be compliant with the Corporate Sustainability Reporting Directive and we have already partly structured this sustainability report according to the structure and general requirements of ESRS.

The sustainability report has been prepared on a consolidated basis. The scope of the consolidation is the same as the scope of the financial report.

Management

Management and supervisory bodies

The company's management report provides an overview of the management of Coop Pank (p. 25) and the members of the Supervisory Board and the Management Board (p. 26-30).

Sustainability management

Since 2017, the Coop Pank group's biggest shareholders have been Coop Investeeringud OÜ and the member cooperatives of Coop Eesti Keskühistu (the retail chain Coop Estonia). The link between retail and banking is reflected in our joint mission statement: 'Driving life forward in every corner of the country'. This has exemplified our operations for the last seven years and determines a key focal point of our sustainability.

Enterprising people and pristine nature are Estonia's greatest assets. As an Estonian bank, we spur Estonian companies on every day and help people realise their dreams. We drive life forward in every corner of the country – urban and rural areas alike – by sticking together and valuing our pristine environment.

Coop Bank's mission to foster life in every corner of Estonia is inherently sustainable, and sustainability topics from different angles have been a focus at Coop Bank for years.

We have made the importance of sustainable operations the focus of attention of both our management and supervisory boards and also hired a full-time employee dedicated to sustainability. In 2023, we created an ESG roadmap, which we update annually and according to which we develop the Group's sustainability consistently and systematically.

The Coop Pank group is increasingly environmentally aware in its own operations and follows its green office principles which were approved in 2021 and are based on the guidelines issued by the Estonian Association for Environmental Management. In issuing loans to companies, the Coop Pank group takes environmental impact into consideration (see also 'Responsible products and services') and looks for opportunities to contribute to companies that reduce negative environmental impact.

The Coop Pank group joined the Responsible Business Forum already in 2020 and participated in the Responsible Business Index survey, where it received the silver level label in 2023. The next survey takes place in 2025.

In 2022, the Group participated as the first Estonian bank in one of the world's leading environmental reporting projects, CDP (Carbon Disclosure Project). On the CDP platform we transparently disclose environmental data. At the first year, the Coop Pank group received the rating B-, i.e. the environmental manager level, which is assigned to companies that have demonstrated good management in the field of environmental impact. In 2023, we received the rating C, i.e. the awareness level. The rating for 2024 was D. We are also an active member of the Estonian Banking Association's committee on sustainable banking, contributing to growth in the sustainability of banking operations.

In 2022, the Coop Pank group became a member of the financial initiative of the United Nations Environment Program (UNEP FI or United Nations Environment Program Finance Initiative) and affirmed its commitment to achieving sustainability goals. We signed the principles of responsible banking (see https://www.cooppank.ee/coop-pank-allkirjastas-uro-vastutustundliku-panganduse-pohimotted), which bring the bank's business strategy into a line with the goals of the UN sustainable development and the Paris climate agreement, and increase the positive impact on society.

By joining the UN Environment Program, the Group conducts a comprehensive impact analysis to understand where the Bank has a significant positive and negative impact on society, the environment and the economy. As a result, the group would set specific goals to increase the positive influence and reduce the negative influence. In 2023, we conducted an initial impact analysis, and in 2024 we focused on a detailed impact analysis in parallel with the CSRD double materiality assessment to link the two processes as much as possible.

In managing and fostering sustainable development, the group is guided by the UN's 17 sustainable development goals (SDGs; see https://sdgs.un.org/goals). Operating within the banking sector, we are able to contribute either directly or indirectly to the following areas of sustainable development:

SDG 8 – Decent Work and Economic Growth

SDG 11 – Sustainable Cities and Communities

SDG 12 – Responsible Consumption and Production

SDG 13 – Climate Action

SDG 16 – Peace, Justice and Strong Institutions

Climate Change

Transition plan to mitigate climate change

We have not yet developed a transition plan to mitigate climate change, but we have consistently taken steps to reduce our negative impact and increase our positive impact.

In August 2021 we moved our head office into the new, more economical, less energy intensive Skyon building, which was constructed and is being maintained in accordance with the requirements of the LEED certificate. LEED (*Leadership in Energy and Environmental Design*) is one of the most prevalent green building rating systems in the world. In March 2022, the Skyon office building was awarded the LEED Platinum certificate, which is the highest indicator among gold, silver and classical certification.

We do not use separate rubbish bins at every desk, and we sort our waste. We collect packaging for delivery to recycling points, with any money raised from doing so being donated to charity to enable children to attend theatre plays.

We have introduced the paper-free management of documents in our everyday work: we enter into agreements with our clients and partners electronically and allow clients to join the bank via a simple online solution that was used by 58.6% of our new clients in 2024 (compared to 50.8% in 2023). In the second half of 2023, we aimed to create an opportunity for paperless document management in our client offices and in 2024 started with a pilot project. The pilot project has been successful, and it will be implemented step by step.

In 2022, we signed a cooperation agreement with the technology recycling company GreenDice, which deals with the organisation of the technical circulation of IT equipment and directing it to recycling. The GreenDice recycling system helps to valorise our used IT equipment by finding new users for them or directing unusable equipment to be recycled as raw materials. The usage journey of the devices is fully traceable throughout their entire life cycle. We consider the safe and traceable journey of equipment and the positive social impact that the circulation of our used IT equipment offers to be very important. In 2023, GreenDice directed our equipment (18 desktops and 18 monitors donated) to a school's computer lab and a youth center. In 2024, we donated 135 pieces of equipment, of which 25 have already been repurposed, including one project that supported the NGO Women's Support and Information Center.

In 2024, we continued to finance the construction of solar parks and wind turbines, reaching a nominal capacity of 80.9 MW by the end of the year. Financing for renewable energy makes up about 5.3% of the portfolio of our corporate financing business line. This year we continued to contribute to solar and wind projects, including those designed to make residential buildings more energy efficient. In 2023, we signed an agreement with the European Energy Efficiency Fund (EEEF) to include 15 million euros for the purpose of financing energy efficiency and renewable energy projects. In 2024, we financed 5 projects via EEEF.

Management of Impacts, Risks, and Opportunities

In 2024, we conducted a double materiality assessment and a UNEP FI impact analysis at Coop Bank simultaneously. The goal of the double materiality assessment was to identify significant impacts, risks, and opportunities, while the UNEP FI impact analysis focused on identifying the bank's most significant positive and negative impacts. We will disclose the results to be confirmed in 2025 and their connections to our strategy and business model in the report of year 2025.

Policies, measures, and objectives related to climate change mitigation and adaptation

Based on the results of the double materiality assessment, we will review and update our policies, measures, and set goals. The chapter on sustainability management (p. 34) briefly explains the existing policies.

Indicators and objectives

To manage climate-related impacts and risks, we have not yet set targets for reducing greenhouse gases, but we have consistently measured our footprint and made efforts to become more precise in measuring our footprint and assessing the climate impact of our loan portfolio.

Since 2021, we have performed an assessment of the carbon footprint of our organization and of loan portfolio (financed emissions) in accordance with the GHG Protocol ("GHG Protocol Corporate Accounting and Reporting Standard"). The climate impact of the Coop Pank group's portfolio is calculated based on the standard "The Global GHG Accounting & Reporting Standard for the Financial Industry" of the Partnership for Carbon Accounting Financial (PCAF). The PCAF standard is the only sector-specific standard that allows financial institutions to estimate and disclose greenhouse gas emissions from loans and investments.

The PCAF standard is in line with the GHG Protocol standard and complements the GHG Protocol Corporate Value Chain (scope 3) standard with detailed additional guidance for each asset class. A PCAF data quality score of 1 represents an estimate with the most accurate data quality, and a score of 5 represents an estimate with the lowest data quality. When evaluating the impact of the Group's portfolio in 2021, methodologies corresponding to scores 4 and 5 were used, depending on the availability of data. In assessing the impact of the loan portfolio in 2022, the data quality score was improved, and the new average score was 3.7. In 2023, the new average score was 3.2 and in 2024, the data quality score was 3.1.

Scope 1, 2, and 3 total emissions and total greenhouse gas emissions

The carbon footprint of the Coop Bank group in 2024 was a total of 248,855 tons of CO_2 equivalent (214,023 in 2023), of which 99.8% (99.7% in 2023) was the impact from the portfolio and leasing and 0.2% (0.3% in 2023) was impact related to office activities.

Based on the GHG Protocol, leases are classified in the scope 3 category of "leased assets", so the impact of leases is not reflected in the analysis of the impact of the Coop Pank group's portfolio. The assessment of the impact of leasing was primarily based on the guidelines for the corresponding category of scope 3 of the GHG Protocol, but also to a certain extent on the methodology of PCAF vehicle loans. Since the impact of leasing has been significant among all the Group's emissions, the impact of the portfolio resulting from leasing was included in the table for comparison with other asset classes. Regarding leasing, we support, reuse, for instance, the majority of our car leasing sales in 2024 were second-hand cars (81% in 2024 compared to *ca* 74% in 2023).

Asset class	t CO_2-e	Measured % of contract volume in the respective asset class	PCAF data quality score
Business loans	132,894 (98,357)	100.0 (97.4)	4.0 (4.0)
Housing loans	41,624 (43,923)	100.0 (99.8)	3.53 (3.75)
Commercial real estate	40,603 (40,388)	100.0 (96.8)	3.63 (3.85)
Leasing	33,183 (30,619)	100.0 (100.0)	1.69 (1.44)
Avoided emissions (renewable energy)	73,907 (75,060)	100.0 (100.0)	2.87 (3.0)

The results for 2023 are shown in parentheses.

The loan portfolio is assessed on the principle of financial control, and leases are assessed on the principle of operational control. The asset classes of commercial real estate and mortgages are assessed for scopes 1 and 2, and for commercial loans, scopes 1 to 3, with scope 3 only considering upstream impacts.

Improving the data quality score for measuring the climate impact of our loan portfolio remains a significant challenge for us. The higher the data quality score, the more accurate and reliable the results we obtain.

Consumers and end-users

It is important to us that vital products and services are accessible to everyone close to their homes. As an Estonian bank, we bring everyday banking services closer to people so that everyone can enjoy life wherever they want to live. For instance, cash services are available at people's local stores: Coop Pank group clients can make deposits and withdrawals from their accounts at more than 320 Coop stores around the country. We are pleased to see that more and more people are making use of these services all the time, as can be seen in the table below:

	2024	2023
COOP cash transactions *vs* ATMs (proportion of total number of transactions)	39.5%	36.5%
COOP cash transactions *vs* ATMs (proportion of total turnover)	35.4%	31.9%

We also serve clients at 14 branches in 12 towns, making ours the second-biggest network of bank branches in Estonia.

Our client relationships outside of Tallinn/Harju County can be summarised as follows:

	2024	2023
Everyday banking	63.0%	62.6%
Mortgage loans	37.8%	37.7%
Business loans	33.6%	33.3%
Leasing	44.1%	42.0%

We contribute to improving the financial literacy of the Estonian population by advising people of all ages on how to make smarter choices regarding their finances via our *Lihtsalt rahast* ('Money Matters Put Simply') podcast and through other channels. We promote saving for retirement and its importance with Tuleva pension funds. We are a member of the Estonian Banking Association's working group on financial literacy, and in 2024 we also actively contributed (both via the association and independently) to efforts to thwart financial fraud to help protect the assets of Estonian residents.

The development of products and services in line with responsibility and sustainability objectives is an ongoing process. The Coop Pank group decided some time ago that it would not offer financing for:

- the organization of gambling and betting activities.
- the manufacturing of tobacco.
- entertainment events.
- exports to countries subject to sanctions.
- aircraft, ships and railway stock.
- the weapons industry or arms trade which is not linked to Estonian national defence or NATO or
- political parties and other political organizations.

As at the end of 2024, our loan portfolio included no loans in any of these areas of activity. Nor do we offer credit services in areas or to companies whose activities are unethical or linked to corruption, violate human rights or have a significant negative impact on the environment. Customers whose activities have an environmental impact are checked in each specific case to ensure that they comply with the applicable environmental protection standards in their activities.

In 2022, we launched the first green product of the Coop Pank group – Green Leasing. The purpose of green leasing is to encourage the use of more climate-friendly vehicles, and for this purpose we offer green leasing at an interest rate under better conditions compared to standard leasing. We also offer more favourable conditions for the purchase of property with a higher energy class.

In the pricing of bank services, we are honest and transparent, and in the marketing of services we are guided by principles of responsibility. We observe all the requirements of the Money Laundering and Terrorist Financing Prevention Act. To get to know our clients, we ask them to provide us with detailed information and we monitor their activities, all while observing the requirements of the Personal Data Protection Act. We are guided in our protection of personal data by the principle of integrated data protection, wherein we apply data protection throughout the data-processing life cycle and use only as much data as we need to offer quality banking services.

Professional Conduct

Professional Conduct and Business Culture.

We consider our management culture to be open and modern, the basis of which is that we are guided by regulations and international standards (such as human rights, labour law and the fight against discrimination). In our operations we are led by best practices in company management and banking, the principles of responsible lending, other guidelines issued by financial supervision authorities and valid legal acts.

The fields of the prevention of money laundering and terrorist financing and the implementation of international sanctions are important to us, and we apply the necessary due diligence measures.

We also monitor our marketing activities to ensure that they are in line with the valid norms. To guarantee ethical behaviour, we have established guidelines for reporting inappropriate behaviour, in accordance with which employees can inform of potential breaches of ethical norms or laws within the group.

We have adopted a procedure for informing of breaches and, in cooperation with a law office, ensure the maximum possible protection for employees who wish to retain their anonymity when passing on information. In our view this lays the groundwork in the best possible way for every employee to be able to inform of any breach pertaining to internal management without having to worry that doing so may affect their working relationship with the company.

To us it is only natural to offer our employees a contemporary working environment, motivating salaries, flexible hours, the option to work remotely, stimulating professional challenges, every opportunity for development and a friendly team that sticks together. We are linked by our shared values. In 2022, we started offering our employees the option of health insurance in addition to sports compensation.

Remuneration report

Coop Pank group applies a single remuneration policy that has been approved by the Supervisory Board of the bank and the effectiveness, adherence to objectives and implementation of the policy is supervised by the Remuneration Committee. In 2024, three Remuneration Committee meetings took place. The remuneration policy applies equally to all employees of the Group.

The compensation structure applicable in the Coop Pank group is comprised of two components:

- basic salary, which is fixed pay agreed between the employee and employer within a contract;
- variable pay, which is an additional pay based on the employer's resolution (sales bonus, performance pay, stock option).

Sales bonuses are paid to employees based on achieving monthly or quarterly goals. Performance pay is paid out the following period to employees whose contribution led to the results achieved while adhering to the Group's objectives and values. Performance pay supports efficient risk management and does not encourage taking excessive risks. The amount of pay is determined by the extent of reaching activity goals. The basic salary and performance pay are reasonably balanced.

The following is an overview of the average gross monthly remuneration of employees for the last five years, taking into account the basic salary and monetary performance pay for the previous calendar year. For comparison, the profit before corporate income tax per employee for the respective year is presented.

In euros (rounded down to the hundred)	2020	2021	2022	2023	2024
Average monthly gross remuneration	2,600	2,800	3,000	3,400	3,600
Yearly profit before income tax per employee	26,400	47,000	63,300	110,500	83,600

As at 31.12.2024, a total of 2,480,300 options were granted to employees with a maturity date of three years starting from the moment of the issue.

In November 2019, a three-year share option programme was confirmed by the shareholders, which allows the issuing of options to employees every year making up to 1% of the total number of shares of the bank. The last share options issued in this programme took place in April 2022 based on the Supervisory Board's decision.

In April 2022, a new three-year share option programme was confirmed by the shareholders, which allows the issuing of options to employees every year making up to 1% of the total number of shares of the bank. Based on the new share option programme the share options issuing can take place between April 2023 and April 2025 based on the Supervisory Board's decision.

The purpose of the share options programmes is to align long-term interests and goals of Management Board members and employees treated as such with long-term interests of the bank's shareholders. The common interests are expressed in the professional and balanced management of the Group, which ensures the sustainable development and long-term growth of the Group in accordance with the set goals and strategy. The options are issued based both on the results of the Group and results of the person entitled to participate in the option programme in the relevant year. Options can be reduced or cancelled if the employment relationship is terminated, the person does not meet the performance criteria, the financial results of the group have significantly deteriorated or the risks of the group are not sufficiently covered by own funds.

The total amount of performance bonuses are decided by the Supervisory Board, which also determines the specific amounts of bonuses for members of the Management Board and the internal audit unit. Bonuses for other employees are decided by the Management Board. The establishment of the option programme and its conditions shall be decided by the general meeting of shareholders. The issuance of specific options is decided by the Supervisory Board on the proposal of the Remuneration Committee.

The ratio between performance pay (including value of options granted) and basic salary of the senior management and senior staff responsible for material business units and for management of specific risk categories in 2024 was:

- senior management – 35%;
- staff managing control functions – 22%.

The performance fees and options assigned to the Management Board are in accordance with the remuneration principles and are based on accomplishment of the general objectives of the Bank as well as on the accomplishment of the personal goals of each member of the Management Board. No exceptions have been made for the members of the Management Board and no extraordinary bonuses have been granted. The right to reclaim cash performance fees has not been exercised, but options have been revoked upon the departure of a member of the Management Board. The following is an overview of the five-year remuneration of the members of the Management Board, in euros.

Margus Rink (since Feb 2017)	2020	2021	2022	2023	2024
Basic salary	111,000	126,000	139,500	156,000	184,000
Performance pay	36,000	31,500	31,500	36,000	42,000
Value of options granted	8,274	74,934	94,615	108,024	82,043
Total remuneration	**155,274**	**232,434**	**265,615**	**300,024**	**308,043**
Share of performance pay	29%	46%	47%	48%	40%
Number of options issued	70,000	90,000	61,200	71,900	120,800

Heikko Mäe (since Feb 2020)	2020	2021	2022	2023	2024
Basic salary	73,500	84,000	93,000	116,000	136,000
Performance pay	0	17,500	21,000	24,000	30,000
Value of options granted	5,910	58,282	63,077	71,966	58,544
Total remuneration	**79,410**	**159,782**	**177,077**	**211,966**	**224,544**
Share of performance pay	7%	47%	47%	45%	39%
Number of options issued	50,000	70,000	40,800	47,900	86,200

Arko Kurtmann (since Nov 2020)	2020	2021	2022	2023	2024
Basic salary	16,000	96,000	96,610	108,000	136,000
Performance pay	0	0	24,000	24,000	30,000
Value of options granted	0	33,304	72,044	71,966	58,544
Total remuneration	**16,000**	**129,304**	**192,654**	**203,966**	**224,544**
Share of performance pay	-	26%	50%	47%	39%
Number of options issued	0	40,000	46,600	47,900	86,200

Paavo Truu (since Feb 2022)	2020	2021	2022	2023	2024
Basic salary	0	0	66,971	114,000	136,000
Performance pay	0	0	0	21,000	30,000
Value of options granted	0	0	35,094	62,952	58,544
Total remuneration	**0**	**0**	**102,065**	**197,952**	**224,544**
Share of performance pay	-	-	34%	42%	39%
Number of options issued	0	0	22,700	41,900	86,200

Karel Parve (since Nov 2023)	2020	2021	2022	2023	2024
Basic salary	0	0	0	20,000	120,000
Performance pay	0	0	0	0	0
Value of options granted	0	0	0	0	29,136
Total remuneration	**0**	**0**	**0**	**20,000**	**149,136**
Share of performance pay	-	-	-	-	20%
Number of options issued	0	0	0	0	42,900

Rasmus Heinla (until Oct 2023)	2020	2021	2022	2023	2024
Basic salary	14,000	84,000	93,000	96,000	0
Performance pay	0	12,500	21,000	32,000	0
Value of options granted	3,546	58,282	63,077	0	0
Total remuneration	**17,546**	**154,782**	**177,077**	**128,000**	**0**
Share of performance pay	20%	46%	47%	25%	-
Number of options issued	30,000	70,000	40,800	0	0

Kerli Lõhmus (until Jan 2022)	2020	2021	2022	2023	2024
Basic salary	81,900	84,000	12,348	0	0
Performance pay	22,400	21,000	21,000	0	0
Value of options granted	5,910	58,282	0	0	0
Total remuneration	**110,210**	**163,282**	**33,348**	**0**	**0**
Share of performance pay	26%	49%	63%	-	-
Number of options issued	50,000	70,000	0	0	0

Hans Pajoma (until Oct 2020)	2020	2021	2022	2023	2024
Basic salary	100,185	0	0	0	0
Performance pay	36,000	13,500	0	0	0
Value of options granted	5,910	0	0	0	0
Total remuneration	**142,095**	**13,500**	**0**	**0**	**0**
Share of performance pay	29%	100%	-	-	-
Number of options issued	50,000	0	0	0	0

Janek Uiboupin (until Feb 2020)	2020	2021	2022	2023	2024
Basic salary	28,400	0	0	0	0
Performance pay	22,400	0	0	0	0
Value of options granted	0	0	0	0	0
Total remuneration	**50,800**	**0**	**0**	**0**	**0**
Share of performance pay	44%	-	-	-	-
Number of options issued	0	0	0	0	0

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

in thousands of euros	Note	2024	2023
Interest income calculated using the effective interest method		125,338	109,627
Other income similar to interest		13,357	11,024
Interest and similar expense		-61,125	-39,386
Net interest and similar income	5	77,570	81,265
Fee and commission income		7,899	7,609
Fee and commission expense		-3,541	-2,762
Net fee and commission income	6	4,358	4,847
Sale of assets	12	0	80
Cost of assets sold	12	0	-85
Change in fair value of investment properties		-750	-1,825
Net gains from non-financial asset realisation		53	4
Net gains from financial assets measured at fair value		33	57
Handling of overdue receivables		534	560
Other income		85	301
Net other income		-45	-908
Payroll expenses	7	-23,411	-20,234
Operating expenses	8	-11,713	-10,213
Depreciation	13	-5,452	-4,681
Total operating expenses		-40,576	-35,128
Profit before loss allowances and tax		41,307	50,076
Credit loss allowance	11	-4,643	-6,302
Profit before tax		36,664	43,774
Income tax expenses	23	-4,486	-4,570
Net profit for the financial year	4	32,178	39,204
Other comprehensive income / loss (-)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income		757	424
Other comprehensive income/ loss (-)		757	424
Total comprehensive income for the financial year		32,935	39,628
Basic earnings per share (in euros)	22	0.31	0.38
Diluted earnings per share (in euros)	22	0.31	0.38

