



**Bigbank AS
Annual Report
2025**

Bigbank AS

Annual report 2025

Business name	Bigbank AS
Registry	Commercial Register of the Republic of Estonia
Registration number	10183757
Date of entry	30 January 1997
LEI code	5493007SWCCN9S3J2748
Address	Riia 2, 51004 Tartu, Estonia
Telephone	+372 737 7570
E-mail	info@bigbank.ee
Corporate website	www.bigbank.ee
Reporting period	1 January 2025 – 31 December 2025
Chairman of the management board	Martin Länts
Core business line	Provision of loans and acceptance of deposits
Auditor	Ernst & Young Baltic AS

The annual report is available on the website of Bigbank AS at www.bigbank.ee. The English version of the annual report can be found at www.bigbank.eu.

On the front cover:

Gita Kaufmane

Office and Internal Communications Support Specialist

General information

Mandatory elements of the European Single Electronic Format (ESEF) core taxonomy:

Name of reporting entity or other means of identification	Bigbank AS
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	No changes
Domicile of entity	Republic of Estonia
Country of incorporation	Republic of Estonia
Legal form of entity	Public limited company
Address of entity's registered office	Riia 2, 51004 Tartu, Estonia
Principal place of business	Republic of Estonia, Republic of Latvia, Republic of Lithuania, Republic of Finland, Kingdom of Sweden and Republic of Bulgaria
Description of nature of entity's operations and principal activities	Providing loans and offering deposit services. The subsidiaries are involved in the management of real estate and agricultural land.
Name of parent entity	Bigbank AS
Name of ultimate parent of group	Bigbank AS

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Our mission is to enable people to improve their lives through seamless financial services.

Our vision is to be the most recommended digital financial service provider in the countries where we operate.

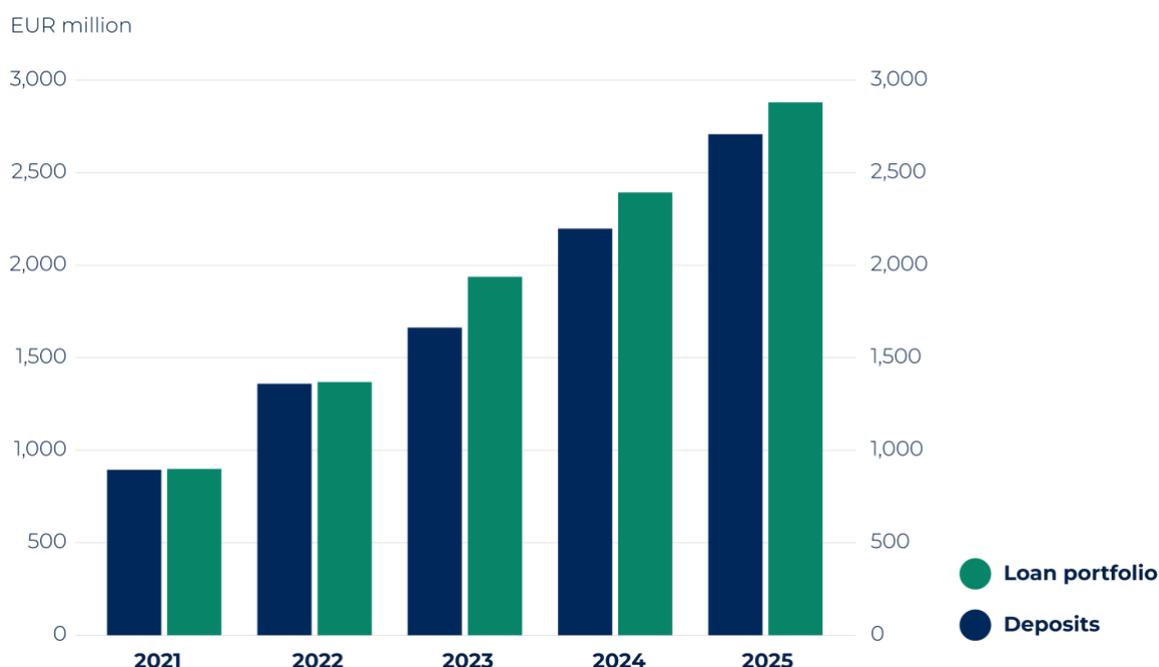
Bigbank group at a glance

Bigbank AS was founded on 22 September 1992 and obtained a licence to operate as a credit institution on 27 September 2005.

Countries of operation

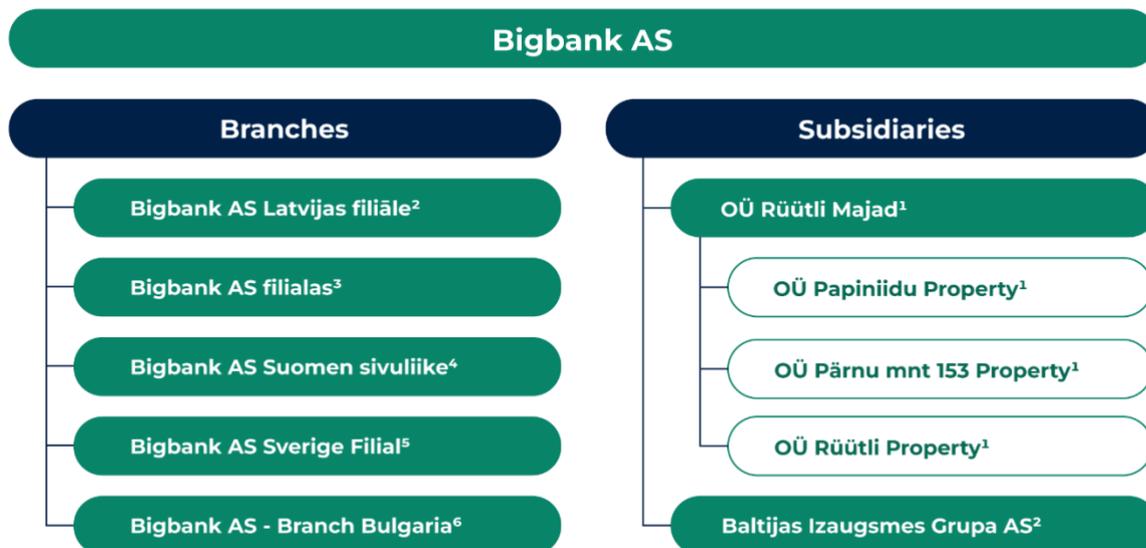
	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Start of operations	1992	1996	2007	2009	2012	2021	
Loan portfolio, EUR million*	1,125.3	439.5	975.0	161.8	-	5.9	2,707.5
Deposit portfolio, EUR million*	2,498.9	50.8	88.8	170.6	20.4	50.0	2,879.5
Number of employees*	406	93	105	23	4	15	646

* At 31 December 2025



Group structure

The group's structure at the reporting date:



¹ Registered in the Republic of Estonia

² Registered in the Republic of Latvia

³ Registered in the Republic of Lithuania

⁴ Registered in the Republic of Finland

⁵ Registered in the Kingdom of Sweden

⁶ Registered in the Republic of Bulgaria

Business areas

Bigbank AS (Bigbank, the group) operates within two business segments: retail and corporate banking. It offers its services mainly through digital channels in Estonia (its home market), Latvia, Lithuania, Finland, Sweden, Bulgaria, Germany, the Netherlands and Austria.

In the retail banking segment, we provide customers in Estonia, Latvia and Lithuania with everyday banking services, such as current accounts and payments, as well as consumer and home loans and deposits. In Finland and Bulgaria, we provide loan and deposit services, while in Sweden, we only offer deposit services. Additionally, we provide cross-border deposit services in Germany, the Netherlands, and Austria.

In the corporate banking segment, we provide loans and deposits to corporate customers in Estonia, Latvia and Lithuania.

OÜ Rüütli Majad and its subsidiaries, OÜ Papiniidu Property and OÜ Pärnu mnt 153 Property, are involved in property management. OÜ Rüütli Property and Baltijas Izaugsmes Grupa AS specialise in agricultural land management.

Bigbank values





Letter from the CEO

Martin Länts
Chairman of the Management Board

Letter from the CEO

In 2025, Bigbank reaffirmed its position as an ambitious and profitable bank, making strong progress in implementing its 2022–2026 strategy. Globally, the economic environment remained uncertain: although inflation slowed considerably, price pressures and geopolitical tensions continued to affect business and consumer confidence. At the same time, the European financial landscape showed signs of stabilisation, creating more favourable conditions for adaptation and growth. In a highly competitive market, we successfully expanded our loan portfolio while maintaining strong profitability. Throughout the year, we maintained a clear focus on sustainable growth, customer-centricity and developing our everyday banking capabilities.

Our vision is to be the most recommended digital financial services provider in the countries in which we operate. The 2025 results confirm that we are advancing firmly towards this goal. The group-wide Net Promoter Score rose to 59 points, reflecting our customers' high level of satisfaction with our services, user experience and customer support.

Bigbank's strong growth was supported by its robust financial results. The group's profit increased by 17% in 2025, reaching 37.9 million euros by the end of the year. The loan portfolio expanded by 22% over the same period, reaching 2.7 billion euros. Growth was driven primarily by home and business loans, which both grew by 34%. The consumer loan portfolio continued to rise steadily, increasing by 3%. Deposit volumes grew by 20% during the year, reaching 2.9 billion euros by the end of the period. The continued growth in deposit and loan portfolios reflects the strength of Bigbank's value proposition as a reliable and stable financial partner for individuals and businesses alike.

The past year also marked a significant milestone in the development of Bigbank's everyday banking business. At the end of 2024, we launched our first current account services for retail customers in Estonia, paving the way for the establishment of a new strategic product area. Throughout 2025, we continued to expand our range of everyday banking products, introducing a number of new services and functionalities across all the Baltic countries.

During the year, we started offering current accounts to retail customers in Latvia and Lithuania and to corporate customers in Estonia. We launched a new mobile app in the Baltics that provides a convenient and intuitive everyday banking experience. Our payment solutions were enhanced to support Google, Garmin, and Fitbit Pay services. Payment security was strengthened with the introduction of the Verification of Payee functionality, while retail customers in Estonia were given access to e-invoicing.

A key factor in the successful rollout of everyday banking services was Bigbank's direct membership of the SEPA Step2 system, which came into effect in 2025. This significantly increased the reliability and resilience of our services. By the end of the year, Bigbank was serving more than 19,000 current account customers across the Baltics.

Rapid growth in customer numbers and positive feedback confirm that our investments in everyday banking meet customer expectations, providing a solid basis for launching a full range of everyday banking services in the first half of 2026.

The group's capital position also strengthened in 2025. We successfully carried out a public Tier 2 bond issue and private placements of Additional Tier 1 (AT1) bonds, supporting Bigbank's stability and enabling us to continue confidently towards our long-term strategic objectives. The transparent, high-quality financial reporting associated with the bonds listed on the Nasdaq Tallinn stock exchange further enhances the group's credibility and visibility among both investors and customers.

Another important achievement was the recognition of our organisational culture. Bigbank received the Family-friendly Employer Gold Level award from the Estonian Ministry of Social Affairs and the Smart Work Association. This reflects our commitment to providing a flexible and caring working environment that puts people first. Our culture is one of the key pillars of our long-term success.

2026 is the final year of our current strategy period, and we have entered it with clear priorities. We will continue to grow our loan portfolio, with a particular focus on the home and business loan segments, while further enhancing our everyday banking services. Our ambitions are high, and we are confident that, with a strong team, consistent strategy execution, and the trust of our customers, we are building the best bank in the region.

I extend my heartfelt thanks to all Bigbank employees, whose dedication and professionalism enabled us to achieve our goals in 2025 despite a challenging economic environment. I would also like to express my sincere gratitude to our customers, investors, and partners for their trust, which has underpinned Bigbank's success story.

Martin Länts

Chairman of the Management Board



Simplicity

We aim at simplicity in our solutions and in customer experience.

Kristiina Martin
Senior Relationship Manager

Management report

Review of operations

Bigbank is an Estonian credit institution with an international reach, whose mission is to continuously improve people's lives by providing seamless financial services.

We intend to achieve this by offering a modern, automated and competitive product portfolio, which we have expanded year on year and plan to expand further in the future.

Bigbank's strategic goal is to be a growth-oriented, customer-focused bank with a return on equity (ROE) of 20%.

The fourth year of our five-year strategy period (2022–2026) was a success. Loans to customers increased by 511 million euros and deposits from customers increased by 486 million euros. Despite the interest rate environment becoming less favourable for the banking sector, Bigbank's net profit increased by 5.6 million euros in 2025 compared to 2024, reaching 37.9 million euros.

In 2025, Bigbank significantly expanded its range of everyday banking products. In Estonia, the number of retail customers using Bigbank's current accounts and payment services, which are offered at the most competitive rates on the market, increased rapidly. During the year, we began offering current accounts and payment services on similar favourable terms to retail customers in Latvia and Lithuania, as well as to corporate customers in Estonia. We plan to extend this offering to all corporate customers across the Baltics in 2026. There were further notable developments in Bigbank's everyday banking operations. We launched a convenient and modern mobile app, which has received positive feedback and become very popular. Additionally, Bigbank's retail customers in Estonia have had access to the e-invoicing service since 2025.

The group's loan portfolio grew primarily organically, through increased volumes in the existing markets and products. In terms of new loan products, Bigbank launched car hire purchase for corporate customers in Finland, making it the fourth market, alongside the Baltic countries, in which Bigbank offers loan products to corporate customers.

Another noteworthy event was the sale of the entire loan portfolio of the Swedish branch to a Swedish credit institution in November. The price and terms of the transaction are confidential. As a result, the Swedish branch now only offers deposits.

The issuance of Bigbank bonds continued successfully to finance growth in the loan portfolio. In total, the group issued bonds worth 14.0 million euros during the year. The consistently high level of public interest in Bigbank's bonds demonstrates recognition of the group's performance to date and encourages us to continue delivering strong financial results to meet investor expectations.

Bigbank's talented and growing team has played a key role in growing the loan and deposit portfolio, entering the everyday banking sector, and expanding the product range. Strong teams and employee development are vital for achieving Bigbank's goals. This will therefore remain a key focus area for us.

According to Bigbank's dividend policy, dividends may only be paid if all relevant regulatory conditions have been met. The group may distribute up to 25% of its audited net profit as dividends each calendar year, up to a maximum of 8 million euros. The amount paid out in dividends for 2024 was 8 million euros, and the same amount is planned for 2025.

Performance in 2025

2025 was the fourth year of Bigbank's 2022–2026 business strategy period. According to our current strategy, Bigbank is a growth-oriented, customer-focused bank targeting a 20% return on equity. To achieve this, we are focusing on the following key areas:

- **growth of the loan portfolio, primarily through home and business loans**, which increases long-term interest income and efficiency;
- **the desired quality of the loan portfolio**, which creates the conditions for more efficient management of capital requirements and an increased return on capital;
- **investment properties**, which support capital growth and create synergies;
- **entering the everyday banking market**, which fosters customer loyalty, enhances marketing efficiency and facilitates more favourable financing.

The year 2025 was successful for Bigbank. Loans to customers increased by 511 million euros (+23%) to a record 2.7 billion euros. The strongest growth was seen in business and home loans, which are our strategic product categories. The business loan portfolio grew by 34%, rising from 764 million euros at the end of 2024 to 1.0 billion euros. The home loan portfolio also increased by 34%, rising from 613 million euros to 820 million euros by the end of 2025.

The proportion of consumer loans in the group's total loan portfolio is declining. During the year, the consumer loan portfolio increased by 3% to 854 million euros. The low growth was partly due to the sale of the 20 million euro loan portfolio of the Swedish branch in November.

In terms of countries, the largest growth in loans to customers was recorded in Estonia and Lithuania, at 198 million euros (+21%) and 194 million euros (+25%), respectively. The growth figures for the other markets were 106 million euros (+32%) for Latvia, 31 million euros (+24%) for Finland and 2 million euros (+59%) for Bulgaria.

By the end of the year, the group's loan portfolio was the largest in Estonia, reaching 1.1 billion euros (42% of the total). The portfolios in Lithuania and Latvia totalled 975 million euros (36%) and 440 million euros (16%) respectively.

The main source of financing for growth in the loan portfolio was the growing deposit portfolio. There were two distinct periods of changes in deposit rates during the year. In the first half of the year, when interest rates continued to fall overall, customers preferred short-term term deposits in order to lock in higher returns in this environment. However, when interest rates stabilised and even increased slightly in the second half of the year, customers began to prefer keeping their money in demand deposits, such as savings or current accounts.

2025 was the first year in which the growing balance of current accounts began to play a role in the composition of the deposit portfolio. The group started offering current accounts to retail customers in Latvia and Lithuania and to corporate customers in Estonia. The number of Estonian retail customers using Bigbank current accounts also grew rapidly. As a result, the group's current account balance increased by 19 million euros to 20 million euros over the year.

The growth in the deposit portfolio was driven by savings deposits, which increased by 417 million euros to 1.4 billion euros during the year (+41%). Term deposits grew by 50 million euros to also reach 1.4 billion euros by the end of the year (+4%).

The group's total deposit portfolio grew by 486 million euros to 2.9 billion euros in 2025 (+20%). During the year, the share of the two largest deposit markets, the Netherlands and Germany, in the total deposit portfolio decreased. Nevertheless, they remained the largest markets, accounting for 38% and 37% of the total portfolio at the end of the year,

respectively. The next largest deposit markets were Estonia (7%), Finland (6%) and Austria (5%).

The group's net profit for 2025 amounted to 37.9 million euros. Compared to 2024, net profit increased by 5.6 million euros (+17%).

Despite the falling interest rate environment in the first half of the year, Bigbank increased its interest income for 2025. The growth of the loan portfolio had a greater impact than the decline in interest rates. Overall, interest income increased by 6.9 million euros to 184.8 million euros in 2025 (+4%).

The group kept the increase in interest expenses below the growth in interest income. Interest expenses increased by 3.1 million euros to 78.6 million euros (+4%). Compared to 2024, net interest income also increased by 4%, growing by 3.8 million euros to 106.2 million euros.

The most significant positive development in terms of financial results was the improvement in the quality of the loan portfolio. In particular, the quality of the consumer loan portfolio improved significantly, with expected credit losses falling substantially year on year. The quality of the home loan portfolio remained very good. Despite a few loans moving to stage 3 (non-performing), the quality of the business loan portfolio also remained good.

The net allowance for expected credit losses on loans to customers decreased by 11.9 million euros over the year (-50%). Compared to the end of 2024, the share of stage 3 loans decreased by 0.6 percentage points to 4.3% of loans to customers at the end of 2025. The total amount of stage 3 loans was 118 million euros.

Salary expenses and associated charges grew by 6.5 million euros to 34.4 million euros (+23%). Growth was driven by significant team expansion and a general rise in salary levels, which was in line with broader salary trends in the countries in which Bigbank operates. Bigbank's workforce grew from 560 to 639 in 2025 (+14%). This was mainly due to the launch of everyday banking products and the continued provision of the best possible customer service in the context of growing loan and deposit portfolios.

In 2025, the carrying amount of investment properties grew by 18.3 million euros to 84.7 million euros (+28%). The group's investment property portfolio comprises agricultural land and commercial properties. The gain on changes in the value of investment properties amounted to 0.9 million euros. Compared with a loss of 1.6 million euros in 2024, this was an improvement of 2.5 million euros.

The group continued to finance growth in the loan portfolio through additional bond issues. Five issues were carried out in total: one public offering of unsecured subordinated bonds (T2 bonds) totalling 6.0 million euros and four private placements of bonds qualifying as Additional Tier 1 capital (AT1 bonds) totalling 9.0 million euros. Although interest rates on bonds issued fell compared to 2024, investors continued to show heightened interest in Bigbank bonds.

Bigbank's equity grew to 299.4 million euros by the end of 2025, reaching an all-time high. Return on equity (ROE) stood at 13.3%. Compared to 2024, return on equity increased by 0.8 percentage points.

Overall, Bigbank delivered a strong performance in 2025. Profitability and net profit increased, primarily due to the group's ability to increase net interest income in a low interest rate environment while significantly improving the credit quality of its loan portfolio. The group ended the year with record loan and deposit portfolios, as well as record-high equity.

Outlook for 2026

The outlook for 2026 is moderately positive, offering greater stability than in previous years. Although the geopolitical situation in Europe and around the world remains tense, forecasts suggest that it is more likely to calm down than escalate. While Russia's aggression against Ukraine continues, there is tentative hope for a temporary solution. After several conflicts, the Middle East is currently calmer than in recent years. The events in Venezuela and Iran at the turn of the year, which shook totalitarian regimes, will primarily affect the economic and political situation in those regions, with little impact on Europe. From a European perspective, the divergence of views between the United States and most European countries regarding the general world order and the economy is certainly somewhat concerning. However, no major economic or military conflict between the two sides is anticipated.

In the Baltic Sea region, attention remains focused on Russia and China's hybrid activities, particularly those targeting energy and communications infrastructure. These activities continue to pose a risk to the region's security and economic environment. Nevertheless, overall stability in Europe has improved, creating conditions for economic recovery.

According to forecasts, the macroeconomic trends that emerged in Bigbank's core markets in 2024–2025 will persist in 2026. Inflation in Europe is largely under control, with price growth approaching the levels targeted by central banks. The European Central Bank's previous interest rate cuts have created a supportive environment for the economy, and interest rates are expected to remain stable in 2026. Euribor is projected to remain within a moderate range, which will strengthen the investment and borrowing capacity of both households and companies.

While the economic environment is generally improving across Bigbank's markets, there are still differences between countries. The Estonian economy is expected to recover moderately in 2026, though it will still be impacted by tax policy decisions and higher inflation compared to our other markets. Nevertheless, improving exports and recovering domestic demand should gradually support economic growth.

In 2026, a better economic environment and more stable interest rates will have a positive impact on both individuals and businesses. Loan servicing will be less burdensome than in previous years, and greater confidence in the future will boost demand for loans, particularly for home loans and investment-related financing.

While the stabilisation of the economic environment will have an overall positive impact on Bigbank, there will still be some pressure on net interest income year-on-year due to the higher interest rate environment in the first half of 2025. As deposits are Bigbank's main source of funding, balancing the dynamics of loan and deposit interest rates while keeping costs under control will be a priority.

Consequently, Bigbank will continue to consistently implement its strategy in 2026. When it comes to growing the loan portfolio, the focus will be on the home and business loan segments, where economies of scale and lower credit risks allow for stronger results than with consumer loans.

Everyday banking will remain a key area of development for Bigbank in 2026. The current accounts and payment services launched in previous years have laid a solid foundation, and the focus will be on further developing these services and encouraging their wider adoption by our current and prospective customers. The aim is to provide convenient, comprehensive banking solutions that complement Bigbank's competitive loan and deposit products, while also supporting the diversification of the group's funding base.

We expect our investment properties to continue generating stable rental income and moderate profit in 2026. Although sentiment in the real estate market has improved, Bigbank will maintain a cautious approach to new investments and does not expect the existing portfolio to grow rapidly in value. Additional investments in real estate will be made selectively, with strategic synergies in mind.

As in previous years, Bigbank will continue to invest heavily in its employees in 2026. Implementing growth and development plans requires a high level of professionalism and commitment, which we support through competitive salaries, development opportunities and a strong management culture. Employee development and motivation will remain a cornerstone of Bigbank's long-term success.

Key performance indicators

Financial position indicators <i>(in millions of euros)</i>	31 Dec 2025	31 Dec 2024
Total assets	3,316.7	2,778.4
Loans to customers	2,707.5	2,196.5
Of which loan portfolio	2,729.2	2,219.0
Of which interest receivable	31.0	29.4
Of which loss allowances	-52.7	-51.9
Deposits from customers	2,879.6	2,393.3
Equity	299.5	269.8
Financial performance indicators	2025	2024
Interest income	184.8	177.9
Interest expense	-78.6	-75.5
Net interest income	106.2	102.4
Total income (gross)	202.6	198.3
Net operating income	114.5	112.7
Operating expenses	-55.6	-47.7
Of which salaries and associated charges	-34.4	-27.9
Of which administrative expenses	-12.3	-11.5
Of which depreciation, amortisation and impairment	-8.9	-8.3
Net allowance for expected credit losses	-12.0	-23.9
Profit for the year	37.9	32.3
Indicators for the year	2025	2024
Average equity	284.6	257.3
Average assets	3,047.6	2,532.9
Average interest-earning assets	2,952.6	2,449.5
Average interest-bearing liabilities	2,721.2	2,237.6

Ratios	2025	2024
Common equity Tier 1 capital ratio	13.4%	13.1%
Tier 1 capital ratio	15.0%	14.5%
Total capital ratio	18.7%	18.2%
Leverage ratio	9.0%	9.5%
Liquidity coverage ratio (LCR)	195.0%	195.0%
Net stable funding ratio (NSFR)	138.7%	145.8%
Return on assets (ROA)	1.2%	1.3%
Return on equity (ROE)	13.3%	12.5%
Profit margin (PM)	18.7%	16.3%
Return on loans	6.8%	7.9%
Asset utilisation ratio (AU)	6.6%	7.8%
Net interest margin (NIM)	3.6%	4.2%
Price difference (SPREAD)	3.4%	3.9%
Cost to income ratio (CIR)	48.6%	42.3%
Equity multiplier (EM)	10.7	9.8
Earnings per share (EPS), euros	474	403
Yield on interest-earning assets	6.3%	7.3%
Cost of interest-bearing liabilities	2.9%	3.4%

Explanations

Average financial position indicators (equity, assets) are calculated as the arithmetic means of respective indicators, i.e. carrying value at end of previous reporting period + carrying value at end of current reporting period / 2

Average interest-earning assets are calculated as the arithmetic means of interest-earning assets in the statement of financial position i.e. carrying value of interest-earning assets at end of previous reporting period + carrying value of interest-earning assets at end of current reporting period / 2

Average interest-bearing liabilities are calculated as the arithmetic means of interest-bearing liabilities in the statement of financial position i.e. carrying value of interest-bearing liabilities at end of previous reporting period + carrying value of interest-bearing liabilities at end of current reporting period / 2

Net interest income = interest income - interest expense

Total income (gross) = interest income + fee and commission income + other operating income + net gain on financial assets at FVTPL

Common equity Tier 1 capital ratio (%) = common equity Tier 1 capital / total risk exposure amount * 100

Tier 1 capital ratio (%) = Tier 1 capital / total risk exposure amount * 100

Total capital ratio (%) = total own funds / total risk exposure amount * 100

Leverage ratio (%) = Tier 1 capital / total leverage ratio exposure * 100

Own funds and eligible liabilities to the total risk exposure amount (TREA) = (total own funds + eligible liabilities) / total exposure * 100

Liquidity coverage ratio (LCR, %) = high-quality liquid assets / net cash outflows over the next 30 days * 100. High-quality liquid assets include surplus on mandatory reserves and overnight deposits at central banks and debt securities at FVOCI weighted at an applicable rate, excluding bonds issued by credit institutions.