Notes to the financial statements on pages 42 to 104 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

in thousands of euros	Note	2024	2023
Assets			
Cash and cash equivalents	9	325,362	411,256
Mandatory reserve kept in the Central Bank	9	18,316	17,098
Debt securities at fair value through other comprehensive income	10	37,751	36,421
Equity instruments at fair value through other comprehensive income	10	13	13
Loans and advances to customers	11	1,774,118	1,490,873
Other financial assets	12	1,610	832
Other assets	12	2,035	1,275
Assets held for sale	12	1,140	1,722
Right-of-use assets	13	5,107	5,380
Tangible assets	13	3,451	3,746
Intangible assets	13	12,954	10,839
Goodwill	3	6,757	6,757
Total assets		2,188,614	1,986,212
Liabilities			
Customer deposits and loans received	15	1,886,145	1,721,765
Lease liabilities	14	5,153	5,417
Other financial liabilities	16	15,443	14,444
Other liabilities	16	7,088	8,574
Subordinated debt	17	63,148	50,187
Total liabilities		1,976,977	1,800,387
Shareholders' equity	18		
Share capital		70,181	69,673
Share premium		26,711	25,779
Statutory reserve capital		6,815	4,855
Retained earnings		105,807	84,484
Other reserves and assets revaluations		2,123	1,034
Total shareholder's equity		211,637	185,825
Total liabilities and shareholders' equity		2,188,614	1,986,212

Notes to the financial statements on pages 42 to 104 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

in thousands of euros	Note	2024	2023
Cash flows from operating activities			
Interest and other similar income received		138,367	118,064
Interest paid		-64,341	-24,874
Fees and commissions received		7,899	7,609
Fees and commissions paid		-3,541	-2,762
Other received income		706	930
Salaries paid		-22,555	-20,320
Other operating expenses paid		-11,576	-10,213
Advance Income Tax paid	23	-5,809	-2,973
Total cash flows from operating activities before changes in operating assets and liabilities		39,150	65,461
Change in operating assets:			
Loans and advances to customers		-287,578	-194,087
Change of base level of the reserve kept in the Central Bank	9	-1,218	-2,862
Other assets		-1,852	-115
Change in operating liabilities:			
Change in customer deposits and loans received		167,803	199,245
Other liabilities		929	10,877
Net cash flows from operating activities		-82,766	78,519
Cash flows from investing activities			
Acquisition of tangible and intangible assets	13	-6,636	-7,200
Sale of tangible and intangible asset and assets held for sale	13	634	88
Acquisition of debt securities		-2,342	-18,226
Sale and redemption of debt securities		1,253	274
Total cash flows used in investing activities		-7,091	-25,064
Cash flows from financing activities			
Contribution to share capital	18	820	778
Issue of subordinated debt	17	15,000	12,000
Redemption of subordinated bonds	17	-2,000	0
Dividends paid	18	-8,895	-4,566
Repayment of lease liabilities	14	-961	-1,040
Total cash flows from financing activities		3,964	7,172
Effect on exchange rate changes on cash and cash equivalents		-1	-13
Change in cash and cash equivalents		-85,894	60,614
Cash and cash equivalents at beginning of the period		411,256	350,642
Cash and cash equivalents at the end of the period		325,362	411,256
Cash and cash equivalents balance is comprised of:		325,362	411,256
Cash on hand	9	1,766	2,276
Demand deposits at the Central Bank	9	299,380	394,089
Demand and short-term deposits in credit institutions and other financial institutions	9	24,216	14,891

Notes to the financial statements on pages 42 to 104 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

in thousands of euros	Share capital	Share premium	Statutory reserve capital	Other reserves	Revaluation reserve	Retained earnings	Total equity
Equity as at 31.12.2022	69,148	25,435	3,838	715	-883	50,863	149,116
Paid in share capital	525	344	0	-91	0	0	778
Dividends paid	0	0	0	0	0	-4,566	-4,566
Changes in statutory reserve capital	0	0	1,017	0	0	-1,017	0
Share options *	0	0	0	869	0	0	869
Net profit	0	0	0	0	0	39,204	39,204
Other comprehensive income	0	0	0	0	424	0	424
Total comprehensive income	0	0	0	0	424	39,204	39,628
Equity as at 31.12.2023	69,673	25,779	4,855	1,493	-459	84,484	185,825
Paid in share capital	508	932	0	-620	0	0	820
Dividends paid	0	0	0	0	0	-8,895	-8,895
Changes in statutory reserve capital	0	0	1,960	0	0	-1,960	0
Share options *	0	0	0	952	0	0	952
Net profit	0	0	0	0	0	32,178	32,178
Other comprehensive income	0	0	0	0	757	0	757
Total comprehensive income	0	0	0	0	757	32,178	32,935
Equity as at 31.12.2024	70,181	26,711	6,815	1,825	298	105,807	211,637

*See Note 18

Notes to the financial statements on pages 42 to 104 are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 Material accounting policy information

Coop Pank AS (Reg. No. 10237832) is a credit institution registered in Tallinn (Estonia) Maakri street 30. The consolidated annual report (incl. consolidated financial statements) of Coop Pank group for the year 2024, which have been prepared on a going concern basis, was confirmed by the Management Board of Coop Pank on 18 March 2025 and approved by the Supervisory Board on 19 March 2025. The authorised for issue consolidated annual report is subject to approval by the shareholders on 16 April 2025.

Functional and presentation currency

The functional currency of the Coop Pank group companies is euro. 2024 consolidated financial statements have been presented in thousands of euros, unless stated otherwise.

1.1 Basis of preparation

These consolidated financial statements of Coop Pank group are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union. The material accounting policy information and significant accounting estimates and judgements applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared under the historical cost convention, except as disclosed in some of the accounting policies below (i.e. Debt securities and equity instruments at fair value through other comprehensive income and equity instruments at fair value through profit or loss). Financial statements have been prepared according to the accrual principle of accounting. The Group classifies its expenses by nature of the expense method. When the presentation or classification of items in the consolidated financial statements is amended, comparative information for the previous period is also reclassified, if not referred differently in the specific accounting principle.

1.2 Critical accounting estimates and judgements

The preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Although these estimates are based on the best knowledge and judgement of current events and actions, the actual outcome and the results ultimately may significantly differ from those estimates. A more detailed overview of the estimates made is provided under the accounting principles or disclosures set out below.

Critical estimates are primarily used in the following areas:

- expected credit loss, incl. fair value assessments of collateral (Note 2; Note 11, 12);
- estimation of the fair value of investment property (Note 2);
- fair value of financial assets and liabilities (Note 2);
- goodwill impairment (Note 3).

The most significant management judgements are related to the application of the IFRS 9 standard. Management has assessed the business model for classifying different financial assets. The commercial purpose of loans to customers is the collection of contractual cash flows, while loans under this model may also be sold for credit risk mitigation purposes. Financial investments in debt instruments are made for the purpose of investing liquid assets, which is why the commercial purpose of investing in debt instruments is to collect and sell contractual cash flows as needed. In addition, it has been assessed whether the contractual cash flows only include the principal and interest payments, including interest cash flows for the time value of money, credit risk, liquidity risk and, inter alia, cover administrative costs and profit margin. All recognised financial assets meet these criteria.

Management also estimates the expected inputs of the expected credit loss model for financial assets. Models, estimates, and inputs are reviewed regularly by the Group Risk Management function.

Estimates and judgments of the management are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under these circumstances. Changes in assumptions may have a significant impact on the financial statements in the period assumptions are changed. Management believes that the underlying assumptions are appropriate, and the Group's financial statements therefore present the financial position and results fairly.

1.3 Consolidation

These consolidated financial statements of the Coop Pank group are comprised as at 31 December 2024. The group's entities use uniform accounting policies. The definition of group according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council matches that under IFRS Accounting Standards. The statements of financial position and statement of profit or loss and other comprehensive income of the bank and its subsidiaries are consolidated on a line-by-line basis, eliminating the intercompany balances, revenues, income, expenses and unrealised gains/losses on transactions between group companies.

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

<u>Subsidiaries</u>

Subsidiaries are consolidated in the financial statements from the time control arises until it ceases.

In the parent company's separate financial statements investments in subsidiaries are accounted for at cost less any impairment recognised.

1.4. Foreign currency transactions and assets and liabilities denominated in a foreign currency

All other currencies except for the functional currency, the euro, constitute foreign currencies. Foreign currency transactions have been translated to functional currencies based on the foreign currency exchange official rates of the European Central Bank prevailing on the transaction date. Monetary assets and liabilities denominated in a foreign currency have been translated into the functional currency based on the foreign currency exchange rates of the European Central Bank prevailing on the balance sheet date. Foreign exchange gains and losses are recognised in the statement of profit or loss as income or expense of that period. Non-monetary financial assets and liabilities denominated in a foreign currency measured at fair value have been translated into the functional currency based on the foreign currency exchange rates of the European Central Bank prevailing on the fair value measurement date. Non-monetary assets and liabilities that are not measured at fair value (e.g. prepayments, inventories accounted for using the cost method, tangible assets as well as intangible assets) in a foreign currency are not translated at the balance sheet date but they continue to be reported using the official exchange rate of the European Central Bank prevailing at the date of the transaction.

1.5. Financial assets

<u>Classification</u>

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss) and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The classification made can be seen in the table below:

<table>
<tr><td>Measurement category as defined by IFRS9</td><td colspan="2">Financial assets class as defined by the Group</td></tr>
<tr><td rowspan="6">Financial assets measured at amortised cost</td><td colspan="2">Balances with central banks</td></tr>
<tr><td colspan="2">Demand and term deposits at credit institutions and other financial institutions</td></tr>
<tr><td rowspan="2">Loans and advances to customers</td><td>Receivables from private individuals
incl. consumers loans
incl. finance lease receivables
incl. mortgage loans and other loans</td></tr>
<tr><td>Receivables from legal entities
incl. finance lease receivables
incl. other loans</td></tr>
<tr><td colspan="2">Other financial assets</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td>Financial assets at fair value through profit or loss</td><td colspan="2">Investments in equity instruments</td></tr>
<tr><td rowspan="2">Financial assets measured at fair value through other comprehensive income</td><td colspan="2">Investments in debt securities</td></tr>
<tr><td colspan="2">Investments in equity instruments</td></tr>
</table>

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset (i.e. whether the Group's objective is solely to collect the contractual cash flows from the assets, or to collect both the contractual cash flows and also the cash flows from the sale of assets; or is none of the above described two models) and the cash flow characteristics of the asset (i.e. whether the cash flows represent solely payments of principal and interest ("SPPI"), interest including only consideration for credit risk, time value of money, other basic lending risks and profit margin). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group's debt instruments have been classified into the following measurement categories:

- Amortised cost (AC): Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interests are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses). Impairment losses are presented as separate line items in the statement of profit or loss.
  The following financial assets of the Group are classified in this category:
    - Cash;
    - Balances with central banks;
    - Demand deposits at credit institutions and other financial institutions;
    - Loans and advances to customers;
    - Other financial assets.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling financial assets where the assets' cash flows represent solely payments of principal and interest are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised under "net gains from financial assets measured at fair value". Interest income from these financial assets is included in interest income using the effective interest rate method. Impairment losses are presented as separate line items in the statement of profit or loss.

The following financial assets of the Group are measured FVOCI:

- Investments in debt securities.

Equity instruments

The Group subsequently measures equity investments that are listed at FVPL and equity investments that are not listed at FVOCI.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables and contract assets without a significant financing component the Group applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. The Group uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

For all other debt instruments, including finance lease receivables, at amortised cost or FVOCI, the Group follows a three-stage model based on changes in credit quality since initial recognition. A more detailed overview of the three-stage model principles is given in Note 2 "Risk management" in part "Measurement of expected credit loss (ECL)".

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

For contracts that include both a loan and an undrawn commitment and where the Group cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss under "credit loss allowance".

A more detailed overview of the credit risk management principles is given in Note 2 "Risk management". Interest income is recognised in the statement of profit or loss "Interest income calculated using effective interest rate method".

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, demand deposits due from central banks and other credit institutions and term deposits with original maturities of three months or less that are available for use without any significant restrictions and which are subject to an insignificant risk of changes in value. The cash flow statement is presented using the direct method.

Lease receivables

Finance lease transactions are lease transactions under which all significant risks and rights from using the assets are transferred from the Group to the lessee. Legal ownership of assets is transferred to the customer at the end of the lease term. The receivables from the finance lease agreements are recognised at net present value of the minimum lease payments, from which the payments of principal received have been deducted, plus unguaranteed residual value at the end of contract. Lease payments collected are allocated between repayment of principal and finance income. Finance income is recognised over the rental period based on the pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The lessor's direct expenses related to the contract are part of effective interest rate and are booked as decrease of income from lease over the period of lease contract. Lease receivables are presented in the statement of financial position net of the loss allowance. A lease receivable from a client is recognised in the statement of financial position as of the moment of delivering the assets that are the subject of the agreement to the client. In case of transactions in which the assets that are the object of the agreement have a long delivery term have not yet been delivered to the client, the payments received from the lessees under these agreements are recognised in the statement of financial position as prepayments of buyers in line "Other liabilities".

Factoring and warehouse financing receivables

Factoring transactions are considered to be financing transactions where the Group provides the financial resources to its selling partners through transfer of the rights to the receivables from these sales transactions. The Group acquires the right for the receivables payable by the buyer subject to the sales contract. Factoring is the transfer of receivables. The transaction is booked as financing (i.e. loan secured by a claim), when the Group does not own all the rights related to the receivable (recourse factoring). The receivable is included in the statement of financial position until payment is received or recourse is expired.

Warehouse receipt financing transactions are financing transactions where the lease firm finances its partners by granting them a loan against pledged stock reserves.

Interest income is recognised in the statement of profit or loss using the effective interest rate method, in line with IFRS 9.

1.6 Tangible and intangible assets

Land, buildings, IT equipment, office equipment and other assets of long-term use are recognised in the statement of financial position as tangible assets. Intangible assets are identifiable, non-monetary assets without physical substance and as at balance sheet date comprise acquired or internally developed software and licences (Note 13).

Tangible and intangible assets are initially recognised at acquisition cost, consisting of the purchase price, non-refundable taxes and other direct costs related to taking the asset into use. Subsequent expenditures related to an item of tangible assets are recognised as an asset if these are in accordance with the definition of tangible assets and meet the criteria for recognition in the statement of financial position (including if it is probable that future economic benefits associated with the item will flow to the entity). Ongoing repairs and maintenance expenditures are expensed during the reporting period in which they are incurred.

Tangible and intangible assets with finite useful lives are subsequently stated at historical cost less depreciation/amortisation and any impairment losses. Depreciation/amortisation is calculated starting from the date the asset is available to use until the asset is fully depreciated. Assets are depreciated/amortised on a straight-line basis. Depreciation/amortisation calculation is based on the useful life of the assets groups, which serves as the basis for forming the depreciation/amortisation rates.

In the case of tangible assets, the annual depreciation rate for buildings is up to 5%, the depreciation rate for vehicles is up to 15% p.a., for improvements of rental space is up to 20% p.a. or until the end of the lease term, whichever is shorter. The annual depreciation rate for computers, office equipment and furniture are up to 25% p.a.
For intangible assets, the annual depreciation rate for the group's core systems is 15% p.a., for user environments is 20% p.a. and for purchased licenses is up to 33% p.a.
Non-current assets with an unlimited useful life (land) are not depreciated. Depreciation of non-current assets is presented in the statement of profit or loss line item "Depreciation".

Gains or losses from sale of non-current assets is determined by comparison of the sales price with the carrying amount. Gain or loss on sale is recognised in the statement of profit or loss in the line items "Net gains from non-financial assets realisation ".

Capitalisation of expenses

Leasehold improvements related to the leased space used by the Group are capitalised as tangible assets and expensed on a straight-line basis in accordance with the duration of the lease agreement.

Development costs

If software development expenses result in additional functionality and if they meet the definition of intangible assets and criteria for inclusion in the statement of financial position (incl. expected participation in the generation of future economic benefits), such expenses are recognised as intangible assets. Expenses related to the use of software are expensed as incurred.

Expenditures incurred on advertising and the launch of new products, services and processes are expensed as incurred. Expenditures associated with internally developed trademarks and other such items are expensed as incurred.

Goodwill

Goodwill is recognised in acquisition value, less accumulated impairment losses. The Group tests the value of goodwill at least once a year or immediately if there is any indication that it might be impaired. Goodwill is distributed among cash-generating units or groups of cash-generating units that benefit from the synergy of the business combination. Profit or loss from the termination or sale of cash-generating units where goodwill is allocated consists of the carrying amount of the goodwill allocated to the unit.

1.7 Assets held for sale

Assets held for sale are measured at the balance sheet date and are carried in the balance sheet at the lower of carrying amount and net realisable value. The net realisable value is the sales price less estimated costs to sell.

1.8 Leases – the Group as the lessee

The Group leases office premises. At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

Initial measurement

Right-of-use assets are recorded on a separate line in the statement of financial position.
At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the lessee's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

For a contract that contains a lease component and one or more additional non-lease components, as a practical expedient, the Group has elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Subsequent measurement

After the commencement date, the Group measures the right-of-use asset applying a cost model.

After the commencement date, the Group shall measure the lease liability by:
a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

If there are changes in lease payments, there may be a need to remeasure the lease liability. The Group shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss on the line "Depreciation".

The Group has elected not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment and leases, whose market value does not exceed the amount of 5,000 euros.

1.9 Financial liabilities

The classification made can be seen in the table below:

Category by IFRS9 Classes as determined by the Group

<table>
<tr><td rowspan="5">Financial liabilities</td><td rowspan="5">Financial liabilities measured at amortised cost</td><td rowspan="3">Deposits from customers and loans received</td><td>Private individuals</td></tr>
<tr><td>Legal entities</td></tr>
<tr><td>Credit institutions</td></tr>
<tr><td colspan="2">Subordinated debt</td></tr>
<tr><td colspan="2">Other financial liabilities</td></tr>
<tr><td rowspan="2">Contingent liabilities</td><td colspan="3">Loan commitments</td></tr>
<tr><td colspan="3">Financial guarantees</td></tr>
</table>

Deposits from customers

Deposits are recognised in the statement of financial position on their settlement date at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method and presented on the line item "Customer deposits and loans received", accrued interest is included in corresponding liabilities line items. Interest expense is recorded in the statement of profit or loss on the line "Interest and similar expense".

Loans received

Loans received are recognised initially at fair value net of transaction costs (the proceeds received, net of transaction costs incurred). Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the instrument using the effective interest rate. The effective interest rate is the rate that exactly discounts the expected stream of future cash payments through maturity. The amortisation of the transaction costs is presented in the statement of profit or loss together with the interest expense. The respective interest expense is recorded in the statement of profit or loss on the line "Interest and similar expense". If there is an unused limit for any borrowings, this is presented as a contingent asset.

Loan commitments

The Group issues commitments to provide loans. These commitments are irrevocable or revocable only in response to a material adverse change. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition, or (ii) the amount of the loss allowance determined based on the expected credit loss model. The carrying amount of the loan commitments represents a contingent liability.

1.10 Financial guarantee contracts

Financial guarantees are given to banks, financial institutions, companies and other bodies on behalf of customers to secure loans, other banking facilities and liabilities to other parties.

Financial guarantees are initially recognised in the financial statements at fair value (contract value) on the date the guarantee was given. Subsequent to initial recognition, the bank's liabilities under such guarantees are recognised at the outstanding value of guarantee. In the statement of profit or loss the fee income earned on a guarantee is recognised on a straight-line basis over the life of the guarantee. In cases where the fees are charged periodically in respect of an outstanding guarantee, they are recognised as revenue on a time proportion basis over the respective guarantee period. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition, or (ii) the amount of the loss allowance determined based on the expected credit loss model. The amounts disbursed to settle the guarantee obligation are recognised in the consolidated statement of financial position on the date it is disbursed.

1.11 Payables to employees

Payables to employees include unpaid salary accruals, accruals for bonuses together with social security and unemployment insurance tax and a vacation pay accrual calculated in accordance with employment contracts and the laws of the Republic of Estonia in force as at the balance sheet date. The liability related to the payment of a vacation pay accrual together with social security and unemployment insurance premiums is included within current liabilities in the balance sheet and as payroll expenses in the consolidated statement of profit or loss. Social tax includes payments to the state pension fund.

The Group has no existing legal or constructive obligations to make pension payments or similar payments supplementary to social tax.

1.12 Share-based payments

The Group has established a share-based option programme, under which the Group issues options to employees to buy shares of Coop Pank AS in return for their services. The fair value of options issued is recognised as an expense over the term of the option programme as an increase in the Group's payroll expenses and an increase in equity (other reserves). The total cost is determined by the fair value of the options at the time they are issued. The fair value of the options is determined taking into account the market conditions affecting the option price, including the share price of Coop Pank AS. At the end of each reporting period, the Group estimates how many options are likely to become exercisable. Changes compared to initial estimates are recognised in the statement of profit or loss and with a correspondent adjustment to equity. When the options are exercised, Coop Pank AS issues new shares. According to the terms and conditions of the share options, there are no social tax expenses when exercising options after 3 years.

1.13 Revenue and expense recognition

Interest income and expense is recognised in the consolidated statement of profit or loss for all interest-earning financial assets and interest-bearing financial liabilities carried at amortised cost (AC) and debt financial assets at fair value through other comprehensive income (FVOCI) using the effective interest rate method.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for

(i) financial assets that have become credit impaired (Stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost, net of the expected credit loss provision, and
(ii) financial assets that are purchased or originated credit impaired, for which the original credit adjusted effective interest rate is applied to the amortised cost.

If the credit risk on the financial asset classified in Stage 3 subsequently improves so that the asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the asset had been determined as credit-impaired (i.e. the asset becomes cured), the asset is reclassified from stage 3 and the interest revenue is calculated by applying the effective interest rate to the gross carrying amount. The additional interest income, which was previously not recognised in profit and loss due to the asset being in stage 3 but is now expected to be received following the asset's curing, is recognised as a reversal of impairment.
Other similar income to interest income also includes income on interest bearing financial instruments classified at fair value through profit or loss.

Fee and commission income

The recognition of revenue from contracts with customers is reported as fee and commission income. This does not apply for revenue from leasing contracts or financial instruments and other contractual obligations within the scope of IFRS 9 Financial Instruments. Credit issuance fees for loans/leases are deferred and recognised as an adjustment to the effective interest rate on the credit.
Fee and commission income are recognised when incurred. Such income includes recurring fees for account servicing. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur.

Other fee and commission income is recognised at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations. Such income includes fees for arranging a sale or purchase of foreign currencies on behalf of a customer, fees for processing payment transactions, fees for cash settlements, collection or cash disbursements.

Revenue from sale of assets

Revenue from sale of assets, except for tangible assets, is recognised at transaction price. Transaction price is the total consideration that the Group is entitled to receive for the transfer of promised goods or services to customer less amounts collected on behalf of third parties. The Group recognises revenue from sale of goods when the control over the goods or services is transferred to the customer.

Dividend income

Dividends are recognised in the statement of profit or loss when the entity's right to receive payment is established.

1.14 Statutory reserve capital

The Group forms the statutory reserve capital from annual net profit allocations to comply with the requirements of the Commercial Code. In each financial year the Group transfers at least one-twentieth of the net profit to the statutory reserve, until the reserve reaches one-tenth of share capital.

Note 2 Risk management

Principles of risk management

The Group defines risk as possible negative deviation from the expected result. Risk management is a process aimed at efficiency and profitability of operations that would meet the expectations of shareholders identified in the strategy. As risks are associated with all business activities and on all levels of activity, in addition to management, risk management also involves all the Group's employees through the internal control system. The tasks of risk management are the identification and measurement of business-related risks, implementation of measures necessary for controlling risks and reporting on risk management performance.

In essence, the Group measures risks by:

i) quantifying or assessing the potential magnitude of the risk through a change in the financial volume; or
ii) qualitatively taking into account the operational control environment based on expert judgment of the magnitude of the risk and the likelihood of its occurrence.

Regardless of these options, we have implemented risk appetite and tolerance metrics that help us identify trends in risk movement and prepare for actions required for better control or mitigation. Depending on the risk category, either monthly or quarterly reports are prepared. The quarterly risk report is a summary risk report that reaches top management level.

Structure and responsibility of risk management

The Group's risk management system is centralised at management level - policies and principles of risk management are established at Group level by the Bank's Supervisory Board or Management Board to ensure implementation of common risk management principles in AS Coop Pank and its subsidiaries as well as rapid and effective response to changes in the economic environment or in the Group's business model. Risk management procedures must comply with existing legislative regulations and standards.

The Bank's Management Board is responsible for the implementation of risk management, control and risk management policies and methods and the effectiveness of risk management. In organising risk management, the Management Board may in limited degree delegate risk taking, control and monitoring to collegial decision-making bodies with limited decision-making competence set up by the Management Board.

<u>The Bank's Management Board has set up the following committees and commissions with limited decision-making competence:</u>

The tasks, composition and activities of the **Asset/Liability Management Committee** are defined by its rules. The committee's task is to monitor, control, analyse and evaluate risks, make decisions and implement them in the following areas of responsibility:

- assessment and management of the Bank's and Group's liquidity risk and short- and long-term liquidity position;
- monitoring of the maturity structure of the Bank's assets and liabilities;
- planning of the balance of interest income and expenses and management of interest rate risk;
- introducing limits on term and volume measures related to counterparties;
- debt securities portfolio management.

The Credit Committee is the Bank's highest body for making credit decisions, a workgroup responsible for risk management formed in accordance with the Credit Institutions Act and the Bank's statutes for ensuring that the Bank's credit policy is implemented through the adoption of credit decisions and compliance assessment of collateral.

The Credit Commission performs the functions of the Credit Committee in adopting decisions on lower-risk credit.

The Account Establishment Committee manages and controls the establishment of customer relationships and monitoring and, if necessary, termination of customer relationships through its decisions with clients with a higher risk of money laundering and terrorist financing prevention.

For effective implementation of risk management, the Group uses a 3-level control system in accordance with the principles of an internal control system approved by the Supervisory Board.

Structural units with direct risk control functions:

First line of defence

The first level constitutes sales and support divisions and subsidiaries. The first line of defence is to ensure that risks related to the activities, products, and processes in its area of responsibility are identified, assessed and that measures necessary for controlling risks are implemented.

Second line of defence

The role of the second line of defence is performed by risk managers and analysts in the Risk Management Department and Credit Risk Department.

The main functions of the second line of defence are:

- a group-wide view of regular identification, assessment and monitoring of risks;
- stress testing for liquidity, credit and market risks and drawing up relevant risk reports;
- the notification of the Management and Supervisory Board of risks;
- development of risk management methodology, first line of defence counselling in risk management;
- conducting training in the field of risk management;
- control and monitoring of compliance with internal rules and legislation;
- conducting scheduled and emergency internal controls within the organisation.

Third line of defence

Internal Audit Unit

The Internal Audit Unit audits the compliance of the Group's activities with legislation and instructions, the operation and efficiency of the business processes and internal control system, the compliance of the Bank's structural units with the decisions taken by the Bank's competent body, as well as compliance with the established rules, limits and other internal regulations. The activities of the Internal Audit Unit are aimed at protecting the interests of the Bank's shareholders, depositors and other creditors.

Capital management

The Group uses risk-based capital planning which ensures that all risks are adequately covered by own funds at any given time. Eligible capital is defined as the Group's own funds which consist of Tier 1 and Tier 2 capital. An overview of the regulatory capital is provided in the following table:

Capital base	31.12.2024	31.12.2023
Tier 1 capital		
Paid-in share capital and share premium	96,892	95,452
Statutory reserve capital	6,815	4,855
Retained earnings excl. profit for the reporting period	73,629	45,280
The accepted profit of the reporting period*	19,545	23,757
Other accumulated comprehensive income/expense**	298	-459
Goodwill as intangible asset (-)	-6,757	-6,757
Intangible assets (-)	-12,954	-10,838
Adjustment of value arising from requirements of reliable measurement (-)	-38	-36
Other deductions from Tier 1 Capital (-)	-1,820	-1,148
Common Equity Tier 1 (CET1)	175,610	150,106
Additional Tier 1 capital	28,148	28,100
Total Tier 1 capital	203,758	178,206
Subordinated debt	35,000	22,000
Tier 2 capital	35,000	22,000
Eligible capital for capital adequacy calculation	238,758	200,206

* Includes audited profit for the nine-month period ending on 30 September, which is included as approved by the Financial Supervisory Authority.
** Includes revaluation reserve of financial assets at fair value through other comprehensive income.

Capital planning is conducted on the basis of financial position and profit and loss forecasts that take into account the Group's strategy, future expectations, risk profile and risk appetite. Capital planning is the responsibility of the Bank's Management Board.

The internal capital adequacy assessment (ICAAP) is an ongoing process which aims to assess the Group's risk profile and the corresponding need for capital. ICAAP is the basis for regular capital planning in the Group.

The planning and forecasting of capital requirements take place on the basis of calculating regulatory capital adequacy that takes into account capital requirements arising from ICAAP and supervisory assessment of the Financial Supervisory Authority (SREP) plus capital requirements to cover additional risks that are not taken into account in the context of regulatory capital requirements.

The Group's risk profile is assessed in particular by the following risks: credit risk, concentration risk, liquidity risk, market risk, including risk exposure from the portfolio of financial investments, the Bank's portfolio of interest rate risk, operational risk, strategic risk, reputation risk.

The recommended minimum capital adequacy level is the minimum required capital adequacy level determined in the SREP assessment plus the need-based reserve required for increasing business volumes, implementing strategy plans and ensuring a stable financial position in accordance with the Group's current operating strategy and balance sheet forecasts.

For determining the capital requirement, the financial position is forecasted, taking into account changes by items of the risk position and equity. The financial position and profit and loss forecasts are reviewed regularly and approved by the Bank's Management Board. It also takes into account the possible impact of strategic and reputation risk to the Group's business success, and determines the necessary equity buffer to ensure the desired internal capital adequacy level if alternative and risk scenarios materialise. Overview of the development of capital adequacy including the capital requirements arising from the SREP assessment are presented to the Bank's Management Board and the Supervisory Board on a quarterly basis.

As at 31.12.2024 and also as at 31.12.2023, the Group was in compliance with all regulatory capital requirements.

Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Group's customers or counterparties fail to fulfil their contractual obligations to the Group.

The Group follows the standard method of calculating credit risk capital requirements. In calculating capital requirements, the Group uses ratings of accepted rating agencies according to the procedure established by the Financial Supervisory Authority.

Credit risk management is based on the Group's credit policy. The main objectives of credit policy are to sustainably achieve the rate of return on the Group's assets from credit activities required by shareholders, adhering to the prudency and risk diversification principles and taking moderate risks that can be evaluated and managed.
Credit risk arises from the following financial instruments:

- Cash, cash balances at central banks and other deposits, Note 9;
- Debt securities (Note 10);
- Loans and advances to customers (Note 11);
- Other financial assets (Note 12).

The cash placements to credit institutions and financial investments into debt securities are done within the counterparty transaction limits imposed by the Assets and Liabilities Committee (ALCO). When assessing the counterparty creditworthiness and credit limit, the counterparty's domicile, financial position, management, legal status and market position are taken into consideration. Additionally, for investments into debt securities the liquidity and rating are assessed.

Credit risk measurement

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of the individual counterparties.

Classification and grouping of the Bank's loan receivables takes place once a month. The credit risk categories for credit receivables depend on the borrower's payment discipline, financial position and on other implications on the increase of credit risk:

<table>
<tr><th>Risk class</th><th>PD</th><th>Comparable S&P rating</th><th>Description</th></tr>
<tr><td>1</td><td>0,2%</td><td>A... AAA</td><td>The obligor's capacity to meet its financial commitment on the obligation is very strong</td></tr>
<tr><td>2</td><td>0,5%</td><td>BBB</td><td>The obligor's capacity to meet its financial commitment on the obligation is adequate. Adverse economic conditions or changing circumstances are likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation</td></tr>
<tr><td>3</td><td>1,0%</td><td>BB+</td><td rowspan="3">The obligor's capacity to meet its financial commitment on the obligation is adequate in the short-term perspective. Adverse business, financial, or economic conditions could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</td></tr>
<tr><td>4</td><td>1,5%</td><td>BB</td></tr>
<tr><td>5</td><td>2,5%</td><td>BB-</td></tr>
<tr><td>6</td><td>5,0%</td><td>B+</td><td rowspan="3">The obligor's capacity to meet its financial commitment on the obligation is adequate in the short-term perspective. Adverse business, financial, or economic conditions will likely impair the obligor's capacity to meet its financial commitment on the obligation.</td></tr>
<tr><td>7</td><td>7,5%</td><td>B</td></tr>
<tr><td>8</td><td>10,0%</td><td>B-</td></tr>
</table>

9	20,0%	CCC	The obligor's capacity to meet its financial commitment on the obligation is questionable and is dependent upon favourable business, financial, or economic conditions for the obligor to meet its financial commitment on the obligation. Probable payment delays.
10	30,0%	CC	The obligor's capacity to meet its financial commitment on the obligation is probably insufficient. Payment delays.
11	60,0%	C	The obligor's capacity to meet its financial commitment on the obligation is insufficient. Payment delays.
12	100,0%	D	The obligor is in default.

In 2024 uncertainty into the economy continued. There are several factors influencing the macroeconomic situation starting from, the ongoing war in Ukraine, military conflict in Gaza sector, attacks on ships in Red Sea, energy crisis, etc. Despite falling inflation levels and EURIBOR rates and a low unemployment, the confidence level of consumers has not improved. Nevertheless, the effects on the credit portfolio are not noticeable, the overdue debt level is continuously very low, there is very limited demand for payment holidays and the collateral values have not been affected yet. The Group follows closely the changes in overall market conditions and has adapted its general credit risk evaluation, processes and models according to the changed economic environment and outlook. Clients whose activities could pose an environmental risk are checked on a case-by-case basis to ensure that their activities are in line with all valid norms of environmental protection.

Measurement of expected credit loss (ECL)

The impairment requirements are based on a three-stage expected credit loss (ECL) model, which considers changes in credit quality since initial recognition. The Group uses internally developed models which take into account external macroeconomic indicators.

In accordance with IFRS 9 the financial instruments are classified into three stages based on the number of days of past due, the financial position of the legal entity and other changes in the quality of the receivable, either as a performing receivable (stage 1), an under-performing receivable (significant increase in credit risk, stage 2) or a non-performing receivable (default, stage 3). The allowance rate for Stage 1 receivables is based on the 12-month expected credit loss. The allowance rate for Stage 2 and Stage 3 receivables is determined on the basis of lifetime expected credit losses; the latter assumes default of the financial instruments.

Expected credit loss is calculated based on probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to present day. For assessment of loan losses, the expected collections from the loan and interest payments over the coming periods are considered, as well as expected collections and anticipated proceeds from the realisation of collateral, sale of the loan or future payments arising from the solvency, discounted at the financial asset's original effective interest rate, which together form a recoverable amount of the loan.

In order to incorporate forward-looking information into ECL measurements, the expected PD of the receivable is adjusted with macroeconomic forecasts starting from month 4.

For all product groups, macroeconomic forecasts and their confidence intervals have been used to correct PD's based on quantitative analysis and expert judgement. Of the macroeconomic indicators, the Group uses a mix of indicators which, according to performed analysis, proved to be statistically relevant for different product groups:

- Consumer loans – GDP change, unemployment rate, consumer price index, average monthly gross wage, 6 months Euribor rate, average mortgage loan interest margin, average corporate long-term loan interest margin;
- Mortgage loans – GDP change, unemployment rate, consumer price index, 6 months Euribor rate, average mortgage loan interest margin, real estate price index, employment rate, average monthly gross wage;
- Corporate loans – unemployment rate, 6 months Euribor rate, average monthly gross wage, real estate price index, employment rate, average mortgage loan interest margin, average corporate long-term loan interest margin.

The regression analysis was made between Estonia's overdue loans and macro indicators. Forecasts of macro indicators are based on the latest available analysis of the Bank of Estonia on macroeconomic trends. The weighted impact on the probability of default is calculated using a weighting of 60% for the baseline scenario, 10% for a positive scenario and 30% for a negative scenario for all product groups, where expert opinions have been used to determine the weights. Compared to 2023, the weights remained unchanged.

Individual and collective assessment, grouping

Loans are individually assessed where the total risk of the client (on-balance plus off-balance amount) exceeds 500 thousand euros and has been assigned to loan stage 3. Loans to watchlist clients exceeding 500 thousand euros are also individually assessed.

Credit receivables are assessed on a collective or individual basis, based on the classification and grouping results. The purpose of grouping receivables is to collect receivables with similar credit risk to assess them on a collective basis, considering the type of loan, loan collateral and credit rating. The prerequisite for grouping is the availability of sufficient and statistically reliable information. The calculation of the characteristics and allowance rates of groups of receivables is based on the analysis of the statistical behaviour of the loan portfolio, changes in the actual loss events and the general economic situation, macroeconomic forecasts and the impact of the respective macro indicators on the solvency of the customers and collateral values.

Frequency of receivable assessments:

- collective assessment is performed on a monthly basis;
- individual assessment is performed quarterly and the results are approved by the Bank's Credit Committee.

Significant increase in credit risk

The Group considers a financial instrument to have a significant increase in credit risk where one or more of the following criteria have been met:

- the customer's contractual payments have been past due over 30 days at least once in the past three months or repeatedly in past year;
- one of the customer's receivables is restructured due to payment difficulties or has been repeatedly restructured due to payment difficulties;
- corporate borrower has significant payment defaults to other creditors;
- in the case of claims secured by real estate of a private customer, the loan amount exceeds the value of the collateral;
- the customer is on the watchlist.

All receivables from the same corporate borrower are valued in the same category as the lowest risk category and loan stage In determining past due obligations in risk classification the Group uses materiality thresholds set by capital regulation.

Signs that indicate the potential need to include customers to the watchlist are:

- negative macroeconomic events that affect the customer or the industry etc.;
- adverse changes in the financial condition of the customer that can significantly affect their ability to service the debt;
- some of the claims of the customer are restructured;
- customer's weakened payment behaviour and >30 overdues;
- customer is in breach with financial covenants in the extent that indicates the limited possibilities to correctly service the debt;
- adverse changes in collateral values and position;
- legal actions and measures that can result in a significant impact on the customer's financial condition;
- remarks brought out by the external auditors;
- other factors that indicate potentially increased credit risk.

Definition of default and credit-impaired assets

The Group defines financial assets as default, which is fully aligned with the definition of credit-impaired, based on the following qualitative or quantitative criteria:

Quantitative criteria:

- at least one of the loans issued to the customer is more than 90 days past due on its contractual payments (principal or interest) or has been repeatedly more than 90 days past due on its contractual payments and overdue debt exceeds materiality threshold; or
- customer's receivables have been more than three times restructured due to payment difficulties.

Qualitative criteria:

- significant deterioration in the company's financial position to the extent that the customer is unable to service and repay the loan;
- infringement of financial or other covenants to an extent that materially affects the customer's solvency and ability to repay the loans;
- unintentional use of the funding received compared to what was agreed in the loan agreement to an extent that substantially affects the customer's solvency and ability to repay the loans;
- the client has filed (or filed against) a bankruptcy petition or a similar application for legal protection (e.g. reorganisation);
- the client's cash flow/income is insufficient to fully meet their obligations and the client's collateral has been settled in enforcement or bankruptcy proceedings;
- the net present value of receivable has been reduced more than 1% of the receivable amount in the course of restructuring due to payment difficulties and the characteristics of the restructuring due to payment difficulties remain;
- credit exposure has been restructured multiple times and it is probable that the customer is not able to service and repay the loans according to agreed terms;
- a private customer has died, and the receivable has not been re-written to a new borrower (such as an heir);
- the customer has committed fraud.

If the loan that is restructured due to payment difficulties has been properly serviced for at least 12 months and none of the above criteria is present (default criteria or signs of significant increase in credit risk), the loan can be classified as performing receivable.

Sensitivity analysis

When conducting sensitivity analysis, the Group uses changes in macro indicators which, according to performed analyses, proved to be statistically relevant and have more effect on the changes in probability of customers default and thereby allowances. Actual levels of macro indicators published by Bank of Estonia, Statistics Estonia and Land Board and forecasts made by the Ministry of Finance, Bank of Estonia and the Group were used in the analysis. A sensitivity analysis shows impact on the Group's ECL if different macro indicator values are used in ECL calculations.

During analysis in addition to the main forecast, which is called base scenario, a confidence interval was also calculated, which is used as the positive and the negative scenario. The weighted impact on probability of default is calculated using weighting of 60% for a base scenario, 10% for a positive scenario and 30% for a negative scenario for all the loan categories. The weights were not changed in 2024.

The table below shows the impact of changes in the base scenario weights on the Group's loan portfolio as at 31.12.2024.

Change in the weights of the scenario (base-positive-negative)	Impact on ECL in thousands of euros
60%-0%-40%	390
60%-20%-20%	-352

As at 31.12.2023, the impact of changes in the base scenario weights were the following:

Change in the weights of the scenario (base-positive-negative)	Impact on ECL in thousands of euros
60%-0%-40%	188
60%-20%-20%	-211

This table shows the Group's ECL change as of 31.12.2024, if the following changes had occurred in macroeconomic indicators relative to the base scenario:

in thousands of euros	Impact of increase	Impact of decrease
Average wages and salaries +/-5%	-33	13
Unemployment rate +/-1%	693	-542
Business loan interest margin +/-0.5%	0	-33
Mortgage loan interest margin +/-0.5%	112	-137
6 months EURIBOR +/-0.5%	575	-474
Real estate price index +/-2%	-33	13
Employment rate +/-1%	-33	13
GDP growth change +/-2%	-350	558

This table shows the Group's ECL change as of 31.12.2023, if the following changes had occurred in macroeconomic indicators relative to the base scenario:

in thousands of euros	Impact of increase	Impact of decrease
Average wages and salaries +/-5%	-139	152
Unemployment rate +/-1%	563	-421
Business loan interest margin +/-0.5%	59	-59
Mortgage loan interest margin +/-0.5%	118	-59
6 months EURIBOR +/-0.5%	668	-483
Real estate price index +/-2%	-499	563
Employment rate +/-1%	-583	677

Maximum exposure to credit risk

The Group's maximum exposure to credit risk from financial instruments subjected to impairment:

31.12.2024	Stage 1	Stage 2	Stage 3	Total
Cash, cash balances at central banks and other deposits	343,678	0	0	343,678
Debt securities at fair value through other comprehensive income	37,351	0	0	37,351
Loans to private individuals*	897,353	28,409	6,138	931,900
Consumer loans	101,672	4,313	2,161	108,146
Finance lease receivables	94,222	1,542	139	95,903
Mortgage loans and other loans	701,459	22,554	3,838	727,851
Loans to legal entities	828,200	23,885	8,684	860,769
Finance lease receivables	94,987	3,069	767	98,823
Other loans	733,213	20,816	7,917	761,946
Total	1,725,553	52,294	14,822	1,792,669
Loss allowance	-9,570	-3,951	-5,030	-18,551
Total of net loans	1,715,983	48,343	9,792	1,774,118
Exposures related to off-balance sheet items				
Financial guarantees	18,379	101	18	18,498
Unused credit limits	39,899	490	24	40,413
Unused overdrafts	91,748	922	7	92,677
Total off-balance sheet exposures	150,026	1,513	49	151,588
Loss allowance	-444	-34	-5	-483
Total net off-balance sheet exposures	149,582	1,479	44	151,105

*As of 31.12.2024, the Bank also classifies self-employed entrepreneurs (FIE) in net amount of 2,722 (31.12.2023: 2,932) thousand euros as private individuals, which were classified as business customers until 31.12.2023.