Net stable funding ratio (NSFR, %) = stable funding / required stable funding * 100. Stable and required stable funding include assets and liabilities in the consolidated statement of financial position weighted with the required stable funding factors according to the Capital Requirements Regulation (EU) No 575/2013 of the European Parliament and of the Council.

Return on assets (ROA, %) = profit for the year / average assets * 100

Return on equity (ROE, %) = profit for the year / average equity * 100

Profit margin (PM, %) = profit for the year / total income * 100

Return on loans = interest income on loan portfolio / average loan portfolio

Asset utilisation ratio (AU) = total income (gross) / average assets

Price difference (SPREAD) = interest income / interest-earning assets – interest expense / interest-bearing liabilities

Net interest margin (NIM, %) = net interest income / average interest-earning assets * 100

Cost to income ratio (CIR) = total operating costs to net income

Equity multiplier (EM) = average assets / average equity

Earnings per share (EPS) = profit for the year / period's average number of shares outstanding

Total income = interest income + fee and commission income + other operating income + net gain or loss on financial assets at fair value through profit or loss

Yield on interest-earning assets = interest income / average interest-earning assets

Cost of interest-bearing liabilities = interest expense / average interest-bearing liabilities

Economic environment

Global trends

The year 2025 will be remembered for a number of turbulent events that shook the global economic order.

The most significant of these was US President Donald Trump's announcement of his 'new' customs policy in April, which caused stock markets to plummet and led to last year's economic forecasts being revised sharply downwards. However, it became clear during the year that Trump did not intend to implement all tariffs to the extent originally announced. In many cases, the implementation deadline was repeatedly postponed, and the rates ultimately imposed were lower than originally announced. For instance, the European Union was threatened with tariffs of 30%, but the current rate is 15%. Mexico was promised tariffs of 25%, which were imposed but with several exceptions. India is subject to 50% tariffs and China to around 30%. Overall, this means that foreign trade became significantly more protectionist last year.

There were no major breakthroughs in the war in Ukraine. In fact, Russia made more progress on the military front in the second half of the year. However, at the end of the year, the US changed its attitude and began to put more pressure on Russia to move the parties towards a peace agreement. The US plan to impose additional tariffs on countries that continue to ignore economic sanctions against Russia could be highly effective, particularly if it results in India and China changing their behaviour.

Last year also saw a brief war between Iran and Israel, which ended after the US intervened militarily by bombing strategic targets in Iran. However, tensions in Iran have not disappeared — on the contrary, the situation escalated at the turn of the year, so we are likely to see new developments in the region this year.

At the beginning of 2026, the US demonstrated its power in Venezuela by arresting President Maduro, who had seized power illegally, and bringing him before the US court system. This shows that the US is prepared to intervene forcefully in the politics of countries it considers to be within its sphere of influence. Tensions between the US and Denmark also rose at the beginning of this year. It is becoming increasingly clear that the US's desire to acquire Greenland for strategic reasons is more than just talk – the US is serious about it. It should become clear in 2026 whether diplomatic solutions can be found to reconcile the different interests of the parties involved.

From an economic perspective, there is growing concern about the potential risks associated with a possible stock market bubble in AI companies. Ultimately, it is impossible to predict whether we will see another stock market crash or a gradual adjustment in the markets. The same applies to the value of cryptocurrencies, which already experienced significant price corrections at the end of 2025.

Domestic political events in France demonstrated that the debt crisis in European countries could, in the worst case, lead to a wave of political crises if governments attempt to balance the budget by cutting public sector spending. The French government failed in this endeavour, with the austerity plans being postponed indefinitely. Nevertheless, it will be necessary to move towards a balanced budget at some point, as the debt burden has become extremely large and could affect the country's ability to take out new loans. France is not alone in this: several other major European economies, such as Italy and Spain, are also in the danger zone with public sector debt exceeding 100% of GDP.

Globally, we are also seeing a decline in migration numbers, reflecting the fact that many countries, led by the US, have tightened restrictions on migration and measures against illegal immigrants.

In summary, it is expected that 2026, similar to 2025, will be characterised by continuing geopolitical tensions, growing protectionism, and political and economic uncertainty about the future.

Europe

The key issue for the European economy is the performance of the German economy, which continues to struggle with serious structural problems. Business models based on cheap Russian gas are no longer viable, and competition from China is increasing. The Chinese government is subsidising its automotive industry, which poses a serious threat to German car manufacturing. Competition from China also endangers the chemical industry. In order to boost competitiveness, substantial additional investment is planned in both the defence industry and economic restructuring. However, implementing these measures will take time. Germany plans to invest an additional 1 trillion euros in developing its defence industry over the next 10 years. This process is hindered by various European Union regulations that impede the competitiveness of companies. The consumer confidence index has also been on a downward trend. Investments are planned to be funded by loans, which will increase Germany's debt burden. US tariffs significantly impact German exports to the US. Germany accounts for around 33% of the European Union's foreign trade. Despite the current uncertainty, Germany remains the most important foreign trade partner for many European countries, accounting for 24% of the total European Union economy.

The European labour market remains strong, with low unemployment and high employment rates. Inflation has also slowed, with annual inflation in the euro area standing at 2% in December.

At the same time, economic growth in the US, China and India is significantly faster than in the euro area (see Table 1). This means that China is set to become the world's second largest economy within a few years, while India is expected to rise to fourth place after the euro area countries by 2030. The significant difference in growth rates is widening the gap between the Chinese and US economies on the one hand, and the European economies on the other.

Table 1. Growth forecasts for the world's leading economies, %

	2025		2026	
	EC	OECD	EC	Latest*
World	2.9	3.2	3.1	3.1
United States	1.8	2.0	1.9	2.1
Euro area	1.3	1.3	1.2	1.2
France	0.7	0.8	0.9	1.0
Germany	0.2	0.3	1.2	0.6
Italy	0.4	0.5	0.8	0.7
India	6.8	6.7	6.5	7.3
China	4.8	5.0	4.6	4.5

EC – European Commission. European Economic Forecast. Autumn 2025.

OECD – OECD Economic Outlook (December 2025).

* Various sources, mainly central banks.

European Central Bank's interest rate policy

In terms of monetary policy, 2025 will be characterised by interest rate cuts by the European Central Bank. There were four cuts in total, with the deposit facility rate falling from 3% to 2%. At the beginning of January, the six-month Euribor stood at just over 2.1%.

According to the European Central Bank's forecasts, inflation in the euro area will be between 1.9% and 2.0% in 2026. Therefore, it can be assumed that the Central Bank will not lower interest rates further during the year, and that by the end of the year, the Euribor will be roughly at the same level as at the beginning of the year.

Lower interest rates favour consumption growth and are also expected to stimulate the construction market and the real estate sector more broadly.

Baltic countries

At the time of writing this review, the results for the third quarter of 2025 have been published. According to Eurostat data for the third quarter of last year, Estonia's performance was the weakest, with GDP growing by 0.9% year-on-year, while Lithuania's GDP grew by 1.9% and Latvia's by 2.5%. The picture for the whole year is not quite the same. Estonia is likely to experience the slowest growth in 2025 (0.6%), followed by Latvia (1%), while Lithuania's economy is expected to grow fastest (2.4%). These are the European Commission's forecasts, published in November. However, the central banks of the Baltic countries are more optimistic. According to their forecasts, published in December, the Estonian economy will grow by 0.7%, the Latvian economy by 1.7% and the Lithuanian economy by 2.5% (see Table 2).

Lithuania's faster economic growth can be attributed to the structure of its economy, greater government support and its geographical location. Its industry and exports are more diversified than those of Latvia and Estonia, and the IT sector received a significant boost from IT entrepreneurs who emigrated from Belarus. Additionally, the Lithuanian economy is simply larger. For instance, Lithuania has clearly overtaken the other Baltic countries in the road transport sector, employing around 150,000 people in 2023. By comparison, Estonia employed just over 20,000 people in road transport at the same time. The Lithuanian government provided greater support to businesses during the energy and coronavirus crises, and the country's main export partners are in Central Europe rather than Scandinavia, as is the case with Latvia and Estonia. Poland, one of Lithuania's most important foreign trade partners, is also currently performing well.

Consumer confidence indices show that confidence is lowest in Estonia, followed by Latvia, while Lithuanian consumers are relatively positive about their economic prospects. This is also reflected in changes in private consumption, which, as is well known, accounts for around half of GDP on an expenditure basis. In 2025, consumption declined slightly in Estonia (-0.2%), remained stable in Latvia, and grew in Lithuania (see Table 2).

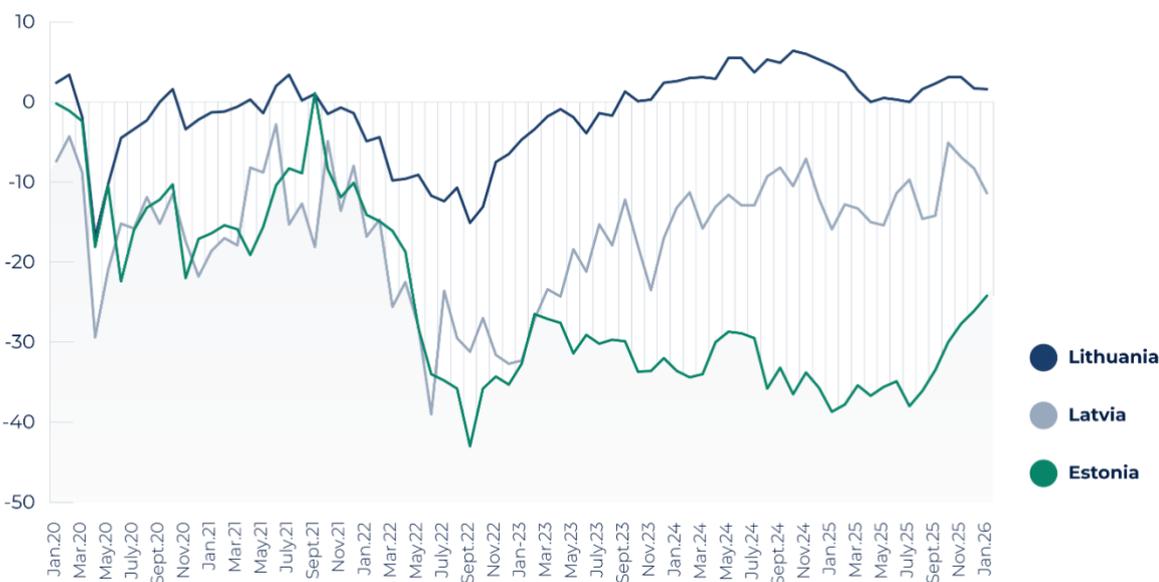
Table 2. GDP, private consumption and unemployment in the Baltic countries, %

	2024	2025	2026
Lithuania			
GDP growth	2.7	2.5	3.3
Consumption growth	3.7	2.0	5.0
Unemployment rate	7.1	7.0	6.6
Latvia			
GDP growth	-0.4	1.7	2.8
Consumption growth	0.3	0.6	3.0
Unemployment rate	6.9	6.9	6.6
Estonia			
GDP growth	-0.1	0.7	3.6
Consumption growth	0.2	-0.2	3.6
Unemployment rate	7.6	7.6	6.6

Source: Central banks of the Baltic countries.
Actual data for 2024, forecasts for other years.

However, the second half of 2025 offers cause for optimism. Confidence increased clearly in all three Baltic countries, with Estonia showing a particularly positive upward trend (see Figure 1).

Figure 1. Consumer confidence indices in the Baltic countries



Source: European Commission.

Inflation rates were relatively high in the three Baltic countries in 2025. Inflation was particularly high in Estonia, where the annual average inflation rate, measured by the harmonised index of consumer prices, was 4.9%. Latvia's inflation rate was 3.9% and Lithuania's 3.5%. Estonia experienced the highest price increase in the European Union.

What are the reasons for Estonia's high inflation? Firstly, its small, open economy is strongly influenced by world market prices for food and fuel. Food prices rose significantly last year. Another factor specific to Estonia was the increase in VAT, which will not be excluded from inflation calculations until the second half of 2026. Additionally, Statistics

Estonia's price survey includes shelf prices rather than promotional prices. However, retail chains claim that 50–60% of food purchases are made at promotional, i.e. discounted, prices. Statistics Estonia has promised to change its methodology and start taking promotional prices into account, which will undoubtedly lower the inflation rate in 2026.

Table 3. Nominal wage and inflation in the Baltic countries, %

	2024	2025	2026
Lithuania			
Nominal wage growth	10.3	8.4	9.1
Inflation	0.9	3.5	3.1
Latvia			
Nominal wage growth	10.7	8.0	7.6
Inflation	1.3	3.9	3.2
Estonia			
Nominal wage growth	8.1	5.9	5.4
Inflation	3.7	4.9	3.2

Source: Central banks of the Baltic countries.

Actual data for 2024, forecasts for other years.

Inflation: Change in the harmonised index of consumer prices (HICP).

Nominal wages have also risen along with prices. The fastest wage growth in 2025 was in Lithuania (8.4%), followed by Latvia (8%) and Estonia (5.9%). Wage growth outpacing price growth meant an increase in real incomes for households. This trend is set to continue in 2026, with central bank forecasts predicting rapid wage growth of 9.1% in Lithuania, 7.6% in Latvia and 5.4% in Estonia. Due to very rapid wage growth in the Estonian public sector, average wage growth could exceed the current forecasts of Eesti Pank, the Estonian central bank.

Wage growth continues to be supported by a strong labour market. The average annual unemployment rate in all three Baltic countries is forecast to be 6.6%, which is relatively close to the long-term average, i.e. the natural rate of unemployment.

What will 2026 bring? Central banks are very optimistic in their forecasts. The Estonian central bank is forecasting GDP growth of 3.6% for Estonia, which is 70% faster than the European Commission's autumn forecast of 2.1%. Similarly, the central banks of Latvia and Lithuania are more optimistic than the European Commission about the outlook for 2026, projecting growth of 2.8% and 3.3%, respectively. However, looking at developments in the external environment, such estimates seem a little too positive. As we will see from the review below, the outlook for the Baltic countries' foreign trade partners is not particularly promising. While the Swedish economy is performing well this year, the Finnish and German economies are facing serious challenges.

Real income growth favours consumption, and the change in the minimum tax-free income in Estonia and the reform of the second pillar pension in Lithuania will amplify consumption growth. As in Estonia, it will be possible to withdraw money from the second pillar in Lithuania. Some of this money will undoubtedly fuel consumption. In addition, expansionary fiscal policy stimulates economic growth. All three Baltic countries have adopted large-deficit budgets and their debt burdens are growing. Low interest rates are stimulating the development of the real estate market and construction sector. Much of the growth in the construction sector is due to the construction of Rail Baltica, which is largely financed from European Union funds. Real income growth also supports domestic retail trade and the tourism sector.

**Table 4. Bigbank's economic forecast for 2026:
Key macroeconomic indicators for the Baltic countries, %**

	Estonia	Latvia	Lithuania
GDP growth	2.3	2.4	2.9
Change in CPI	3.2	3.3	3.3
Unemployment rate	7.1	6.6	6.9

Although Bigbank forecasts more modest economic growth than the central banks, the projected inflation (CPI) and unemployment figures are relatively similar (see Tables 2 and 3).

Finland and Sweden

The Finnish economy has been stagnating since 2024. However, Finland's central bank forecasts economic growth of 0.2% in 2025 and 0.8% in 2026.

Recovery from the recession is slow. Although people's real incomes are growing, high unemployment, which increased further in 2025, remains a problem. The central bank forecasts that unemployment will continue to grow, reaching 9.9% in 2026. Although lower interest rates should stimulate consumption and investment, Finland experienced a slight decline in consumption in 2025. Consumption growth is being held back by low consumer confidence, a complicated geopolitical situation and high unemployment. The government budget deficit is expected to rise to -2.6% in 2026 (in 2025, the deficit was -2.2%). This will increase the overall public sector debt burden from 88.2% to 90.6%, which constitutes a very high level of debt in the European Union.

It is hoped that real income growth will boost consumption and that the real estate sector will show positive developments in 2026. Increased defence spending will also stimulate the economy. The main growth risks are related to structural problems in the economy, external influences (such as development prospects for the German economy) and high unemployment.

Table 5. Key indicators of the Finnish economy, %

	2024	2025	2026
GDP growth	0.4	0.2	0.8
Change in HICP	1.0	1.8	1.4
Wage growth	1.7	3.1	3.1
Unemployment rate	8.4	9.7	9.9
Growth in private consumption	-0.4	-0.1	1.1

Source: Central bank of Finland.

Actual data for 2024, forecasts for other years.

The Swedish economy began to show signs of recovery in the second half of the year. Results indicate that lower interest rates and consumer-friendly tax changes are stimulating private consumption and investment. The construction sector and the real estate market as a whole are also beginning to recover. Domestic consumption is growing faster than the real economy, and increased domestic demand will be one of the main drivers of growth in 2026. In addition to lower interest rates, rising real wages are supporting increased consumption. Inflation will continue to fall due to the temporary reduction in VAT on food from 12% to 6%, which will be in place from April 2026 to 1 January 2028. The labour market situation will improve and unemployment will fall. Developments in the export sector are strongly influenced by economic developments in the European Union, particularly in Germany, which is Sweden's most important trading partner. This is

also one of the biggest risk factors for economic development. Other risk factors include the high level of private-sector debt and slow productivity growth.

Table 6. Key indicators of the Swedish economy, %

	2024	2025	2026
GDP growth	0.9	1.6	3.0
Change in CPI	2.8	0.7	0.4
Wage growth*	5.2	4.1	3.1
Unemployment rate	8.4	8.8	8.4
Growth in private consumption	0.6	1.5	3.2

Source: Swedish Ministry of Finance.

* Source: European Economic Forecast. Autumn 2025.

Actual data for 2024, forecasts for other years.

Bulgaria

Throughout 2025, Bulgaria lived in anticipation of the arrival of the euro, which was adopted as the official currency on 1 January 2026. The Bulgarian economy is characterised by 3% growth, moderate inflation and low unemployment. The rapid growth in wages is due to high inflation in previous years and overall economic convergence. Although wage growth is expected to slow down in the coming years, it will remain high in 2026. This combination of rapid wage growth and moderate inflation will boost people's real incomes, supporting growth in private consumption. Bulgaria has a strong manufacturing industry, and the currently low labour costs give the sector a clear export advantage. Furthermore, adopting the euro is likely to increase foreign investors' interest in Bulgaria.

However, there are risks for foreign investors, including the capacity of Bulgarian public sector institutions to attract investment, low productivity, a rapidly declining population and the resulting shortage of skilled labour. Bulgaria also faces the problems of rapidly growing regional inequality and an unevenly developed real estate market (which only functions effectively in larger centres).

Table 7. Key indicators of the Bulgarian economy, %

	2024	2025	2026
GDP growth	3.2	3.2	3.1
Change in CPI	2.6	3.6	3.5
Wage growth	13.9	9.3	7.0
Unemployment rate	4.2	3.6	3.4

Source: Central bank of Bulgaria.

Actual data for 2024, forecasts for other years.

Germany, the Netherlands and Austria

The German economy: In addition to negative external factors, such as declining foreign demand and US tariffs, structural problems need to be resolved. The latter stem from the energy price shock caused by the unavailability of cheap Russian gas. The green transition requirements, among other things, have had a negative impact on the automotive industry, and the demographic crisis must be addressed, as more people are leaving the labour market than entering it.

The ever-increasing regulatory burden on businesses must also be considered. According to research by the Ifo Institute, this is one of the biggest obstacles to growth in private investment.

Table 8. Key indicators of the German economy, %

	2024	2025	2026
GDP growth	-0.2	0.2	0.6
Change in CPI	2.5	2.3	2.2
Wage growth	6.1	2.5	3.0
Unemployment rate	3.4	3.7	3.7

Source: Central bank of Germany.
Actual data for 2024, forecasts for other years.

The competitiveness of the German industry has declined. In the automotive industry in particular, China's global market share has increased while Germany's has decreased. This applies to both conventional and electric vehicles. In addition to the automotive industry, China's increased competitiveness is affecting the chemical industry, a longstanding pillar of the German economy. Growing investment in the defence industry and economic restructuring are increasing the country's debt burden. By 2035, this is expected to reach 85% of GDP (compared to 63% in 2025).

The impact of US tariffs on the German economy is clearly noticeable. In autumn, Germany's economic growth for 2026 was forecast at 1.2%, but this has since been lowered to 0.6%. According to Global Trade Management, German exports to the US grew by an average of 5% per year between 2016 and 2024. However, due to the imposed trade restrictions, exports are currently falling. In the first three quarters of 2025, German exports to the US fell by 7.8%, with exports of cars and car parts falling by 14%, and exports of machinery and equipment by 9.5% (according to Global Trade Management). Given the volume of German exports, this decline has undoubtedly affected overall economic growth.

The Dutch economy: Economic growth continued in 2025, driven primarily by an increase in private consumption and public spending. The Dutch economy continues to be characterised by a robust labour market. The unemployment rate remains low at 3.9%, while wages grew rapidly by 6.6% and 5.3% in 2024 and 2025 respectively due to wage agreements that came into force in 2024. Real incomes are growing despite a 3% price increase in 2025.

Table 9. Key indicators of the Dutch economy, %

	2024	2025	2026
GDP growth	1.1	1.7	1.2
Change in CPI	3.2	3.0	2.4
Wage growth	6.6	5.3	3.7
Unemployment rate	3.7	3.9	4.2

Source: Central bank of the Netherlands, December 2025.
Actual data for 2024, forecasts for other years.

The Dutch economy is very open. Consequently, there were concerns that US tariffs would negatively impact economic growth. However, the economy adapted surprisingly quickly. Export capacity is being held back by increased labour and energy costs, which are not offset by equivalent productivity growth. Consumer confidence is rather low. As a result, savings are increasing and consumption growth is lagging behind economic growth. Investments are being driven by the public sector, with defence spending set to play a significant role in the coming years. The country's public finances are in good shape. Despite the increase in defence spending, the planned budget deficit for 2026 is 2.7%. Public sector debt amounts to 48% of GDP.

The Austrian economy: The 2025 figures were worse than the initial forecasts, as the Austrian economy is characterised by structural problems similar to those in Germany. Industry's past dependence on cheap energy, the automotive sector's competition problems and low external demand, which reduced exports, all had a strong impact. Future expectations and investment activity remain low. Consumption has declined and savings have increased. Economic recovery has been slow due to the structural issues. Wage growth slowed in 2025 and is expected to continue to do so in 2026. Inflation accelerated in 2025, largely due to price increases in foreign markets (particularly food) and for domestic public services. The government budget deficit remains above 4%. The debt burden has been slowly increasing and is expected to reach 83% of GDP by the end of 2026.

Table 10. Key indicators of the Austrian economy, %

	2024	2025	2026
GDP growth	-0.7	0.3	0.9
Change in CPI	2.9	3.5	2.4
Wage growth	8	3.7	2.4
Unemployment rate	5.2	5.6	5.5

Source: Central bank of Austria, European Commission.
Actual data for 2024, forecasts for other years.

Summary conclusions for Bigbank's operations

Economic growth in Europe has been slower than initially expected, with growth forecasts for larger economies being lowered during the year. This is particularly evident in Germany's case. Growth figures for Mediterranean countries are more positive. At the same time, Germany accounts for a significant proportion of the European Union's economy, amounting to nearly a quarter of the Union's GDP. In addition to external factors, structural problems in the German economy are also slowing down the process of economic adjustment and recovery. Globally, economic growth in the US is almost twice as fast as in Europe, while China's economy is growing at an average rate of 4.5% per year and India's at 6–7%. Such large differences in growth rates suggest that the gap between the European Union and the US and China is growing, meaning the EU is falling further behind in terms of economic output.

Uncertainty about the future means that savings rates remain high and important consumption decisions are being put on hold. Interest rates have fallen. While in autumn 2025 there was talk of a further interest rate cut in spring 2026, by January 2026 most analysts were convinced that the European Central Bank would not be making any further cuts in 2026.

Lower interest rates may increase consumption and investment. We can expect to see a revival of the real estate market and growth in the construction sector in the Baltic countries, although much of the construction potential will be allocated to the Rail Baltica project.

A strong labour market means that households have income and the ability to take out loans. It also puts continued upward pressure on wages.

Export markets are uncertain due to the highly unstable external environment and unpredictable geopolitical risks. The impact of US import tariffs on the US economy and the dollar exchange rate remains unclear. Domestic demand rather than export growth continues to be the main growth driver in larger economies. In short, we can expect gradual economic growth, albeit not as rapid as we would like.



Caring

We listen, understand as well as support our customers and each other.

Edgars Surgofts
Head of Latvian Branch

Work at Bigbank

Bigbank's strong growth is thanks to its team of over 600 dedicated staff. Our people are diligent, responsible professionals who are committed to personal development and putting customers first. Together, we are building the best possible bank. Our employees know that their contributions are valued and that they are trusted.

Our team

Number of employees	646
Technology	24%
Business	53%
Support services	23%

At the end of 2025, the annual average number of employees, converted to full-time equivalent was 595.

Inclusion

The group organises regular town hall meetings where the management board and department heads inform employees of the latest financial results, key projects and other important matters.

In order to understand and monitor the employee experience, we collect quarterly feedback from staff in all cities where Bigbank has an office. In addition, we conduct a comprehensive employee satisfaction survey every year. Employees feel that their opinions count, which is why the number of respondents has consistently exceeded 90% for years – a record rate in our sector.

Diversity

Respecting and upholding human rights is a priority for Bigbank. We reinforce this commitment through our values, our code of ethics and our hotline.

In 2025, we introduced a new policy to achieve gender balance on the management board and ensure equal development opportunities for all employees.

We also offer free Estonian language courses to support employees whose native language is not Estonian in their integration into Estonian society.

Gender diversity, full-time equivalents

Country	Number of employees	Male employees, %	Female employees, %
Estonia	406	47%	52%
Finland	23	65%	35%
Latvia	93	23%	77%
Lithuania	105	36%	64%
Sweden	4	25%	75%
Bulgaria	15	40%	60%
Total	646	42%	58%

Age diversity, full-time equivalents

Country	Average length of service	Average age
Estonia	58 months	37 years
Finland	55 months	40 years
Latvia	79 months	37 years
Lithuania	58 months	35 years
Sweden	81 months	39 years
Bulgaria	30 months	34 years
Total	60 months	37 years

Flexibility

Flexibility is the new normal. As a gold-level recipient of the Family Friendly Employer award, we recognise that offering flexible working helps our employees achieve a healthy work-life balance. It enables them to devote themselves to both work and family life, as well as taking care of their health.