31.12.2023	Stage 1	Stage 2	Stage 3	Total
Cash, cash balances at central banks and other deposits	428,354	0	0	428,354
Debt securities at fair value through other comprehensive income	36,421	0	0	36,421
Loans to private individuals*				
Consumer loans	93,695	4,449	1,919	100,063
Finance lease receivable	71,725	1,125	70	72,920
Mortgage loans and other loans	584,492	16,025	2,583	603,100
Loans to legal entities				
Finance lease receivable	95,457	2,278	660	98,395
Other loans to legal entities	581,921	43,755	7,113	632,789
Total	1,427,290	67,632	12,345	1,507,267
Loss allowance	-6,820	-5,516	-4,058	-16,394
Total net loans	1,420,470	62,116	8,287	1,490,873
Exposures related to off-balance sheet items				
Financial guarantees	15,490	802	0	16,292
Unused credit limits	38,795	731	7	39,533
Unused overdrafts	88,739	161	58	88,958
Total off-balance sheet exposures	143,024	1,694	65	144,783
Loss allowance	-371	-88	-2	-461
Total net off-balance sheet exposures	142,653	1,606	63	144,322

Receivables from credit institutions and financial investments in securities, breakdown by credit quality:

31.12.2024	AA- and higher	A- to A+	BBB- to BBB+	BB- to BB+	B- to B+	CCC-D	Total
Risk class	1	1	2	3 to 5	6 to 8	9 to 12	
Cash on hand	1,766	0	0	0	0	0	1,766
Base level of the mandatory reserve kept in the Central Bank	18,316	0	0	0	0	0	18,316
Demand deposits at the Central Bank	299,380	0	0	0	0	0	299,380
Receivables from credit institutions and other financial institutions*	3,193	21,023	0	0	0	0	24,216
Debt securities at fair value through other comprehensive income	0	30,912	3,711	3,128	0	0	37,751

31.12.2023	AA- and higher*	A- to A+	BBB- to BBB+	BB- to BB+	B- to B+	CCC-D	Total
Risk class	1	1	2	3 to 5	6 to 8	9 to 12	
Cash	2,276	0	0	0	0	0	2,276
Base level of the mandatory reserve kept in the Central Bank	17,098	0	0	0	0	0	17,098
Demand deposits at the Central Bank	394,089	0	0	0	0	0	394,089
Receivables from credit institutions and other financial institutions*	785	14,106	0	0	0	0	14,891
Debt securities at fair value through other comprehensive income	0	29,988	3,863	2,570	0	0	36,421

On assessing the credit quality, the Group uses credit ratings from rating agencies Fitch, Moody's and Standard & Poor's according to the recitals of European Parliament and of the Council (EC) No. 575/2013 Article 138.
According to Article 114 of the mentioned regulation, receivables from the European Central Bank have the highest credit quality level, and receivables from the national central banks of member states have also the highest credit quality level, if these receivables are nominated in euros.

Coop Pank cash and high-quality receivables from the central bank (The Bank of Estonia) are not rated but can be classified as AA- or higher credit quality.

The management has estimated that credit institutions' receivables carry low credit risk and that their expected credit losses are insignificant, given their strong credit rating, financial condition and short-term economic outlook.
Other non-rated receivables from credit institutions and other financial institutions are of good quality and there is no indication of impairment.
Debt securities at fair value through other comprehensive income are predominantly liquid, which is why their expected credit losses are also considered insignificant.

Loans to customers divided by stage and credit quality in different loan classes is presented in the following table:

	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	4,422	47	0	4,469	9,233	145	0	9,378
II credit quality class	711,587	133	0	711,720	617,445	88	0	617,533
III credit quality class	233,518	1,137	0	234,655	237,925	1,695	0	239,620
IV credit quality class	180,707	1,323	0	182,030	188,767	97	0	188,864
V credit quality class	296,538	2,623	0	299,161	159,203	2,375	0	161,578
VI credit quality class	222,437	2,339	0	224,776	173,071	3,101	0	176,172
VII credit quality class	69,698	1,112	0	70,810	37,571	2,582	0	40,153
Specific monitoring								
VIII credit quality class	5,226	25,162	0	30,388	2,450	16,029	0	18,479
IX credit quality class	1,420	12,642	0	14,062	1,625	36,733	0	38,358
X credit quality class	0	5,405	0	5,405	0	4,153	6,091*	10,244
Non-performing loans								
XI credit quality class	0	350	0	350	0	634	255	889
XII credit quality class	0	21	14,822	14,843	0	0	5,999	5,999
Total	1,725,553	52,294	14,822	1,792,669	1,427,290	67,632	12,345	1,507,267
Loss allowance	-9,570	-3,951	-5,030	-18,551	-6,820	-5,516	-4,058	-16,394
Total net loans	1,715,983	48,343	9,792	1,774,118	1,420,470	62,116	8,287	1,490,873

* According to the group's credit risk policy, as of 31.12.2024 a stage 3 loan cannot be in a risk class better than 12, although as of 31.12.2023 a stage 3 loan was not in a risk class better than 10.

Consumer loans	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	19	0	0	19	0	0	0	0
II credit quality class	0	0	0	0	0	0	0	0
III credit quality class	0	0	0	0	0	0	0	0
IV credit quality class	9,906	0	0	9,906	10,255	0	0	10,255
V credit quality class	0	0	0	0	0	0	0	0
VI credit quality class	90,402	0	0	90,402	81,813	0	0	81,813
VII credit quality class	61	0	0	61	65	0	0	65
Specific monitoring								
VIII credit quality class	0	0	0	0	0	0	0	0
IX credit quality class	1,284	128	0	1,412	1,562	140	0	1,702
X credit quality class	0	3,835	0	3,835	0	3,990	0	3,990
Non-performing loans								
XI credit quality class	0	350	0	350	0	319	0	319
XII credit quality class	0	0	2,161	2,161	0	0	1,919	1,919
Total	101,672	4,313	2,161	108,146	93,695	4,449	1,919	100,063
Loss allowance	-1,909	-1,148	-1,860	-4,917	-1,960	-1,080	-1,604	-4,644
Total net loans	99,763	3,165	301	103,229	91,735	3,369	315	95,419

Finance lease receivables to private customers	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	4	0	0	4	0	0	0	0
II credit quality class	32	0	0	32	0	0	0	0
III credit quality class	93,669	0	0	93,669	71,286	0	0	71,286
IV credit quality class	162	0	0	162	145	0	0	145
V credit quality class	73	1,281	0	1,354	0	1,064	0	1,064
VI credit quality class	278	0	0	278	294	0	0	294
VII credit quality class	0	256	0	256	0	54	0	54
Specific monitoring								
VIII credit quality class	4	0	0	4	0	0	0	0
IX credit quality class	0	0	0	0	0	0	0	0
X credit quality class	0	5	0	5	0	7	0	7
Non-performing loans								
XI credit quality class	0	0	0	0	0	0	0	0
XII credit quality class	0	0	139	139	0	0	70	70
Total	94,222	1,542	139	95,903	71,725	1,125	70	72,920
Loss allowance	-127	-9	-28	-164	-100	-6	-14	-120
Total net loans	94,095	1,533	111	95,739	71,625	1,119	56	72,800

Mortgage and other private loans	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	74	0	0	74	49	0	0	49
II credit quality class	691,639	0	0	691,639	578,400	0	0	578,400
III credit quality class	1,249	0	0	1,249	0	0	0	0
IV credit quality class	7,370	0	0	7,370	5,378	0	0	5,378
V credit quality class	662	0	0	662	351	0	0	351
VI credit quality class	320	0	0	320	286	0	0	286
VII credit quality class	31	0	0	31	28	0	0	28
Specific monitoring								
VIII credit quality class	114	22,427	0	22,541	0	15,842	0	15,842
IX credit quality class	0	44	0	44	0	27	0	27
X credit quality class	0	83	0	83	0	156	0	156
Non-performing loans								
XI credit quality class	0	0	0	0	0	0	0	0
XII credit quality class	0	0	3,838	3,838	0	0	2,583	2,583
Total	701,459	22,554	3,838	727,851	584,492	16,025	2,583	603,100
Loss allowance	-338	-765	-711	-1,814	-274	-511	-522	-1,307
Total net loans	701,121	21,789	3,127	726,037	584,218	15,514	2,061	601,793

Finance lease receivables to legal entities	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	3,407	47	0	3,454	2,461	145	0	2,606
II credit quality class	6,530	118	0	6,648	6,822	73	0	6,895
III credit quality class	14,202	397	0	14,599	25,728	409	0	26,137
IV credit quality class	35,433	125	0	35,558	28,283	70	0	28,353
V credit quality class	16,568	113	0	16,681	15,633	237	0	15,870
VI credit quality class	15,515	225	0	15,740	11,771	343	0	12,114
VII credit quality class	2,617	462	0	3,079	4,543	516	0	5,059
Specific monitoring								
VIII credit quality class	687	1,431	0	2,118	184	36	0	220
IX credit quality class	28	120	0	148	32	134	0	166
X credit quality class	0	10	0	10	0	0	401	401
Non-performing loans								
XI credit quality class	0	0	0	0	0	315	255	570
XII credit quality class	0	21	767	788	0	0	4	4
Total	94,987	3,069	767	98,823	95,457	2,278	660	98,395
Loss allowance	-415	-54	-246	-715	-421	-103	-108	-632
Total net loans	94,572	3,015	521	98,108	95,036	2,175	552	97,763

Other loans to legal entities	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	918	0	0	918	6,723	0	0	6,723
II credit quality class	13,386	15	0	13,401	32,223	15	0	32,238
III credit quality class	124,398	740	0	125,138	140,911	1,286	0	142,197
IV credit quality class	127,836	1,198	0	129,034	144,706	27	0	144,733
V credit quality class	279,235	1,229	0	280,464	143,219	1,074	0	144,293
VI credit quality class	115,922	2,114	0	118,036	78,907	2,758	0	81,665
VII credit quality class	66,989	394	0	67,383	32,935	2,012	0	34,947
Specific monitoring								
VIII credit quality class	4,421	1,304	0	5,725	2,266	151	0	2,417
IX credit quality class	108	12,350	0	12,458	31	36,432	0	36,463
X credit quality class	0	1,472	0	1,472	0	0	5,690	5,690
Non-performing loans								
XI credit quality class	0	0	0	0	0	0	0	0
XII credit quality class	0	0	7,917	7,917	0	0	1,423	1,423
Total	733,213	20,816	7,917	761,946	581,921	43,755	7,113	632,789
Loss allowance	-6,781	-1,975	-2,185	-10,941	-4,065	-3,816	-1,810	-9,691
Total net loans	726,432	18,841	5,732	751,005	577,856	39,939	5,303	623,098

Off-balance exposures of credit lines and overdraft facilities	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	107	0	0	107	88	0	0	88
II credit quality class	9,992	0	0	9,992	12,719	0	0	12,719
III credit quality class	16,468	55	0	16,523	17,605	0	0	17,605
IV credit quality class	47,038	100	0	47,138	33,233	0	0	33,233
V credit quality class	42,303	4	0	42,307	51,180	0	0	51,180
VI credit quality class	7,787	0	0	7,787	8,310	12	0	8,322
VII credit quality class	7,827	0	0	7,827	4,096	2	0	4,098
Specific monitoring								
VIII credit quality class	125	452	0	577	303	87	0	390
IX credit quality class	0	800	0	800	0	790	0	790
X credit quality class	0	1	0	1	0	1	61	62
Non-performing loans								
XI credit quality class	0	0	0	0	0	0	0	0
XII credit quality class	0	0	31	31	0	0	4	4
Total	131,647	1,412	31	133,090	127,534	892	65	128,491
Loss allowance	-421	-33	-4	-458	-352	-83	-2	-437
Total net exposure	131,226	1,379	27	132,632	127,182	809	63	128,054

Off-balance exposures of financial guarantees	31.12.2024				31.12.2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Normal monitoring								
I credit quality class	36	0	0	36	57	0	0	57
II credit quality class	602	0	0	602	436	0	0	436
III credit quality class	937	0	0	937	6,319	0	0	6,319
IV credit quality class	2,947	0	0	2,947	4,060	242	0	4,302
V credit quality class	11,561	0	0	11,561	586	0	0	586
VI credit quality class	170	0	0	170	3,987	0	0	3,987
VII credit quality class	1,858	59	0	1,917	45	60	0	105
Specific monitoring								
VIII credit quality class	268	24	0	292	0	0		0
IX credit quality class	0	18	0	18	0	500	0	500
X credit quality class	0	0	0	0	0	0	0	0
Non-performing loans								
XI credit quality class	0	0	0	0	0	0	0	0
XII credit quality class	0	0	18	18	0	0	0	0
Total	18,379	101	18	18,498	15,490	802	0	16,292
Loss allowance	-23	-1	-1	-25	-19	-5	0	-24
Total net exposure	18,356	100	17	18,473	15,471	797	0	16,268

Allocation of past due loans (gross carrying amount)

31.12.2024						
	Loans to private individuals*			Loans to legal entities		
	Consumer loans	Finance lease	Mortgage loans and other loans	Finance lease	Other loans	Total
1-30 days	4,713	2,105	11,709	2,420	2,834	23,781
31-60 days	1,292	381	2,697	95	1,632	6,097
61-90 days	593	172	701	120	105	1,691
Over 90 days	2,141	27	1,735	226	2,544	6,673
Total	8,739	2,685	16,842	2,861	7,115	38,242

31.12.2023						
	Loans to private individuals*			Loans to legal entities		
	Consumer loans	Finance lease	Mortgage loans and other loans	Finance lease	Other loans	Total
1-30 days	4,858	2,298	8,612	1,548	2,668	19,984
31-60 days	1,361	407	2,299	556	250	4,873
61-90 days	583	62	425	674	126	1,870
Over 90 days	2,091	54	913	4	1,349	4,411
Total	8,893	2,821	12,249	2,782	4,393	31,138

*As of 31.12.2024, the Bank also classifies self-employed entrepreneurs (FIE) as private individuals, which were classified as business customers until 31.12.2023.

Collaterals of financial assets

The Group evaluates the value of collateral both during the loan application process and subsequently. The Group has internal rules for the maximum acceptance value of different types of collateral at the time of applying for a loan. Estimates of the market value of collateral are based on the prudence principle and take into account the type, location, liquidity and probability of realisation of collateral. Expert assessments are used to assess immovables. Individual valuations of commercial real estate are updated at least once a year. In the case of residential and other homogenous types of real estate, statistical indexing models are also used for regular revaluation.

The main types of loan collaterals are:

- real estate (mortgage on property);
- rights of claims;
- commercial pledge;
- machinery and equipment;
- guarantee of Estonian Business and Innovation Agency (EIS) or Rural Development Foundation;
- a surety or guarantee from a private person or legal entity;
- bank deposit;
- pledge of shares;
- traded securities.

Collaterals with a low correlation between the customer's payment risk and the market value of the collateral are preferred. Assets pledged as collateral must be insured, the life of the collateral must be longer than the loan repayment term and the market value of the collateral must exceed the loan balance.

Unsecured loans are issued to private individuals to a limited extent. Legal persons are only granted unsecured loans if the client's credit risk is very low, the solvency is high, and the cash flow forecast is stable.

During the reporting period, the Group's internal rules regarding collateral have not changed significantly and there has also been no significant change in the overall quality of collateral. An overview of the over and under-collateralised loans to customers are given in the tables below.

31.12.2024	Over-collateralised loans		Under-collateralised loans	
	Gross carrying amount	Fair value of the collateral	Gross carrying amount	Fair value of the collateral
Loans to private individuals**				
Consumer loans	0	0	108,146	0
Finance lease receivables	93,563	148,636	2,340	752
Mortgage loans and other loans	716,409	1,678,131	11,442	3,988
Total	809,972	1,826,767	121,928	4,740
Loans to legal entities				
Finance lease receivables	96,877	200,645	1,946	1,330
Other loans	744,475	4,670,017	17,471	10,473
Total	841,352	4,870,662	19,417	11,803

31.12.2023	Over-collateralised loans		Under-collateralised loans	
	Gross carrying amount	Fair value of the collateral	Gross carrying amount	Fair value of the collateral
Loans to private individuals				
Consumer loans	0	0	100,063	0
Finance lease receivables	71,293	114,467	1,627	405
Mortgage loans and other loans	595,277	1,441,676	7,823	2,014
Total	666,570	1,556,143	109,513	2,419
Loans to legal entities				
Finance lease receivables	96,392	172,632	2,003	1,567
Other loans	618,171	3,806,988	14,618	9,396
Total	714,563	3,979,620	16,621	10,963

* The data for 2024 and 2023 is in gross carrying amount, while in the 2023 report the same data was in net carrying amount.

**As of 31.12.2024, the Bank also classifies self-employed entrepreneurs (FIE) in net amount of 2,722 (31.12.2023: 2,932) thousand euros as private individuals, which were classified as business customers until 31.12.2023.

The loan risk level is also expressed by the market value of the collateral relative to the loan amount, i.e. the LTV (loan to value) ratio. The financial impact of the collateral is important for loans and receivables that are unlikely to be serviced by the customer's primary cash flows, which is evidenced in stage 3 customers.

The breakdown of the non-performing (stage 3) over and under-collateralised loans are given in the tables below.

31.12.2024	Over-collateralised loans		Under-collateralised loans	
	Gross carrying amount	Fair value of the collateral	Gross carrying amount	Fair value of the collateral
Loans to private individuals**				
Consumer loans	0	0	2,161	0
Finance lease receivables	137	318	2	0
Mortgage loans and other loans	3,542	11,589	296	9
Total	3,679	11,907	2,459	9
Loans to legal entities				
Finance lease receivables	766	2,650	1	0
Other loans	7,156	30,379	761	678
Total	7,922	33,029	762	678

31.12.2023	Over-collateralised loans		Under-collateralised loans	
	Gross carrying amount	Fair value of the collateral	Gross carrying amount	Fair value of the collateral
Loans to private individuals				
Consumer loans	0	0	1,919	0
Finance lease receivables	69	132	1	0
Mortgage loans and other loans	2,309	8,541	274	0
Total*	2,378	8,673	2,194	0
Loans to legal entities				
Finance lease receivables	660	1,922	0	0
Other loans	6,889	29,173	224	193
Total*	7,549	31,095	224	193

* The data for 2024 and 2023 is in gross carrying amount, while in the 2023 report the same data was in net carrying amount.

**As of 31.12.2024, the Bank also classifies self-employed entrepreneurs (FIE) as private individuals, which were classified as business customers until 31.12.2023.

Loans and advances to customers by types of collateral

Private individuals	31.12.2024	31.12.2023
Loans secured by mortgage	718,770	596,612
Leased assets	95,688	72,620
Unsecured loans	114,878	105,698
Personal sureties, guarantees	2,258	847
Other	306	306
Total	931,900	776,083
Loss allowance	-6,895	-6,071
Total of net loans	925,005	770,012

Legal entities	31.12.2024	31.12.2023
Loans secured by mortgage	673,195	549,693
Leased assets	98,823	98,395
Unsecured loans	591	197
Personal sureties, guarantees	5,088	5,386
Other	83,072	77,513
Total	860,769	731,184
Loss allowance	-11,656	-10,323
Total of net loans	849,113	720,861

Impairment losses on financial assets

Loan allowances during the reporting period are impacted by various factors:

- Movements between stages 1, 2 and 3 due to significant increase (or decrease) in the credit risk of a financial instrument or due to default, followed by moving from a 12-month to a lifetime expected credit loss model (or vice versa);
- Impairment allowance on new financial instruments recognised in the reporting period, as well as decrease in impairment due to derecognition;
- Regular review of risk parameters and resulting changes in ECL due to changes in probability of default (PD), exposure at default (EAD) and loss given default (LGD);
- Effects of model and assumption changes on the ECL model;
- The effect of discounting on the ECL model as the ECL is measured at present value;
- Loans and related write-downs written off during the reporting period.

The following table analyses the movement of allowances and gross carrying values between stages during the reporting period. Net impact from movements between stages is included in the line "Recalculations of allowances".

2024	ECL				Gross amount carrying			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2024	-6,820	-5,516	-4,058	-16,394	1,427,290	67,632	12,345	1,507,267
Transfer to stage 1	-2,843	2,629	214	0	23,724	-22,847	-877	0
Transfer to stage 2	126	-560	434	0	-18,103	19,756	-1,653	0
Transfer to stage 3	76	274	-350	0	-6,224	-3,544	9,768	0
Recalculations of allowances	1,787	-2,639	-3,435	-4,287	0	0	0	0
Derecognised and repaid	522	648	865	2,035	-224,947	-11,463	-3,132	-239,542
Originated or purchased*	-2,558	-109	-12	-2,679	524,222	4,871	43	529,136
Total net P&L charge during the period	-2,890	243	-2,284	-4,931	298,672	-13,227	4,149	289,594
Other movements with no P&L impact								
Write-offs	64	86	53	203	-64	-86	-57	-207
Assignments	76	1,236	1,259	2,571	-345	-2025	-1615	-3,985
Balance as at 31.12.2024	-9,570	-3,951	-5,030	-18,551	1,725,553	52,294	14,822	1,792,669

* Stage 3 in this table includes solely repurchased credit impaired loans (POCI). Once classified as POCI a loan remains in POCI category until derecognition.

2023	ECL				Gross amount carrying			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2023	-5,805	-3,481	-2,578	-11,864	1,259,939	46,071	6,629	1,312,639
Transfer to stage 1	-825	793	32	0	10,307	-10,210	-97	0
Transfer to stage 2	307	-311	4	0	-38,788	38,797	-9	0
Transfer to stage 3	27	193	-220	0	-4,811	-2,941	7,752	0
Recalculations of allowances	650	-4,275	-2,708	-6,333	0	0	0	0
Derecognised and repaid	772	559	569	1,900	-186,183	-5,897	-732	-192,812
Originated or purchased	-2,166	-84	0	-2,250	387,269	4,026	3	391,298
Total net P&L charge during the period	-1,235	-3,125	-2,323	-6,683	167,794	23,775	6,917	198,486
Other movements with no P&L impact								
Write-offs	0	2	63	65	0	-2	-63	-65
Assignments	220	1,088	780	2,088	-443	-2,212	-1,138	-3,793
Balance as at 31.12.2023	-6,820	-5,516	-4,058	-16,394	1,427,290	67,632	12,345	1,507,267

The following tables analyses the movement of allowances and gross carrying values during the reporting period by product:

Consumer loans 2024	ECL				Gross amount carrying			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12 month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2024	-1,960	-1,080	-1,604	-4,644	93,695	4,449	1,919	100,063
Transfer to stage 1	-256	244	12	0	1,060	-1,038	-22	0
Transfer to stage 2	68	-79	11	0	-1,955	1,976	-21	0
Transfer to stage 3	23	132	-155	0	-909	-1,032	1,941	0
Recalculations of allowances	948	-2,046	-1,591	-2,689	0	0	0	0
Derecognised and repaid	165	445	208	818	-33,518	-279	-41	-33,838
Originated or purchased	-973	0	0	-973	43,644	2,262	0	45,906
Total net P&L charge during the period	-25	-1,304	-1,515	-2,844	8,322	1,889	1,857	12,068
Other movements with no P&L impact								
Write-offs	0	0	0	0	0	0	0	0
Assignments	76	1,236	1,259	2,571	-345	-2,025	-1,615	-3,985
Balance as at 31.12.2024	-1,909	-1,148	-1,860	-4,917	101,672	4,313	2,161	108,146

Consumer loans 2023	ECL				Gross carrying amount			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2023	-1,717	-547	-1,183	-3,447	85,073	2,573	1,422	89,068
Transfer to stage 1	-121	101	20	0	519	-493	-26	0
Transfer to stage 2	69	-73	4	0	-2,856	2,865	-9	0
Transfer to stage 3	18	47	-65	0	-1,442	-320	1,762	0
Recalculations of allowances	513	-2,089	-1,473	-3,049	0	0	0	0
Derecognised and repaid	148	393	313	854	-31,039	-24	-92	-31,155
Originated or purchased	-1,090	0	0	-1,090	43,883	2,060	0	45,943
Total net P&L charge during the period	-463	-1,621	-1,201	-3,285	9,065	4,088	1,635	14,788
Other movements with no P&L impact								
Write-offs	0	0	0	0	0	0	0	0
Assignments	220	1,088	780	2,088	-443	-2,212	-1,138	-3,793
Balance as at 31.12.2023	-1,960	-1,080	-1,604	-4,644	93,695	4,449	1,919	100,063

Finance lease receivables to private individuals 2024	ECL Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Gross amount carrying Stage 1 (12 month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2024	-100	-6	-14	-120	71,725	1,125	70	72,920
Transfer to stage 1	-5	1	4	0	153	-131	-22	0
Transfer to stage 2	2	-6	4	0	-1,175	1,193	-18	0
Transfer to stage 3	0	0	0	0	-66	-102	168	0
Recalculations of allowances	20	0	-51	-31	0	0	0	0
Derecognised and repaid	17	2	12	31	-23,250	-560	-42	-23,852
Originated or purchased	-67	0	0	-67	46,841	17	0	46,858
Total net P&L charge during the period	-33	-3	-31	-67	22,503	417	86	23,006
Other movements with no P&L impact								
Write-offs	6	0	17	23	-6	0	-17	-23
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2024	-127	-9	-28	-164	94,222	1,542	139	95,903

Finance lease receivables to private individuals 2023	ECL Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Gross carrying amount Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2023	-86	-3	-6	-95	60,814	619	15	61,448
Transfer to stage 1	0	0	0	0	59	-59	0	0
Transfer to stage 2	2	-2	0	0	-1,000	1,000	0	0
Transfer to stage 3	0	0	0	0	-34	-55	89	0
Recalculations of allowances	18	-2	-25	-9	0	0	0	0
Derecognised and repaid	12	1	10	23	-18,425	-391	-28	-18,844
Originated or purchased	-46	0	0	-46	30,311	11	1	30,323
Total net P&L charge during the period	-14	-3	-15	-32	10,911	506	62	11,479
Other movements with no P&L impact								
Write-offs	0	0	7	7	0	0	-7	-7
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2023	-100	-6	-14	-120	71,725	1,125	70	72,920

Mortgage and other private loans 2024	ECL Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Gross amount carrying Stage 1 (12 month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2024	-274	-511	-522	-1307	584,492	16,025	2,583	603,100
Transfer to stage 1	-197	42	155	0	1,642	-1,188	-454	0
Transfer to stage 2	5	-26	21	0	-9,662	9,795	-133	0
Transfer to stage 3	2	38	-40	0	-1,271	-716	1,987	0
Recalculations of allowances	112	-454	-451	-793	0	0	0	0
Derecognised and repaid	20	73	110	203	-57,377	-1,496	-124	-58,997
Originated or purchased	-64	-1	-1	-66	183,693	208	0	183,901
Total net P&L charge during the period	-122	-328	-206	-656	117,025	6,603	1,276	124,904
Other movements with no P&L impact								
Write-offs	58	74	17	149	-58	-74	-21	-153
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2024	-338	-765	-711	-1,814	701,459	22,554	3,838	727,851

Mortgage and other private loans 2023	ECL Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Gross carrying amount Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2023	-222	-176	-129	-527	496,235	10,197	393	506,825
Transfer to stage 1	-54	42	12	0	1,298	-1,227	-71	0
Transfer to stage 2	4	-4	0	0	-8,340	8,340	0	0
Transfer to stage 3	2	15	-17	0	-1,452	-911	2,363	0
Recalculations of allowances	37	-396	-473	-832	0	0	0	0
Derecognised and repaid	10	19	43	72	-32,754	-939	-62	-33,755
Originated or purchased	-51	-11	0	-62	129,505	565	2	130,072
Total net P&L charge during the period	-52	-335	-435	-822	88,257	5,828	2,232	96,317
Other movements with no P&L impact								
Write-offs	0	0	42	42	0	0	-42	-42
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2023	-274	-511	-522	-1, 307	584,492	16,025	2,583	603,100

Finance lease receivables to legal entities 2024	ECL				Gross amount carrying			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12 month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2024	-421	-103	-108	-632	95,457	2,278	660	98,395
Transfer to stage 1	-11	10	1	0	295	-284	-11	0
Transfer to stage 2	11	-18	7	0	-2,462	2,531	-69	0
Transfer to stage 3	2	67	-69	0	-298	-596	894	0
Recalculations of allowances	194	28	-387	-165	0	0	0	0
Derecognised and repaid	62	8	293	363	-38,655	-967	-690	-40,312
Originated or purchased	-252	-58	0	-310	40,650	119	0	40,769
Total net P&L charge during the period	6	37	-155	-112	-470	803	124	457
Other movements with no P&L impact								
Write-offs	0	12	17	29	0	-12	-17	-29
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2024	-415	-54	-246	-715	94,987	3,069	767	98,823

Finance lease receivables to legal entities 2023	ECL				Gross carrying amount			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2023	-341	-159	-124	-624	78,666	3,072	654	82,392
Transfer to stage 1	-25	25	0	0	774	-774	0	0
Transfer to stage 2	4	-4	0	0	-1,338	1,338	0	0
Transfer to stage 3	2	2	-4	0	-289	-68	357	0
Recalculations of allowances	227	50	-72	205	0	0	0	0
Derecognised and repaid	35	22	78	135	-18,700	-1,639	-337	-20,676
Originated or purchased	-323	-41	0	-364	36,344	351	0	36,695
Total net P&L charge during the period	-80	54	2	-24	16,791	-792	20	16,019
Other movements with no P&L impact								
Write-offs	0	2	14	16	0	-2	-14	-16
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2023	-421	-103	-108	-632	95,457	2,278	660	98,395

Other loans to legal entities 2024	ECL				Gross amount carrying			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2024	-4,065	-3,816	-1,810	-9,691	581,921	43,755	7,113	632,789
Transfer to stage 1	-2,374	2,332	42	0	20,574	-20,206	-368	0
Transfer to stage 2	40	-431	391	0	-2,849	4,261	-1,412	0
Transfer to stage 3	49	37	-86	0	-3,680	-1,098	4,778	0
Recalculations of allowances	513	-167	-955	-609	0	0	0	0
Derecognised and repaid	258	120	242	620	-72,147	-8,161	-2,235	-82,543
Originated or purchased	-1,202	-50	-11	-1,263	209,394	2,265	43	211,702
Total net P&L charge during the period	-2716	1,841	-377	-1,252	151,292	-22,939	806	129,159
Other movements with no P&L impact								
Write-offs	0	0	2	2	0	0	-2	-2
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2024	-6,781	-1,975	-2,185	-10,941	733,213	20,816	7,917	761,946

Other loans to legal entities 2023	ECL				Gross carrying amount			
	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Balance as at 01.01.2023	-3,439	-2,596	-1,136	-7,171	539,151	29,610	4,145	572,906
Transfer to stage 1	-625	625	0	0	7,657	-7,657	0	0
Transfer to stage 2	228	-228	0	0	-25,254	25,254	0	0
Transfer to stage 3	5	129	-134	0	-1,594	-1,587	3,181	0
Recalculations of allowances	-145	-1,838	-665	-2,648	0	0	0	0
Derecognised and repaid	567	124	125	816	-85,265	-2,904	-213	-88,382
Originated or purchased	-656	-32	0	-688	147,226	1,039	0	148,265
Total net P&L charge during the period	-626	-1,220	-674	-2,520	42,770	14,145	2,968	59,883
Other movements with no P&L impact								
Write-offs	0	0	0	0	0	0	0	0
Assignments	0	0	0	0	0	0	0	0
Balance as at 31.12.2023	-4,065	-3,816	-1,810	-9,691	581,921	43,755	7,113	632,789

Write-offs of financial assets

The write-off of the receivables, i.e. the removal of the financial asset from the statement of financial position, occurs in part or in full when the Group has implemented all possible recovery measures and it has been concluded that there is no reasonable expectation of further recoveries. The write-off indicator may be the termination of the recovery procedure or, in the case of a secured loan, the realisation of the collateral, but the proceeds from the disposal have not been sufficient to cover the carrying amount of the receivable. Termination of the recovery procedure may be conditional on the death of the client, bankruptcy, criminal proceedings or a court-approved debt restructuring plan, under which the receivable is reduced.

Modification of financial assets

The Group may renegotiate loans and modify contractual terms. In order to modify financial assets, loan agreements are restructured either due to commercial negotiations or payment difficulties, during which the payment term is extended, payment holidays or other restructuring measures are granted, including sometimes retrospectively. Restructuring practices are based on management estimates that payments by the customer are expected to continue. The Group monitors the subsequent operation of the modified assets. The Group may decide that, after the restructuring, the credit risk has significantly improved so that the assets are moved from Stage 3 to Stage 2 or Stage 1.

Concentration of risks

The Group adheres to the principle of diversification of credit risk according to economic sector, geographical area, product and counterparties. A summary of exposures by economic sector and geographical areas has been provided in the tables below.

In economic sector K, cash balances and other deposits are in the amount of 343,678 (31.12.2023: 428,354) in thousands of euros and debt securities are in the amount of 3,489 (31.12.2023: 4,596) in thousands of euros. In other sectors, debt securities are in the amount of 34,262 (31.12.2023: 31,825) in thousands of euros and other financial assets are in the amount of 1,610 (31.12.2023: 832) in thousands of euros.

The lending activity of the Group is focused on providing financing to the local market. 52% of loans and advances to customers are granted to private individuals (31.12.2023: 52%). The portfolio of loans granted to legal entities is diversified between various economic sectors to avoid high levels of concentration.

The distribution of loans and advances to customers according to credit product is provided in Note 11.

Loans and advances to customers by economic sector	Stage 1	Stage 2	Stage 3	Loss allowance	31.12.2024	%
Private individuals	897,353	28,409	6,138	-6,895	925,005	52.14%
L – activities related to real estate	370,672	12,658	291	-5,211	378,410	21.33%
G – wholesale and retail	103,540	4,067	1,670	-1,712	107,565	6.06%
C – manufacturing	73,789	1,325	1,347	-988	75,473	4.26%
K – finance and insurance activities	66,147	0	0	-374	65,773	3.71%
D – power and heat generation	44,884	0	2,126	-984	46,026	2.59%
F – construction	33,558	1,353	75	-331	34,655	1.95%
H – transportation and storage	32,617	257	253	-331	32,796	1.85%
M - professional, scientific and technical activities	31,302	69	0	-613	30,758	1.73%
A – agriculture, forestry and fishing	18,370	3,075	2,179	-504	23,120	1.30%
N – administrative and support services	12,682	198	20	-92	12,808	0.72%
I – hospitality and food service	6,521	519	341	-181	7,200	0.41%
S – other services	3,268	236	0	-15	3,489	0.20%
Other	30,851	127	382	-320	31,040	1.75%
Total	1,725,554	52,293	14,822	-18,551	1,774,118	100%

As of 31.12.2024, the Bank classifies a self-employed entrepreneurs (FIE) in the amount of 2,722 (31.12.2023: 2,932) thousand euros as private individuals, which were classified as business customers and divided by economic sectors until 31.12.2023.

Loans and advances to customers by economic sector	Stage1	Stage2	Stage3	Loss allowance	31.12.2023	%
Private individual	749,912	21,599	4,572	-6,071	770,012	51.66%
L – activities related to real estate	265,681	27,201	1,678	-5,296	289,264	19.40%
G – wholesale and retail	89,288	3,597	699	-948	92,636	6.20%
C – manufacturing	55,224	1,772	716	-585	57,127	3.83%
D – power and heat generation	54,834	0	2,248	-909	56,173	3.77%
K – finance and insurance activities	54,333	0	0	-308	54,025	3.62%
M – professional, scientific and technical activities	33,069	45	0	-277	32,837	2.20%
F – construction	24,370	6,938	100	-576	30,832	2.08%
H – transportation and storage	28,071	932	87	-347	28,743	1.94%
A – agriculture, forestry and fishing	22,191	4,238	721	-533	26,617	1.79%
N – administrative and support services	15,243	196	18	-58	15,399	1.02%
I – hospitality and food service	4,617	746	496	-124	5,735	0.38%
S – other services	3,172	12	0	-22	3,162	0.21%
Other	27,285	356	1,010	-340	28,311	1.90%
Total	1,427,290	67,632	12,345	-16,394	1,490,873	100%

Financial assets by geographical classification

31.12.2024	EE	FR	LT	CH	LV	Other	Total
Cash, cash balances at central banks and other deposits	320,511	19,638	0	0	1	3,528	343,678
Debt securities at fair value through other comprehensive income	4,944	0	18,572	0	11,264	2,971	37,751
Loans and advances to customers	1,760,087	0	0	12,177	35	1,819	1,774,118
Equity instruments at fair value through other comprehensive income	0	0	0	0	0	13	13
Other financial assets	1,610	0	0	0	0	0	1,610
Total	2,087,152	19,638	18,572	12,177	11,300	8,331	2,157,170

31.12.2023	EE	FR	LT	CH	LV	Other	Total
Cash, cash balances at central banks and other deposits	414,528	12,480	0	0	0	1,346	428,354
Debt securities at fair value through other comprehensive income	4,114	0	18,762	0	10,661	2,884	36,421
Loans and advances to customers	1,477,013	0	0	12,065	34	1,761	1,490,873
Equity instruments at fair value through other comprehensive income	0	0	0	0	0	13	13
Other financial assets	832	0	0	0	0	0	832
Total	1,896,487	12,480	18,762	12,065	10,695	6,004	1,956,493

Liquidity risk management

Liquidity risk is defined as the risk of insufficient solvency on behalf of Coop Pank to perform its contractual obligations on a timely basis - i.e. the bank's failure to finance various assets in a timely and sustainable manner, or to liquidate its positions in order to perform contractual obligations. Liquidity risk is managed based on the liquidity management policy. The objective of liquidity management in Coop Pank is to guarantee, at any given moment, the timely and complete performance of the obligations assumed by the Group while optimising the liquidity risk in such a manner as to achieve maximum and stable profitability on investments with different maturities.

The Bank's main liquidity management body is the Assets and Liabilities Committee (ALCO). The functions and areas of responsibility of ALCO in the management of liquidity are:

- to plan short-term and long-term liquidity of the Group, and to design and implement the measures to be used;
- to analyse and summarise information concerning the Group's assets and liabilities, interest income and expenses, management of liquidity and investments, and, if necessary, to prepare the adoption of strategic decisions by the Board;
- to optimise the ratio of the maturities, profitability and instruments of the Group's assets and liabilities in order to achieve the bank's strategic objectives;
- to regulate the Group's required liquidity level as well the level of the risk of change in the acceptable interest rate risk and the acceptable value of assets and liabilities.

The following bodies are regularly informed of the bank's liquidity position: the Management Board, the Council, ALCO and the Credit Committee. The bank maintains a sufficient level of liquidity in order to ensure timely performance of its obligations.

Coop Pank group uses an approach based on the analysis of the duration gap between the maturities of assets and liabilities for the management of Coop Pank group's liquidity position. An overview of the division of assets and liabilities by maturities has been provided in the following table. Limits have been established for all major liquidity indicators. The following indicators are used for the measurement of liquidity risk:

- Liquidity Coverage Ratio (LCR);
- maintenance period in a liquidity crisis situation;
- financing concentration;
- ratio of liquid assets to demand deposits;
- ratio of non-current liabilities to investments requiring stable funding.

The Group's total duration gap in the period of up to 12 months is negative. This indicates that the Group has more liabilities with a duration of up to 12 months compared to receivables with the corresponding duration. The management of the duration gap risk is based on estimates concerning forecast cash flows arising from liabilities – demand deposits are usually a rather stable source of funding and up to 12-month term deposits are often prolonged – therefore the behavioural nature of these deposits is longer than 12 months. The Group ensures an adequate amount of liquidity buffers in order to meet the net outflow of liabilities as they become due.

The liquidity policy of the Group is built upon the principle of prudence and established liquidity buffers are sufficient to cover even a large-scale outflow of deposits. The Group has established a business continuity and recovery plan for conduct in a liquidity crisis, specifying the actions to be taken for covering a cash flow deficit even in extraordinary circumstances.

An overview of the Group's financial assets and financial liabilities by residual maturity (undiscounted cash flows) is provided in the following table.

31.12.2024	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash, cash balances at central banks and other deposits	343,678	0	0	0	343,678
Debt securities at fair value through other comprehensive income	905	6,136	32,716	2,553	42,310
Loans and advances to customers	83,105	296, 754	1,124,704	1,026,390	2,530,953
Equity instruments at fair value through other comprehensive income	0	0	0	13	13
Other financial assets	1,590	20	0	0	1,610
Total financial assets	429,278	302,910	1,157,420	1,028,956	2,918,564
Liabilities					
Client deposits and loans received	996,963	808,731	92,954	3,089	1,901,737
Lease liabilities	248	744	3,866	1,119	5,977
Other financial liabilities	15,443	0	0	0	15,443
Subordinated debt	1,240	3,732	14,017	68,515*	87,504
Total financial liabilities	1,013,894	813,207	110,837	72,723	2,010,661

Off-balance sheet liabilities					
Undrawn lines of credit and overdraft facilities	133,090	0	0	0	133,090
Financial guarantees by contractual amounts	18,498	0	0	0	18,498
Total on-balance-sheet and off-balance-sheet liabilities	1,165,482	813,207	110,837	72,723	2,162,249
Duration gap of financial assets and financial liabilities	-736,204	-510,297	1,046,583	956,233	756,315

31.12.2023	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash, cash balances at central banks and other deposits	428,354	0	0	0	428,354
Debt securities at fair value through other comprehensive income**	390	1,191	22,345	19,382	43,308
Loans and advances to customers	78,845	272,860	971,966	942,637	2,266,308
Equity instruments at fair value through other comprehensive income	0	0	0	13	13
Other financial assets	812	0	20	0	832
Total financial assets	508,401	274,051	994,331	962,032	2,738,815
Liabilities					
Customer deposits and loans received	797,200	876,381	65,326	2,645	1,741,552
Lease liabilities	226	676	3,562	1,926	6,390
Other financial liabilities	14,444	0	0	0	14,444
Subordinated debt	1,062	3,179	14,192	52,985*	71,418
Total financial liabilities	812,932	880,236	83,080	57,556	1,833,804
Off-balance sheet liabilities					
Undrawn lines of credit and overdraft facilities	128,491	0	0	0	128,491
Financial guarantees by contractual amounts	16,292	0	0	0	16,292
Total on-balance-sheet and off-balance-sheet liabilities	957,715	880,236	83,080	57,556	1,978,587
Duration gap of financial assets and financial liabilities	-449,314	-606,185	911,251	904,476	760,228

* As of 31.12.2024 and 31.12.2023 28,100 thousand euros of principal amount of subordinated perpetual bonds (Tier 1) is included in this maturity bucket. Presented in Note 17.

** Undiscounted cash flows as of 31.12.2023 adjusted for interest compared to those reported in the 2023 report.

Market risk management

Market risk arises from the Group's trading and investment activities in the interest, currency and equity markets. Market risk arises from changes in interest rates, currency exchange rates and prices of financial assets. The acceptance of market risk is controlled by using risk limits. Different factors influencing market risks are monitored on a daily basis. The primary market risk bearing assets in the Group are investments in debt securities. The volume of the debt securities portfolio increased in total in 2024, a more detailed overview is given in Note 10. The average maturity of the portfolio has decreased.

The market risk of the portfolio of debt securities is mainly caused by the maturity date and possible change in interest rates. The interest rate sensitivity of the financial investments portfolio is calculated regularly. The sensitivity of the debt securities portfolio given a 100 bp increase in interest rates as at 31.12.2024 was -1,153 (31.12.2023: -1,409) thousand euros.