Well-being

We promote mental and physical well-being by offering a variety of benefits, such as individual sports allowances, access to psychological support, and paid health days. In 2025, we launched a mental well-being ambassador programme to raise awareness of mental health issues.

Events

Bigbank regularly organises events for its staff. The annual WOW Day conference, which brings together employees from all over the world, is a particularly notable occasion. After the daytime programme, there is a festive evening event where employees can socialise with colleagues from other countries. Summer events for employees and their family members, held in various countries, are also important. As a courtesy to families, we organise a Christmas party with gifts for our employees' children every year.

Management team

Bigbank's human resources and internal communication strategies prioritise excellent management. We believe that direct managers have the greatest influence on the employee experience. We take a values-based approach to managing employees and teams.

- By considering your unique qualities and needs, your manager prepares your personal induction programme to make joining Bigbank **simple** and easy for you.
- By noticing your progress, your manager boosts your **courage** to take up new challenges and grow professionally.
- By facilitating cooperation, your manager helps you achieve your goals and be **result-oriented**.
- By being demanding and supportive, your manager is **caring** about how you are doing and your success.
- By using knowledge and experience, your manager helps you **develop** your career and become top talent.

Management as part of Bigbank's value proposition

Strategy

We hold quarterly execution summits for managers to keep them well informed about Bigbank's strategy, business model and financial performance, and to encourage collaboration and strengthen relationships. Each event features a guest speaker who provides valuable external insights into Bigbank's activities.

In addition, our management community holds monthly online meetings to discuss important topics and support each other. Training for managers often forms part of these meetings.

In 2025, Bigbank finalised its internal communication strategy to deliver targeted business results while maintaining high levels of employee satisfaction.

Talent and the next generation

Branch and area managers regularly meet with the CEO to discuss our teams' strengths and unique skills, as well as the areas in which we need to improve. These sessions help us identify top talent and offer them internal development opportunities, such as promotions or new challenges in other fields. This ensures that our employees continue to grow and develop within the organisation.

To attract young talent, we participate in career fairs, showcasing the career opportunities and workplace culture at Bigbank.

Development opportunities

We believe that people know best how they should develop, so we give them the freedom to create self-development plans based on their needs and interests. We provide all our employees with opportunities to acquire new professional skills, learn languages, participate in sector-specific events and receive personal coaching.

We invest in the development of managers and leaders. The approach depends on the management level. With lower-level managers, we focus on identifying personal leadership styles and managing change and operations, while with senior managers, we develop coaching skills.

The results of the employee satisfaction survey confirm that management quality at Bigbank is high.

Remuneration

We strive to offer fair remuneration. To this end, we regularly compare the salaries and benefits we provide with market data. In addition to a competitive salary, employees may receive performance-related pay or annual bonuses.

Recognition

Caring is one of Bigbank's core values. For this reason, we encourage our employees to care for and recognise one another. As part of our employee recognition programme, we organise an all-hands gathering every two months, where we reward outstanding employees with a book, a conference ticket or a cash prize.

During our annual conference, we honour long-serving employees, recognise the top performers from each department and acknowledge the most successful Bigbank ambassadors.



Courage

We embrace challenges by taking initiative, making smart decisions and being responsible.

Elīna Medene
Senior Archivist

Customers

Bigbank aims to provide all customers with a high-quality experience that exceeds their expectations in terms of both products and customer service. The group's long-term success is built on trust, a human approach and creating value in every customer relationship. We view customer experience management as a comprehensive process that focuses on understanding and responding to customer needs throughout the customer journey.

A customer-centric organisational culture is integral to Bigbank's strategy. Everyone, from management to frontline staff, contributes to developing the customer experience.

We collect and use customer feedback to inform strategic decision-making and drive innovation. The aspects of Bigbank's services that customers value the most are professionalism, friendliness, speed, convenience, reliability and favourable contract terms. These value propositions underpin our daily operations and support the growth of customer satisfaction and willingness to recommend us.

Our goal is to provide seamless and accessible financial services. Consistent investment in customer experience has helped us improve service efficiency and make our terms more flexible, thereby increasing customer loyalty.

Customer experience management

Bigbank's strategy is centred on sustainable growth, supported by the systemic development of the customer experience and a human approach. We strive to ensure a positive experience for our customers throughout their journey with us, from initial interest to the day-to-day use of our services. We pay particular attention to the first point of contact, as customer loyalty is strongest immediately after an agreement is signed – this is when the foundation for a long-term, reliable customer relationship is established.

In 2025, Bigbank focused on several key areas to improve customer experience, which resulted in changes to the Net Promoter Score (NPS):

- We increased the speed at which we review home loan applications, which improved customer satisfaction. Our service was particularly valued for its professionalism, friendliness and flexibility. The NPS for home loan customers increased by 9% compared to 2024.
- As regards customer interaction, the NPS increased at several stages of the customer journey: 4% when applying for a home loan, 2% during a loan or deposit agreement, 2% for customers who had contact with customer services, 1% during debt recovery proceedings and 3% for long-term customers.
- In developing digital solutions, we improved our online banking system and launched a new mobile app across the Baltics. Customers in Latvia and Lithuania now have the option to grow their money in a Bigbank current account.
- Within eight months, we launched a cloud-based customer service platform across all our markets. This has made our work processes more efficient and transparent, while also increasing employee engagement.
- In customer journey management, we started using an evaluation process based on the customer's perspective, updated the customer journey maps and created an improvement management system.
- The impact of recommendations increased remarkably: in the Baltic countries, the proportion of customers who chose Bigbank based on the recommendation from a friend or acquaintance increased by 9%.

- However, there were also challenges: the NPS fell by 43% when a negative loan decision was communicated and by 1% when an agreement was signed. This was mainly due to tighter credit rules and a decrease in deposit interest rates.



- A Group-wide Customer Service Superstar competition was held to recognise outstanding employees. The winners in the retail customer service category were Reelika Ojala (Estonia), Sanita Štēra (Latvia), Lina Plumpienė (Lithuania), Joonas-Ville Heinä (Finland), Nikolay Ivanov (Bulgaria) and Haris Begic (Germany). In the corporate customer service category, Rūta Daukantaitė (Lithuania), Teele Adamson (Estonia) and Sabīne Veica (Latvia) were recognised. The overall winners across the group were Reelika Ojala and Sabīne Veica.

Monitoring and measuring customer experience

Bigbank consistently collects and analyses customer feedback to assess the quality of its services and the impact of customer experience on loyalty, and to identify development needs. A systemic approach allows us to determine the value of different touchpoints on the customer journey and to target improvement activities.

We measure customer experience using the Net Promoter Score and the First Contact Resolution Index at different stages of the customer journey. In 2025, we received over 3,000 responses per month. The quality of customer communication was assessed based on call centre statistics and communication effectiveness, yielding an overall communication quality rating of 96%. In addition, we conducted brand surveys with around 1,000 respondents from each country in order to evaluate Bigbank's image and competitive position, and analysed customer feedback on interactions via phone and email.

Bigbank's NPS increased by 4% in 2025 compared to the previous year's average, confirming the positive impact of customer-focused activities on customer satisfaction and loyalty. The highest increase in the NPS was achieved in Bulgaria (113%), followed by Latvia and Austria (10%), and Lithuania (7%).

Customer complaints at Bigbank

Bigbank views customer complaints as valuable input for developing its services and processes. During the year, particular attention was paid to complaint handling as a strategic process aimed at improving service quality and preventing problems from recurring.

Customer complaints are primarily handled by frontline staff to ensure a prompt and professional response. More complex complaints are escalated to the relevant area manager, who assesses the situation's impact and initiates the necessary processes or development activities. A systemic analysis and the implementation of corrective actions help us deliver an even more seamless customer journey and strengthen customer trust in Bigbank.

Responsible customer service

Responsible customer service lies at the heart of Bigbank's commitment to building sustainable and reliable relationships with its customers. We communicate transparently and proactively before an agreement is signed to ensure high-quality service. We achieve this through a quality model and regular assessments, as well as by systematically using customer feedback to develop our products and services. We view complaints as opportunities for improvement, helping us keep the promises we make to our customers and ensure they receive timely and accurate information throughout their journey with us. Responsible lending enables customers to make informed decisions and prevents payment difficulties.

Summary

Customer feedback and measured results for 2025 confirm that our customer-centric and responsible approach creates value for both customers and the group. The improvement in our NPS, the high quality of our service, and the professionalism and reliability that our customers have highlighted show that we are steadily moving towards our vision of being the most recommended digital financial services provider in the countries in which we operate.

Bigbank would like to thank its employees for their professionalism and commitment, and its customers for their trust and valuable feedback.

Responsible activities

In recent years, we have consciously managed our activities as a responsible business, analysing our key stakeholder groups, increasing the benefits we provide to society, developing our employees and work environment, and managing the company consistent with the values that are important to our main stakeholder groups. We believe that a commitment to sustainability, both in terms of mindset as well as plans and activities, supports the success of the whole society.

Bigbank values social contribution and ethical conduct and acts based on the principle of responsibility consistent with laws, regulations and best practice. To implement those values in Bigbank's everyday operations, we have developed policies and internal rules of procedure that govern the daily work of the organisation and the adoption of management decisions.

We observe all rules, legal and regulatory requirements, and best practice conventions which apply to the provision of credit, including the principles of responsible lending. This way we make sure that the credit we provide meets the customer's needs and has been designed so that the customer can repay it on the agreed terms.

Our goal is to increase consumers' awareness of the nature of credit products and the risks involved in borrowing. This will help consumers make informed and responsible decisions which are based on a review of different offers and take into account their personal preferences and needs. In practice, we always emphasise that borrowing decisions should not be made lightly and the need for a loan should be carefully considered. We always recommend that our customers take loan offers from different service providers in order to find a solution that is best for them. We approach all our customers individually and try to find solutions that fit them best – even when the customer has run into settlement difficulties.

Responsible lending, raising awareness, and improving general financial education are our daily priorities. In partnership with other leading banks operating in Estonia, we contribute to these causes through the activities of the financial education and communication committees of the Estonian Banking Association. For example, it has become customary for our leading experts to participate in the Financial Awareness Day by visiting schools to speak about financial education, financial literacy, and responsible borrowing. Every year we offer internships to students, enabling them to participate in our daily work, thus contributing to the quality of finance education at universities. As a member of FinanceEstonia, we are also actively involved in designing the Estonian financial services environment and developing financial technology, because we want our financial services market to have a diverse range of services and reasonable regulation.

Another customer service priority is to prevent money laundering, terrorist financing and sanctions evasion. This involves implementing all relevant requirements to minimise the likelihood of the Estonian financial sector being exploited for criminal activities, reduce systemic risks and enhance the sector's stability, reliability and transparency.

Responsible taxpayer

As a member of the Estonian Taxpayers' Association (EML), we have been protecting the interests and rights of taxpayers since 1995. Being a member of the EML helps ensure that we are always up-to-date on tax matters. We support the EML's activities by helping make sure that tax laws are fair and understandable, that the tax burden is optimal, that the tax authority acts honestly and professionally, and that taxpayers' money is used for the designated purpose.

Bigbank operates through branches in five European countries, where it is registered as a local taxpayer. We pay all applicable taxes in all the countries in a proper and timely manner and act in compliance with laws and regulations.

Community and society

At Bigbank, we believe that each of us can help make the world a better place. Responsible lending, raising financial awareness, and improving and promoting overall financial literacy are the cornerstones of our business and our daily priority. We observe the principles of responsible lending in our daily work, actively contribute to the advancement of financial education and support initiatives important to society.

Over the years, Bigbank employees have participated in various financial literacy projects – teaching in schools, participating in strategic discussions, and contributing to educational video lectures. In cooperation with other leading banks in Estonia, we also work towards these goals through the activities of the Financial Education Committee of the Estonian Banking Association. As a member of FinanceEstonia, we are actively involved in shaping the Estonian financial services environment and developing financial technology. We have also created a dedicated section on our website where anyone interested can access various materials for self-study.

Over the years, we have supported our employees' participation in mandatory national defence training sessions by compensating them for the time spent in training. We are proud that many of our employees contribute to Estonia's national defence.

Estonia is a small country, and our security depends on the contributions of the entire society – active citizens, active and reserve military personnel, members of the Defence League, women's and youth organisations, and employers. A supportive attitude from employers towards national defence enables reservists, Defence League members, and members of the Women's Voluntary Defence Organisation to participate in training sessions.

The Ministry of Defence has awarded Bigbank the National Defence Supporter Badge (an official Ministry of Defence award), which recognises the commitment and contribution of all our employees who have participated in mandatory training.

Bigbank's strategy is to build a strong international reputation and be recognised as a valuable financial partner. This includes participating in professional organisations and contributing to their work.

Bigbank is a long-standing member of the Estonian Chamber of Commerce and Industry, FinanceEstonia and the Latvian Chamber of Commerce and Industry. Bigbank is a member of the Estonian Banking Association and actively participates in its working groups. We are also a member of the Estonian Association of Information Technology and Telecommunications, the Estonian Leasing Association and the Estonian Taxpayers' Association.

Bigbank has joined SWIFT (the Society for Worldwide Interbank Financial Telecommunication) and the Eurosystem's T2 cross-border settlement system (the Trans-European Automated Real-time Gross Settlement Express Transfer system). We are a direct member of the SEPA (Single Euro Payments Area) Credit Transfer scheme and the SEPA Instant Credit Transfer scheme. We settle customers' instant payments in euros via RTI and their mass payments in euros via STEP2.

Sponsorship and charitable activities

We recognise the important role that banks play in communities, and we strive to fulfil that role to the best of our ability. We value healthy lifestyles, culture, education and community sustainability. For this reason, we have supported various charity and sponsorship projects for many years. In 2025, Bigbank's most significant support activities were related to its long-standing partnerships, such as sponsoring volleyball and supporting the Estonian Association of Large Families and organising the Family of the Year competition.

Supporting volleyball

Bigbank has been the title sponsor of the Estonian men's volleyball team Bigbank Tartu since 2012 and of the women's team Tartu Ülikool/Bigbank since 2018. In 2024, we signed the largest sponsorship agreement in Estonian sports history with the SK Duo volleyball club, extending our cooperation for another three years and providing funding of 762,500 euros. This will provide both the men's and women's teams with financial security, allowing them to focus on realising their potential without the stress of securing funding. Under an agreement signed in 2024, Bigbank also started supporting the Estonian youth volleyball team.

Our long-term goal is to promote volleyball and support the development of Estonian sports. We are proud that Estonian volleyball has developed rapidly over the years.

In 2025, the Bigbank Tartu men's team won both the Estonian Championship and the Baltic League. The team is now a six-time winner of both competitions. The Tartu Ülikool/Bigbank women's team has won the Estonian Championship twice and the Baltic League once.

Bigbank's Large Family Day

Since 2005, Bigbank has partnered with the Estonian Association of Large Families to give families with four or more children the opportunity to enjoy a special, joyful day together. Every year we also honour an active large family that has had a positive impact on the community by awarding them the title of Family of the Year and a prize of 10,000 euros.

In 2025, the Family of the Year award went to the Romantšuk family from the Viljandi municipality, who have four children. The winner was announced and the award was presented at the Family Day event held at Tallinn Zoo, which attracted more than a thousand participants from across Estonia.

Arthur Taavet, Head of Bigbank Estonia, said that supporting the Estonian Association of Large Families and the Family of the Year competition is important to Bigbank because large families deserve special recognition in society. They show that it is possible to pursue your dreams alongside children, albeit in a richer, more family-oriented way.



Consolidated sustainability statement

Targo Raus
Head of Daily Banking Area

INTRODUCTION

2025 was a transformative year for Bigbank – the year when we moved from aspiring to be sustainable to taking action. Driven by our mission to improve lives through seamless financial services, we embraced the challenge of building a future where financial growth and sustainability go hand in hand.

This report reflects our progress and ambition. We launched our first zero-emission lease product for corporate customers in Estonia, Latvia and Lithuania, enabling businesses to invest in environmentally friendly solutions. We also expanded access to financing for micro- and small enterprises, thereby strengthening local economies and supporting entrepreneurship. Within Bigbank, we introduced workplace sustainability principles across all offices, promoted hybrid work to reduce commuting emissions and enhanced our mental health programmes to foster employee well-being.

Our commitment to transparency is evident in the adoption of the Corporate Sustainability Reporting Directive (CSRD) and the completion of our second double materiality assessment, which identified climate action, employees and customers as our most significant impact areas. We have also started preparing for the future by developing methodologies to measure financed emissions, laying the foundation for science-based targets and creating a roadmap to climate neutrality.

Looking ahead, we see sustainability not as a compliance exercise but as a strategic opportunity. We will continue to grow, deepen stakeholder engagement, and integrate ESG considerations into the business decisions we make. Our ambition is clear: to be the most recommended digital financial services provider in all our markets – one that creates value for customers, employees, shareholders and society, while contributing to a climate-resilient economy.

We would like to thank all our stakeholders for their trust and collaboration. Together, we are building a future where banking is a force for good.

Ingo Pöder

Member of the Management Board

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GENERAL INFORMATION

Basis for preparation

[BP-1] General basis for preparation of the sustainability statement

This sustainability statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) and the European Sustainability Reporting Standards (ESRS). It has been prepared on a consolidated basis and covers the parent company, Bigbank AS, and its subsidiaries (together referred to as the 'group'). The scope of consolidation is the same as that for the financial statements. Please refer to note 1 to the consolidated financial statements for more information.

Bigbank's consolidated sustainability statement and the materiality assessment of impacts, risks and opportunities cover not only its own operations, but also its upstream and downstream value chain. Key policies related to own operations and the value chain include the group's code of conduct, remuneration policy, dividend policy, credit risk policy, governance policy, sustainability policy, outsourcing policy, procurement policy, and risk and capital management policy. Where available, the policies, actions and targets applicable to the value chain have been disclosed in the relevant sections of the consolidated sustainability statement.

The statement does not contain metrics that include upstream and/or downstream value chain data.

Bigbank has used the option to omit specific information related to remuneration policies linked to sustainability matters (GOV-3 information requirement 29. (c)) and the employee turnover rate (SI-5) in accordance with section 7.7 of ESRS 1, as this constitutes sensitive information.

In accordance with the Accounting Act of the Republic of Estonia, information about the group's expected development, or about matters under negotiation, may be omitted from the sustainability statement, provided that this does not prevent readers from obtaining a fair and balanced view of the development, performance, position, and impact of the activities of the group, and provided that, in the reasonable opinion of management, disclosure would be materially adverse to the business position of the group.

[BP-2] Disclosures in relation to specific circumstances

Time horizons

The consolidated sustainability statement has been prepared using the time horizons defined in section 6.4 of ESRS 1: short-term: one year; medium-term: 2–5 years; and long-term: more than 5 years.

Sources of estimation and outcome uncertainty

The consolidated sustainability statement does not include any value chain data estimated using indirect sources or quantitative metrics that are subject to a high level of measurement uncertainty. No metrics disclosed in the report were validated by any other external body than the assurance provider, unless stated otherwise.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

The sustainability statement of the Bigbank group also complies with the disclosure requirements set forth in Article 8 of the Taxonomy Regulation (Regulation (EU) 2020/852) and the relevant delegated acts. The Commission Delegated Regulation (EU) 2026/73 introduced the possibility for financial institutions to opt-out from detailed Taxonomy

reporting from 1 January 2026 to 1 January 2028. In this financial statement, Bigbank has decided to use the opt-out option.

Incorporation by reference

The table below presents a list of datapoints incorporated in the consolidated sustainability statement by reference.

Disclosure requirement	Datapoint mandated by a disclosure requirement that has been incorporated by reference
ESRS 2 BP-1	5. (b) i (scope of consolidation)
ESRS E1 E1-6	55. (revenue)
ESRS S4: ESRS 2 BP-2	17 e (metrics)

Use of phase-in provisions in accordance with Appendix C of ESRS 1

Since the Bigbank group's average number of employees during the financial year does not exceed 750, Appendix C of ESRS 1 allows to omit certain detailed information required by ESRS standards. Bigbank has elected to apply this transitional provision to ESRS S4.

According to paragraph 17 of ESRS 2, the group must briefly present information regarding the targets, policies and actions related to material sustainability topics associated with ESRS S4 even when applying the transitional provisions and explain how the group's business model and strategy take account of the related impacts. The group has disclosed this information in relevant sections under the respective standards.

In July 2025, the European Commission adopted Commission Delegated Regulation (EU) 2025/1416 as regards the postponement of the date of application of the disclosure requirements for certain undertakings. The objective of adopting the regulation was to amend the European Sustainability Reporting Standards with the aim of easing the reporting burden. The delegated regulation allows to omit certain disclosures for the second year of reporting. Accordingly, Bigbank is excluding the disclosure of Scope 3 greenhouse gas emissions from its 2025 sustainability statement.

GOVERNANCE

[GOV-1] The role of the administrative, management and supervisory bodies

The composition and diversity of the administrative, management and supervisory bodies

The governing bodies of the Bigbank group are the management board and the supervisory board. The management board is the management body responsible for representing and managing the group. The supervisory board is the supervisory body responsible for oversight. In accordance with the law, the management and supervisory boards have established various committees (including the audit committee, the risk committee, the remuneration committee and the nomination committee) and delegated some of their responsibilities to these committees. However, the committees are not treated as management or supervisory bodies under the group's management principles.

Bigbank AS's management and supervisory boards comprise five and six members, respectively, all of whom are male.

All members of the administrative, management and supervisory bodies of the Bigbank group have extensive management experience, appropriate education and a strong professional background in their respective areas of responsibility. If their responsibilities include managing one of the group's foreign entities or its employees, knowledge of the business and legal environment of the respective country is also expected. The group has established a procedure for assessing the suitability of members of its governing bodies

and key function holders and carries out regular fit and proper assessments for these individuals, evaluating each person's fitness for their position as well as their development needs. Only individuals with the necessary knowledge, skills, experience, education, professional qualifications and impeccable business reputation can be appointed as members of the governing bodies or to other relevant positions. All members of Bigbank AS's management and supervisory boards have over 10 years of experience in the financial sector, except for supervisory board member Alari Aho, who entered the banking industry in 2024. He contributes technical expertise in data analysis and interpretation, focusing on improving analytical tools to support strategic decision-making, as well as promoting technological integration to increase efficiency and scalability.

Bigbank has a separate budget for environmental, social and governance (ESG) consultations and a general training budget, which can be utilised to cover any general training needs.

The Bigbank group is always guided by the best interests of the group when selecting managers and employees. In selecting members of the governing bodies, Bigbank observes the requirements and the selection procedure for members of governing bodies set out in the Credit Institutions Act of the Republic of Estonia. When assessing the suitability of members of its governing bodies, the group relies on relevant internal rules, considering the candidate's education, qualifications and previous professional experience. The candidate's reputation, competencies, skills, management experience, other management-related criteria and other relevant known circumstances are also considered when assessing suitability. The group adheres to the principle of not discriminating against candidates on the basis of gender or other characteristics.

Bigbank has established a diversity policy for its governing bodies to ensure that their members are selected and appointed with a particular emphasis on enhancing diversity. This promotes better decision-making, continuous growth and the achievement of Bigbank's strategic objectives. Bigbank acknowledges that diversity in terms of factors such as age, gender, geographical origin, and educational and professional background is an important consideration.

Independence is defined in paragraph 9.5 of the procedure for assessment of the suitability of members of the management body and key function holders (in the group's procedures and policies, the term 'management body' refers to all governing bodies). In accordance with the procedure, two members of the supervisory board are independent at the time of completion of this consolidated sustainability statement: Jaan Liitmäe and Alari Aho. This means that 33% of the supervisory board members are independent.

Roles and responsibilities of administrative, management and supervisory bodies

Based on the proposal of the management board, Bigbank's supervisory board has approved the group's sustainability policy. The management board is responsible for directing and monitoring Bigbank's daily operations to ensure compliance with this policy. The management board has appointed one of its members responsible for sustainable banking operations. This person reports to the management board, manages daily sustainable banking activities and leads the sustainability working group, which comprises employees of the Bigbank group. The sustainability working group has at least five permanent members.

The supervisory board is responsible for ensuring the implementation of the sustainability policy by the supervisory and management boards, as well as for reviewing and establishing the policy.

According to the group's governance policy, Bigbank's operations are managed by the management board in accordance with the strategies and principles approved by the supervisory board. The management board is responsible for financial reporting,

managing internal processes, organising internal control, and risk management (including monitoring, management and supervision).

The management board has confirmed the material impacts, risks and opportunities (IROs) identified during the double materiality assessment (DMA) and has participated in the development of Bigbank's sustainability policy. The roles in governance processes, controls and procedures, which are used to monitor, manage and oversee impacts, risks and opportunities, have been delegated to specific positions in accordance with internal regulations governing governance. The head of risk management area, the chairman of the management board, and the head of risk reporting and financial risk control are responsible for climate change-related issues, including greenhouse gas (GHG) emissions and the risk of greenwashing accusations. The head of WOW support services is responsible for own workforce-related issues, including secure employment, working time, social dialogue, work-life balance, health and safety, gender equality and equal pay for work of equal value, training and skills development, and privacy. The data protection officer is responsible for all employee, consumer and end-user issues related to privacy impacts and risks. The group head of customer experience is responsible for information-related impacts and the head of customer relationship management and marketing area is responsible for access to products and services through digital solutions. The head of credit risk area is responsible for implementing responsible lending practices. The chief information security officer is responsible for information security and cybersecurity issues. The head of risk management area is responsible for anti-money laundering activities. The chief compliance officer is responsible for regulatory compliance and compliance risk.

Responsibility for addressing sustainability issues, as well as material impacts, risks and opportunities, is embedded in Bigbank's organisational structure and integrated into existing processes. The group's management sets targets related to material impacts, risks and opportunities based on the results of the double materiality assessment. In setting these targets, management considers the group's strategy and focus, historical indicators as well as input and feedback from its stakeholders. The progress towards achieving the targets is monitored by evaluating results and feedback.

The management board is responsible for sustainability and reporting, and makes the final decisions. The management board receives sustainability training as required, and the management and supervisory boards can consult external experts as necessary. The management board member responsible for sustainable banking possesses relevant expertise and has received appropriate sustainability training.

In accordance with the group's governance policy, the activities of the management board are overseen by the supervisory board and the audit committee, to whom both the management board as well as the aforementioned roles must report regularly. The reporting obligation also covers reporting related to impacts, risks and opportunities.