Currency risk is defined as a risk arising from the differences in the currency structure of the Group's assets and liabilities. Changes in currency exchange rates cause changes in the value of assets and liabilities, as well as the amount of income and expenses measured in the functional currency. The Group generally maintains minimum foreign currency positions required for the provision of services to customers. All foreign currency positions are continually monitored and marked to market. The total amount of open currency positions in the consolidated statement of financial position as at 31.12.2024 was 162 (31.12.2023: 150) thousand euros. The sensitivity analysis has been carried out with the justified effects of possible exchange rate changes (7% on average) on the statement of profit or loss remaining constant for all other variables, the impact amount is 12 (31.12.2023: 13) thousand euros.

Data on the structure of assets and liabilities by currency positions and respective net currency positions have been presented in the following table.

31.12.2024	EUR	SEK	Other	Total
Assets				
Cash, cash balances at central banks and other deposits	339,301	3,119	1,258	343,678
Debt securities at fair value through other comprehensive income	37,751	0	0	37,751
Loans and advances to customers	1,774,118	0	0	1,774,118
Equity instruments at fair value through other comprehensive income	13	0	0	13
Other financial assets	1,610	0	0	1,610
Total financial assets	2,152,793	3,119	1,258	2,157,170
Liabilities				
Client deposits and loans received	1,883,459	1,528	1,158	1,886,145
Subordinated debt	63,148	0	0	63,148
Lease liabilities	5,153	0	0	5,153
Other financial liabilities	13,914	1,504	25	15,443
Total financial liabilities	1,965,674	3,032	1,183	1,969,889
Net position	187,119	87	75	187,281

31.12.2023	EUR	USD	Other	Total
Assets				
Cash, cash balances at central banks and other deposits	426,162	1,200	992	428,354
Debt securities at fair value through other comprehensive income	36,421	0	0	36,421
Loans and advances to customers	1,490,873	0	0	1,490,873
Equity instruments at fair value through other comprehensive income	13	0	0	13
Other financial assets	832	0	0	832
Total financial assets	1,954,301	1,200	992	1,956,493
Liabilities				
Customer deposits and loans received	1,719,749	1,176	840	1,721,765
Subordinated debt	50,187	0	0	50,187
Lease liabilities	5,417	0	0	5,417
Other financial liabilities	14,418	24	2	14,444
Total financial liabilities	1,789,771	1,200	842	1,791,813
Net position	164,530	0	150	164,680

Interest rate risk is defined as a risk of unexpected unfavourable changes in interest rates that might affect the revenue generated by the Group. The Group is exposed to interest rate risk if the due payment dates of its main assets and liabilities are different, if the structure of assets and liabilities varies in different currencies or if the interest rates of assets and liabilities can be adjusted at different time intervals.

The volume of floating rate loans that are EURIBOR-related as of 31.12.2024 was 1,601,539 (31.12.2023: 1,322,752) in thousands of euros. The Group has no loans related with other benchmarks.

Interest-bearing financial assets and financial liabilities by next interest rate repricing period

31.12.2024	Up to 3 months	3-12 months	1-5 years	Over 5 years	Principal	Accrued interest	Loss allowance	Total
Financial assets exposed to interest rate risk								
Balances with central banks	317,696	0	0	0	317,696	0	0	317,696
Loans and advances to credit institutions	24,214	0	0	0	24,214	0	0	24,214
Debt securities at fair value through other comprehensive income	500	4,958	29,144	2,781	37,383	368	0	37,751
Loans and advances to customers	926,977	857,713	1,045	0	1,785,735	6,934	-18,551	1,774,118
Total financial assets exposed to interest rate risk	1,269,387	862,671	30,189	2,781	2,165,028	7,302	-18,551	2,153,779
Financial liabilities exposed to interest rate risk								
Client deposits and loans received	996,311	786,169	80,815	7,437	1,870,732	15,414	0	1,886,146
Subordinated debt	0	15,000	0	48,100	63,100	48	0	63,148
Total financial liabilities exposed to interest rate risk	996,311	801,169	80,815	55,537	1,933,832	15,462	0	1,949,294
Exposure to interest rate risk duration gap	273,076	61,502	-50,626	-52,756	231,196	-8,160	-18,551	204,485

31.12.2023	Up to 3 months	3-12 months	1-5 years	Over 5 years	Principal	Accrued interest	Loss allowance	Total
Financial assets exposed to interest rate risk								
Balances with central banks	411,187	0	0	0	411,187	0	0	411,187
Loans and advances to credit institutions	14,890	0	0	0	14,890	0	0	14,890
Debt securities at fair value change through other comprehensive income	0	500	18,158	17,413	36,071	350	0	36,421
Loans and advances to customers	791,937	707,605	1,101	0	1,500,643	6,624	-16,394	1,490,873
Total financial assets exposed to interest rate risk	1,218,014	708,105	19,259	17,413	1,962,791	6,974	-16,394	1,953,371
Financial liabilities exposed to interest rate risk								
Customer deposits and loans received	793,127	843,936	59,415	6,450	1,702,928	18,837	0	1,721,765
Subordinated debt	0	0	0	50,100	50,100	87	0	50,187
Total financial liabilities exposed to interest rate risk	793,127	843,936	59,415	56,550	1,753,028	18,924	0	1,771,952
Exposure to interest rate risk duration gap	424,887	-135,831	-40,156	-39,137	209,763	-11,950	-16,394	181,419

Interest rate risk management entails the analysis of the interest rate risk of all the Group's assets and liabilities and the management of duration. The bank measures interest rate risk daily according to the European Banking Authority guidelines on the management of interest rate risk arising from non-trading book activities as specified in the supervisory outlier test. The bank measures interest rate risk once a month with the model that is designed by the bank specific criteria. To measure and stress test the interest rate risk of the banking book, the parallel shift of the risk-free interest rate curve and other possible changes in the interest rate curve are taken into account, including changes in slope and shape, that affect the Group's net interest income and the economic value of equity.

The bank assesses the following stress scenarios:

1. The effect of the risk-free interest rate curve parallel shift from -200bp to + 200bp on the group's net interest income over 12 months and on the economic value of equity is assessed.
2. The effect of the change in the shape and slope of the interest rate curve on the economic value of the Group's equity is assessed by changing interest rates between + 200bp and -200bp across maturity curves, including short-term and long-term interest rate movements in the opposite direction.
3. Changes in the slope of the interest rate curve:
   – rise and fall in short-term interest rates;
   – increase in short-term interest rates, decrease in long-term interest rates;
   – decrease in short-term interest rates, increase in long-term interest rates

The calculation of interest rate risk is based on, among other things, the following assumptions:

- For the assessment of interest rate risk, up to 30% of the interest stress is applied to the core part of non-maturity deposits, and up to 100% of the interest stress is applied to the non-core part of non-maturity deposits.
- For the assessment of the interest rate risk, the core part of the non-maturity deposit ratio of 78% for 2023 was used.
- In determining the economic value of equity, the maturity of the core part of non-maturity deposits is up to 2 years and that of the non-core part of non-maturity deposits is 0 years.
- Early repayment of loans and deposits will take place at the normal level, except for an additional 5% interruption of term deposits in the scenario of a 200bp increase in interest rates. The rate of early repayment of loans, i.e. the usual level in 2024, was 6.10%. The termination rate of term deposits based on 2024 was 8.44%.

The table below specifies the estimates with regard to the annual impact of a parallel shifts in the yield curve on the net interest income:

	31.12.2024	31.12.2023
Parallel upward shift of the yield curve	6,536	4,742
Parallel downward shift of the yield curve	-9,039	-7,789

The interest rate risk scenario assumes decrease of interest rates to a minimum level of 0%.
The table below specifies the estimates regarding the annual impact of a parallel shifts in the yield curve on the Group's economic value of equity:

	31.12.2024	31.12.2023
Parallel upward shift of the yield curve	3,641	4,465
Parallel downward shift of the yield curve	3,550	-3,131

In 2024 the Directive 2013/36/EU of the European Parliament and of the Council was complemented with Commission delegated regulation (EU) 2024/857 that introduced regulatory technical standards specifying a standardised methodology and a simplified standardised methodology to evaluate the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of an institution's non-trading book activities. The Group implemented simplified standardised methodology to evaluate the risks arising from potential changes in interest rates.

The table below specifies the estimates regarding the annual impact of a parallel shifts in the yield curve on the Group's economic value of equity according to beforementioned calculations with simplified standardised methodology:

Change in Economic Value of Equity (EVE)	31.12.2024
EVE under parallel shock up	5,839
EVE under parallel shock down	-15,558
EVE under steepener shock	-2,670
EVE under flattener shock	2,298
EVE under short rates shock up	3,879
EVE under short rates shock down	-9,531

The table below specifies the estimates with regard to the annual impact of a parallel shifts in the yield curve on the net interest income according to aforementioned calculations with simplified standardised methodology:

Change in Net Interest Income (NII)	31.12.2024
NII under parallel shock up	6,748
NII under parallel shock down	-9,689

Interest risk management is made through limiting due dates of assets and liabilities of different currencies that are open to interest risk, balancing the structure of due dates of assets and liabilities and the use of derivative instruments when needed.

Operational risk management

Operational risk is the risk that arises from disruptions or deficiencies in the Group's information systems, personnel, processes or external factors, causing damage or disruption to the Group's day-to-day business. Operational risk includes information systems risk, information security risk, compliance risk (including money laundering and terrorist financing risk), process risk, personnel risk, legal risk, physical security risk, work environment risk, external risk and asset destruction risk. The Group follows the operational risk policy established in the management of operational risk.

Operational risk is treated and managed in the Group as a separate area of risk management for which the necessary resources have been allocated. Operational risk management is integrated into the Group's day-to-day operations and is primarily aimed at activities that prevent and control the realisation of risk. Awareness of the nature, impact and need for control of operational risk must take place at the level of each employee in the group. The most important sub-risks - information security and compliance risks – are managed separately.

The assessment of operational risks in the Group is primarily qualitative. Operational risk cases are registered in the case database together with the amount of damage that has occurred. The Group monitors the quantitative dynamics of operational risk by analysing the main risk indicators at least quarterly. The Management Board conducts regular quarterly reviews of the main risk indicators of operational risk and incidents. The Group conducts regular operational risk self-assessment. The Group uses the basic approach to calculate the capital requirement for operational risk.

Environmental, social and governance risk management

Environmental, social and governance (ESG)-related risks are expressed in the effects of the Group's operation and business activities on the environment, society and related interest groups, which may lead to a deterioration of the Group's financial condition, an increase in the cost of resources or a significant financial loss. ESG risk management is, among other things, integrated with the management of other risk categories such as credit risk, compliance risk, operational risk, and strategic and reputational risk. The Group tries to avoid conscious risks, which may be accompanied by the realization of ESG risks.

The Chief Risk Officer is responsible for the sustainability area among the members of the Management Board. The Supervisory Board has examined the ESG approach in the context of renewing business strategy. Coop Pank have recognized the existence of climate and environmental risks and have excluded financing that has a significant negative impact on the environment. In addition, we try to avoid creating a negative impact on society, for example, we do not offer financing for certain areas of activity that are not in line with the goals of responsibility and sustainability.

From the Group's point of view, ESG risks can be divided into two categories. In the first case, we are dealing with ESG risks of the Coop Pank AS as an organization, and in the second case, with the risks of the Group's loan portfolio. Today, we have become aware of the main organization-specific risks as:

Environmental risks – mainly related to our office operations and server parks (for instance, floods). When managing these risks, it is important to consider that our offices are located on leased premises and we do not bear significant property damage in the case of physical risks (except possible property damage to our IT equipment, furniture, etc., but we have insured against this risk). In the event of a physical adverse event, most employees will be able to continue working in the home office.

Social risks – the main risks are related to employee relations, human rights, working conditions, equal opportunities, and diversity. The HR department and the management actively deal with social risk management to ensure continuous improvement of the working environment, prevention of undesirable events and creation of various benefits and opportunities for employees.

Risks related to governance – the main risks are regulatory and related to the transparency of the bank's governance. Risks are managed through the fact that we are a listed company, and we are subject to significantly stricter frameworks and supervision requirements than ordinary companies. It is also the task of the legal department and the compliance control unit to ensure that the bank's operations comply with the applicable legal regulations. Additional regulatory obligation regarding ESG reporting (Pillar3, CSRD, Taxonomy, etc.), which risk we manage, being aware of future ESG regulatory requirements and we are creating a system for timely compliance with these legal regulations.

ESG risks of the loan portfolio

When it comes to the ESG risks of the Group's loan portfolio, we approach from the principle of double materiality, paying attention to both, factors that are influenced by the bank and aspects that affect the bank (e.g. a flood negatively affects the bank's collateral assets; a loan issued by the bank may negatively affect the environment (e.g. a loan to the oil production). To clarify the main points of influence of Coop Pank's loan portfolio, we have conducted an impact analysis based on the UNEP FI methodology.

Leasing – leasing is most affected in the context of ESG by the fact that the global car market is increasingly moving towards electric cars, thus providing an opportunity to finance them. We also follow the principle that an important aspect of leasing portfolio's ESG risk management is to finance a significant volume of the already produced car fleet and not to focus only on financing new vehicles. To date, we have created the bank's first green product aimed at purchasing environmentally friendly cars, and the share of used car financing in our portfolio continues to grow.

Consumer financing – the main risk is social risk, i.e. responsible lending. The risk is managed by assessing the loan servicing capacity on a customer-by-customer basis in accordance with current regulations and performing follow-up checks accordingly. Corresponding IT solutions are constantly being developed so that the realisation of the risk is minimised.

Private client real estate financing – the main risk is environmental risk. In cooperation with the Estonian Banking Association and the Estonian Association of Appraisers, a common ESG assessment has been developed, which will be used in the assessment of collateral assets. To date, the bank has mitigated the environmental risk through the fact that insurance is required for all guarantees.

Corporate client financing – all ESG-related risks occur here, similarly to the bank's ESG risks as an organisation, as well as collateral asset risks (see private client real estate financing). To manage the accompanying risks, the bank has decided not to finance areas of activity that have a negative social or environmental impact. According to the internal procedures, during 2024 it has been recommended to assess ESG risks separately for clients who are CSRD obligated (in addition so-called large companies, clients with a significant environmental impact due to their field of activity, and clients whose potential loan position is greater than 10% of the bank's Tier 1 capital). Based on assessments, we have so far made qualitative conclusions about the possible increase in credit risk.

Considering the current development of ESG risk management both at the Bank and at the regulatory level, the level of ESG risks in 2024 has not been considered as an input in our ECL models. As an indirect effect, we can point out that since according to our credit policy (since 2017) it is not allowed to finance projects with either a significant environmental impact or a negative social impact, our ECL rates have been based on a portfolio in which significant ESG risk has been consciously avoided.

To successfully manage and mitigate risks, we consider it important to get to know them better. In 2024, we continued with an in-depth analysis of areas of influence, mapped ESG risks and opportunities, performed a gap analysis for readiness for compliance with sustainability information disclosure requirements (CSRD directive), and we also kept other legislative processes related to sustainability and risks under continued attention, including the European Union's taxonomy of sustainable activities.

Fair value of assets and liabilities

The Group estimates the fair value of financial assets and financial liabilities that are not measured at fair value in the statement of financial position of the Group. Assets not measured at fair value are primarily loans and advances to customers and liabilities not measured at fair value are mainly deposits.

IFRS 13 determines a hierarchy for fair value measurements that is based on whether inputs are observable or unobservable. Observable inputs reflect market information obtained from independent sources; unobservable inputs reflect assumptions that are not available in a market. The following hierarchy for fair value measurement has been established based on these two categories of inputs:

Level 1 – (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes publicly quoted equity-related securities and debt instruments listed on exchanges, as well as instruments quoted by market participants.

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (in the form of prices) or indirectly (derived from prices). Sources for input parameters (for example euro debt securities yield curve or counterparty credit risk) are Bloomberg and Reuters.

Level 3 – inputs for assets or liabilities that are not based on observable market information (unobservable inputs).

The fair value of loans and advances as at 31.12.2024 was 0.25% higher (4,456 thousand euros) than their carrying amount. The fair value of deposits as at 31.12.2024 was -0.13% lower (-2,372 thousand euros) than their carrying amount.

31.12.2024	IFRS 9 measurement	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets						
Cash, cash balances at central banks and other deposits	AC	0	343,678	0	343,678	343,678
Debt securities	FVOCI	37,751	0	0	37,751	37,751
Equity instruments	FVOCI	0	13	0	13	13
Loans and advances to customers	AC	0	0	1,778,574	1,778,574	1,774,118
Incl. receivables from private individuals	AC	0	0	928,956	928,956	925,005
Incl. receivables from legal entities	AC	0	0	849,618	849,618	849,113
Other financial assets	AC	0	0	1,610	1,610	1,610
Total of financial assets		37,751	343,691	1,780,184	2,161,626	2,157,170
Financial liabilities						
Client deposits and loans received	AC	0	1,883,773	0	1,883,773	1,886,145
incl. private individuals	AC	0	966,481	0	966,481	967,891
incl. legal entities	AC	0	917,292	0	917,292	918,254
Other financial liabilities	AC	0	0	15,443	15,443	15,443
Subordinated debt	AC	0	0	63,148	63,148	63,148
Total of financial liabilities		0	1,883,773	78,591	1,962,364	1,964,736

The fair value of loans and advances as at 31.12.2023 was 0.08% higher (1,242 thousand euros) than their carrying amount. The fair value of deposits as at 31.12.2023 was -0.14% lower (-2,424 thousand euros) than their carrying amount.

31.12.2023	IFRS 9 measurement	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets						
Cash, cash balances at central banks and other deposits	AC	0	428,354	0	428,354	428,354
Debt securities	FVOCI	36,421	0	0	36,421	36,421
Equity instruments	FVOCI	0	13	0	13	13
Loans and advances to customers	AC	0	0	1,492,115	1,492,115	1,490,873
Incl. receivables from private individuals	AC	0	0	771,380	771,380	770,012
Incl. receivables from legal entities	AC	0	0	720,735	720,735	720,861
Other financial assets	AC	0	0	832	832	832
Total of financial assets		36,421	428,367	1,492,947	1,957,735	1,956,493
Customer deposits						
Client deposits and loans received	AC	0	1,719,341	0	1,719,341	1,721,765
incl. private individuals	AC	0	809,221	0	809,221	810,992
incl. legal entities	AC	0	910,120	0	910,120	910,773
Other financial liabilities	AC	0	0	14,444	14,444	14,444
Subordinated debt	AC	0	0	50,187	50,187	50,187
Total of financial liabilities		0	1,719,341	64,631	1,783,972	1,786,396

The Group discounts cash flows using the market rate as a basis in order to estimate the fair value of financial assets and financial liabilities. The market rate for loans is the average interest rate used in the Group in the last 6 months prior to the balance sheet date. When determining the fair value of the deposits, the current deposit balances are discounted using the deposit interest rates offered to new deposits included in the analysis.

Note 3 Subsidiaries and goodwill

In the spring of 2024, Coop Finants AS merged with its parent company Coop Pank AS. With registration of the merger in the Estonian Commercial Registry, all the assets, rights and obligations of Coop Finants AS were transferred to Coop Pank AS, incl. goodwill recognised from the subsidiary Coop Finants AS acquisition in May 2017. Goodwill includes synergies and intangible assets that were not separately identified. The goodwill is primarily attributable to the profitability of the acquired business, the significant synergies and combined cost savings expected to arise. Goodwill is allocated to the segment of consumer financing. Goodwill as at 31.12.2024 was 6,757 thousand euros (31.12.2023: 6,757 thousand euros).

As at 31.12.2024 and 31.12.2023 goodwill was tested for impairment. Value-in-use calculations are based on the following assumptions:

- forecast period 6 years (2023: 6 years)
- estimated growth in the volume of loan portfolio is 8-11% per year (2023: 10-13%)
- average increase in net income is 9% per year (2023: 3%)
- average increase in expenses is 5% per year (2023: 8%)
- average loan impairment loss is 2.4% per year (2023: 3.2%)
- weighted average cost of capital of 9% is used as cash flow discount rate (2023: 14%)
- terminal growth rate used is 2% (2023: 2%)

While using these key assumptions, management relied on their best estimation of probable expectations. The value-in-use test indicated that the recoverable value of the cash-generating unit exceeds the carrying amount and consequently no impairment losses have been recognised. Based on the assessment of reasonably possible changes for key assumptions, the management has not identified any instances that could cause the carrying amount of cash-generating unit to exceed its recoverable value.

Note 4 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Profitability of the segments is measured by profit before income tax. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, is the management board of the Parent Company.

The Group divides its business into segments based on the legal structure and the product- and customer-specific distribution within the Bank. According to the legal structure, the Group has a leasing and insurance brokerage segment that provides leasing products and insurance brokerage services to both private and corporate customers, respectively. The leasing segment earns interest income from lending. Insurance brokerage earns revenue on intermediating insurance contracts.

Due to the Bank's product-based division, the Group distinguishes the consumer financing segment. The consumer financing segment provides consumer loans and hire-purchase cards to private customers. The segment earns interest incomes from lending and fee commissions from issuing hire-purchase cards.

Due to the Bank's customer-based division, the Group has both corporate banking (legal entities) and retail banking (private individuals) segments. Both segments offer money transferring products and loan products to customers, as well as gathering 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 is 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 business lines for planning and budgeting, but business lines are not defined as separate segments.

Revenue reported by a segment consists of revenue from external customers and additional interest income or interest expense on intersegment 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. The geographical breakdown of interest income is shown in Note 5. The geographical breakdown of commission fees is shown in Note 6.