In addition, the group has an internal audit unit that conducts special audits. As sustainability topics within the group are integrated, the management of material impacts, risks and opportunities is inspected during various special internal audits.

[GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Bigbank has established a system of regular quarterly reporting to the supervisory board, the management board and the audit committee for reviewing the risks and impacts associated with various processes. During this process, relevant individuals are informed about the results and effectiveness of policies, actions and targets. In addition, there are independent internal audits that also cover significant sustainability issues. The sustainability working group keeps the supervisory board, the management board and the audit committee informed about important sustainability matters, including impacts,

risks and opportunities. It also updates them on any progress, processes and activities related to sustainability reporting.

Risk management considers the results of stress testing and the internal audit unit presents their audit findings to the management board, the audit committee and the supervisory board.

Bigbank's management and supervisory boards addressed all significant sustainability issues related to own workforce, affected communities, consumers, end-users and business conduct in 2025. The management board participated in the double materiality assessment process aimed at identifying, evaluating and validating material impacts, risks and opportunities. The management board discusses the following issues in more detail: secure employment and social dialogue issues related to own workforce based on regular reports; privacy issues regarding consumers and end-users based on semi-annual reports; access to products and services on an ongoing basis within the framework of different development projects; and cybersecurity, risk management and compliance risks concerning business conduct based on regular reports.

[GOV-3] Integration of sustainability-related performance in incentive schemes

The group's remuneration policy is established by the supervisory board. The policy aims to ensure a fair and transparent remuneration system that complies with prudent and efficient risk management principles and supports the group's long-term goal of being recognised as the best financial services provider that also has strong risk management and a reputation for being an outstanding employer. The objective of the remuneration policy is to ensure that remuneration decisions deliver sustainable value growth for all key stakeholders, including customers, shareholders and employees; to promote the desired performance, conduct and value-based behaviour; to ensure that the manner of remuneration does not impede employees' honest, fair, transparent and professional behaviour, taking into account the rights and interests of customers; and to prevent the risk that remuneration drives excessive risk-taking and conflicts of interest. The remuneration system ensures equal treatment of employees, as performance-related pay is based on the employees' performance and professional development during the year. Consequently, the remuneration principles also contribute to overall sustainability. Bigbank does not offer incentive schemes or performance-related pay linked to sustainability matters to its management and supervisory board members. All performance-related payments comply with the requirements of the Credit Institutions Act of the Republic of Estonia.

The supervisory board reviews the group's remuneration policy at least once a year. According to the policy, the management board approves the remuneration principles, including the principles for establishing key performance indicators for the year, evaluating employee performance and reviewing fixed remuneration. The remuneration principles also include guidelines for establishing the principles for performance-related pay at the branch or unit level. Branch- and area-specific remuneration decisions are made by heads of branches and areas in line with the group's policies and rules. The management board monitors the implementation of the remuneration principles, asking feedback from employees at least once a year in December.

[GOV-4] Statement on due diligence

The group does not treat the sustainability due diligence process as a separate set of activities. Instead, sustainability reporting and issues are integrated into existing reporting and management principles, as well as risk policies. The following table reflects the application of the main aspects and steps of the due diligence process in the consolidated sustainability statement.

Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, ESRS 2, GOV-3 and ESRS 2 SBM-3 disclosure requirements
b) Engaging with affected stakeholders	ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 ESRS S1-2
c) Identifying and assessing negative impacts on people and the environment	ESRS 2 IRO-1 E1 IRO-1 ESRS 2 SBM-3 E1 SBM-3
d) Taking action to address negative impacts on people and the environment	ESRS E1-3 ESRS S1-4 ESRS G1-4 ESRS G1 Entity-specific actions
e) Tracking the effectiveness of these efforts	ESRS E1-4 ESRS E1 Additional metrics ESRS S1-5 ESRS S1-13 ESRS S1-14 ESRS S1-15 ESRS S1 Additional metrics ESRS G1 Entity-specific metrics and targets for business conduct not covered by the standard

[GOV-5] Risk management and internal controls over sustainability reporting

The group does not treat addressing sustainability issues as a separate set of activities, as relevant impacts and risks materialise through the traditional categories of financial and non-financial risks (e.g. credit risk, market risk, operational and reputational risks, liquidity and funding risks).

The risk management and internal control processes related to sustainability reporting are integrated into the group's existing risk policies and controls (including risk identification, assessment, management and reporting). Bigbank's risk management is based on the widely accepted three lines model to ensure clear responsibilities and effective control mechanisms.

The first line of defence includes Bigbank's business areas, i.e. all business and support units that are responsible for identifying, assessing, controlling and mitigating risks (including sustainability-related risks) in their daily operations within their respective areas of responsibility. The first line of defence is a key contributor to sustainability reporting, being responsible for data collection across business areas. The sustainability working group supports the business areas by ensuring the compliance of sustainability reporting processes and adherence to deadlines.

The second line of defence comprises Bigbank's risk management and compliance functions, which conduct oversight activities to ensure proper management of risks (including sustainability risks). The risk management function provides relevant independent information, analyses and expert assessments of exposures, as well as advice on proposals and risk-related decisions made by business lines and units, and informs the management and supervisory boards whether these are in line with the group's risk appetite and strategy. The compliance function advises the management and supervisory

boards on actions that need to be taken to ensure compliance with applicable laws, rules, regulations and standards.

The third line of defence is internal audit, which provides independent risk-based assessments of controls, risk management and governance processes, reporting its findings directly to the management board, the supervisory board and the audit committee.

The materiality of risks is assessed based on the risk scale and matrix established by the operational risk procedure, which considers both the likelihood of the risk as well as the severity of its potential impact. In addition, the determination of risk levels also relies on the relevant quantitative and qualitative analyses.

Similar to financial reporting, the sustainability reporting process is also exposed to the risk of incompleteness or inaccuracies, which may arise from data quality issues, human error, mistakes related to internal processes and systems, and external events. For example, the data used in sustainability reporting may be inaccurate or incomplete due to errors in data collection, entry or processing; insufficient integration of sustainability risks into financial risk management may affect risk exposures and decision-making; and inflated or misleading claims presented in the sustainability statement carry the risk of greenwashing.

To mitigate these risks, the sustainability reporting process begins with one or more employees from the relevant areas providing input for each disclosure requirement. Each disclosure requirement is then assessed by one or more members of the sustainability working group to check if the reporting is accurate and sufficient. The head of the sustainability working group is responsible for both the consolidated sustainability statement as well as the underlying double materiality assessment. IT systems are used in the sustainability reporting process to manage data, conduct analyses and document the process. The reporting process and IT systems help mitigate operational risks related to sustainability reporting.

Climate risk stress testing is carried out as a separate component of risk management and, starting from 2025, corporate customers operating in sectors with elevated ESG risks and with significant business volumes are given an ESG rating to reflect their sustainability profile.

Risk assessment and internal control findings related to sustainability reporting are integrated into the business areas, risk management and compliance processes, and are considered in Bigbank's management decisions.

Risk management and compliance functions report on risk assessment and control results to the management and supervisory boards as well as to the audit committee through regular quarterly reports. The sustainability working group reports to Bigbank's management board and audit committee.

Recommendations regarding the format, structure and disclosure requirements of the consolidated sustainability statement were received from an external advisor, the internal audit team, and the practitioner expressing assurance on the sustainability statement. The practitioner's recommendations were provided prior to the preparation of the limited assurance report.

STRATEGY

[SBM-1] Strategy, business model and value chain

Bigbank has five main product groups: everyday banking services (including current accounts, online banking and credit cards), home loans, corporate loans, consumer loans and deposits. In 2025, Bigbank launched a new lease product for corporate customers in Estonia, Latvia and Lithuania, aiming to increase its positive impact on the environment by increasing the usage of zero-emission vehicles.

The group's countries of operation are Estonia, Latvia, Lithuania, Finland, Sweden and Bulgaria. In addition, Bigbank offers cross-border services in the Netherlands, Germany and Austria. Bigbank's supervisory board has approved the group's strategy for 2022–2026, which focuses on increasing business volumes and entering the everyday banking market. The key stakeholders addressed throughout the group's strategy are customers and employees. Bigbank's mission is to enable people to improve their lives through seamless financial services. Bigbank is a customer-focused bank that creates value through its dedicated employees. That is why it continuously develops its team. Bigbank is proud to announce that 90% of its customers were satisfied with its services in 2025, with 79% finding the offers received appealing.

In 2025, Bigbank expanded its loan portfolios and increased its range of deposit products. At the end of the year, it was providing loans and deposit services to retail and corporate customers across the Baltics and to retail customers in all the countries in which it operates as seen in table below. At the end of 2025, Bigbank was also offering current accounts to individuals in Estonia, Latvia and Lithuania and to corporate customers in Estonia.

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Loan portfolio, EUR million*	1125.3	439.5	975.0	161.8	-	5.9	2,707.5
Deposit portfolio, EUR million*	2,498.9**	50.8	88.8	170.6	20.4	50.0	2,879.5
Number of employees*	406	93	105	23	4	15	646

* As at 31 December 2025

** Including cross-border deposits

Bigbank has adopted a sustainability policy to promote responsible banking practices and ensure a positive long-term impact on society, the environment and the economy. We believe that we have the potential to make a positive difference in the following areas.

Environment – We minimise the environmental impact of our offices by following green office principles, including workplace waste management through reduction, recycling and reuse. We recognise that climate change introduces a range of risks, which we integrate into risk assessments. We consider climate and wider ESG risks to be risk drivers that may materialise through established risk categories. In the corporate portfolio, we engage more closely with customers operating in sectors with elevated ESG risks to understand their transition strategies and encourage progress towards more sustainable practices.

Social responsibility – We aim to promote financial literacy to enable consumers and businesses to make informed decisions and practise responsible lending principles to safeguard financial well-being and prevent adverse social impacts. We also contribute to sustainable regional development by making financial services more accessible to underserved customer segments, with a focus on micro- and small enterprises, large families, and consumers and companies outside major cities.

Governance – We implement sustainable, responsible and transparent management practices by complying with all applicable laws and providing transparent and reliable reporting. We implement effective risk management strategies to monitor and assess the risks associated with our operations, protect the interests of our customers and other stakeholders, and ensure the long-term stability of investments. We believe that it is important to treat all employees equally and provide them with equal opportunities for growth and development. We embrace diversity and inclusion by ensuring fair compensation and benefits, transparent career opportunities and a culture of active employee engagement.

Bigbank has identified three UN Sustainable Development Goals as the areas where it has the most meaningful and positive impact through its core activities and strategic priorities:



Sustainable Development Goal 13: Climate Action. Bigbank's goal is to enable renewable energy investments on the land it owns, to create a sustainable working environment and to reduce the environmental footprint of its offices. We integrate climate risk assessments into our risk management processes to ensure appropriate climate adaptation action, and to enhance our engagement with customers operating in sectors with elevated ESG risks in order to understand their transition strategies and encourage progress toward more sustainable practices.



Sustainable Development Goal 8: Decent Work and Economic Growth. Bigbank's goal is to improve access to financial services by offering financial support and services to micro-, small and medium-sized enterprises and by promoting youth engagement through internships and job shadowing opportunities for young people. Bigbank's objective is to ensure equal opportunities for all, regardless of gender, age, sexual orientation, religion, ethnicity or disability. Employees in the same position should receive equal pay and have equal opportunities for training and development. Bigbank maintains a healthy working environment that supports work-life balance and flexible working hours. We provide mental health programmes and resources to reduce work-related stress and promote overall well-being. Bigbank aims to support entrepreneurship by sharing knowledge, fostering an entrepreneurial culture and promoting the associated lifestyle. We also educate young and aspiring entrepreneurs and ensure that our financing is accessible to young businesses.



Sustainable Development Goal 11: Sustainable Cities and Communities. Bigbank's goal is to contribute to sustainable regional development by making financial services more accessible to underserved customer segments outside major cities. We strive to strengthen community resilience and ensure inclusive access to financial knowledge by promoting financial literacy. We support sustainability by following green procurement principles and supporting local entrepreneurs, and contribute to more sustainable, liveable communities by encouraging remote working and reducing the need to commute.

In addition to the sustainability policy, the Bigbank group has developed a strategy for 2022–2026 that has been approved by the supervisory board. The strategy indicates that climate neutrality is seen as an opportunity, and the sustainability policy demonstrates a commitment to achieving more than just generating profit through the primary sustainability-related goal – to provide financial services that support sustainable development, promote responsible financial opportunities and improve customers' quality of life.

Bigbank set the following sustainability-related goals for 2025:

1. Launch a zero-emission lease product for corporate customers in Estonia, Latvia and Lithuania.
2. Improve access to financial services for micro-, small and medium-sized enterprises with a particular focus on financing micro-businesses.
3. Promote youth engagement by providing internship and job shadowing opportunities.
4. Enable hybrid work by promoting remote work and flexible working hours to support work-life balance and employees with special needs, while minimising the environmental impact of commuting and travel.
5. Support work-life balance by offering mental health programmes and opportunities to reduce work-related stress and promote overall well-being and a family-friendly environment.
6. Participate in financial literacy programmes.
7. Reduce the environmental impact of offices by continuing to introduce green office principles in all locations.

In 2025, the number of Bigbank's corporate customers in Estonia, Latvia and Lithuania increased by 31% compared to 2024, exceeding 2,600 micro-, small and medium-sized enterprises as at 31 December 2025. The corporate loan portfolio grew by 33% over the year, amounting to 1,016 million euros as at 31 December 2025. The largest share of new corporate lending volumes (over 90% as at 31 October 2025) relates to micro-companies, which is aligned with the group's strategy to make financing accessible to micro- and small companies that are often underserved by financial institutions.

In 2025, Bigbank launched a zero-emission lease product for corporate customers in Estonia, Latvia and Lithuania. We conducted a self-assessment of our offices based on green office principles in all locations, began collecting the necessary data for environmental impact assessments and approved workplace sustainability principles. Bigbank offers young people opportunities to shadow its employees and undertake internships. Hybrid work is available to all employees, as are mental health programmes and access to external counselling services to restore and preserve mental health. During the year, Bigbank's employees participated in financial literacy programmes, sharing their financial knowledge.

Sustainability matters are ingrained in Bigbank's core processes (lending, legal services, accounting and financial management, clearing and payment processing) as well as its secondary processes (risk management, product and IT management, internal communication, compliance, human resource management, control and oversight functions).

Bigbank's biggest upcoming challenges are entering the everyday banking market and providing digital financial services, while maintaining high levels of customer satisfaction and ensuring a dedicated and professional team. In terms of our own workforce, the key focus is on secure employment, training and skills development, working time and health and safety. Regarding business conduct, the key challenges include information security, cybersecurity, regulatory compliance, compliance risk, and anti-money laundering activities.

The group's principal activity is banking. As a financial institution, our loan portfolio is the most important component of our business model – through the financing we provide to our customers, we impact the economy, the environment and society at large. Therefore, the loan portfolio is key to our downstream value chain. Using the capital raised from our depositors, investors and owners, we create financial products and services for retail and corporate customers. Real estate activities account for the largest portion of the loan

portfolio, followed by the agriculture, construction, and accommodation and food service sectors. Over half of the loans issued in these sectors are intended to finance the purchase of assets, such as vehicles, equipment and buildings.

A significant impact also comes from our own operations, such as being an employer. Employee satisfaction with the working environment, management quality, remuneration and other benefits determines their loyalty and motivation to create value for the group. The quality and terms of the services we offer influence customer satisfaction, business volumes and, ultimately, our sustainability. When stakeholders are satisfied, Bigbank grows and remains sustainable.

The group's upstream value chain includes service providers. In order to provide financial services, we require the assistance of various suppliers for services such as customer identification, server management and marketing, which enables us to increase our business volumes, influence public opinion and the views of our customers, and impact society at large. We operate in accordance with the regulatory requirements applicable to the financial sector, which is why regulators such as the Estonian Financial Supervision and Resolution Authority are an important part of our value chain.

The main source of financing for the loan portfolio is the deposit portfolio. Throughout the year, deposit customers showed significant interest in the group's deposit products in all markets where they are offered. This interest was primarily driven by the general rise in interest rates and Bigbank's competitive deposit rates in all markets. Bigbank continues to offer two deposit products: term deposits and savings deposits.

[SBM-2] Interests and views of stakeholders

The key stakeholders addressed in Bigbank's strategy are customers and employees. During the double materiality assessment process, stakeholders were mapped more broadly across the entire value chain, taking into account the group's activities, business relationships, and areas of operation. The identified stakeholders were categorised as (1) affected stakeholders, (2) users of the sustainability statement, or both. The purpose of stakeholder engagement was to identify their main interests and expectations, to assess the group's actual and potential impacts on people and the environment, and to identify financial risks and opportunities. Stakeholder input was obtained through direct and indirect engagement activities, such as regular customer and employee surveys, daily communication, brand studies, investor relations and procurement procedures. Additional engagement activities took place during the double materiality assessment process. These included sending out questionnaires focused on sustainability topics to customers and employees, and conducting interviews with shareholders. An overview of the group's stakeholders is presented in Table 1.

The Bigbank group considers the interests and views of its stakeholders. The expectations of different stakeholders are communicated to the management and supervisory boards via feedback surveys, studies and periodic reports. In 2025, the interests and views of stakeholders were aligned with Bigbank's strategy and business model. Therefore, no changes were made to the strategy or business model, nor are any further steps planned in this regard.

Table 1. Overview of stakeholders

Key stakeholders	Affected stakeholders, users of the sustainability statement, or both	Type of engagement	Key interests and expectations of stakeholders	Integration of engagement results into the assessment of impacts, risks and opportunities (IROs)
Shareholders (owners)	Both	Monthly meetings, ongoing communication, ESG interviews	Profitability (including increasing renewable energy loan volumes), Bigbank's resilience and sustainability, compliance with industry regulations, accountability to employees	Identifying and assessing IROs
Investors	Affected	Ongoing communication, public reports	Bigbank's resilience	Identifying and assessing IROs
Employees	Affected	Regular questionnaires (including ESG topics) and discussions, workshops	Adequate remuneration, work-life balance and well-being, training and skills development, job security, information security, circular economy initiatives, regulatory compliance and ethical corporate culture	Identifying and assessing IROs
Management board and other leadership	Affected	Management board, leadership and ESG working group meetings	Sustainability reporting and compliance with sector regulations, including CSRD	Identifying and assessing IROs, validating/approving results
Customers	Affected	Regular customer experience questionnaires (including ESG topics), meetings, complaints and feedback reporting, brand studies	Access to products and services, service quality, reliability, contribution to society, reduction of pollution	Identifying and assessing IROs
Suppliers	Affected	Supplier relationships and procurement policies	Payment practices	Identifying and assessing IROs
Regulators and professional associations	Users	Official communication with the Estonian Financial Supervision and Resolution Authority, active membership in the Estonian Banking Association, Finance Estonia, the Estonian Chamber of Commerce and Industry, the	Compliance with sector regulations and implementation of good market practices	Identifying IROs

		Estonian Leasing Association and the Estonian Taxpayers Association		
Society (local communities, media, non-profit associations, etc.)	Both	Sponsorship, public events, press and media relations	Ethical business practices, promoting financial literacy, contributing to a sustainable economy	Identifying IROs
Rating agencies (e.g. Moody's)	Users	Public reports, official communication	Issuing credit ratings	Identifying IROs
Nature (silent stakeholder)	Affected	Scientific literature, public studies	Impact on the environment	Identifying IROs
Other banks operating in the same markets	Users	Public reports, membership in banking associations	Sustainable banking, regulations	Identifying IROs

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

Table 2 provides an overview of the material impacts, risk and opportunities (IROs) resulting from the materiality assessment of the Bigbank group. In total, 13 material IROs were identified. Changes to material IROs in 2025 compared to 2024 reporting period are described in section IRO-1.

Material impacts, risks and opportunities are primarily connected to Bigbank's own operations, but some are also related to the value chain. The material risk of financing sectors with a high climate risk relates to the value chain, yet it also directly impacts own operations by creating higher credit risk.

The material risks and opportunities of the Bigbank group have some financial impact on the group's financial position, financial results and cash flows. It is not anticipated, however, that there will be any material risks and opportunities of such a nature or extent for which there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements in the next annual reporting period. The IROs identified in the double materiality assessment are all linked to the group's strategy and business model and influence both short- and long-term business decisions.

Climate change-related risks and opportunities (E1) arise primarily from the loan portfolio, as Bigbank finances companies and individuals whose activities have an environmental impact or that may be affected by climate change. These risks are linked to Bigbank's sustainability policy and strategy through the financing of loans that carry environmental risks in the loan portfolio. Impacts related to own workforce (S1) are critical, given that qualified personnel are central to the business model in the banking sector. Therefore, Bigbank prioritises supporting the well-being and development of its employees, as well as creating a competitive and motivating working environment. Risks related to business conduct (G1) are also strategically important, as the reputation and reliability of banking depend on transparency and responsibility. Accurate and transparent disclosure of ESG data is therefore also strategically important.

In 2025, the group did not conduct a comprehensive analysis of how resilient its strategy and business model are in terms of its ability to address material impacts and risks, and to leverage material opportunities. However, regular climate risk stress testing has been conducted since 2023. This helps analyse how well the corporate banking business model in the Baltics supported lending to micro-enterprises (entities with less than 10 employees) and how micro-financing (credit facilities of up to 50,000 euros) evolved in the period 2023–2025. Going forward, Bigbank plans to assess the resilience of its business model to ensure its adaptability and competitiveness in a changing economic environment. The group is considering ways to further integrate sustainability into its strategy and operations. Specific actions and plans will depend on the results of assessments conducted in the upcoming reporting years.

Table 2. Material impacts, risks and opportunities of the Bigbank group

IRO type	Sub-topic or sub-sub-topic	IRO description	IRO time horizon	IRO location in value chain
E1 Climate change				
Risk	Climate change adaptation	Financing sectors with a high climate risk: Bigbank may face a higher credit risk when financing customers whose activities are significantly affected by carbon taxes, the Sustainable Fuels Regulation and other increasingly stringent sustainability regulations, as well as technological change. Credit risk manifests itself as credit losses when financing sectors vulnerable to climate change.	Long-term	Own operations, downstream value chain (loan portfolio)
Negative actual impact	Climate change mitigation	Greenhouse gas emissions from the group's own operations (Scopes 1, 2 and 3, including financed emissions): Direct emissions (e.g. the use of fossil fuels in the group's vehicles) and indirect emissions (e.g. the production of purchased electricity and heat) arise from the group's own (office) operations, contributing to the exacerbation of climate change, along with financed emissions in Bigbank's portfolio.	Long-term	Own operations, downstream value chain
S1 Own workforce				
Opportunity	Secure employment	Secure employment reduces employee turnover: A stable job increases employee motivation, making it more likely that employees will stay with the group for longer, which reduces direct and indirect payroll costs (recruitment, training, loss of productivity).	Short-, medium- and long-term	Own operations
Positive actual impact	Work-life balance	Supporting employees' work-life balance and promoting the compatibility of family and career enhances employee well-being: Bigbank offers its employees flexible working options, including working from home and participating in meetings via video conference, to help them balance work and personal life.	Short-, medium- and long-term	Own operations
Negative potential impact	Health and safety	Promoting employee health (e.g. health check-ups, vaccinations) and ensuring a safe working environment protects employees and increases job satisfaction: Bigbank focuses on raising awareness and improving employees' physical and mental health. For example, psychological support and other services are provided.	Short- and medium-term	Own operations
Opportunity	Training and skills development	Providing regular training and skills development for all employees can significantly enhance the resilience and accuracy of banking processes, as well as the quality of customer advisory services, thereby improving the group's reputation, increasing customer satisfaction, reducing legal risks and helping to avoid potential costs. This ensures high-quality services and may subsequently increase revenues.	Short-, medium- and long-term	Own operations

IRO type	Sub-topic or sub-sub-topic	IRO description	IRO time horizon	IRO location in value chain
S4 Consumers and end-				
Risk	Privacy	Inadequate privacy and data protection: If Bigbank fails to ensure the security of customers' personal and financial data, there may be data breaches, which could result in financial losses for customers and invasion of their privacy.	Short, medium- and long-term	Own operations
Negative potential impact	Information-related impacts for consumers and/or end-users	Responsible customer service and clear exchange of information prevent customers from getting into payment difficulties: Before signing a product agreement, Bigbank communicates proactively with customers to inform them of their obligations and the potential risks involved. The quality of customer service is assessed, and customer experience is systematically researched and analysed. Promises made to customers are kept and information is shared effectively. This includes providing sufficient information about loan products and proactively preventing potential payment difficulties by working with customers.	Short-, medium- and long-term	Own operations
Opportunity	Access to products and services	Development of customer-centric digital solutions: The expansion and enhancement of Bigbank's digital channels create financial opportunities to increase customer satisfaction and loyalty. This, in turn, boosts the frequency of service usage and may increase revenues. Providing customer-centric digital solutions helps expand the customer base and reduce operational costs, thereby ensuring greater profitability and a competitive advantage in the long term.	Short and medium term	Own operations
Opportunity	Access to products and services	Offering credit products to underserved market segments: The group can increase revenue and market share by providing products based on responsible lending principles to previously underserved customers.	Short-, medium- and long-term	Own operations
Risk	Responsible marketing practices	Adopting irresponsible lending practices would increase Bigbank's credit risk, as the risk of late payments and non-repayment would rise. This could also result in reputational damage, as customers might view Bigbank as unreliable. Consequently, customer trust would decrease, harming the group's market position.	Short, medium- and long-term	Own operations

IRO type	Sub-topic or sub-sub-topic	IRO description	IRO time horizon	IRO location in value chain
G1 Business conduct				
Risk	Cases of corruption and bribery	Damage to reputation and/or financial position in cases of corruption or bribery involving the group or suspicions thereof	Short-, medium- and long-term	Own operations
Risk	Entity-specific information: cybersecurity	Information security and cybersecurity: Cyber incidents can result in financial penalties, higher operational costs and extensive reputational damage for the group. Decreased trust and potential loss of customers may impact Bigbank's revenues, while increased costs for technology upgrades and employee training can create a long-term financial burden and elevate overall financial risks.	Medium- and long-term	Own operations

Impact, risk and opportunity management

[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

In 2024, Bigbank conducted its first double materiality assessment (DMA) in accordance with ESRS 1 and EFRAG IG 1: Materiality Assessment Implementation Guidance recommendations, analysing the impact of the group's business activities on the environment and people, as well as its financial risks and opportunities. In 2025, an annual review and reassessment was carried out, the results of which are reflected in this sustainability statement. The reassessment did not include a new analysis of the business context, value chain or identifying the stakeholders, as these elements are not expected to change significantly within a one-year period. The reassessment resulted in the updated list of material impacts, risks and opportunities disclosed in Table 2. Relative to 2024, duplicate topics were consolidated and certain own-workforce impacts were reclassified as compliance rather than additional material impact. The opportunity to finance renewable energy and energy efficiency projects was reassessed as immaterial due to lower than expected financing volumes. The risk of greenwashing was reassessed as immaterial, as Bigbank does not make environmental performance claims regarding its products. One additional environmental risk became material in 2025: exposure to sectors with high climate risk.

The DMA process consists of five steps:

1. Understanding the context. Bigbank analysed its main business activities across all locations (branches in Estonia, Latvia, Lithuania, Finland, Sweden and Bulgaria, and cross-border operations in Germany, the Netherlands and Austria). This involved mapping its operations and business relationships in both their upstream and downstream value chain. Bigbank's strategy, policies, financial reports and stress testing results (including the materialisation of climate related-risks) were also analysed, along with the regulatory landscape of the European banking sector and relevant professional articles. To understand the context, an analysis of sustainability topics and key indicators in the banking sector was conducted considering, among other sources, international SASB (Sustainability Accounting Standards Board) standards, the sustainability statements of commercial banks operating in the same market and previous sustainability studies in the banking sector. Potential impacts, risks and opportunities (IROs) related to the loan portfolio, which manifest in the downstream value chain and arise from the portfolio structure, financed assets and activities, were mapped separately. The analysis also provided an overview of significant stakeholders who can affect the group or whom Bigbank itself can affect (see chapter SBM-2 Interests and views of stakeholders). Key affected stakeholders were identified, and both direct and indirect engagement initiatives with stakeholders conducted, which provided input for identifying and assessing actual and potential IROs.

2. Identification of the actual and potential IROs related to sustainability matters. In this step, the actual and potential material impacts, risks and opportunities of the Bigbank group were identified based on the results of the previous step, considering the group's dependence on the availability of natural, human and social resources, and referring to the sustainability matters in ESRS 1 AR 16. For each identified impact, an analysis was conducted to determine whether it could in turn create significant financial risks or opportunities.

3. Assessment and determination of the material IROs related to sustainability matters. Following the identification of actual and potential IROs, an assessment was conducted to evaluate the relevance and financial materiality of the impacts in the short, medium, and long term, considering stakeholder input. Bigbank adopted a top-down approach in the materiality assessment. The assessment was carried out by the sustainability working

group formed during the DMA process, which included, among others, a member of the management board, the head of risk reporting and financial risk control, the chief accountant, a compliance specialist, the head of employee experience and a business controller.

For negative actual impacts, the scale, scope and irremediable character of the impact were assessed, determining the severity of the impact. For potential negative impacts, the likelihood of the impact occurring was also estimated. Regarding positive impacts, the scale and scope of actual impacts, and the scale, scope and likelihood of potential impacts were assessed. In assessing financial materiality, i.e. risks and opportunities, the likelihood of occurrence and the potential magnitude of their financial effects were considered. Appropriate qualitative and quantitative scales and thresholds were established for assessing the materiality of IROs. Impact and financial materiality were assessed using a 5-point scale chosen based on EFRAG IG 1 guidance, known market practices for assessing IROs and the combined expertise of the assessment working group.

4. Reporting. The double materiality assessment was validated and verified by the sustainability working group. The assessment of IROs was conducted through a three-tier internal control system. The initial assessment was conducted by the sustainability working group, which evaluated impacts and financial materiality based on standardised thresholds and quality control, ensuring the consistency of the methodology and data through an internal review. The management board of Bigbank assessed the strategic materiality of the IROs and confirmed the identified material IROs. The board's decision was documented and integrated into the consolidated sustainability statement preparation process.

5. Annual review and reassessment of the double materiality analysis. The material topics are reviewed and reassessed each year, taking into account evolving stakeholder perspectives, new legislative or political developments, shifts within the organisation, as well as projects that have been completed.

Bigbank engaged KPMG Baltics OÜ's ESG consultants to conduct the double materiality assessment.

The Bigbank group's approach has been to integrate sustainability-related management and assessment into their overall risk management process, meaning that ESG risks are not managed or assessed separately, nor are there separate ESG risk assessment tools. As a separate ESG risk assessment framework is not applied, sustainability-related risks are assessed similarly to other risks, such as financial risk and business risk, using the same system, thereby ensuring their comparability. For example, the group assesses sustainability-related risks using the same guidelines that are usually applied to extending loans to customers. Climate risks are prioritised separately during stress testing.

In the decision-making process related to material impacts, risks and opportunities, ESG opportunities are analysed, involving different departments as needed (e.g. risk management or financial planning). This includes portfolio analysis to identify sustainable investment opportunities (e.g. green loans), monitoring developments in the macroeconomic and regulatory environment in order to adjust the strategy to meet ESG requirements and engaging with stakeholders to understand customer and investor expectations regarding sustainability.

[IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statement

IRO-2 List of the disclosure requirements complied with in preparing the sustainability statement

ESRS standard	ESRS disclosure requirements	Reference to sustainability statement section (page number)	
ESRS 2 General disclosures	BP-1	General basis for preparation of the sustainability statement	44
	BP-2	Disclosures in relation to specific circumstances	44
	GOV-1	The role of the administrative, management and supervisory bodies	45
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	47
	GOV-3	Integration of sustainability-related performance in incentive schemes	48
	GOV-4	Statement on due diligence	48
	GOV-5	Risk management and internal controls over sustainability reporting	49
	SBM-1	Strategy, business model and value chain	51
	SBM-2	Interests and views of stakeholders	54
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	57
E1 Climate change	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	61
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	63
	E1. GOV-3	Integration of sustainability-related performance in incentive schemes	72
	E1-1	Transition plan for climate change mitigation	72
	E1. SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	72
	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	73
	E1-2	Policies related to climate change mitigation and adaptation	74
	E1-3	Actions and resources in relation to climate change policies	76
	E1-4	Targets related to climate change mitigation and adaptation	76

	E1-5	Energy consumption and mix	-
	E1-6	Gross Scopes 1 and 2 and total GHG emissions (emissions for Scope 3 are omitted from the sustainability statement)	77
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-
	E1-8	Internal carbon pricing	-
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (omitted from the sustainability statement in the first year of preparation)	-
S1 Own workforce	S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	79
	S1-1	Policies related to own workforce	80
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	82
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	82
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	83
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	85
	S1-6	Characteristics of the undertaking's employees	85
	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	-
	S1-8	Collective bargaining coverage and social dialogue	-
	S1-9	Diversity metrics	-
	S1-10	Adequate wages	-
	S1-11	Social protection	-
	S1-12	Persons with disabilities	-
	S1-13	Training and skills development metrics	87
	S1-14	Health and safety metrics	87
	S1-15	Work-life balance metrics	87
	S1-16	Compensation metrics (pay gap and total compensation)	-
	S1-17	Incidents, complaints and severe human rights impacts	-

S4 Consumers and end- users	MDR. ESRS 2: BP-2 17	Consumers and end-users <i>(Use of phase-in provisions in accordance with Appendix C of ESRS 1)</i>	88
G1 Business conduct	G1.GOV-1	The role of the administrative, management and supervisory bodies	91
	G1-1	Business conduct policies and corporate culture	92
	G1-2	Management of relationships with suppliers	95
	G1-3	Prevention and detection of corruption and bribery	95
	G1-4	Confirmed incidents of corruption or bribery	97
	G1-5	Political influence and lobbying activities	-
	G1-6	Payment practices	-

'-' indicates that Bigbank does not present the disclosure requirement as it is not relevant in terms of material impacts, risks and opportunities.

IRO-2 Datapoints in ESRS 2 and topical ESRS that derive from other EU legislation

Disclosure requirement and related datapoint		SFDR	Pillar 3	Benchmark Regulation	European Climate Law	Material / not material	Reference to sustainability statement section (page number)
ESRS2 GOV-1	Board's gender diversity paragraph 21 (d)	x		X		Material	45
ESRS2 GOV-1	Percentage of board members who are independent paragraph 21 (e)			X		Material	46
ESRS2 GOV-4	Statement on due diligence paragraph 30	x				Material	48
ESRS2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	x	x	X		Not material	-
ESRS2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	x		X		Not material	-
ESRS2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	x		X		Not material	-
ESRS2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			X		Not material	-
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14				x	Material	72
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		x	X		Material	72
ESRS E1-4	GHG emission reduction targets paragraph 34	x	x	X		Material	76
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	x				Not material	-
ESRS E1-5	Energy consumption and mix paragraph 37	x				Not material	-
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	x				Not material	-

ESRS E1-6	Gross Scopes 1, 2, 3 and total GHG emissions paragraph 44	x	x	X		Material	78
ESRS E1-6	Gross GHG emissions intensity paragraphs 53	x	x	X		Material	78
ESRS E1-7	GHG removals and carbon credits paragraph 56				x	Not material	-
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			X		Not material	-
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		x			Not material	-
ESRS E1-9	Location of significant assets at material physical risk paragraph 66 (c)		x			Not material	-
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		x			Not material	-
ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities paragraph 69			X		Not material	-
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	x				Not material	-
ESRS E3-1	Water and marine resources paragraph 9	x				Not material	-
ESRS E3-1	Dedicated policy paragraph 13	x				Not material	-
ESRS E3-1	Sustainable oceans and seas paragraph 14	x				Not material	-
ESRS E3-4	Total water recycled and reused paragraph 28 (c)	x				Not material	-
ESRS E3-4	Total water consumption in m ³ per net revenue on own operations paragraph 29	x				Not material	-
ESRS 2 – SBM 3 – E4	Paragraph 16 (a) subpoint i	x				Not material	-
ESRS 2 – SBM 3 – E4	Paragraph 16 (b)	x				Not material	-

ESRS 2 – SBM 3 – E4	Paragraph 16 (c)	x		Not material	-
ESRS E4- 2	Sustainable land / agriculture practices or policies paragraph 24 (b)	x		Not material	-
ESRS E4- 2	Sustainable oceans / seas practices or policies paragraph 24 (c)	x		Not material	-
ESRS E4- 2	Policies to address deforestation paragraph 24 (d)	x		Not material	-
ESRS E5- 5	Non-recycled waste paragraph 37 (d)	x		Not material	-
ESRS E5- 5	Hazardous waste and radioactive waste paragraph 39	x		Not material	-
ESRS 2- SBM3 - S1	Risk of incidents of forced labour paragraph 14 (f)	x		Not material	-
ESRS 2- SBM3 - S1	Risk of incidents of child labour paragraph 14 (g)	x		Not material	-
ESRS S1-1	Human rights policy commitments paragraph 20	x		Material	80
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21		X	Material	80
ESRS S1-1	Processes and measures for preventing trafficking in human beings paragraph 22	x		Material	80
ESRS S1-1	Workplace accident prevention policy or management system paragraph 23	x		Material	82
ESRS S1- 3	Grievance/complaints handling mechanisms paragraph 32 (c)	x		Material	82
ESRS S1- 14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	x	X	Material	87
ESRS S1- 14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	x		Material	87
ESRS S1- 16	Unadjusted gender pay gap paragraph 97 (a)	x	X	Not Material	-
ESRS S1- 16	Excessive CEO pay ratio paragraph 97 (b)	x		Not Material	-

ESRS S1-17	Incidents of discrimination paragraph 103 (a)	x		Not material	-
ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	x	X	Material	-
ESRS 2 - SBM3 - S2	Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	x		Not material	-
ESRS S2-1	Human rights policy commitments paragraph 17	x		Not material	-
ESRS S2-1	Policies related to value chain workers paragraph 18	x		Not material	-
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	x	X	Not material	-
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19		X	Not material	-
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	x		Not material	-
ESRS S3-1	Human rights policy commitments paragraph 16	x		Not material	-
ESRS S3-1	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	x		Not material	-
ESRS S3-4	Human rights issues and incidents paragraph 36	x		Not material	-
ESRS S4-1	Policies related to consumers and end-users paragraph 16	x		Material (transitional provision applied)	88
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	x	X	Material	88
ESRS S4-4	Human rights issues and incidents paragraph 35	x		Not material	-
ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	x		Material	92

ESRS G1-1	Protection of whistle-blowers paragraph 10 (d)	x		Material	92
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	x	X	Material	97
ESRS G1-4	Standards of anti-corruption and anti-bribery paragraph 24 (b)	x		Material	97

As a result of the double materiality assessment, Bigbank provides an overview of general disclosure requirements (ESRS 2) as well as disclosure requirements in the areas of climate change (ESRS E1), own workforce (ESRS S1) and business conduct (ESRS G1), under which Bigbank is also disclosing the entity-specific cybersecurity topic. Bigbank applies the phase-in provisions for the disclosure of the topic of consumers and end-users (S4). The highlighted sustainability topics are material for Bigbank, as each is linked to one or more impacts, risks or opportunities. In the double materiality assessment, Bigbank focused on the severity of impacts, risks and opportunities, calculated prior to the group's own mitigating actions and measures.

Bigbank followed the criteria established in chapter 3.2 'Material matters and materiality of information' of ESRS 1 and EFRAG IG 1: Materiality Assessment (May 2024) for identifying the material impacts, risks and opportunities in the disclosure of material information, including the determination of materiality thresholds. For each identified IRO, Bigbank assessed the mandatory disclosure requirements and datapoints based on ESRS requirements, including EFRAG IG 3: List of ESRS datapoints (May 2024). The disclosure of information also considered whether such information is relevant to the readers of the sustainability statement and may influence the decision-making needs of the primary users of the statement or the needs of users whose principal interest is in information about the group's impacts.

ENVIRONMENTAL INFORMATION

EU Taxonomy Reporting

Bigbank is within the scope of the EU Taxonomy Regulation.

The European Union Taxonomy Regulation (Regulation (EU) No. 2020/852) is a classification system that defines the criteria for determining whether an economic activity qualifies as environmentally sustainable. According to Article 8 of the Taxonomy Regulation, any undertaking which is subject to the obligation to publish non-financial information pursuant to Directive 2013/34/EU has to include in its non-financial statement or consolidated non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under articles 3 and 9 of the Taxonomy Regulation.

The Commission Delegated Regulation (EU) 2026/73 introduced the possibility for financial institutions to opt-out from detailed Taxonomy reporting from 1 January 2026 to 1 January 2028. This two-year opt-out is granted for the period in which the European Commission will review the Taxonomy technical screening criteria and disclosure rules.

In previous years, Bigbank made various efforts to assess the alignment of its activities with the Taxonomy Regulation by assessing compliance with technical screening criteria, the Do No Significant Harm (DNSH) principle and the minimum safeguards. It has proven challenging to obtain sufficient evidence to demonstrate compliance across the three dimensions simultaneously. For a financial institution, the availability of the required information is largely dependent on third parties, such as borrowers, as well as public databases and public authorities. However, such information is often unavailable or incomplete.

While Bigbank has launched a lease product designed to meet EU Taxonomy criteria, the share of this product in the group's overall portfolio remains immaterial. Given its limited scale, the associated reporting effort would not be proportionate. In this context, Bigbank welcomes and values the European Commission's decision to introduce temporary relief measures for financial institutions within the scope of the EU Taxonomy Regulation, pending the review and reassessment of the taxonomy technical screening criteria and related disclosure requirements.

During the opt-out time, Bigbank will focus on strengthening its data collection processes, enhancing internal systems and cooperation with customers to improve the availability and reliability of data.

Accordingly, none of Bigbank's activities are claimed as being associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 (Taxonomy Regulation).

ESRS E1 – CLIMATE CHANGE

Governance

[GOV-3] Integration of sustainability-related performance in incentive schemes

The remuneration of members of the administrative, management and supervisory bodies of the Bigbank group is not linked to climate-related considerations.

Strategy

[E1-1] Transition plan for climate change mitigation

The Bigbank group has not developed a transition plan for climate change mitigation, but we recognise our responsibility to society, the environment and our customers, and understand the growing demand for sustainable development. We can use our financial resources, employees and customer base to promote economic growth, improve quality of life for our customers and support the transition towards a more sustainable future.

To limit global warming to the 1.5°C recommended by the Intergovernmental Panel on Climate Change, greenhouse gas (GHG) emissions must be rapidly and immediately reduced worldwide. Companies are required to set short-term measurable science-based targets (SBTs) in their transition plans and measure their carbon footprint. Bigbank will first establish a comprehensive emissions baseline, which includes financed emissions, identify the activities and sectors with the greatest impact, and strengthen data availability and quality. Since Bigbank is not a company excluded from EU Paris-aligned benchmarks, based on the full GHG data, the group will set Paris-aligned reduction targets that appropriately reflect the categories with the most significant climate impact and will create a transition plan that takes these into account. Bigbank is expecting to have its transition plan ready by 2030.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

An overview of material impacts, risks and opportunities is presented on page 58 in Table 2.

A material risk identified under the topic of climate change is the risk of financing sectors with a high climate risk, as banks face a higher credit risk when financing customers significantly impacted by carbon taxes and other increasingly stringent sustainability regulations.

Bigbank's revenues are primarily influenced by net interest income and losses on the real estate-secured loan portfolio. This makes portfolio analysis the most suitable method for assessing the impact of climate change on the business model. The portfolio of loans secured by real estate is the main driver of Bigbank's strategic business growth, at least until 2026.

Bigbank has not conducted a climate scenario analysis but performs regular climate risk stress testing, which is based on IPCC climate scenarios, to assess the resilience of its business model to climate change.

Climate risk is included in the stress testing of loan portfolio analysis as one of the potential systemic risks, which is not unique to Bigbank but affects all credit and financial institutions. The testing was carried out to estimate the potential 2025–2026 financial losses on the basis of projections made for corporate loans up to the year 2040 and for home loans for the period 2041–2070. Since the sustainability statement must also cover the medium and long term, an additional climate stress testing was conducted to estimate potential financial losses up to 2034.

Climate-related risk impacts materialise through physical risks and risks associated with the transition to a greener economy. In its analyses, Bigbank considered two of the most significant physical risks for our region, i.e. extreme precipitation and flooding, as noted in the ECB's 2022 stress test report.¹ The combination of physical and transition risks during the stress period of 2025–2026 could result in financial losses amounting to 3.12 million euros. By 2035, climate-related losses could reach 4.35 million euros. It can be concluded that climate-related risks do not have a significant financial impact on the Bigbank group.

Impact, risk and opportunity management

[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

In the double materiality assessment process, the impacts, risks and opportunities related to climate change associated with Bigbank's direct business activities and value chain, including the loan portfolio, were mapped and evaluated in the short, medium and long term. The assessment considered Bigbank's GHG emissions for Scopes 1 and 2. However, the climate impact of the loan portfolio, which accounts for the majority of Scope 3 GHG emissions (i.e. value chain emissions) for commercial banks, has not yet been assessed. In 2025, an assessment of significant Scope 3 categories was carried out, after which Bigbank began investigating the necessary methodologies for calculating financed emissions. An assessment of the climate impact of the loan portfolio is planned for the next financial year.

Climate-related risks are part of portfolio stress testing. Stress testing included the assessment of the financial impact of climate change related physical risks on real estate collateral and the financial impact of transition risks on the loan portfolio across different industries. No information regarding stress testing is considered constrained.

Physical risks

The assessment of physical risks considered the impact of extreme precipitation and flooding on real estate collateral. The assessment utilised data from the Intergovernmental Panel on Climate Change (IPCC) AR5 synthesis report. The assessment of physical risks covered two different time periods: for corporate loans the period up to 2040, and for home loans the period 2041–2070. Different time horizons were selected based on the average maturity of different loan products. Bigbank's corporate loan portfolio has a shorter maturity compared to the home loan portfolio, which is why the stress scenario for corporate loans also has a shorter time horizon.

For the preparation of IPCC-based forecasts, four different climate change scenarios (Representative Concentration Pathways, RCPs) can be used, which project potential changes in GHG emissions throughout the 21st century. RCP8.5 is the most pessimistic scenario, which is why this conservative scenario was chosen for stress testing.

A total of 16,451 real estate assets were tested in 2025, which were categorised into three risk categories: low, medium and high. The potential total loss from physical climate risks during the period 2025–2026 is projected to be up to 2.60 million euros.

Transition risks

In addition to physical risks, the transition to a greener economy also involves transition risks. Transition risk was assessed using the methodology of the United Nations Environment Programme Finance Initiative (UNEP FI), which describes evolving economic

¹https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.climate_stress_test_report.20220708~2e3cc0999f.en.pdf

environments over time, across sectors and geographical areas, as well as the financial pressure on various sectors and companies. The transition risks outlined in this methodology are associated with the costs of transitioning to a low-carbon economy, aligned with a 1,5C degree scenario, which may impact companies' revenues. The financial impact experienced by Bigbank is related to revenue reduction and three types of low-carbon transition costs: direct and indirect emissions costs, as well as necessary low-carbon investments.

As a result of the assessment of transition risks, two economic sectors were identified as high risk: electricity, gas, steam and air conditioning supply, and raising of dairy cattle.

Sectors with moderate risk impacts include:

1. Accommodation and food services
2. Agriculture, forestry and fishing
3. Arts, entertainment and recreation
4. Manufacturing
5. Real estate activities
6. Transportation and storage

Transition risk primarily affects companies operating in sectors with high risk impacts, which is why a higher potential loss rate was applied to them. The stress test also included companies operating in sectors with moderate impact. The analysis considered loan maturity. As transition risk does not materialise immediately, loans with a maturity of less than 3 years are not significantly affected by transition risks. In assessing the impact, it was assumed that the realisation of transition risk would increase loan losses in Bigbank's corporate loan portfolio but would not affect the market values of collaterals. The projected total potential loss from transition risks during the period 2025–2026 is up to 520,000 euros.

As a result of the combination of physical and transition risks, an unexpected loss of up to 3.12 million euros may be incurred during the period 2025–2026, which remains below Bigbank's financial materiality threshold. Therefore, no additional capital will be allocated or recognised in the financial statements to reflect this. The impact of physical climate risk may reach the financial statements through additional loan loss allowances due to a decline in the market value of collateral resulting from the realisation of physical climate risks. In 2025, Bigbank did not recognise any allowances for the realisation of climate risks, as such an impact would manifest through a decline in the market value of real estate collateral, and such loans are strongly secured by real estate in the group's loan portfolio.

[E1-2] Policies related to climate change mitigation and adaptation

The supervisory board of Bigbank has established a sustainability policy for the Bigbank group, which defines the meaning of sustainability for Bigbank and formulates the goals and commitments to ensure that we can measure progress and results. Bigbank recognises its responsibility to society, the environment and its customers, and understands the growing demand for sustainable development. We have the opportunity to use our financial resources, employees and customer base to promote economic growth and support the transition towards a more sustainable future. Our aim is to provide financial services that support sustainable development, promote responsible financial solutions and contribute to sustainable regional development.

In developing and establishing the sustainability policy, Bigbank considered the interests of its key stakeholders. The key stakeholders directly involved in the process included Bigbank's employees, management board, other leaders and owners. The interests of nature as a silent stakeholder, as well as those of customers, investors, suppliers, regulators, society and rating agencies, were taken into account based on stakeholder expectations derived from scientific literature, public studies, feedback surveys and ongoing

communication. Bigbank has conducted regular sustainability surveys among its employees and customers since 2024 and updates the sustainability policy as needed based on the feedback collected. Bigbank's sustainability policy includes provisions for responsible partnership and customer strategy. Bigbank refrains from establishing business relationships with customers engaging in unethical business practices, including the mistreatment of people or animals, human rights violations, the use of child labour, or causing harm to the environment through excessive pollution. Bigbank also avoids establishing business relationships or partnerships with potential customers or business partners engaged in activities such as production of fossil fuels, cigarettes or e-cigarettes, livestock farming that does not comply with the European Convention for the protection of animals kept for farming purposes, illegal logging, endangering the well-being of endangered plants and animals, practising ecologically unsustainable fishing methods, or manufacturing or distributing weapons or weapon components prohibited by international law.

Sustainability principles related to the environment also include aspects of climate change mitigation and adaptation. The group is contributing to these areas by mitigating the environmental impact of its own activities in offices and emphasising the need for adaptation to portfolio counterparties.

Bigbank's sustainability principles regarding climate and environmental issues are as follows:

- We minimise the environmental impact of our offices by following green office principles, which include minimising waste generation in the workplace.
- We avoid greenwashing by adopting best practices in the field and connecting our sustainability initiatives with a scientific approach.
- We ensure enhanced engagement with customers in sectors with elevated ESG risks, such as construction and real estate, transportation, forestry, and energy, to understand their transition strategies and encourage progress toward more sustainable practices.

The sustainability policy covers the following material impacts, risks and opportunities identified under the climate change topic:

- Material impact: GHG emissions from Bigbank's operations (Scopes 1, 2 and 3, including financed emissions).
- Material risk: Financing sectors with a high climate risk creates a higher credit risk for Bigbank.

The sustainability policy does not currently address the potential negative impact of financed emissions. Financing carbon-intensive activities and projects can exacerbate climate change by increasing GHG emissions. In the coming years, Bigbank is planning to assess the potential severity and the capacity to measure the impact of this activity. Based on the results of this assessment, the group will consider the extent of addressing this sustainability issue in the policy.

The supervisory board ensures the implementation of Bigbank's sustainability policy by the members of the supervisory and management boards. The management board ensures that the policy is aligned with and integrated into the group's other internal regulations and documents.

The sustainability policy (like all other internal regulations) has been published on Bigbank's intranet and is accessible to all employees. Information about the policy was sent to all employees upon its approval, and its content has since been introduced. The sustainability policy has been publicly available on Bigbank's website since 2025.

[E1-3] Actions and resources in relation to climate change policies

Bigbank has not currently adopted climate policies, but climate action is part of the group's sustainability policy. Action plan has not been developed. Nevertheless, Bigbank still has climate mitigation related initiatives, yet they're not considered as an approved action plan to reduce emissions.

In 2025, Bigbank assessed significant Scope 3 categories to understand which categories should be prioritised in its GHG calculations and sustainability statements going forward. The analysis was carried out in line with the GHG Protocol's principles of relevance, completeness, accuracy, consistency and transparency, enabling the exclusion of non-significant categories and prioritisation of those that are material. Based on this assessment, Bigbank concluded that the vast majority of its Scope 3 emissions, over 99%, originate from its lending portfolio, corresponding to Category 15: Investments, while all other Scope 3 categories were found to be irrelevant either quantitatively or qualitatively, based on the group's service-based business model.

Currently, no specific targets have been set regarding the reduction of GHG emissions. Bigbank is, however, aware of the risks and opportunities related to climate change. The group plans to continue assessing its carbon footprint more precisely in the next reporting periods, specifically focusing on the potential methodologies and data requirements needed for calculating GHG emissions in its Scope 3 Category 15. Once a comprehensive view is acquired of the entire GHG footprint, Bigbank will consider actions to reduce it across all relevant scopes.