Segment profits in 2024, in thousands of euros	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimina-tion	Total
Interest income	60,573	49,466	13,998	12,172	25,403	-22,917	138,695
Incl. external income	54,455	42,228	13,998	12,172	15,842	0	138,695
Incl. internal income	6,118	7,238	0	0	9,561	-22,917	0
Interest expenses	−25,425	−24,471	−3,511	−6,224	−24,411	22,917	−61,125
Net interest income	35,148	24,995	10,487	5,948	992	0	77,570
Commission income	1,640	4,107	767	268	1,117	0	7,899
Commission expense	−675	−2,696	−111	−6	−53	0	−3,541
Net commission income	965	1,411	656	262	1,064	0	4,358
Other operating income	95	250	222	157	−769	0	−45
Net income	36,208	26,656	11,365	6,367	1,287	0	81,883
Operating expenses	−13,576	−15,134	−5,739	−4,059	−2,068	0	−40,576
Profit before loss allowances and tax	22,632	11,522	5,626	2,308	−781	0	41,307
Credit loss allowance	−1,231	−525	−2,704	−183	0	0	−4,643
Profit before tax	21,401	10,997	2,922	2,125	−781	0	36,664
Income tax expense	−2,715	−1,398	−360	0	−13	0	−4,486
Profit of the year	18,686	9,599	2,562	2,125	−794	0	32,178

Fee and commission income allocation 2024, in thousands of euros	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimina-tion	Total
Fees from cards	477	2,419	323	0	0	0	3,219
Monthly account fees and transaction fees	277	1,214	0	0	0	0	1,491
Insurance brokerage commission	0	0	444	0	1,061	0	1,505
Foreign exchange transactions	41	2	0	0	45	0	88
Other fee and commission income	845	472	0	268	11	0	1,596
Total fee and commission income	1,640	4,107	767	268	1,117	0	7,899

Assets and liabilities as at 31.12.2024, in millions of euros	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimina-tion	Total
Loan portfolio	872	729	98	178	427	-530	1,774
Other assets	158	149	28	36	44	0	415
Total assets	1,030	878	126	214	471	-530	2,189
Total liabilities	940	794	114	193	466	-530	1,977

*Other includes treasury, subsidiaries Prana Property and Coop Kindlustusmaakler.
The distribution of interest income and commission income by products is presented in Note 5 and 6.

Segment profits in 2023, in thousands of euros	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimina-tion	Total
Interest income	52,444	40,674	15,243	10,050	19,809	-17,569	120,651
Incl. external income	47,593	33,584	15,243	10,050	14,181	0	120,651
Incl. internal income	4,851	7,090	0	0	5,628	-17,569	0
Interest expenses	-16,711	-14,753	-2,550	-3,822	-19,119	17,569	-39,386
Net interest income	35,733	25,921	12,693	6,228	690	0	81,265
Commission income	1,962	2,771	1,895	267	714	0	7,609
Commission expense	-566	-1,834	-224	-7	-131	0	-2,762
Net commission income	1,396	937	1,671	260	583	0	4,847
Other operating income	79	101	657	75	-1,820	0	-908
Net income	37,208	26,959	15,021	6,563	-547	0	85,204
Operating expenses	-11,288	-12,780	-5,895	-3,578	-1,587	0	-35,128
Profit before loss allowances and tax	25,920	14,179	9,126	2,985	-2,134	0	50,076
Credit loss allowance	-2,383	-707	-3,232	20	0	0	-6,302
Profit before tax	23,537	13,472	5,894	3,005	-2,134	0	43,774
Income tax expense	-2,897	-1,673	0	0	0	0	-4,570
Profit of the year	20,640	11,799	5,894	3,005	-2,134	0	39,204

Fee and commission income allocation 2023, in thousands of euros	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimina-tion	Total
Fees from cards	402	1,270	1,370	0	0	0	3,042
Monthly account fees and transaction fees	272	1,073	0	0	0	0	1,345
Insurance brokerage commission	0	0	525	0	658	0	1,183
Foreign exchange transactions	50	5	0	0	56	0	111
Other fee and commission income	1,238	423	0	267	0	0	1,928
Total fee and commission income	1,962	2,771	1,895	267	714	0	7,609

Assets and liabilities as at 31.12.2023, in millions of euros	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimina-tion	Total
Loan portfolio	812	602	96	153	387	-559	1,491
Other assets	191	177	38	47	42	0	495
Total assets	1,003	779	134	200	429	-559	1,986
Total liabilities	924	707	122	181	425	-559	1,800

*Other includes treasury, subsidiaries Prana Property and Coop Kindlustusmaakler.
The distribution of interest income and commission income by products is presented in Note 5 and 6.

Note 5 Net interest income

	Note	2024	2023
Interest income calculated using effective interest method:			
Loans to entities		53,244	46,520
Consumer loans and hire-purchase loans		14,047	15,243
Other loans to private individuals		42,087	33,584
Debt securities		1,385	1,016
Other assets		14,575	13,264
Other similar interest income:			
Leasing		13,357	11,024
Total interest income and income similar to interest		138,695	120,651
Customer deposits and loans received		-55,857	-36,028
Subordinated debt	17	-5,022	-3,222
Interest expense on assets		0	0
Lease liabilities	14	-246	-136
Total interest expenses		-61,125	-39,386
Net interest income		77,570	81,265

In 2024, the Group earned 98% of interest income from Estonian residents and 2% from residents of other countries (mostly EU countries). This ratio remains unchanged YoY.
The distribution of interest income by operating segments is presented in Note 4.
Loan portfolio is presented in Note 11.

Note 6 Fee and commission income

	2024	2023
Fees from cards	3,219	3,042
Monthly account fees and transaction fees	1,491	1,345
Insurance brokerage commission	1,505	1,183
Foreign exchange transactions	88	111
Other fee and commission income	1,596	1,928
Total fee and commission income	7,899	7,609
Expenses related to cards	-2,449	-2,014
Transaction costs	-257	-258
Other fee and commission expense	-835	-490
Total fee and commission expense	-3,541	-2,762
Net fee and commission income	4,358	4,847

The distribution of fee and commission income by operating segments is presented in Note 4.
In 2024, the Group earned 86% of fee and commission income from Estonian residents and 14% from residents of other countries (mostly EU countries). In 2023, 87% of fee and commission income was earned from Estonian residents and 13% from residents of other countries. All fee and commission income are recognised point in time.

Note 7 Payroll expenses

	2024	2023
Wages and salaries	-16,481	-14,330
Social tax, unemployment insurance premiums	-6,930	-5,904
Total	-23,411	-20,234

Social security tax payments include a contribution to state pension funds in amount 266 (2023: 238) thousand euros. The Group has no legal or factual obligation to make pension or similar payments beyond social security tax. In 2024, the average number of employees of the Group (reduced to full-time equivalents) was approximately 433 (2023: 396).

Note 8 Operating expenses

	Note	2024	2023
Administration of information systems		-2,486	-1,772
Marketing expenses		-2,690	-2,587
Contributions to Deposit Guarantee Fund		-1,899	-1,568
Training and travel expenses		-656	-627
Office expenses		-840	-587
Services purchased		-504	-539
Utilities of leased premises		-216	-352
Financial supervision fee instalments		-401	-308
Auditor services		-196	-229
Short-term and low value leases	14	-291	-187
Legal services, state fees		-582	-381
Insurance		-107	-97
Membership fees		-54	-46
Transport expenses		-57	-44
Other operating expenses		-734	-889
Total		-11,713	-10,213

Note 9 Cash, cash balances at central banks and other deposits

	31.12.2024	31.12.2023
Cash	1,766	2,276
Demand deposits at the Central Bank	299,380	394,089
Demand deposits at credit institutions and other financial institutions	24,216	14,891
Cash and cash equivalents	325 362	411 256
Base level of the mandatory reserve kept in the Central Bank*	18,316	17,098
Total	343,678	428,354

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

Mandatory reserve at the Central Bank is the minimum amount that the bank must hold and this amount is not freely usable. The base rate of mandatory reserve kept at the Central Bank as of 31.12.2024 was 1% (31.12.2023: 1%) of all financing sources (deposits from customers and loans received). The reserve requirement is to be fulfilled as a monthly average in euros or in foreign securities preapproved by the Central Bank.

Note 10 Financial investments

	31.12.2024	31.12.2023
Government debt securities	30,912	29,988
Credit institutions	3,489	4,596
Debt securities of other non-financial companies	3,350	1,837
Total of debt securities	37,751	36,421
Shares of other non-financial companies	13	13
Total of equity instruments	13	13
Total of financial investments	37,764	36,434

As at 31 December 2024 and 31 December 2023 all debt securities and equity instruments are recognised at fair value through changes in other comprehensive income.

Note 11 Loans and advances to customers

	31.12.2024	31.12.2023
Total receivables from private individuals	931,900	776,083
incl. consumers loans	108,146	100,063
incl. finance lease receivables	95,903	72,920
incl. mortgage loans and other loans	727,851	603,100
Total receivables from legal entities	860,769	731,184
incl. finance lease receivable	98,823	98,395
incl. other loans to legal entities	761,946	632,789
Total receivables	1,792,669	1,507,267
Loss allowances of loans and advances	-18,551	-16,394
Total	1,774,118	1,490,873

From 2024, the Group uses segment-based classification instead of the legal structure classification when classifying loan products.

As of 31.12.2024, the Bank also classifies self-employed entrepreneurs (FIE) in net amount of 2,722 (31.12.2023: 2,932) thousand euros as private individuals, which were classified as business customers until 31.12.2023.

Finance lease receivables	31.12.2024	31.12.2023
Gross investment – lease payments receivable, incl.	223,499	200,575
up to 1 year	61,020	60,462
1-2 years	48,320	41,502
2-3 years	40,253	38,019
3-4 years	33,620	27,896
4-5 years	31,002	25,791
over 5 years	9,284	6,905
Future interest income	-28,134	-28,865
up to 1 year	-10,491	-10,900
1-2 years	-7,589	-7,795
2-3 years	-5,174	-5,277
3-4 years	-3,165	-3,115
4-5 years	-1,410	-1,502
over 5 years	-305	-276
Finance lease net investment *	195,365	171,710
up to 1 year	50,529	49,562
1-2 years	40,731	33,707
2-3 years	35,079	32,742
3-4 years	30,455	24,781
4-5 years	29,592	24,289
over 5 years	8,979	6,629

*Finance lease receivables gross investment includes accrued interest in the amount of 570 (31.12.2023: 619) thousand euros and contract fees in the amount of -1,208 (31.12.2023: -1,015) thousand euros.

Loan allowances	31.12.2024	31.12.2023
Balance at the beginning of the reporting period	-16,394	-11,864
Loss allowances during the reporting period*	-4,914	-6,503
Derecognised during reporting period due to sale or write-off of loans	2,757	1,973
Balance of allowance at the end of the reporting period	-18,551	-16,394

*Loss allowances on the loan portfolio during the reporting period differ from the credit loss allowance recognised in the statement of profit or loss. The difference is due to such receipts of past due loans written off earlier as uncollectible claims, which were received in the amount of 148 (2023: 84) thousand euros during the reporting period; due to loss allowances in the amount of 22 (2023: -117) thousand euros from the exposures related to the off-balance sheet.

For credit risk exposures and loan collateral, see Credit Risk management section in Note 2.
Distribution of loans granted by currencies is disclosed in Market Risk management in Note 2.
Distribution of loans granted by maturity is disclosed in Liquidity Risk management in Note 2.
The geographical distribution of loans granted is disclosed in Concentration of Risk in Note 2.
For interest income on loans granted, see Note 5.

Note 12 Other financial assets and other assets

	31.12.2024	31.12.2023
Financial assets		
Security deposits	20	20
Amounts receivable	533	343
Other receivables	1,057	469
Total financial assets*	1,610	832
Other assets		
Settlements with the Tax and Customs Board	299	6
Other prepayments**	1,736	1,269
Total other assets	2,035	1,275
Assets held for sale		
Real estate acquired for sale and properties under construction***	1,099	1,607
Other assets	41	115
Total assets held for sale	1,140	1,722

*Financial assets have a good credit quality and there are no indications of impairment.

** Other prepayments include insurance, communication services, periodicals, training and other similar prepayments.

Note 13 Tangible and intangible assets

	Right-of-use assets	Land and properties	Other tangible assets	Internally generated intangibles	Other intangible assets	Total
Carrying amount 31.12.2022	6,130	121	2,687	4,340	4,239	17,517
Acquisition and additions	211	0	1,796	3,584	1,820	7,411
Termination of lease contracts	-32	0	0	0	0	-32
Adjustments	-135	0	0	0	-112	-247
Sale at carrying amount	0	0	-3	0	0	-3
Depreciation charged	-794	-3	-852	-1,550	-1,482	-4,681
Carrying amount at 31.12.2023						
Incl. acquisition cost	8,808	136	7,186	9,351	12,507	37,988
Incl. depreciation	-3,428	-18	-3,558	-2,977	-8,042	-18,023
Carrying amount 31.12.2023	5,380	118	3,628	6,374	4,465	19,965
Acquisition and additions	464	0	787	4,717	1,132	7,100
Termination of lease contracts	-13	0	0	0	0	-13
Adjustments	-6	0	0	-10	-20	-36
Sale at carrying amount	0	0	-52	0	0	-52
Depreciation charged	-718	-2	-1,028	-2,231	-1,473	-5,452
Carrying amount at 31.12.2024						
Incl. acquisition cost	9,253	136	7,573	13,946	13,214	44,122
Incl. depreciation	-4,146	-20	-4,238	-5,096	-9,110	-22,610
Carrying amount 31.12.2024	5,107	116	3,335	8,850	4,104	21,512

Right-of-use assets include leases of property and real estate. Land and properties include office premises owned by the group. Other tangible assets include computer technology and office equipment, furniture and capitalised costs of office renovation. Other Intangible assets include licences and external development costs related to banking software.

Note 14 Lease liabilities

The Group rents various office spaces. Leases usually have a term of up to 5 years and the head office rental agreement is 10 years, but they usually include options for renewal and termination. Lease terms are agreed upon on a contract-by-contract basis and may include a variety of different terms. Rent agreements are recognised as right-of-use assets and liabilities. The maturity analysis of lease liabilities are disclosed in Note 2 Liquidity risk management.

	2024	2023
Beginning balance 01.01	5,417	6,142
Cash flows	-961	-1,040
Interest expense	246	136
New leases*	464	211
Terminated leases	-13	-32
Ending balance 31.12	5,153	5,417

*In 2024, rent payments for several leased premises (including payments for leased premises in the Skyon commercial building) were indexed in accordance with the lease agreements.

In the statement of profit or loss, the following amounts are recognised in relation to lease agreements:

	2024	2023
Interest expense relating to leases (included in interest expenses) (Note 5)	246	136
Expense relating to short-term leases (included in operating expenses)	179	130
Expense relating to leases of low-value assets (included in operating expenses)	112	57

Note 15 Customer deposits and loans received

	31.12.2024	31.12.2023
Private individuals	967,891	810,992
Legal entities	918,254	910,773
Total	1,886,145	1,721,765
Demand deposits	571,865	494,092
Term deposits	1,306,000	1,217,991
Special purpose loans	8,280	9,682
Total	1,886,145	1,721,765

The Bank signed a 10-year loan agreement of 8 million euros with the European Investment Fund (EIF) to finance small and medium-sized enterprises. As at 31.12.2024, the loan balance is 2.8 (31.12.2023: 3.8) million euros. The remaining special-purpose loans have been received from the Rural Development Foundation.

Note 16 Other financial liabilities and other liabilities

	31.12.2024	31.12.2023
Financial liabilities		
Cash in transit	8,754	6,144
Customer advances	2,642	2,593
Card clearing	128	2,117
Balance of terminated customer contracts	1,479	1,515
Trade payables	850	713
Settlements with cooperatives	579	875
Other financial liabilities	1,011	487
Total financial liabilities	15,443	14,444
Other liabilities		
Payables to employees	3,675	3,302
Tax liabilities	2,042	3,104
Provisions for ECL on commitments and guarantees	483	461
Deferred liabilities	474	1,301
Other advance payments	414	406
Total other liabilities	7,088	8,574
Total	22,531	23,018

Note 17 Subordinated debt

The Coop Pank group has issued subordinated bonds and entered into a subordinated loan agreement in order to increase long-term capital. In the case of default of the Group, the subordinated debt is repayable after all other debts have been paid, but before debts to shareholders are paid. The balances of subordinated debt as at the end of each reporting period is disclosed in the table below.

	Year of issue	Interest rate	Maturity date	Amount
Subordinated bond	2017	6.75%	04.12.2027	5,000
Subordinated bond	2019	7.58%	29.03.2029	2,000
Subordinated bond	2021	5.50%	31.03.2031	10,000
Subordinated bond	2022	5.00%	10.03.2032	10,000
Subordinated bond (Tier 1)	2022	10.00%	perpetual*	16,100
Subordinated bond redeemed	2017	6.75%	04.12.2027	-5,000
Cash flows from financing activities				38,100
Subordinated debt as at 31.12.2022				38,100
Subordinated bond (Tier 1)	2023	12.00%	perpetual*	12,000
Cash flows from financing activities				12,000
Subordinated debt as at 31.12.2023				50,100
Subordinated bond redeemed**	2019	7.58%	29.03.2029	-2,000
Subordinated loan agreement (Tier2)	2024	3.25%+6M EURIBOR	12.01.2034	15,000
Cash flows from financing activities				13,000
Subordinated debt as at 31.12.2024				63,100
Subordinated debt accrued interest as at 31.12.2022				39
Interest expenses calculated during 2023 (Note 5)				3,222
Paid out interest expense during 2023				-3,174
Subordinated debt accrued interest as at 31.12.2023				87
Interest expenses calculated during 2024 (Note 5)				5,022
Paid out interest expense during 2024				-5,061
Subordinated debt accrued interest as at 31.12.2024				48

* Bonds have no fixed redemption date, but the Issuer has the right to redeem them in accordance with the conditions set out in CRR being met and not before five years from issuance.

**The Bank has used the call option and redeemed the subordinated bond in full after the respective approval of the Financial Supervisory Authority in accordance with the Tier 2 Requirements.

Accrued interest liabilities of subordinated debt are accounted in the statement of financial position using the effective interest rate.

Note 18 Equity

Transactions with shares	Time	Number of shares	Strike price, in euros	Share capital, in thousands of euros	Share premium, in thousands of euros
Share capital as at 31.12.2022		101,471,307		69,148	25,435
Paid in share capital	May 2023	770,000	1.010	525	344
Share capital as at 31.12.2023		102,241,307		69,673	25,779
Paid in share capital	May 2024	745,000	1.100	508	932
Share capital as at 31.12.2024		102,986,307		70,181	26,711

The share capital issue in 2024 and 2023 was related only to the exercising of employee share options. As at 31.12.2024 the share capital of the bank is 70,181 (31.12.2023: 69,673) in thousands of euros, which was divided into 102,986,307 (31.12.2023: 102,241,307) ordinary shares of no par value. The carrying value of one share is 0.6815 euros (31.12.2023: 0.6815).

According to the articles of association, share capital can be increased to 160 million euros without any amendment to the articles of association. In 2024 Coop Pank AS used the right to increase the share capital by 508 in thousands of euros in connection with the option programme, i.e. from the amount 69,673 in thousands of euros up to the amount 70,181 in thousands of euros. The total proceeds of the subscription were 820 thousand euros. The issue price was 1.10 euros per share, of which 0.6815 euros is the book value and 0.4185 euros is the share premium. In 2023 Coop Pank AS used the right to increase the share capital by 525 in thousands of euros in connection with the option programme, i.e. from the amount 69,148 in thousands of euros up to the amount 69,673 in thousands of euros. Shares were paid for fully in cash. The total proceeds of the subscription were 778 thousand euros. The issue price was 1.01 euros per share, of which 0.6815 euros is the book value and 0.3285 euros is the share premium.

In the spring of 2023, Coop Pank paid dividends to shareholders at a rate of 0.045 euros (net) per share from the profit of the year 2022, in the total net amount of 4,566 in thousands of euros. Part of the dividends (1/3 from dividends paid out in 2022) were taxed at a preferential rate of 14/86 and the remaining part at a rate of 20/80.

In the spring of 2024, Coop Pank paid dividends to shareholders at a rate of 0.087 euros (net) per share from the profit of the year 2023, in the total net amount of 8,895 in thousands of euros. Part of the dividends (1/3 from dividends paid out in 2022 and 2023) were taxed at a preferential rate of 14/86 and the remaining part at a rate of 20/80.

As of 31.12.2024 it is expected to be possible to pay out dividends to shareholders at a rate of 0.07 euros (net) per share in the total net amount of 7,209 thousand euros. The potential dividends would be taxed at a rate of 22/78.
Income tax expense information is presented in Note 23.

The bank grants share options to members of the management board, department managers and key employees. The vesting period of the options is 3 years and the issue of shares will be decided in the Annual General Meeting of Shareholders or Meeting of the Shareholders close to the vesting date. The reserve of options granted as of 31.12.2024 amounted to 1,825 (2023: 1,493) thousand euros. Related expenses in the statement of profit and loss in 2024 were 952 (2023: 869) thousand euros and 620 (2023: 91) thousand euros were transferred from reserve to share premium in relation to exercising the options. The fair value of options is calculated using the Black-Scholes model, which uses the share price of the bank, strike price, volatility and risk-free interest rate as inputs. In case of options issued in 2024 the main input values used are: share price of the bank 2.3856 (2023: 2.8930) euros, strike price 1.875 (2023: 1.526) euros volatility 15% (2023: 20%) and risk-free interest rate 2.6% (2023: 3.0%). Employees do not have the possibility to take the specified amount in cash in lieu of the share options. Share options cannot be exchanged, sold, pledged or encumbered. Share options can be inherited. The contract of share options will expire if the employee is leaving the company before the vesting period, but the Supervisory Board can decide otherwise. In 2024, the options for 745,000 shares were exercised with strike price 1.10 euros per share (2023: 770,000 shares with strike price 1.01 euros). The actual share price on the date when the options were exercised was 2.27 euros (2023: 2.795 euros). The bank may issue share options for the results of 2024.

Transactions with options	Number of options
As at 31.12.2022	2,212,200
Granted	891,100
Exercised	-770,000
Forfeited	-76,800
As at 31.12.2023	2,256,500
Granted	1,022,000
Exercised	-745,000
Forfeited	-53,200
As at 31.12.2024	2,480,300

Valid options as of 31.12.2024 are subject to exercising.