As a result of these activities, Bigbank may subsequently set specific climate-related targets and take corresponding actions. Once approved, these actions will be linked to the relevant entries in future financial statements and sustainability reporting requirements, including Commission Delegated Regulation (EU) 2021/2178.

Metrics and targets

[E1-4] Targets related to climate change mitigation and adaptation

In 2025, Bigbank assessed its greenhouse gas emissions footprint, specifically focusing on Scope 3 and the categories which may have a significant impact. The results show that the group's direct emissions in Scopes 1 and 2 might represent a minor portion of the overall footprint, while Scope 3 Category 15, financed emissions, could account for the bulk of the total carbon footprint. As the financed-emissions baseline has not yet been calculated, the group has not adopted specific reduction targets at this stage. Instead, Bigbank will first establish a comprehensive emissions baseline, integrate financed emissions into the assessment, identify the activities and sectors with the greatest impact, and strengthen data availability and quality. Based on the full picture, it will set reduction targets that appropriately reflect the categories with the most significant climate impact.

Regarding the material risk of financing sectors with high climate risk, the group conducts annual stress testing on collaterals to assess vulnerability toward climate risks. When the combined effect of physical and transition risks exceeds the financial materiality threshold, additional capital may be allocated and preventative measures taken.

In 2025, a new metric was developed with the aim of measuring exposure to sectors with a higher climate risk. In metric development, the UNEP FI transition risk methodology was used similarly as in stress testing for portfolio analysis, which is in depth described in IRO-1 section. In 2025, considering all corporate customers and credit products, the share of high climate risk sectors was 0.45% of Bigbank's portfolio, while medium risk sectors make up 78.5% of the portfolio. The remaining 21% are considered as low risk.

In its sustainability policy, Bigbank has committed not to finance fossil fuel production due to its significant contribution to climate change. The group currently does not finance fossil fuel production and intends to maintain this figure at zero.

Bigbank monitors and assesses its climate targets in accordance with the requirements of ESRs 2, using the following measures:

- an annual sustainability statement, disclosing the progress made regarding material sustainability topics;
- development of a GHG emissions monitoring system to measure and reduce the carbon footprint arising from the credit portfolio.

[E1-6] Gross Scopes 1 and 2 and total GHG emissions

In 2025, Bigbank took various important steps toward calculating its GHG emissions. A new GHG emissions calculating tool was developed for Bigbank, which takes into account the group's specifics and the GHG Protocol Corporate Accounting and Reporting Standard. The tool allows for the calculation of Scope 1 and 2 emissions. The emission factors used in the GHG calculations are sourced from national and international public databases, such as national GHG inventories, AIB European Residual Mixes, IPCC AR5 and UK DEFRA².

Scope 1 GHG emissions include direct emissions originating from sources owned or controlled by Bigbank. Scope 1 reflects emissions from on-site energy production equipment and passenger cars, as well as any uncontrolled emissions related to energy production.

Scope 2 emissions are indirect GHG emissions associated with the production of purchased electricity, heating or cooling consumed by the group.

Bigbank has decided not to disclose its Scope 3 emissions for the reporting year, as permitted by ESRs standards based on Delegated Regulation (EU) 2023/2772, when a company has fewer than 750 employees at the reporting date.

The emissions calculations included Bigbank's units and branches in Estonia, Latvia, Lithuania, Finland, Sweden and Bulgaria. The disclosed GHG emissions have not been validated by a third party.

The GHG results for 2024 and 2025 are presented in the table below. The 2024 Scope 1 and 2 GHG emissions were revised to reflect the methodological improvements made using the new GHG emissions calculating tool, which included the use of more granular and higher-quality activity data and the application of precise location-specific emission factors. Scope 1 emissions were revised to include an on-site energy production equipment in Bigbank HQ. As a result, the revised 2024 and 2025 GHG data is more accurate and significantly more comparable across the two reporting periods.

In 2025, the group's total GHG emissions decreased slightly in both Scope 1 and Scope 2 compared to the revised 2024 figures. In Scope 1, emissions decreased mainly due to reduced use of company cars and a slight reduction in on-site heat generation. Emissions related to energy consumption decreased in 2025 primarily due to improved data collection and updated emission factors. Overall energy consumption remained stable, while national emissions factors for electricity and heating declined significantly across all countries in which the group operates.

² Full list of emission factors used in 2025 GHG calculation are available at Bigbank website at <https://www.bigbank.ee/dokumendid/?main=779&sec&doc>

Table 3. GHG emissions

Scope 1 GHG emissions	2024 original	2024 revised	2025
Gross Scope 1 GHG emissions (tCO ₂ eq)	85.1	316.6	285.8
Biogenic emissions of CO ₂ from the combustion or biodegradation of biomass	N/A	N/A	N/A
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	N/A	1,425.7	1,136.4
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	1,586.2	1,727.4	1,366.0
Share of contractual instruments (electricity contracts, share of renewable electricity in total purchased electricity), %	0.11%	0.11 %	0.05%
Total Scope 1 and 2 GHG emissions			
Total GHG emissions (location-based) (tCO ₂ eq)	N/A	1,742.3	1,422.2
Total GHG emissions (market-based) (tCO ₂ eq)	1,671.4	2,044.0	1,651.8

GHG intensity based on net revenue

GHG intensity is calculated based on the group's revenue for the financial year and the total GHG emissions associated with its activities.

GHG intensity was calculated based on the revenue of the Bigbank group, excluding the consolidated revenue from credit institutions (see 'Revenue by EMTAK in the annual report).

The intensity data presented in the table below has also been revised to reflect the recalculated Scope 1 and 2 figures, as described above. The GHG intensity figure is likely overstated since Scope 3 emissions have not yet been calculated. As a result, value-chain-related revenue is excluded from the denominator, inflating the intensity figure. Financed emissions and Scope 3 will be calculated in the next reporting period.

Table 4. GHG intensity based on net revenue

GHG intensity per net revenue	2024 original	2024 revised	2025
Total GHG emissions (location-based) per net revenue (tCO₂eq/EUR million)	N/A	497.8	364.7
Total GHG emissions (market-based) per net revenue (tCO₂eq/EUR million)	477.5	584	423.5

SOCIAL INFORMATION

ESRS S1 – OWN WORKFORCE

Strategy

[S1-SBM3] Material impacts, risks and opportunities and their interaction with strategy and business model

The material IROs related to own workforce are presented on page 58 in Table 2.

At the end of 2025, the Bigbank group employed 646 people, the vast majority of whom were full-time employees with permanent contracts. These employees are in an employment relationship with Bigbank in accordance with national law. There were also some employees with fixed-term contracts and some part-time employees, but all employees had guaranteed hours. The group has no non-employee workers, including self-employed people and people provided by undertakings primarily engaged in employment activities. The scope of disclosure requirements covers all employees of the Bigbank group, including those on fixed-term and part-time contracts. The average length of service of the group's employees is 60 months.

A large proportion of Bigbank's employees are on permanent contracts. These contracts specify employees' working hours in accordance with local legislation. The group offers flexible options for employees to work from home and/or participate in meetings via video conferences when needed, to help them balance work and personal life.

Every workplace has its occupational hazards and can potentially have a negative impact on people's health, either through physical or mental harm. To ensure the health of its employees and prevent negative impact, Bigbank organises health check-ups in accordance with local requirements. In Latvia, Lithuania and Finland, it also offers health insurance to employees. To create a safe working environment, the group focuses on raising awareness and improving employees' physical and mental health. For example, employees are offered psychological support, vaccinations, sports benefits and the opportunity to participate in sports events.

Bigbank allows its employees to take a fixed number of health days each year, as well as time off for significant life events, without loss of pay.

Bigbank's existing action plans for reducing environmental impacts do not have any material impacts on its workforce. There are also no activities within Bigbank's operations that could pose a significant risk of incidents of forced, compulsory or child labour.

All of the group's employees were included in the assessment of material impacts, risks and opportunities, regardless of the type of their contract or contracted hours. The materiality assessment revealed no actual material negative impacts on the group's own workforce, meaning there are no individuals, or categories of employees, with specific characteristics or working conditions who are negatively affected. The group's code of conduct and prevention of conflict of interest policy also states that Bigbank does not discriminate against individuals.

The risks and opportunities relating to Bigbank's workforce arise from the group's reliance on labour for its business operations. This includes its dependence on the competence and well-being of its employees, both of which have a significant impact on the group's development, financial position and financial performance. These risks and opportunities are associated with the entire workforce, rather than specific groups of individuals.

Impact, risk and opportunity management

Bigbank has established group-wide policies that apply to all employees. All policies are supervisory board level-documents. Based on these policies, various internal procedures have been developed that fall under management's authority. This means that management is responsible for implementing the policies. Those responsible for specific policies or procedures must regularly review them and provide relevant personnel with training.

Bigbank takes employee feedback into account. This helps identify areas for improvement in the group's employment relationships.

The most important policies and internal procedures related to IROs include, for example, the code of conduct and prevention of conflict of interest policy, general principles of work organisation in the Bigbank group, and local principles of work organisation.

[S1-1] Policies related to own workforce

The following policies cover material IROs relating to Bigbank's own workforce:

- Opportunity – Secure employment reduces employee turnover: A stable job increases employee motivation, making it more likely that employees will stay with the group for longer, which reduces direct and indirect payroll costs (recruitment, training, loss of productivity) (general principles of work organisation in the Bigbank group).
- Positive actual impact – Supporting employees' work-life balance and promoting the compatibility of family and career enhances employee well-being: Bigbank offers its employees flexible working options, including working from home and participating in meetings via video conference, to help them balance work and personal life (general principles of work organisation in the Bigbank group).
- Negative potential impact – Every workplace can have a negative impact on employees' mental or physical health. Promoting employee health (e.g. health check-ups, vaccinations) and ensuring a safe working environment protects employees, prevents adverse health effects and increases job satisfaction: Bigbank focuses on raising awareness and improving employees' physical and mental health. For example, psychological support and other services are provided (general principles of work organisation in the Bigbank group and the branches' local principles of work organisation).
- Opportunity – Providing regular training and skills development for all employees can significantly enhance the resilience and accuracy of banking processes as well as the quality of customer advisory services, thereby improving the group's reputation, increasing customer satisfaction, reducing legal risks and helping to avoid potential costs. This ensures high-quality services and may subsequently increase revenues (group procedure for training principles and system).

The group's general principles of work organisation set out the overarching rules of conduct in employment relationships across the group, as well as the rules for adopting local principles of work organisation. This policy applies to all employees, regardless of their position or type of employment contract. Exceptions may apply at the level of local principles of work organisation or to specific individuals, when required by local legislation, collective agreements or local sector practices. Implementation of the policy is the responsibility of the group's HR manager and, at the local level, the local HR managers. The effectiveness of the work organisation principles is assessed through employee satisfaction surveys, feedback on occupational health matters and overviews presented to management. The policy is accessible to all employees on the group's intranet.

The group's policies are updated regularly based on regulatory requirements and employee feedback.

The purpose of the group procedure for training principles and system is to outline the means of supporting the objectives related to employee training, describe how the group conducts both mandatory and non-mandatory training activities, and explain how training-related data is managed. The policy applies to all employees of the group. As an exception, the training principles for members of Bigbank's management and supervisory boards, the group's head of finance, the head of the credit risk unit, the chief compliance officer and the head of the internal audit unit are regulated separately in the coaching and professional development guidelines for leaders. Ultimate responsibility for implementing the policy lies with the management board, which ensures that the training budget aligns with the group's vision and strategy. The policy is accessible to all employees on the group's intranet.

Bigbank AS has not issued any proclamations related to human rights, nor joined any conventions. However, when developing its workforce policies and internal procedures, Bigbank has drawn inspiration from the UN Guiding Principles on Business and Human Rights, the ILO's Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. Respecting human rights is an integral part of Bigbank's business operations.

In 2025, Bigbank updated its internal policies to include the aspect of management board diversity. The diversity policy for the governing bodies states that every individual must be given the same opportunity to participate in areas relevant to their profession, regardless of race, gender, age, religion, national origin, or other protected characteristics. The group strives for meaningful inclusion, ensuring that the representative of the underrepresented gender is chosen for their role and influence in the decision-making process, rather than as a mere formality.

For example, Bigbank's code of conduct and prevention of conflict of interest policy declares a zero-tolerance approach to discrimination and harassment based on nationality, citizenship, political opinion, gender, gender identity or expression, civil status, race, colour, appearance, religion or belief, disability, age or sexual orientation. Behaviour that does not constitute harassment, but which may create an atmosphere of hostility, intimidation or offence is not acceptable and must be avoided. If an employee encounters a situation involving abuse or harassment, they should report it promptly to the WOW support services area in accordance with the relevant internal procedures. Employees can submit complaints relating to human rights violations to the HR department, either in person or via an HR ticket. All complaints are treated as confidential. Depending on the nature of the complaint, the process will involve only the individuals necessary for clarifying the details of the situation and finding a solution.

Bigbank's policies relating to its workforce do not explicitly address human trafficking or the use of forced or child labour. Bigbank operates in EU member states that are bound by the Charter of Fundamental Rights of the European Union. The charter outlines the fundamental rights to which both the European Union and its member states must adhere when implementing EU legislation. In addition, there is strong legislation and adherence to human rights in all countries in which the group operates.

Bigbank has not established a separate policy for preventing workplace accidents. However, the local principles of work organisation include safety guidelines for office staff. As an employer, Bigbank ensures that workplace accidents are investigated and documented in accordance with applicable laws and regulations. The group has conducted all mandatory risk assessments of the working environment, and an additional risk assessment is required for each remote working location. The area of workplace accidents has been thoroughly mapped.

The group has not identified any particularly vulnerable groups or individuals within its workforce, which is why no specific commitments have been made regarding their inclusion or positive action. Prevention, mitigation and immediate action against

discrimination are ensured through the process outlined in the group's code of conduct and prevention of conflict of interest policy, as described above.

[S1-2] Processes for engaging with own workers and workers' representatives about impacts

Bigbank has established internal regulations which set out the processes for engaging with its own workforce and workers' representatives regarding the actual and potential impacts on employment security, work-life balance and health and safety. The general principles of work organisation within the Bigbank group regulate matters such as working time arrangements and health and safety.

The workforce is kept informed about material impacts, both actual and potential, through various channels. These include annual employee feedback surveys, regular one-on-one meetings with direct superiors (either weekly or bi-weekly, as agreed), and various regular meetings, including weekly department meetings and the group-wide quarterly All Hands meeting. In addition, information is shared with employees via the intranet, where they can provide feedback on specific topics and information. Employees can also communicate directly with the HR department. Employee perspectives are analysed, addressed and considered in the group's decision-making processes.

Employee perspectives also inform decisions and activities aimed at managing the actual and potential impacts on Bigbank's workforce. To this end, the group communicates directly with its employees through various channels at different frequencies, as indicated above. The management board is the highest level of management that engages directly with the workforce at quarterly meetings, where questions and issues raised by employees are addressed. Employee-related matters also reach the management board through regular internal reports, which influence the group's approach.

Three-tier responsibility ensures engagement occurs and informs the group's approach: the head of internal communication, who is responsible for engagement, reports to the group's HR manager, who in turn reports to the chairman of the management board.

The fundamental rights of individuals living in the EU are set out in the legally binding Charter of Fundamental Rights of the European Union. The charter establishes principles and rights relating to dignity, liberty, equality, solidarity, citizenship and justice for EU citizens and residents in the EU. As well as protecting civil and political rights, it covers workers' social rights, data protection, bioethics, and the right to good administration. As a company operating in EU member states, Bigbank must adhere to the human rights established in the charter. While the group does not have a separate written agreement with its employees regarding human rights, it respects their rights and they can freely express their opinions on these matters through any of the workforce engagement processes.

Bigbank assesses the effectiveness of its engagement with its own workforce through feedback surveys, and formulates further action plans and policies based on their results, as needed.

[S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns

Bigbank provides channels through which its employees can raise and address concerns.

If Bigbank has caused or contributed to a negative impact on its own workforce, the corporate intranet provides employees with the necessary guidelines and references. For example, it provides information on how to raise concerns and offers psychological counselling if necessary.

Employees can raise personal concerns in face-to-face meetings with an HR partner, via the internal information system, by email, or by messaging the HR partner through Teams.

Employees can also report their concerns confidentially through an internal whistleblowing hotline.

More general matters can be brought directly to the attention of management at quarterly information sessions, during which questions can be submitted via an intranet page or asked directly.

Bigbank also has a working environment representative who can be approached regarding any matters relating to the working environment. Employees can raise concerns relating to work processes via the operational risk ticket reporting channels. For matters relating to necessary IT tools or access, they can contact IT support.

All these channels have been created by Bigbank and are part of its own systems.

Bigbank supports the availability and accessibility of channels for handling employee complaints and concerns through training, which is part of the induction plan. Due to legislative requirements, additional training sessions are conducted annually and information about these channels is accessible to all employees on Bigbank's intranet.

Employee complaints and concerns are recorded in various reports according to their nature. Depending on the scale of the impact, the issue may be escalated to other stakeholders, including the supervisory board or the relevant regulatory authority. Bigbank assesses the effectiveness of the remedies provided based on employee feedback and an analysis of the concerns raised, including their causes, recurrence and extent.

Bigbank raises its employees' awareness of the structures and processes in place by providing mandatory training on the relevant topics and verifying its completion. Although Bigbank does not have workers' representatives or specific policies to protect individuals against retaliation when using these structures and processes, its code of conduct and prevention of conflict of interest policy establishes general principles of protection.

[S1-4] Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Bigbank has not developed a separate action plan to address sustainability issues related to its own workforce. Instead, risks, opportunities and impacts associated with employees are addressed through the group's general management principles and policies.

Bigbank has not adopted a specific action plan for managing the material impacts, risks and opportunities affecting its own workforce. This makes it impossible to identify the operating expenses and/or capital costs associated with implementing such a plan. Nevertheless, Bigbank is taking the following ongoing action in relation to the material impacts, risks and opportunities affecting its workforce:

- Regarding the opportunity related to secure employment, the group conducts annual employee satisfaction and engagement surveys, analyses exit interviews, monitors employee turnover, conducts succession planning through career development and implements a competitive and fair remuneration policy.
- Regarding the positive actual impact related to supporting work-life balance, Bigbank offers remote and flexible working arrangements, as well as the option to participate in meetings via video conference.
- Regarding the negative potential impact related to workplace health and safety, Bigbank focuses on preventing and promptly addressing health issues (e.g. health checks, vaccinations), as well as ensuring a safe working environment. Bigbank raises employees' health awareness, provides psychological support and other services, and ensures the workplace is ergonomic.

- Regarding the opportunity related to regular training and skills development, Bigbank offers employee training and development programmes, leadership development and succession planning, as well as mandatory and voluntary competency training.

The implementation of the described actions is monitored, with progress overviews provided at regular intervals depending on the specific action.

Negative potential impacts are monitored in several ways, including through employee satisfaction surveys. There are also measures in place for their remediation and prevention based on employee feedback. For instance, when a training need is identified, negative impacts are remediated or prevented through training. Each unit in Bigbank has a separate training budget for its employees.

Bigbank ensures that its activities do not create or exacerbate material negative impacts on its own workforce, value chain partners or sales processes. Employee well-being is ensured and negative impacts are prevented through complaint handling, feedback mechanisms, and by balancing working conditions and workloads. In order to balance employee well-being with business objectives, the group optimises its work processes, provides digital solutions to reduce the administrative burden on employees and promotes flexible working arrangements.

Bigbank has a number of additional actions and initiatives in place, primarily to have a positive impact on its workforce. These include an annual WOW Day seminar, to which all group employees are invited, and local summer events for employees and their families. There is also a Christmas party for employees' children, where they receive gifts. Each unit can budget for team events, and national holidays and other significant dates (e.g. Shrove Tuesday) are celebrated in the offices.

To deliver positive impacts for its own workforce, Bigbank also provides opportunities to engage with management through quarterly meetings, quarterly area manager meetings and monthly online Leadership Community sessions.

Bigbank monitors the effectiveness of these actions, as well as the need for further action, through employee feedback. Feedback helps identify areas of concern and create an action plan, which is then included in leaders' annual objectives. Bigbank analyses the reasons given in exit interviews and takes these into account when developing action plans. For example, this helps Bigbank ensure that its salaries are competitive in the market and address any concerns about the competence of a specific manager by investing in that individual's development.

Employee turnover at Bigbank is within the desired limits.

Bigbank has established a talent management model, which includes succession planning. The group evaluates its employees and creates individual development plans, making employees feel seen, heard and recognised. Bigbank also supports internal career mobility, allowing employees to move from one position to another. This helps employees maintain their interest in their careers and expand their opportunities within the organisation.

Each year, Bigbank allocates resources for managing material impacts. The group's budget includes funds for training employees, organising events, ensuring workplace safety, and maintaining and developing the necessary information and cybersecurity systems, as well as covering other related expenses.

Metrics and targets

[S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Bigbank has set the employee satisfaction index (Kantar EMOR Engagement+) as a target. This is linked to the group's policy of maintaining and developing an employee-friendly working environment, which is supported by measuring satisfaction. Bigbank aims to achieve the financial sector average, which was 73 in 2025. This target encompasses the group's entire workforce in all countries of operation and is measured annually.

In addition, Bigbank uses the operational risk indicator as a target for secure employment, with the employee turnover rate as the metric. The policy connection arises from the group's objective to reduce employee turnover and ensure a stable and motivated workforce. The 2025 turnover thresholds were as follows: yellow at or above 17%, and red above 19%. The aim is to keep the turnover rate below 17% (yellow level) and avoid exceeding 19% (red level). The 2023 baseline was 18%. This target encompasses Bigbank's entire workforce and is measured at least annually. The target is also reviewed annually to see whether the ambition can be increased. Bigbank conducts regular employee feedback surveys and collects input. In their responses to the 2025 employee sustainability survey, employees ranked job stability as one of the top three social aspects. When setting targets and assessing performance, Bigbank takes into account the feedback it receives directly from its own workforce, as described in S1-2. Based on this feedback, action plans are adjusted as needed for future periods.

The satisfaction index and employee turnover are constantly monitored and analysed at least annually by the management board. If necessary, targets are adjusted to ensure they align with changing circumstances and employee expectations. A sustainability statement is published for each reporting year. This assesses whether and how the set targets were achieved, and whether any adjustments are needed.

[S1-6] Characteristics of the undertaking's employees

The following tables provide an overview of the key characteristics of Bigbank's employees. Employee data is maintained in an internal HR database, in which each employee has an individual account and is responsible for keeping their personal data accurate, including submitting leave and training requests. The group's WOW Team administers the system and extracts the relevant personnel data for data visualization or for disclosure in the reported metrics.

Employee statistics are presented in terms of the total number of employees at the end of the year and the average number of full-time equivalent employees during the year. The average number of full-time equivalent employees for a year is calculated by adding together the number of full-time and part-time employees and adjusting this figure according to the hours worked. To determine the average number of employees for the year, the average for each month of the financial year is calculated by dividing the total working time fund of the employees (in days) by the number of days in the calendar month. Tables 5–9 show the total number of employees at the end of the period, except for Table 8. The chapter 'Work at Bigbank' in the annual report presents the total number of employees by gender and country as at 31 December 2025, while note 24 provides the average number of full-time employees. As the methodology for presenting the number of employees in note 24 differs from that used in the following tables, these numbers are not comparable.

The metrics regarding employees have not been validated by external bodies.

Table 5. Employee head count by gender

	2024		2025	
	Number of employees at end of the year	Average number of employees for the year	Number of employees at end of the year	Average number of employees for the year
Male	220	207	274	248
Female	340	325	372	362
Total	560	532	646	610

Table 6. Employee head count in countries where the Group has at least 50 employees representing at least 10% of its total number of employees

	2024			2025		
	Male	Female	Total	Male	Female	Total
Estonia	148	186	334	193	213	406
Latvia	15	72	87	21	72	93
Lithuania	37	66	103	38	67	105

Table 7. Employees by contract type, broken down by gender

	2024			2025		
	Male	Female	Total	Male	Female	Total
Number of employees	220	340	560	274	372	646
Number of permanent employees	217	334	551	259	354	613
Number of temporary employees	3	6	9	15	18	33
Number of non-guaranteed hours employees	0	0	0	0	0	0
Number of full-time employees	214	332	546	263	354	617
Number of part-time employees	6	8	14	11	18	29

Table 8. Total number of employees who have left and employee turnover

	2024	2025
Total number of employees who have left	48	58
Employee turnover	9%	9.5%

* Employee turnover is calculated by dividing the aggregate number of employees who have left voluntarily or due to dismissal, retirement or death in service by the average number of employees for the year.

Table 9. Distribution of employees by age group

Distribution of employees by age group	2024	2025
Under 30 years old	146	147
30–39 years old	269	290
40–50 years old	116	163
Over 50 years old	29	46

[S1-13] Training and skills development metrics

Table 10. Training statistics

	2024			2025		
	Male	Female	Total	Male	Female	Total
Percentage of employees that participated in regular performance and career development reviews	100%	100%	100%	100%	100%	100%
Average number of training hours per employee	N/A	N/A	33.49	N/A	N/A	23.13

[S1-14] Health and safety metrics

Table 11. Employee health and safety metrics

	2024	2025
Percentage of workforce covered by the health and safety management system	100%	100%
Number of fatalities as a result of work-related injuries and work-related ill health	0	0
Number of recordable work-related accidents	0	0
Number of minor recordable work-related accidents	0	0
Number of serious recordable work-related accidents	0	0
Rate of recordable work-related accidents	0	0
Number of cases of recordable work-related ill health	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	0	0
Percentage of employees provided with free psychological support	100%	100%
Number and percentage of employees who utilised the opportunity for a free health check-up	52 9%*	376 58%

* Free health check-ups are offered in accordance with applicable local regulations. This means that they are not usually offered to all employees annually.

[S1-15] Work-life balance metrics

Table 12. Work-life balance metrics

	2024	2025
Percentage of employees entitled to take family-related leave*	100%	100%
Percentage of employees that took family-related leave**	11.6%	17.6%
Including male	9.1%	16.1%
Including female	13.2%	18.8%

* Under local legislation, all employees are entitled to take family-related leave.

** The percentage of employees who took family-related leave is presented as a percentage of the total workforce. The percentage of male and female employees who took family-related leave is presented as a percentage of all male and all female employees, respectively.

Additional metrics

The following table presents the metrics corresponding to each identified IRO under S1.

Table 13. Overview of the metrics for IROs related to own workforce

S1 IRO description	Metric: 2025 results
Secure employment reduces employee turnover.	Table 8: employee turnover Average length of service: 60 months
Supporting employees' work-life balance and promoting the compatibility of family and career enhances employee well-being.	Satisfaction rate with work-life balance: 75%
Promoting employee health (e.g. health check-ups, vaccinations) and ensuring a safe working environment protects employees, prevents adverse health effects and increases job satisfaction.	Table 11: percentage of employees provided with free psychological support Table 11: percentage of employees who utilised the opportunity for a free health check-up
Providing regular training and skills development for all employees can significantly enhance the resilience and accuracy of banking processes as well as the quality of customer advisory services.	Other personnel-related expenses. Note 24. Salaries and administrative expenses

ESRS S4 – CONSUMER AND END-USERS (CUSTOMERS)

In this consolidated sustainability statement, Bigbank applies the phase-in provisions for the disclosure of the topic of consumers and end-users. This means that for the first two years of preparing the sustainability statement, only the information contained in section 17 of disclosure requirement BP-2 of ESRS 2 will be disclosed.

Five material IROs were identified under S4, and an overview of these is presented on page 91 (Table 14). Table 2. Material impacts, risks and opportunities of the Bigbank group

All significant customer-related topics are addressed in the group's strategy. Bigbank's vision is to be the most recommended digital financial services provider in the countries in which it operates. The strategy covers the period 2022–2026. According to Bigbank's sustainability policy, the group avoids greenwashing by adopting best practice in this area and linking its sustainability initiatives to a scientific approach.

All sustainability issues relating to consumers and end-users apply to all of the group's customers and are covered by either Bigbank's policies, the implementation of which is the responsibility of its management and supervisory boards, or its strategy for 2022–2026:

- The risk of inadequate privacy and data protection is addressed in the group procedure for personal data protection. The group's personal data protection rules are outlined in the said procedure and in G1-1 regarding cybersecurity and ensuring data protection.
- Bigbank's service standard ensures responsible customer service and clear communication, which helps to prevent potential negative impacts on customers, such as getting into payment difficulties. Adoption of irresponsible lending practices, however, poses a credit risk for the group, as the risk of late payments and non-repayment would increase.
- The expansion and enhancement of Bigbank's digital channels create financial opportunities to increase customer satisfaction and loyalty. This, in turn, boosts the

frequency of service usage and may increase revenues. The expansion of digital channels is covered by Bigbank service standard.

- The opportunity to offer credit products to underserved market segments is covered by Bigbank's sustainability policy. The sustainability policy is described in more detail in chapter GOV-1 The role of the administrative, management and supervisory bodies.

The overall objective of the credit risk policy is to ensure the quality of the credit portfolio is managed, and that the lending business is managed within the set risk target levels. All Bigbank employees involved in credit risk management, loan granting and loan administration must follow the policy. The highest level of management responsible for implementing the policy is the supervisory board. The principles are accessible to all employees on Bigbank's intranet.

Bigbank's service standard is designed to guide the group in providing a customer experience that is worthy of recommendation. The standard applies to customer relationship management, the marketing area and the corporate banking area. The implementation of the standard is the responsibility of the local head of customer relationship management, while the group head of customer experience monitors the implementation. The standard is accessible to all employees on Bigbank's intranet.

The group procedure for personal data protection aims to establish a set of principles, rules and guidelines that outline how the group ensures ongoing compliance with the General Data Protection Regulation (GDPR) and other data protection regulations in the locations where it operates. The procedure applies to all group employees. The group applies the same data protection principles to both external (customers) and internal (employees) stakeholders, ensuring that all personal data is handled with care and confidentiality. In the event of a conflict with the procedure, EU and local legislation take precedence. The implementation of the policy is the responsibility of the group's data protection officer, branch managers and heads of customer relations, human resources, support services, marketing, technology and information security. The policy is accessible to all employees on Bigbank's intranet. All the activities related to customers are ongoing.

General principles of responsible lending aim to outline the general diligence measures to be taken prior to granting credit to customers, such as collecting and verifying the data required to assess creditworthiness, providing pre-contractual advice and credit-related warnings, and evaluating collateral in the case of mortgage-secured credit. The provisions established in the principles must be followed by all employees and apply to all transactions (e.g. granting credit, postponing payment due dates, refinancing and similar financial transactions, entering into credit agreements and performing any acts needed for this purpose). The group head of credit risk is responsible for implementing the principles. The principles are accessible to all employees on Bigbank's intranet.

In the development and implementation of policies, Bigbank considers stakeholder interests through feedback (regular customer satisfaction surveys to assess the quality of digital channels and services, collaboration with supervisory bodies to promote responsible lending, and dialogue with local regulators on sustainability issues). The policies cover all customer segments (retail and corporate customers) and all countries in which Bigbank operates.

Various actions have been taken to identify, monitor and prevent adverse impacts. Regarding data protection and privacy, the group requires its employees to take annual data protection and cybersecurity quizzes and tests the relevant ICT systems. Bigbank uses encryption for customer data where required and has established rules for handling data protection incidents. To ensure responsible lending, the group adheres to responsible lending principles and carries out credit risk analyses. When developing new solutions, the group takes customer feedback into account wherever possible to ensure customer-centric digital solutions and accessibility.

Bigbank uses the following metrics to manage sustainability issues related to consumers and end-users: number of mandatory notifications of data protection violations, fines related to data protection violations, percentage of employees who have completed data protection training within the group, percentage of first line of defence employees who have completed responsible lending training, customer satisfaction with digital channels (NPS), percentage of online banking users, software licensing and other information technology costs, loss allowances for loans, and the proportion of home and corporate loans and leases issued outside major cities.

The following methods, assumptions and limitations apply to these metrics.

The number of data protection violations reflects violations reported to the local supervisory authority in 2025 but it may not capture all possible violations (e.g. if they are discovered with a delay). The number of violations is not separately validated but is subject to internal control and reporting mechanisms. Bigbank has not set any specific target values or interim targets, but the general goal is to reduce the number of data protection violations and thereby minimise the number of mandatory notifications.

Fines related to data protection violations represent the total amount of fines imposed on Bigbank by supervisory authorities in 2025, expressed in euros, but it may not capture all possible fines (e.g. if they are imposed with a delay). The total amount of fines is not separately validated but is subject to internal control and reporting mechanisms.

The percentage of employees who have completed data protection training reflects the ratio of employees who have completed the training to the total number of Bigbank's employees as at 31 December 2025, but it does not account for potential discrepancies related to employees who left or joined during the year. The percentage of those who have completed the training is not separately validated but is subject to internal control and reporting mechanisms. Bigbank's goal is to have as many employees as possible complete the data protection training.

The number of employees who have completed responsible lending training reflects the number of employees who underwent the training in 2025. Bigbank's goal is to have the majority of its employees complete the responsible lending training.

The volume of loans and leases to micro-, small and medium-sized enterprises and the volume of the group's home loan portfolio reflect the total amount of loans and leases to micro-, small and medium-sized enterprises in millions of euros and the size of the home loan portfolio in millions of euros as at 31 December 2025 respectively. Bigbank does not disclose the targets related to these metrics.

The NPS satisfaction score for digital channels reflects the average rating given by customers for their experience in 2025. Bigbank does not disclose the detailed calculation or targets for this score. The group's goal, however, is to provide the best possible customer experience.

The percentage of online banking users is calculated by dividing the average number of customers who logged into the bank's online banking system each month during 2025 by the total number of customers as at 31 December 2025. The calculations are made on the basis of distinct logins. Bigbank's goal is to increase the percentage of online banking users.

Bigbank's software licensing and other information technology costs and loss allowances for loans are metrics reported in the financial statements, and their calculation methods, assumptions and limitations arise from applicable external accounting regulations and guidelines. These metrics are validated by auditors.

Bigbank's strategic objective is to serve the potentially underserved customer segment. In 2025 Bigbank developed a new metric to measure the share of financial services provided to potentially underserved customers outside major cities in Estonia, Latvia and Lithuania,

in relation to total portfolio. In 2025, 31% of loans and leases to corporate and private customers can be considered as serving the potentially underserved customer segment outside major cities.

The metrics related to S4 sustainability topics are presented in the table below.

Table 14. Overview of metrics regarding the IROs related to consumers and end-users (customers)

S4 IRO description	Metric: 2025 results
Inadequate privacy and data protection	Fines related to data protection violations: Bigbank was not fined for data protection violations in 2025. Percentage of employees who have completed data protection training within the group as at the end of 2025: 100% of the group's employees
Responsible customer service and clear exchange of information prevent customers from getting into payment difficulties.	Number of employees who have completed responsible lending training in 2025: 199
Development of customer-centric digital solutions	Software licensing and other information technology costs: financial statements, note 24 Salaries and administrative expenses NPS satisfaction with digital channels: 59 Percentage of online banking users: 45%
Offering credit products to underserved market segments	Proportion of home and corporate loans and leases in the portfolio that are issued outside of major cities: 31%
Adopting irresponsible lending practices would increase the group's credit risk.	Loss allowances for loans: financial statements, note 9: Loss allowances for loans

GOVERNANCE INFORMATION

ESRS G1 – BUSINESS CONDUCT

Governance

[GOV-1] The role of the administrative, management and supervisory bodies

The general internal governance principles, including the legal structure, the responsibilities of the supervisory and management boards and the management of cross-border services, are regulated by the group's governance policy and governance procedure, as well as the branches' management procedure. According to Bigbank's governance policy, the group adheres to and promotes high ethical and professional standards in its internal governance arrangements, which are set out in more detail in the code of conduct and prevention of conflict of interest policy, the procedure for preventing conflicts of interest, and the rules on reporting and processing of breaches.

According to the procedure for assessment of the suitability of members of the management body and key function holders, when conducting the suitability assessment, Bigbank must evaluate whether members of the management and supervisory boards possess adequate knowledge, skills and experience to perform their duties and are able to act with honesty, integrity and independence of mind. It is also assessed whether members of the management board to have an up-to-date understanding of Bigbank's

business and risks at a level commensurate with their responsibilities, including an appropriate understanding of the areas for which they are collectively accountable with other members of the management board and Bigbank. All members of the management board are required to have an understanding of the group's governance framework and their respective roles and responsibilities, as well as the ability to contribute to the implementation of an appropriate corporate culture, values and conduct within the management body and the group. Bigbank is also required to ensure that key function holders are of sufficiently good repute, have honesty and integrity, and possess sufficient knowledge, skills and experience for their positions at all times. Further information on this is provided in chapter [G1-1] Business conduct policies and corporate culture.

Impact, risk and opportunity management

[G1-1] Business conduct policies and corporate culture

Bigbank considers good business conduct to be the foundation of respectable and reliable banking operations. The group identified several IROs related to business conduct as a result of the double materiality assessment. In addition to assessing the materiality of the G1 disclosure requirements, Bigbank has also identified additional entity-specific IROs that are deemed material for it under specific circumstances.

The material IROs (including entity-specific IROs) identified in relation to business conduct are covered by the following policies of the Bigbank group:

- Damage to reputation and/or financial position in cases of corruption and bribery involving the group or suspicions thereof (risk): code of conduct and prevention of conflict of interest policy.
- Data security and cybersecurity (risk): information and communication technology and security policy.

These policies have been established by the supervisory board at group level. The implementation of the policies is the responsibility of the supervisory board and the management board.

The code of conduct and prevention of conflict of interest policy and the related management orders reflect the group's objectives of good governance and sustainable value creation for all key stakeholders, including customers, employees and shareholders. The policy regulates business conduct with a specific focus on the risks of corruption and bribery. It applies to all group employees, without exception, providing guidelines for behaviour. The policy specifies how to identify, manage, mitigate and prevent conflicts of interest and provides guidance to persons who want to report breaches or concerns (whistleblowing). Its purpose is to establish general principles of conduct, compliance and ethical governance within the group. Among other things, the policy aims to:

- set forth minimum standards of ethical conduct and integrity for the group's employees to help with decision-making in difficult situations where they have no other guidance;
- ensure that all reasonable measures are taken to identify, assess, prevent, manage, mitigate and disclose actual or potential conflicts of interest;
- establish a framework for reporting and processing breaches within the group, while ensuring the legal protection of individuals raising concerns and the confidentiality of data.

The code of conduct and prevention of conflict of interest policy is in line with the Credit Institutions Act of the Republic of Estonia and EBA Guidelines on Internal Governance (EBA/GL/2021/05). The supervisory board is responsible for implementing it. The policy, which is intended to be implemented with the help of the group's employees, is accessible to all employees on Bigbank's intranet.

The information and communication technology and security policy aims to establish a framework that ensures the effective and secure use of technology resources to support the continuity and integrity of the group's operations, guarantee the confidentiality, integrity and availability of the information assets, and mitigate risks. The main purpose of this framework is to:

- ensure a sound, comprehensive and well-documented ICT risk management framework;
- duly and adequately protect all information assets and ICT assets;
- outline the different mechanisms put in place to detect ICT-related incidents, prevent their impact and provide protection against them;
- implement digital operational resilience testing;
- implement a communication strategy for ICT-related incidents.

The policy is related to entity-specific business conduct and cybersecurity risk. All employees, particularly those in the technology area and the product management area, the information security unit, the content management system unit and the data warehouse unit are responsible for mitigating ICT and security risks. The supervisory board is responsible for comprehending the risks involved in the group's activities and for ensuring that the management board identifies, monitors and controls these risks. The supervisory board also bears overall responsibility for setting and approving the digital operational resilience strategy, including the determination of the appropriate risk tolerance level for ICT risk. The management board bears ultimate responsibility for managing ICT risk. It establishes clear roles and responsibilities for all ICT-related functions and puts in place appropriate governance arrangements in the form of procedures to ensure effective and timely communication, cooperation and coordination among the functions.

The information and communication technology and security policy is in line with the relevant EU and local legislation, as well as with the Digital Operational Resilience Act (DORA) applicable to all financial institutions. The policy, which is intended to be implemented with the help of the group's employees, is accessible to all employees on Bigbank's intranet.

The risk and capital management policy aims to establish an internal control framework, a general risk strategy, common risk definitions, a target risk profile, risk appetite, risk governance and high-level principles for risk and capital management within the group. The compliance area advises the management and supervisory boards on measures to ensure compliance with applicable laws, rules, regulations and standards. It also assesses the potential impact of legal and regulatory changes on the group's operations and compliance framework. Compliance monitoring is carried out based on a structured and clearly defined compliance monitoring programme, ensuring that risk management and internal procedures are followed and implemented. The compliance area monitors whether new products and procedures comply with the applicable legal framework and with legislative and regulatory changes, where necessary. The compliance area, including the chief compliance officer, must be independent of the business lines and internal units it controls and must have sufficient authority, stature and resources.

To ensure centralised and holistic risk management within the group, the supervisory board has established a risk management function, which is part of the group's internal control functions. The supervisory board approves the policies governing the risk management function for specific risk types and defines the risk appetite based on the business strategy. The supervisory board is also responsible for establishing and monitoring the adequacy and effectiveness of the internal control framework, as well as overseeing internal control functions.

Bigbank establishes, develops, promotes and evaluates its corporate culture through policies and internal regulations, considering developments in external regulations and practices, as well as internal feedback and any incidents that have occurred. Internal regulations are updated and training is provided as needed.

According to the group's code of conduct and prevention of conflict of interest policy, if an employee believes that a matter constitutes a breach of the policy and the matter cannot be resolved through other internal procedures, they should first consider discussing it with their direct superior. This is the fastest way to resolve misunderstandings and fosters an open working environment within the organisation.

Operational risk incidents can also be reported in accordance with the operational risk events management procedure.

Although Bigbank has not established a separate anti-corruption or anti-bribery policy consistent with the United Nations Convention against Corruption, the principles addressed in the convention have been integrated into the group's internal regulations. Anti-corruption and anti-bribery topics are covered primarily in the group's code of conduct and prevention of conflict of interest policy, and the procedure for preventing conflicts of interest. The group is currently not planning to change this approach, but it may consider doing so in the future.

According to the code of conduct and prevention of conflict of interest policy, a whistleblower may also use the internal whistleblowing hotline. This hotline is managed by the head of internal audit, who reports directly to Bigbank's supervisory board and is therefore independent of the management board. The whistleblowing hotline can be used by sending an email or letter or by contacting the head of internal audit directly. The channels are published on the intranet. External hotlines are managed by competent authorities, which handle reported violations in accordance with their own established procedures.

The head of internal audit unit conducts investigations into reports received via the internal whistleblowing hotline. If necessary, an investigation team is formed, and experts are involved. Evidence is collected and analysed during the investigation, and the results are compiled in a report or notification to the supervisory board and/or management board. The person who reported the issue can also request to be kept informed of the investigation.

The protection of whistleblowers is set out in the group's code of conduct and prevention of conflict of interest policy. As a protective measure, individuals making reports have the option to remain anonymous. To do so, they must use an appropriate reporting method that ensures their anonymity. If the reporting person is identifiable, the report will be processed confidentially. This means that the reporting person's identity and the circumstances of the report will not be disclosed to the alleged violator. Another protective measure is that the group prohibits the unfair treatment of individuals who have reported breaches in good faith. All reporting persons are protected against retaliation because of their report. If a reporting person is punished or treated unfairly, the person who punished or treated them unfairly will face consequences and be liable for damages and other compensation in accordance with applicable legislation.

As part of the induction plan, new employees must familiarise themselves with the group's code of conduct and prevention of conflict of interest policy, and the procedure for preventing conflicts of interest. Furthermore, each time the relevant internal regulations are reviewed and amended, employees are notified and provided with training as needed. Bigbank considers it important to educate all employees about conflicts of interest. However, due to their positions, the risk of corruption and bribery is highest among the group's management and material risk takers (i.e. individuals whose decisions have a significant impact on the group's risk profile) as well as customer service representatives.

[G1-2] Management of relationships with suppliers

The Bigbank group does not have a separate policy for preventing late settlement of invoices, particularly for payments to SMEs. However, in accordance with the group's accounting policies, the accounting unit establishes a deadline for approving expense documents that allows sufficient time for invoices to be paid on time, i.e. by the date indicated on the document.

When selecting suppliers, social and environmental criteria are considered in accordance with the procurement procedure. The economically most advantageous offer is determined based on various criteria, including environmental friendliness and sustainability.

[G1-3] Prevention and detection of corruption and bribery

Bigbank has established clear guidelines for preventing and detecting conflicts of interest, including corruption and bribery, in its code of conduct and prevention of conflict of interest policy and the procedure for preventing conflicts of interest. Conflicts of interest are closely related to the topics of corruption and bribery, which is why the group addresses them together – incidents of corruption and bribery are treated as a specific type of conflict of interest under the procedure for preventing conflicts of interest. Consequently, the policies regarding conflicts of interest also cover corruption and bribery, including the prevention, detection and addressing of allegations or incidents of corruption and bribery. Furthermore, the process for reporting outcomes to management and supervisory boards regarding conflicts of interest also includes a process for reporting outcomes regarding corruption and bribery.

The group has established a financial crime prevention unit, has allocated a training budget and conducts annual training to all employees. According to the procedure for preventing conflicts of interest, all material risk takers (including members of the management body and key function holders) and other employees are required to fill out a declaration of economic interests both before starting work and at least once a year thereafter, as a preventive measure. These disclosures alert relevant individuals to their financial interests and potential conflicts of interest in relation to their official duties and allow the group to judge whether there is a risk of them acting in a conflict of interest.

In the case of members of management bodies and key function holders, the procedure for assessment of the suitability of members of the management body and key function holders should also be considered. According to this procedure, all actual and potential conflicts of interest at the level of the management body and key function holders should be communicated to the other members of the management body and to the head of financial crime prevention unit. This allows the conflicts to be discussed, documented, decided upon and duly managed.

The procedure for preventing conflicts of interest also includes an action plan for situations in which a potential or actual conflict of interest is identified. When a relevant person discovers a possible or actual conflict of interest relating to their own conduct or that of their co-workers, they should immediately notify their direct manager, who will then notify the group's head of financial crime prevention unit. The head of financial crime prevention unit analyses the circumstances, decides on further action and, if necessary, starts an investigation. Upon investigation, consultation and instruction, the head of financial crime prevention unit evaluates the materiality and risk of the conflict of interest damaging the interests of the group or the customer, taking into account the nature of the transaction or operation in accordance with the fraud control procedure. If a conflict of interest is identified, the head of financial crime prevention unit will make recommendations to the relevant person's direct manager regarding whether to start or continue employment, or implement appropriate mitigating measures based on the materiality of the conflict and the risks involved. For members of the management bodies and key function holders, the

procedure for assessment of the suitability of members of the management body and key function holders is followed for further action.

The above internal regulations are accessible to all employees on Bigbank's intranet. Employees are introduced to the regulations at the start of their employment and are notified by email when an amendment is made and to be reviewed by employees. All employees are required to undergo conflicts of interest training when they join the group. The training covers what constitutes a conflict of interest, providing examples and situations. It also explains how to recognise conflicts of interest, how to act in such situations and how to mitigate relevant risks. Employees must complete a test at the end of the training.

As described in chapter G1-1, the group's code of conduct and prevention of conflict of interest policy provides the option to report concerns and violations via internal or external whistleblowing hotlines if they cannot be resolved using other internal procedures. External hotlines are managed by competent authorities, which handle reported violations in accordance with their own established procedures.

Reports submitted through the internal whistleblowing hotline are handled by the head of the internal audit unit, who is responsible for receiving and assessing reports, investigating them if necessary, and informing the group's supervisory board and/or management board of the results of the investigations. Any further actions resulting from breaches, e.g. criminal proceedings, termination of service agreements, recovery of losses, changes to processes, etc., will be decided by the group's management.

The supervisory authority is aware of the relevant policies, as these must be submitted to the Estonian Financial Supervision and Resolution Authority.

The following table presents information on anti-corruption and anti-bribery training.

Table 15. Training in prevention and detection of corruption and bribery

	2024			2025		
	At-risk functions*	Managers	Administrative, management and supervisory bodies	At-risk functions*	Managers	Administrative, management and supervisory bodies
Training coverage						
Total number of employees	560	93	11	646	121	11
Total number of employees who received training	208	37	0	138	12	0
Delivery method and duration						
Classroom training	1 hour	1 hour	1 hour	1 hour	1 hour	1 hour
Computer-based training	-	-	-	-	-	-
Voluntary computer-based training	-	-	-	-	-	-
Frequency						
How often training is required	Part of the induction plan	Part of the induction plan	Part of the induction plan	Part of the induction plan	Part of the induction plan	Part of the induction plan

	2024		2025		2024		2025		
	At-risk functions*	Managers	Administrative, management and supervisory bodies	At-risk functions*	Managers	Administrative, management and supervisory bodies	At-risk functions*	Managers	Administrative, management and supervisory bodies
Topics covered**									
Definition of corruption	x	x		x	x		x	x	x
Policy	x	x		x	x		x	x	x
Procedures on suspicion/detection	x	x		x	x		x	x	x

* At-risk functions are defined as all the group's employees.

** Participation in training is mandatory as part of the new employee induction plan. In 2025, a total of 138 employees completed the training as part of the new employee induction plan, while many employees underwent training in the previous years.

[G1-4] Confirmed incidents of corruption or bribery

During the reporting period, there were no convictions for violation of anti-corruption and anti-bribery laws within the Bigbank group. Consequently, no fines were imposed for such violations.

The key actions taken in 2025 included employee training, the requirement to declare economic interests, and internal control activities. Specific actions included (regular) reporting and escalation. Reporting ensures that the relevant parties receive the necessary information, and it has been agreed under what circumstances this information will be escalated to subsequent levels and how quickly.

Implementing the action plan for preventing corruption and bribery does not result in any significant operational costs or capital expenditure that need to be highlighted in this statement.

G1 Entity-specific actions

In 2025, the key actions taken and planned by Bigbank regarding information security and cybersecurity included employee training and internal control activities. Specific actions included (regular) reporting and escalation of information security and cybersecurity incidents. Reporting ensures that the relevant parties receive the necessary information, and it has been agreed under what circumstances this information will be escalated to subsequent levels and how quickly. The expected outcome is that the group will not experience any critical cyber incidents or incur any data protection fines. Key actions include annual training sessions for all employees. Implementing the action plan is part of a broader data security framework. This is why no separate operational costs and/or capital expenditure for entity-specific actions are highlighted in this statement. These actions apply to all countries in which the Bigbank group operates, and cover all employees, customers, operational processes and technology. These actions are annual, unless additional changes are necessitated by regulatory requirements or risk assessments.

Metrics and targets

ESRS G1 Entity-specific metrics and targets for business conduct not covered by the standard

Targets have been established for IROs and metrics related to G1 sustainability topics in order to monitor their achievement. For IROs where the metrics include the number of incidents and/or fines (i.e. IROs relating to corruption, bribery and cybersecurity), the group aims to maintain the results indicated by the metrics at zero. For IROs where the metrics

include the percentage of people who have completed the training, the group aims to achieve a completion rate of 100%. The targets for the metrics are set separately each year, with no interim targets. The relationship between the policies and the metrics and targets has been outlined above under the policies adopted for managing material sustainability matters. The achievement of metrics and targets is monitored through various incident tracking systems and reports, customer profile monitoring, the application of due diligence measures, regular testing, training participant statistics and internal controls. If any target appears unattainable or deviates from expected progress, Bigbank analyses the reasons, enhances actions (e.g. additional training, stronger control mechanisms or technological investments) and adjusts the targets as needed. Different stakeholders are indirectly involved in setting the targets through surveys and feedback.

The sustainability-related goals of the Bigbank group are aligned with EU financial sector regulations, such as AMLD6 (Anti-Money Laundering Directive 6), GDPR and DORA, as well as local regulations and guidelines.

Metrics related to G1 sustainability topics (including entity-specific metrics) are presented in the table below. All data comes from internal databases and reporting. The criteria are that each decision, fine and incident is counted only once, regardless of its duration, and only incidents, final decisions and fines that occurred during the reporting year are reflected in the metrics. With regard to calculation methods, it is important to note that the amount of fines reflects the total amount of fines incurred during the reporting year; the number of incidents indicates the number of incidents reported during the reporting year; the percentage of those who have completed the training shows the proportion of participants who successfully completed the training out of all participants in that reporting year; and the proportion of high-risk customers indicates their relative importance in the total customer base on the last day of the reporting year. Significant assumptions include the following: the number of incidents depends on the ability to detect them; the imposition of fines may vary by jurisdiction; and the classification of events may depend on perspective. Methodological limitations include data availability (not all incidents end in a court decision, so the actual violation rate may be higher than the metric indicates), jurisdictional differences (in some countries, certain violations result in administrative penalties rather than convictions, which distorts international comparisons), and the time factor (proceedings may take years, so decisions and fines imposed during the reporting period may not reflect recent activity trends). The measurement of the metrics has not been validated by any external entity other than the assurance provider.