Date of issue	Expiry date	Share price	Number of options
April 2022	April 2025	1.2550	670,900
April 2023	April 2026	1.5260	803,000
April 2024	April 2027	1.8750	1,006,400
Total options to be exercised		1.5943	2,480,300

According to the requirements of § 336 of the Commercial Code, during each financial year, at least 1/20 of the net profit shall be transferred to the statutory reserve, until the statutory reserve reaches 1/10 of the share capital. Once the statutory reserve capital reaches the amount specified in the Commercial Code, no more transfers on account of the net profit will be made to the statutory reserve capital. On a basis of a decision of the general meetings of shareholders, statutory reserve capital may be used to cover losses, as well as to increase share capital. Distributions to shareholders from the statutory reserve capital are not permitted.

Note 19 Financial guarantees and loan commitments

	31.12.2024	31.12.2023
Financial guarantees	18,498	16,292
Lines of credit and overdraft facilities	133,090	128,491
Total	151,588	144,783

The Group applies the expected credit loss model for contingent liabilities, see Note 2. As of 31.12.2024, 483 (31.12.2023: 461) thousand euros was accounted for as ECL provision for financial guarantees and loan commitments (Note 16).

The tax authorities may at any time inspect the books and records of the company within 5 years subsequent to the reported tax year and may as a result of their inspection impose additional tax assessments and penalties. The management is not aware of any circumstances which may give rise to a potential material liability in this respect.

Note 20 Litigations

In 2024, there were twelve lawsuits pending in courts against the Group (i.e., a Group company as the defendant). No direct monetary claims were made in the lawsuits against the Group, and the financial impact of the proceedings is immaterial. Several disputes are related to the termination of payment service agreements, and in several cases, the bank is involved as a third party where the parties are disputing the ownership or size of the property.

As of December 31, 2024, a total of 453 thousand euros (31.12.2023: 506 thousand euros) had been satisfied in favor of various Group companies in court proceedings, plus interest. At the same time, claims (including payment orders) filed by the Group amounting to a total of 144 thousand euros (31.12.2023: 271 thousand euros), plus interest, were pending. The main content of the claims is various demands arising from credit agreements against customers. Claims arising from credit agreements generally have a good perspective and are usually fully satisfied by the court.

Note 21 Related parties

The following persons or entities have been considered as related parties for the purpose of preparing the consolidated financial statements:

- Shareholders of the parent company that have significant influence over the Group;
- The Management of the Group that includes members of the Management Board and the Supervisory Board of the parent company and entities related to them;
- Close relatives of the above persons, who have the same economic interest and entities related to them.

The terms of the loans granted to related parties do not differ from the loans granted to other customers with regard to interest rates. Interest rates on loans are in the range of 2.5-6.0% and on credit cards around 18%. Interest rates on deposits are in the range of 0.01- 5.0%. Transactions with related parties are based on the price list and/or are carried out at market value. There were no transactions with the biggest shareholder Coop Investeeringud OÜ, who holds 22.01% of shares.

Balances	31.12.2024	31.12.2023
Shareholders:		
Deposits	11,162	9,897
Members of the Management Board and Supervisory Board:		
Loans	252	674
Deposits	867	686
The persons or entities related to the Management:		
Loans	1,889	2,322
Deposits	8,748	325

Related party receivables have not been written down during the reporting period.

Transactions	2024	2023
Shareholders:		
Interest expenses	439	81
Members of the Management Board and Supervisory Board:		
Interest income	7	2
Interest expenses	26	6
Sale of other goods and services	2	2
Salaries and other remunerations paid	958	849
The persons or entities related to the Management:		
Interest income	110	89
Interest expenses	334	5

Maximum termination benefits payable to members of the Management Board on a contingent basis is 372 thousand euros (31.12.2023: 324). The Group does not have any other long-term or post-employment benefits to the members of the Management Board and the Supervisory Board.

The share options issued to members of the Management Board are provided in the tables below.

Transactions with options	Number of options
As at 31.12.2022	682,100
Granted	257,500
Exercised	-200,000
Forfeited	-47,900
As at 31.12.2023	691,700
Granted	422,300
Exercised	-270,000
Forfeited	0
As at 31.12.2024	844,000

Valid options as of 31.12.2024 are subject to exercising.

Date of issue	Expiry date	Share price	Number of options
April 2022	April 2025	1.2550	212,100
April 2023	April 2026	1.5260	209,600
April 2024	April 2027	1.8750	422,300
Total options to be exercised		1.6325	844,000

Note 22 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. In order to calculate diluted earnings per share, net profit attributable to owners of the parent has been divided by the diluted weighted average number of shares, taking into account the potential shares covered by options contracts.

	31.12.2024	31.12.2023
Profit attributable to the owners of the parent (in thousands of euros)	32,178	39,204
Weighted average number of shares (in thousands of units)	102,688	101,933
Basic earnings per share (euros)	0.31	0.38
Adjustments for calculation of diluted earnings per share – share options (in thousands of units)	2,401	2,262
Weighted average number of shares used for calculating the diluted earnings per share (in thousands of units)	105,089	104,195
Diluted earnings per share (euros)	0.31	0.38

Note 23 Income tax expense

The annual profit earned by enterprises is not taxed in Estonia and thus there are no temporary differences between the tax bases and carrying values of assets and liabilities and no deferred tax assets or liabilities arise (except for recognising a deferred tax liability for all taxable differences associated with investments in subsidiaries, associates and branches, unless it is probable that the temporary difference will not reverse in the foreseeable future).

In connection to the amendments to the Income Tax Act, starting from 2018 credit institutions are obliged to pay an advance income tax of 14% on previous quarter net income before income tax. Income tax is calculated based on unconsolidated profit of the credit institution, which is the parent company. Advance income tax paid can be taken into account on the distribution of profits and the calculation of the related income tax liability. In calculating income tax, the profit is reduced by the dividends received and the profit attributed to the permanent establishment to which the exemption method is applied in order to avoid double taxation. Secondly, the profits will be reduced by losses earned in the previous quarters.

Income tax is recognised in the consolidated statement of profit or loss as income tax expense in the period in which the basis for calculating the income tax is calculated, regardless of when the income tax is paid.

Income tax expense	2024	2023
Profit before tax	36,664	43,774
incl. non-taxable income	4,623	11,130
Advance income tax for credit institutions	-4,486	-4,570
Effective tax rate	12 %	10%

Income tax liabilities	2024	2023
Balance as at 01.01	2,280	683
Accrual income tax recognised	4,486	4,570
Paid income tax	-5,809	-2,973
Balance as at 31.12	957	2,280

In 2024 the bank had paid advance income tax for credit institutions in the amount of 5,809 (2023: 2,973) thousand euros.

On May 3, 2023, Coop Pank paid dividends from the profit of the year 2022 in the total net amount of 4,566 in thousands of euros. Part of the dividend (1/3 from dividends paid out in 2022) was taxed at a preferential rate of 14/86 in the amount of 149 thousand euros and the remaining part at a tax rate of 20/80 in the amount 913 thousand euros. The total related income tax charge on dividends was 1,062 thousand euros. The income tax liability calculated on net dividends was offset against the advanced income tax for credit institutions paid by the bank.

On May 6, 2024, Coop Pank paid dividends from the profit of the year 2023 in the total net amount of 8,895 thousand euros. Part of the dividend (1/3 from dividends paid out in 2022 and 1/3 from dividends paid out in 2023) was taxed at a preferential rate of 14/86 in the amount of 396 thousand euros and the remaining part at a tax rate of 20/80 in the amount 1,615 thousand euros. The total related income tax charge on dividends was 2,011 thousand euros. The income tax liability calculated on net dividends was offset against the advanced income tax for credit institutions paid by the bank.

Based on a forecast as of 31.12.2024 it is possible to pay out dividends to shareholders in the net amount of 7,209 thousand euros from the profit of the 2024 financial year, that would be taxed at an income tax rate of 22/78 in the amount of 2,033 thousand euros. The Bank has paid sufficient advance income tax for credit institutions in 2024 to cover the income tax liability calculated on dividends.

Information related to paid dividends is presented in Note 18.

Note 24 Events after balance sheet date

In November 2024 on the proposal of the Estonian Financial Supervision Authority, the European Central Bank granted to Coop Pank AS an additional activity license enabling the issuance of covered bonds. The additional activity license obtained is a necessary prerequisite for the issuance of covered bonds.

The purpose of issuing covered bonds is to diversify the bank's financing structure and stable long-term funds. If suitable market conditions are present, the bank will have the opportunity to finance additional lending activities and secure its funding on more favorable terms. More stable and favorable financing allows the bank to offer better conditions to customers and increase its market share in competition with larger foreign banks.

In February 2025, Coop Pank established a 750 million euros covered bond program, which was approved by the Central Bank of Ireland. In March 2025, Coop Pank AS issued the first covered bond issue under the program in the amount of 250 million euros with a maturity of 4 years. The issued covered bonds will be listed on the Euronext Dublin stock exchange.

Note 25 Separate financial statements of parent company

Statement of Profit or Loss and Other Comprehensive income of parent company

	2024	2023
Interest income calculated using the effective interest method	131,502	104,121
Interest and similar expense	-61,130	-39,390
Net interest income	70,372	64,731
Fee and commission income	6,218	4,793
Fee and commission expense	-3,461	-2,542
Net fee and commission income	2,757	2,251
Sale of assets	0	80
Cost of assets sold	0	-85
Net gains from non-financial asset realisation	53	0
Net gains from financial assets measured at fair value	33	57
Handling of overdue receivables	408	162
Other income	200	-305
Net other income	694	-91
Payroll expenses	-22,052	-18,654
Operating expenses	-10,707	-8,412
Depreciation	-5,233	-4,164
Total operating expenses	-37,992	-31,230
Profit before loss allowances and tax	35,831	35,661
Credit loss allowance	-3,791	-3,017
Profit before tax	32,040	32,644
Income tax expense	-4,486	-4,570
Net profit for the financial year	27,554	28,074
Other comprehensive income / loss (-)		
Items that may be subsequently reclassified as profit or loss:		
Financial assets at fair value through other comprehensive income	757	424
Comprehensive income / loss (-) for the financial year	28,311	28,498

Statement of Financial Position of parent company

	31.12.2024	31.12.2023
Assets		
Cash and cash equivalents	325,361	411,254
Mandatory reserve kept in the Central Bank	18,316	17,098
Debt securities at fair value through other comprehensive income	37,751	36,421
Equity instruments at fair value through other comprehensive income	13	13
Loans and advances to customers	1,768,155	1,441,236
Investments in subsidiaries	551	12,291
Other financial assets	1,750	476
Other assets	1,724	997
Right-of-use assets	5,107	5,380
Tangible assets	3,451	3,746
Intangible assets	12,354	8,775
Goodwill	6,757	0
Total assets	2,181,290	1,937,687
Liabilities		
Client deposits and loans received	1,887,273	1,723,269
Lease liabilities	5,153	5,417
Other financial liabilities	13,579	11,451
Other liabilities	8,182	6,919
Subordinated debt	63,148	50,187
Total liabilities	1,977,335	1,797,243
Equity		
Share capital	70,181	69,673
Share premium	26,711	25,779
Statutory reserve capital	6,815	4,855
Retained earnings	98,125	39,103
Other reserves	2,123	1,034
Total shareholder's equity	203,955	140,444
Total liabilities and shareholders' equity	2,181,290	1,937,687

Statement of Cash Flows of parent company

	2024	2023
Cash flows from operating activities		
Interest and other similar income received	130,555	101,162
Interest paid	-64,346	-24,875
Fees and commissions received	6,218	4,793
Fees and commissions paid	-3,461	-2,542
Other received income	1,445	1,772
Salaries paid	-21,255	-18,786
Other operating expenses paid	-10,512	-8,412
Advance Income tax paid	-5,809	-2,973
Total cash flows from operating activities before changes in operating assets and liabilities	32,835	50,139
Change in operating assets:		
Loans and advances from customers	-282,106	-178,364
Change of base level of the reserve kept in the Central Bank	-1,218	-2,862
Other assets	-3,463	-255
Change in operating liabilities:		
Change in customer deposits and loans received	167,489	199,290
Other liabilities	3,543	10,293
Net cash flows from operating activities	-82,920	78,241
Cash flows from investing activities		
Acquisition of tangible and intangible assets	-6,360	-6,620
Sale of tangible and intangible assets	52	86
Acquisition of debt securities	-2,342	-18,226
Sale and redemption of debt securities	1,253	274
Increase of subsidiary's equity	-601	-301
Merger with a subsidiary	1,061	0
Total cash flows from investing activities	-6,937	-24,787
Cash flows from financing activities		
Contribution to share capital	820	778
Issue of subordinated debt	15,000	12,000
Redemption of subordinated bonds	-2,000	0
Dividends paid	-8,895	-4,566
Repayment of lease liabilities	-961	-1,040
Total cash flows from financing activities	3,964	7,172
Effect on exchange rate changes on cash and cash equivalents	-1	-13
Change in cash and cash equivalents	-85,894	60,613
Cash and cash equivalents at beginning of the period	411,254	350,641
Cash and cash equivalents at the end of the period	325,360	411,254
Cash and cash equivalents balance is comprised of:	325,360	411,254
Cash on hand	1,766	2,276
Demand deposits at the Central Bank	299,380	394,089
Demand and short-term deposits at credit institutions	24,214	14,889

Statement of Changes in Equity of parent company

	Share capital	Share premium	Statutory reserve capital	Other reserves	Revaluation reserve	Retained earnings	Total shareholder's equity
Equity as at 31.12.2022	69,148	25,435	3,838	715	-883	16,612	114,865
Paid in share capital	525	344	0	-91	0	0	778
Dividends paid	0	0	0	0	0	-4,566	-4,566
Changes in statutory reserve capital	0	0	1,017	0	0	-1,017	0
Share options	0	0	0	869	0	0	869
Net profit	0	0	0	0	0	28,074	28,074
Other comprehensive income	0	0	0	0	424	0	424
Total comprehensive income	0	0	0	0	424	28,074	28,498
Equity as at 31.12.2023	69,673	25,779	4,855	1,493	-459	39,103	140,444
Paid in share capital	508	932	0	-620	0	0	820
Dividends paid	0	0	0	0	0	-8,895	-8,895
Merger with a subsidiary	0	0	0	0	0	42,323	42,323
Changes in statutory reserve capital	0	0	1,960	0	0	-1,960	0
Share options	0	0	0	952	0	0	952
Net profit	0	0	0	0	0	27,554	27,554
Other comprehensive income	0	0	0	0	757	0	757
Total comprehensive income	0	0	0	0	757	27,554	28,311
Equity as at 31.12.2024	70,181	26,711	6,815	1,825	298	98,125	203,955

In accordance with the Estonian Accounting Act, adjusted unconsolidated retained earnings are the amount that a company may use to make distributions to shareholders. A reconciliation of the parent company's equity with its adjusted unconsolidated equity is presented in the table below.

Adjusted unconsolidated equity	
Book value of holding under control or significant influence	-551
Value of holdings under control or significant influence, calculated by equity method	8,233
Adjusted unconsolidated equity as at 31.12.2024	211,637

Management Board declaration

The Management Board has prepared the management report and the consolidated financial statements of Coop Pank AS for the financial year ended 31 December 2024.

The Management Board confirms that according to their best knowledge the consolidated financial statements of Coop Pank AS for the year 2024, prepared in accordance with current international financial reporting standards as adopted by the European Union, provide a true and fair view of the assets, liabilities, financial position and financial performance of the Coop Pank AS, consisting of the parent company and other consolidated entities as a whole, and the management report of the Coop Pank AS also gives a true and fair view of the business activities, financial performance and financial position, and contains a description of the main risks and uncertainties.

The 2024 consolidated annual report of Coop Pank AS will be presented to the general meeting of shareholders for approval in April 2025. The previous 2023 consolidated annual report was approved by the general meeting of shareholders on 17 April 2024.

Margus Rink	Chairman of the Management Board	/Signed digitally/	18.03.2025
Paavo Truu	Member of the Management Board	/Signed digitally/	18.03.2025
Heikko Mäe	Member of the Management Board	/Signed digitally/	18.03.2025
Arko Kurtmann	Member of the Management Board	/Signed digitally/	18.03.2025
Karel Parve	Member of the Management Board	/Signed digitally/	18.03.2025

Independent auditor's report

Independent auditor's report

To the Shareholders of Coop Pank AS

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Coop Pank AS (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 18 March 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59[1] of the Auditors Activities Act of the Republic of Estonia.

AS PricewaterhouseCoopers
Tatari 1, 10116 Tallinn, Estonia; License No. 6; Registry code: 10142876
T: +372 614 1800, www.pwc.ee

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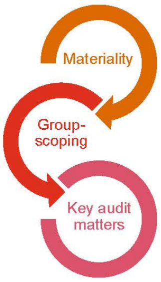
The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2024 to 31 December 2024 are disclosed in the Management report.

Our audit approach

Overview



- Overall Group audit materiality is EUR 1,833 thousand, which represents approximately 5% of profit before tax.

- A full scope audit or an audit of specific line items was performed by PwC Estonia for all Group entities covering substantially all of the Group's consolidated assets, revenues and profits.

- Expected credit losses on loans and advances to customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group audit materiality	EUR 1,833 thousand
How we determined it	Approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We have applied this benchmark, as profit before tax is one of the principal considerations when assessing the Group's

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performance and a key performance indicator for Management and Supervisory Board. We chose 5%, which is consistent with quantitative materiality thresholds used for this benchmark.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances to customers (refer to Note 1 "Material accounting policy information", Note 2 "Risk management" and Note 11 "Loans and advances to customers" for further details). As at 31 December 2024, net carrying amount of loans and advances to customers amounted to EUR 1,774,118 thousand, including loss allowances of loans and advances of EUR 18,551 thousand. We focused on this area because the application of IFRS 9 "Financial instruments" 3-stage expected credit loss (ECL) model requires management to use complex models with subjective inputs to assess the timing and the amount of expected credit losses. Key areas requiring significant management judgements and modelling in calculating ECL include: • evaluating the criteria for assessment of significant increase in credit risk and allocation of loans to stage 1, 2 or 3; • selecting relevant accounting policies and assessing modelling assumptions used to build the models that calculate ECL; • the modelling and calculation of key parameters of ECL model, including probability of default (PD), loss given default (LGD) and exposure at default (EAD); • determining the macroeconomic indicators and incorporating forward-looking information into the ECL model; • estimating the above-mentioned indicators for reliable future period and for three different scenarios (base scenario, negative	We assessed whether the Group's accounting policies in relation to the expected credit losses on loans and advances to customers complied with IFRS 9. We assessed the design and operating effectiveness of key controls over ECL data and respective calculations, including: • review and approval of customer credit risk grades; • review and update of collateral values; • regular customer reviews. We performed detailed testing over: • the completeness and accuracy of data used in the ECL calculations; • the compliance of key inputs used in the ECL calculation system with IFRS 9 methodology; • the accuracy and compliance of 12-month and lifetime ECL calculations with IFRS 9 methodology; • the accuracy and completeness of data used for staging of loans (including application of the criteria for determining significant increase in credit risk and definition of default); • the internal assignment of credit risk grades, which serve as inputs into the ECL models; • the correctness of information on collaterals and their values in the loan systems, which serve as an input into the ECL model; and • the completeness of loans subject to stage 3 assessment and the related ECL calculations. We have also assessed the reasonableness of key assumptions made by management, which serve as critical inputs in the ECL model, such as

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scenario and positive scenario) and assigning probabilities to those scenarios; and

- estimating ECL for stage 3 loans (individual assessment).

weights of different scenarios, point in time PD estimate and key forecasts of macroeconomic information.

Additionally, we verified adequacy and completeness of disclosures in the consolidated financial statements in accordance with applicable IFRS Accounting Standards.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In order to achieve this objective, based on the size and risk characteristics, we performed a full scope audit of the financial information for the following entities within the Group: Coop Pank AS (Estonia) and Coop Liising AS (Estonia). We also performed an audit of specific line items of statement of financial position and income statement for Coop Kindlustusmaakler AS (Estonia) and SIA Prana Property (Latvia).

At the Group level we tested the consolidation process and performed additional analytical procedures over the components in scope with the objective to obtain evidence that no material misstatements exist that may affect the consolidated financial statements. Information describing the structure of the Group is included in Note 1 of the consolidated financial statements.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the Management report, the Remuneration report and Revenues by EMTA classification (the Estonian classification of economic activities) (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

In accordance with the Securities Market Act of the Republic of Estonia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

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Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia; and
- the Remuneration Report has been prepared in accordance with Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based our agreement by the Management Board of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of Coop Pank AS for the year ended 31 December 2024 (the "Presentation of the Consolidated Financial Statements").

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Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management Board and those charged with governance

The Management Board of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (revised) “Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE (EE) 3000 (revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/et/instrument/EE3100007857/reports).

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Appointment and period of our audit engagement

We were first appointed as auditors of Coop Pank AS for the financial year ended 31 December 2014. Our appointment has been renewed by tenders and shareholder resolutions in the intermediate years, representing the total period of our uninterrupted engagement appointment for Coop Pank AS, as a public interest entity, of eleven years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Coop Pank AS can be extended for up to the financial year ending 31 December 2033.

AS PricewaterhouseCoopers

Jüri Koltsov
Certified auditor in charge, auditor's certificate no.623

18 March 2025
Tallinn, Estonia

Translation note:

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Proposal for profit allocation

The Management Board of Coop Pank AS proposes to the General Meeting of the Shareholders to allocate the Group's net profit for the financial year 2024 in the amount of 32,178 thousand euros as follows:

1. pay dividends 0.07euro per share in the total net amount of 7,209 thousand euros, related income tax on dividend would be 2,033 thousand euros;
2. allocate 1,609 thousand euros to statutory reserve capital;
3. allocate 23,360 thousand euros to retained earnings.

Revenues by EMTA classification (the Estonian classification of economic activities)

Title	**Economic activity based on EMTAK**	**Code**	**Sales income (in euros)**
Finance activities	Credit institutions (consolidated)	64191	146,548,653
Finance activities	Credit institutions (separate)	64191	142,655,308
Leasing activities	Finance lease	64911	13,743,114
Insurance activities	Insurance brokerage	66221	905,968

Investor Relations Contact

+372 669 0966

paavo.truu@cooppank.ee

www.cooppank.ee

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