G1 IRO description	Metric: 2025 results
Damage to reputation and/or financial position in cases of corruption and bribery involving the group or suspicions thereof	Number of convictions for violation of anti-corruption and anti-bribery laws: 0 Amount of fines in the reporting period: 0 euros
Information security and cybersecurity	Entity-specific metrics: Percentage of employees who have completed cybersecurity training: 100% Number of critical cyber incidents: 0

A professional portrait of Santa Jākobsone-Ivanova, a woman with long blonde hair, wearing a dark blue blazer over a white top. She is smiling and holding a folder. The background is a blurred office interior.

Development

We develop ourselves to deliver better value tomorrow than today.

Santa Jākobsone-Ivanova
Junior Leasing Manager

Corporate governance report

Bigbank complies with the Corporate Governance Recommendations (CGR) promulgated by the Estonian Financial Supervision and Resolution Authority in accordance with the principle of proportionality. The CGR are advisory guidelines which are primarily intended for listed companies and companies with a large number of shareholders.

As a credit institution, Bigbank AS is subject to supervision by the Estonian Financial Supervision and Resolution Authority. In addition to other legislation, the group's operations are governed by the Credit Institutions Act, which sets out the group's management, governance and reporting requirements. The group's governing bodies are the general meeting, the supervisory board and the management board.

The following sections provide an overview of the governance of Bigbank AS and the guidance of the CGR that is currently not complied with together with the relevant explanations. Most of the explanations relate to the shareholder structure of Bigbank AS and the resulting differences.

General meeting

The shareholders' general meeting is the highest governing body of Bigbank AS. The powers of the general meeting are based on legislation and the articles of association.

General meetings are called by the management board. Shareholders must be given at least three weeks' notice of an annual general meeting and at least one week's notice of an extraordinary general meeting. Notice of a general meeting is sent to a shareholder by registered mail to the address recorded in the share register. Notice of a general meeting may also be given by post, electronically or by fax, provided that the letter or electronic or fax message contains a notice requiring immediate acknowledgment of receipt. The shareholders of Bigbank AS have the right to adopt decisions without calling a general meeting.

The shareholders held one annual general meeting and one extraordinary general meeting in 2025. Thirteen decisions were adopted without calling a general meeting.

Bigbank AS does not comply with the article of the CGR that requires the notice of a general meeting to include the address to which shareholders may send questions regarding the agenda items (article 1.1.1). Bigbank AS also does not comply with the articles of the CGR according to which a notice of a general meeting should be published on the corporate website (article 1.2.1) together with the reasons for calling the general meeting and explanations of agenda items relating to significant changes (article 1.2.2), essential information relating to the agenda should be published on the corporate website (article 1.2.3), and the proposals of the supervisory board and shareholders relating to the agenda should be published on the corporate website (article 1.2.4).

The above requirements are not relevant to the group as it has only two shareholders, one of whom is also a member of the supervisory board and is therefore kept informed of the group's activities.

Bigbank AS partially complies with article 1.3.2 of the CGR according to which the members of the management board, the chairman of the supervisory board and, if necessary, the members of the supervisory board should attend the general meeting. The attendance of the above persons depends on the matters to be decided at the meeting. Bigbank AS does not make it possible to follow a general meeting by means of communication equipment (article 1.3.3.), as all shareholders can vote electronically on items on the agenda.

Management board

The responsibilities of the management board are regulated by the articles of association of Bigbank AS, the Estonian Commercial Code and the Estonian Credit Institutions Act. The management board makes day-to-day management decisions, taking into account the best interests of the company and its shareholders, and ensures that the company develops in a sustainable manner and in accordance with the goals and strategy approved by the supervisory board.

The supervisory board selects the members of the management board and appoints the chairman of the management board. The suitability of management board members, including their education, qualifications and previous work experience, is assessed on the basis of Bigbank AS's internal rules. When appointing a member of the management board, the supervisory board defines the member's area of responsibility and powers in the contract of service signed with the member of the management board. The term of office of a member of the management board is three years and a member of the management board may be reappointed. The management board prepares the strategy and budget of Bigbank AS, which are submitted to the supervisory board for approval.

The management board of Bigbank AS has five members (according to the articles of association, three to five members):

- **Martin Länts** – chairman of the management board
- **Mart Veskimägi** – member of the management board
- **Argo Kiltsmann** – member of the management board
- **Ingo Pöder** – member of the management board
- **Ken Kanarik** – member of the management board

The members of the management board submit a declaration of economic interests on an annual basis. At 31 December 2025, the members of the parent company's management board were represented in the governing bodies of the group's subsidiaries as follows:

- Argo Kiltsmann - chairman of the supervisory board of Baltijas Izaugsmes Grupa AS
- Martin Länts - member of the supervisory board of Baltijas Izaugsmes Grupa AS
- Mart Veskimägi - member of the supervisory board of Baltijas Izaugsmes Grupa AS

The remuneration principles for the members of the management board are described in the section *Principles of remuneration for members of the management board and employees* in this report. In 2025, Bigbank AS did not comply with article 2.2.7 of the CGR according to which the benefits and bonus schemes of a member of the management board should be disclosed on the corporate website and in the corporate governance report, and the principles of remuneration of the members of the management board should be presented at the general meeting. Bigbank AS discloses summary information on the remuneration of the members of the group's management board in its annual report, and transactions with related parties are disclosed in note 30.

Supervisory board

The activities of the supervisory board of Bigbank AS are regulated by the articles of association of Bigbank AS, the Estonian Commercial Code and the Estonian Credit Institutions Act, which set out the requirements for the members of the supervisory board, the cooperation between the supervisory board and the management board and the controls established by the supervisory board.

The supervisory board is responsible for regularly monitoring the activities of the management board of Bigbank AS. The supervisory board gives instructions to the management board regarding the organisation of the management of Bigbank AS and participates in the adoption of important decisions relating to the operation of Bigbank AS. The supervisory board, in cooperation with the management board, ensures the long-term planning of Bigbank's activities. The work of the supervisory board is coordinated by the chairman of the supervisory board, who is elected by the members of the supervisory board from among their number.

The members of the supervisory board are elected by the general meeting for a term of two years. The supervisory board of Bigbank AS has six members (according to the articles of association, five to seven members):

- **Sven Raba** – chairman of the supervisory board
- **Vahur Voll** – member of the supervisory board
- **Andres Koern** – member of the supervisory board
- **Juhani Jaeger** – member of the supervisory board
- **Jaan Liitmäe** – member of the supervisory board
- **Alari Aho** – member of the supervisory board

The supervisory board held six scheduled meetings in 2025 and on 16 occasions decisions were adopted electronically. All members of the supervisory board attended at least half of the meetings held in 2025.

The general meeting decides on the remuneration of the supervisory board. The remuneration of the members of the supervisory board consists of fixed basic remuneration. Bigbank AS does not consider it necessary to comply with article 3.2.5 of the CGR according to which the company should disclose detailed information about the remuneration of each member of the supervisory board, as the impact of the remuneration of the supervisory board on the group's financial results is not significant. Transactions with related parties are disclosed in note 30.

One of the six members of the supervisory board of Bigbank AS is a shareholder, holding 50% of the shares. Bigbank believes that this does not involve a significant risk of a conflict of interest that could lead to the adoption of decisions detrimental to Bigbank AS and that the independence of the supervisory board is assured.

Audit committee and risk committee

The **audit committee** is a body established by the supervisory board to provide guidance on matters relating to accounting, financial and sustainability reporting and auditing. It oversees the effectiveness and efficiency of the internal control and risk management systems by reviewing internal audit reports. The committee also supervises the statutory audit process for the company's annual report, sustainability report and consolidated financial statements, and ensures the independence of the external auditor.

The audit committee comprises three members who are elected from the members of the supervisory board. The supervisory board may also appoint other individuals to the committee, provided they are independent of Bigbank AS. Members of the audit

committee are appointed for a term of three years and are compensated for carrying out their duties. Their remuneration is determined by the general meeting of Bigbank's shareholders.

The current members of the audit committee are Jaan Liitmäe (chairman), Vahur Voll and Sven Raba, all appointed until 31 December 2026. The audit committee held nine meetings in 2025.

The **risk committee** is a body that advises the supervisory board on risk management principles, risk tolerance and the implementation of risk strategy. It also contributes to capital and liquidity management processes and recovery planning.

The risk committee comprises three members who are elected from the members of the supervisory board. Members of the risk committee are appointed for a term of three years and are compensated for carrying out their duties. Their remuneration is determined by the general meeting of Bigbank's shareholders.

The risk committee was formed by the supervisory board on 2 June 2025. Previously, the audit committee performed the duties of the risk committee.

The current members of the risk committee are Vahur Voll (chairman), Jaan Liitmäe and Sven Raba. The risk committee held four meetings in 2025.

Nomination committee and remuneration committee

The **nomination committee** is responsible for assessing the suitability and diversity of members of the supervisory and management boards, monitoring the composition and activities of governing bodies, promoting diversity principles and setting targets to increase representation of the underrepresented gender. If necessary, the committee makes proposals for changes to the supervision board.

The nomination committee comprises three members who are elected from the members of the supervision board. Members of the nomination committee are appointed for a term of three years and are compensated for carrying out their duties. Their remuneration is determined by the general meeting of Bigbank's shareholders.

The nomination committee was formed by the supervisory board on 2 June 2025. Previously, the supervisory board performed the duties of the nomination committee.

The current members of the nomination committee are Juhani Jaeger (chairman), Alari Aho and Jaan Liitmäe. The nomination committee held four meetings in 2025.

The **remuneration committee** is responsible for advising the supervisory board on the development and implementation of Bigbank's remuneration principles. The committee assesses the impact of remuneration-related decisions on risk management and monitors compliance with capital and liquidity requirements. It supervises the remuneration of members of the management board and employees, analyses the implementation of the remuneration policy, submits proposals for changes to the remuneration policy if necessary, and prepares draft decisions on remuneration issues for the supervisory board.

The remuneration committee comprises three members who are elected from the members of the supervision board. Members of the remuneration committee are appointed for a term of three years and are compensated for carrying out their duties. Their remuneration is determined by the general meeting of Bigbank's shareholders.

The remuneration committee was formed by the supervisory board on 2 June 2025. Previously, the supervisory board performed the duties of the remuneration committee.

The current members of the remuneration committee are Juhani Jaeger (chairman), Alari Aho and Sven Raba. The remuneration committee held three meetings in 2025.

Bigbank AS discloses information on the existence, tasks and composition of the committees established by the supervisory board in its annual report, which is available on the bank's website. Changes to these committees are communicated via stock exchange announcements

Cooperation between the management board and the supervisory board

The management board and the supervisory board work closely to protect the interests of Bigbank AS in the best possible way. Their co-operation is based primarily on an open exchange of opinions between and on the management board and the supervisory board. At least once a quarter, the members of the management board of Bigbank AS attend the meetings of the supervisory board, where the supervisory board reviews, among other things, the groups' financial performance. In addition, the members of the management board are generally invited to other meetings of the supervisory board to discuss matters relating to the group's operation.

The division of responsibilities between the supervisory board and the management board is described in the articles of association of Bigbank AS and relevant internal regulations. In cases not covered by the articles of association or internal regulations, the governance of Bigbank AS is primarily based on the provisions of the Commercial Code. The management board also informs the supervisory board of significant events relating to Bigbank AS's management and activities outside of meetings to ensure that the supervisory board receives all necessary and relevant information without delay. The management board provides the information that requires sufficient time for decision-making (e.g. reports to be approved) to the members of the supervisory board before the meeting of the supervisory board. In managing Bigbank AS, the management board follows the strategic instructions of the supervisory board and regularly discusses strategic management issues with the supervisory board.

Diversity and inclusion policy

In 2025, Bigbank AS enacted a diversity policy according to which the group strives to promote diversity of the members of the management and supervisory board of Bigbank AS. While selecting both managers and employees Bigbank is guided by the best interests of the group. In selecting the members of the management bodies, Bigbank also observes the requirements and the selection procedure for the members of the management bodies set out in the Credit Institutions Act. When assessing the suitability of the members of the management bodies, Bigbank AS relies on relevant internal rules and takes into account, among other things, the candidate's education, qualifications and previous professional experience. The candidate's reputation, experience, competences and skills, management experience, other management-related criteria and other relevant known factors are also taken into account when assessing suitability. Additionally, the group observes the principle of avoiding gender-based or other discrimination of candidates.

Disclosure of information

Bigbank AS treats all shareholders equally and notifies shareholders of all relevant circumstances, primarily by e-mail. Bigbank AS makes its reports available on the Nasdaq Tallinn stock exchange and on the corporate website. The group's annual reports and interim reports are published in Estonian and English in accordance with the statutory deadlines.

In 2025, Bigbank published its financial calendar on the investors page of its website, listing the dates on which it publishes its annual and interim reports (CGR article 5.2.). In 2025, Bigbank AS did not publish on its website the answers to analysts' and shareholders' questions (CGR article 5.5.) or the dates of meetings with analysts and the press (CGR

article 5.6.), as this is not necessary given the nature of the economic activities of Bigbank AS, the small number of the shareholders and the fact that the shareholders are well informed and that this does not restrict the shareholders' access to relevant information and the above events. Bigbank discloses information on meetings organised for investors (webinars) in its stock exchange announcements (CGR article 5.6.).

Financial reporting and auditing

Bigbank AS publishes an annual report every year and quarterly reports during the financial year and makes them available on the Nasdaq Tallinn stock exchange and on its website. The annual report of Bigbank AS is audited.

Bigbank AS submits an annual report that has been signed by the members of the management board to the general meeting. Contrary to the guidance of the CGR, the members of the supervisory board do not sign the annual report. Their position is included in the supervisory board's written report on the annual report and the annual report is approved by the supervisory board (CGR article 6.1.1.). The auditor of Bigbank AS does not attend the approval of the annual report (CGR article 6.1.1.) either.

The auditor is appointed by the general meeting. In choosing the auditor, the company considers the candidate's competence and earlier experience in the field of financial services. The auditor is appointed for up to five years. Bigbank AS complies with the auditor rotation requirement. Ernst & Young Baltic AS (registry code 10877299) was appointed as the auditor of the group based on the shareholders' resolution of 11 October 2023 to audit the group's annual reports for the years 2024–2026. The lead auditor is Olesia Abramova.

During the reporting period, the auditor did not inform the supervisory board of any significant circumstances that had come to its attention and could affect the work of the supervisory board and the management of the group. In addition to the statutory audit, in the reporting period the auditor provided some non-audit services permitted by the Auditors Activities Act, including training services.

Risk management and control functions

The group's supervisory board carries out ultimate supervision of the group's activities. To perform this task more effectively, the supervisory board has set up a risk committee. The supervisory board establishes the general risk management principles and strategy required for the group's risk organisation to function properly, and creates the conditions necessary for implementing an adequate internal control system.

The internal control system is a management tool that covers the activities of the entire group and is an integral part of the group's internal processes. The management board is responsible for the establishment and functioning of an effective risk management and internal control system.

The group's internal control system must ensure effective and efficient operations, prudent conduct of business, adequate identification, measurement and mitigation of risks, the reliability of financial and non-financial information reported both internally and externally, sound administrative and accounting procedures, compliance with laws, regulations, supervisory requirements and the group's internal policies, processes, rules and decisions. The internal control system covers all consolidated entities, geographical locations and activities, and ensures that any breaches of policies, procedures or restrictions and the application of exemptions are reported in a timely manner to the appropriate level of management.

The primary objective of risk management is to protect the group's financial strength. The group controls risks to limit the impact of potential adverse events on the group's capital, liquidity and financial results. The management board reports to the supervisory board on developments in the group's risk exposure on a regular (at least quarterly) basis.

The group uses the three lines of defence model, where the first line of defence is the business units and branches who are responsible for risk-taking and day-to-day risk management within their scope of responsibilities by establishing and implementing adequate procedures and controls and ensuring their effectiveness. Managers of all levels are responsible for the effectiveness of risk management and controls in their units, branches and areas. The second line of defence comprises the functions and units responsible for overseeing the group's risk management to ensure that the first line of defence and controls have been properly developed and function as intended and that risks are managed and reported in accordance with requirements. The second line of defence includes the functions and units responsible for compliance, risk management and credit risk. The group's internal audit unit provides independent assurance regarding the organisation as a whole and is the third line of defence.

The compliance function is responsible for overseeing that the group would comply with all applicable laws, rules and regulations, because failure to comply may result in regulatory sanctions (including restrictions on business activities, fines or additional reporting requirements) and financial and/or reputational damage. The compliance function applies preventive measures (notifies, advises, checks, follows up) and reports directly to the management board, providing it with regular overviews of the group's compliance risk.

The credit risk unit is part of the risk management function, which is responsible for managing credit risk throughout the lending process. It serves as a second line of defence in credit risk taking to ensure correct implementation of credit decisions, observance of decision-making powers, and the compliance of credit risk with the group's risk appetite. The head of the credit risk unit reports regularly to the management board on the group's credit risk profile and changes in risk levels.

The risk management function is responsible for developing and implementing the group's risk management framework; assisting risk owners and management in developing processes and controls to manage and assess risks; facilitating and monitoring the implementation of risk management practices by risk owners; conducting independent risk identification, assessment, monitoring and reporting; providing guidance and training on risk management processes for raising risk awareness; and identifying risk-related issues. The risk management function provides the management board and the supervisory board with regular quarterly overviews of the group's risk profile in terms of material risks and changes in risk levels.

The group's management board has set up an operational, information and communication technology and security risk committee to support the management board in fulfilling its risk management responsibilities and to provide a forum to discuss, coordinate and agree on strategic issues related to operational risks, including information security and compliance risks. The committee comprises the representatives of the first and the second lines of defence to ensure proper representation and risk-related coordination and information exchange within the group. The members of the risk committee are appointed and its rules of procedure are approved by the management board.

In addition, the group's management board has established an asset and liability management committee (ALCO). The responsibilities of ALCO include developing and regularly reviewing market and liquidity risk and capital management principles, as well as reviewing and monitoring risk limits, risk indicators, stress test scenarios and assumptions.

The objectives and principles of risk management are described in more detail in note 4.

The internal audit unit is a structural unit of the group, which is directly accountable to the group's supervisory board and is therefore independent of the group's management board. The unit consists of three internal auditors and the head of the unit.

Internal audit is an independent, objective assurance and consulting activity designed to add value to and improve the group's operations by using a systematic and disciplined approach to evaluate the efficiency and effectiveness of the risk management, governance and control processes. Internal audit adds value if it is in concordance with the group's strategic objectives, focuses on important business risks, operates proactively and proficiently, and meets the expectations of the stakeholders. The internal audit unit acts on the basis of the statute approved by the group's supervisory board. The statute of the internal audit unit describes the requirements to the staff of the internal audit unit with regard to independence, proficiency, authority, tasks and scope of activities as well as the principles of quality assurance. The internal audit unit's work plan is approved by the group's supervisory board.

Credit committee

The credit committee is a body set up by the management board on the basis of principles approved by the supervisory board to ensure that credit decisions are made in accordance with the group's internal procedures and that the group's lending activities are consistent with the group's credit risk policy, credit risk limits, key risk indicators, risk appetite and credit strategy.

Whistleblowing hotline

The whistleblowing hotline is part of the group's corporate governance culture. It aims to support the enforcement of the group's values and agreed code of conduct, as well as promoting openness and consideration among employees.

The hotline can be used to report possible misconduct within the bank. This may include breaches or violations of the group's general rules of conduct, internal work arrangements, legislation or the principles of good banking practice.

The whistleblowing hotline is coordinated by the head of the internal audit unit who reports directly to the supervisory board of Bigbank AS.

Principles of remuneration for members of the management board and employees

The group's remuneration policy is established by the supervisory board and its purpose is to ensure a fair and transparent remuneration system that is in compliance with prudent and efficient risk management principles and supports achievement of the group's long-term objective – to be recognised as the best financial service provider that has strong risk management and a reputation for being an outstanding employer. The purpose is to ensure that remuneration decisions deliver sustainable value growth for all key stakeholders, including customers, shareholders and employees; to promote desired performance, conduct and value-based behaviour and to ensure that the manner of remuneration does not impede employees' honest, fair, transparent and professional behaviour, taking into account the rights and interests of customers; and to prevent the risk that remuneration drives excessive risk taking and conflicts of interest. The remuneration system ensures equal treatment of employees as rewards are based on the employees' performance and professional development during the year.

The supervisory board approves the group's remuneration policy and reviews it annually in the fourth quarter or more often, when needed. According to the policy, the management board approves the remuneration principles, including the principles for establishing annual key performance indicators (KPIs), evaluating employee performance and reviewing fixed pay. Remuneration principles also include guidelines for establishing the principles for performance related pay at the branch or unit level. Branch- and area-specific remuneration decisions are made by heads of branches and areas in line with the

group's policy and rules. The management board monitors the implementation of the remuneration principles, asking feedback from employees at least once a year in December.

The core principle of the remuneration system is to ensure a good balance between individual and team performance as well as quality risk management which takes into account capital adequacy and liquidity requirements along with the trends in the economic environment.

The remuneration provided by the group consists of two parts:

- Fixed remuneration including:
 - the basic monthly salary fixed in the employment contract, which is determined based on the employee's responsibilities and competence and reviewed annually based on the employee's performance and the trends prevailing in the labour market of the country involved;
 - the benefits provided by the group to all employees in all countries at the same rate, for example sports benefits, compensated absences for taking care of health, childbirth benefits etc.;
 - the benefits arising from local legislation or collective agreements.
- Variable remuneration including:
 - the performance related pay agreed with the employee, which depends on the achievement of the group's long-term objectives and fulfilment of relevant, measurable and balanced criteria;
 - the performance related pay paid on objective grounds and generally on a one-off basis, based on extraordinary results and/or engagement of the employee, timely fulfilment of specific projects and other similar situations;
 - the severance benefits paid upon the termination of the employment contract. Amounts exceeding the ones provided for by applicable local legislation must be proportionate to the employee's performance during the term of employment and must not reward unsound risk-taking. The group must be able to explain the reasons for the severance benefits, the appropriateness of the amount awarded and the criteria used to determine the amount, including that it is linked to the results achieved over time and that it does not reward failure or misconduct.

To ensure that the employees of the internal audit unit are remunerated independently of the businesses they oversee, the group's remuneration policy sets out that for the employees with an audit or control function, the performance related pay is based on the achievement of the goals of their control activities and not on the performance of the businesses under their oversight.

The group's remuneration policy provides that the group has the right to reduce the performance related pay payable to a material risk taker or to suspend payment of the performance related pay or to demand a partial or full refund of the performance related pay paid if:

- the group's overall financial results have deteriorated significantly compared to the previous period;
- the material risk taker no longer meets the performance criteria or does not comply with the requirements established by law for a member of the management board of a credit institution or for a material risk taker;
- the group no longer complies with prudential requirements or the group's risks are not sufficiently covered by the group's own funds;

- the performance related pay has been paid on the basis of data which has subsequently proven to be materially inaccurate or incorrect;
- the material risk taker has participated in causing damage to the credit institution or is liable for the damage incurred.

Exceptions are permitted if allowed by local law.

In 2025, Bigbank established a remuneration committee to support the supervisory board in overseeing the identification and remuneration of material risk takers. The committee reviews and approves the remuneration policy before it is submitted to the supervisory board for final approval. It also approves the assessment and identification of material risk takers before the list is submitted to the supervisory board and prepares draft supervisory board decisions relating to remuneration.

Preparation of the policy and related group-wide internal regulations is the responsibility of the head of support services who makes amendment proposals to the management board, which submits relevant proposals for approval to the supervisory board. The group's internal audit unit evaluates the implementation of the remuneration system annually and presents the results to the group's supervisory board.

The group's remuneration policy includes control measures aimed at ensuring that the principle of gender neutrality is respected and that male and female employees are paid on the basis of criteria, which relate to the capabilities, competence, qualifications, experience and knowledge of the employee or material risk taker.

As required by law, Bigbank AS has defined material risk takers which include the senior management (members of the supervisory and management boards); employees responsible for control functions; employees who have a significant impact on the group's risk profile; and staff whose remuneration equals or exceeds the lowest remuneration of the members of the group's management board. Self-assessment is performed on a consolidated level and includes all branches and subsidiaries of the bank. The list of material risk takers is reviewed at least once a year or whenever changes in the group's structure or the establishment of new positions affect the list of material risk takers. The supervisory board approves the list of material risk takers based on the proposal of the management board. In 2025, the list included 28 material risk takers. The principles underlying the fixed remuneration of material risk takers are the same as for the rest of the group's employees. The share of performance related pay in the total annual remuneration may not exceed 100% of the annual fixed remuneration, which ensures carefully calculated risk-taking. If the variable remuneration exceeds 100% of the earned annual fixed remuneration, the requirements of the Estonian Credit Institutions Act will apply. The group may decide not to pay all or part of the performance related pay, to reduce the performance related pay, or to demand full or partial repayment of the performance related pay, when the group's results do not meet the target. The amount of the performance related pay depends on the group's overall results and the achievement of the employee's personal goals for the year.

In 2025, the remuneration (excluding social security charges) provided to the group's material risk takers totalled 3.2 million euros, the figure consisting of fixed basic remuneration of 2.4 million euros and performance related pay of 0.8 million euros. No severance benefits were paid during the financial year. Performance related pay allocated for performance in 2025 will be paid in cash and determined at the end of the first quarter of the following financial year. According to management's estimates the amount of relevant provisions made at 31 December 2025 is sufficient. At the year-end, there was no performance related pay awarded but not paid for performance in 2025.



Result-oriented

We are professional and committed to sustainable knowledge-based performance.

Vladislavs Kalbjonoks

Head of Partner Relations Management Unit

Consolidated financial statements

Consolidated statement of financial position

At 31 December (in millions of euros)	Note	2025	2024
Assets			
Cash balances at central banks	6	428.2	423.2
Due from other banks	6	20.7	25.4
Debt securities at FVOCI	7	37.2	22.3
Loans to customers	8, 9	2,707.5	2,196.5
Property, plant and equipment	10	12.1	8.9
Investment properties	11	84.7	66.4
Intangible assets	12	21.7	25.2
Current tax assets	26	0.4	0.4
Other assets	13	3.9	9.9
Assets held for sale		0.3	0.2
Total assets		3,316.7	2,778.4
Liabilities			
Loans from banks	14	8.1	8.4
Deposits from customers	15	2,879.6	2,393.3
Subordinated bonds	16	106.7	91.7
Current tax liabilities	26	5.0	2.9
Other liabilities	17	17.9	12.3
Total liabilities		3,017.3	2,508.6
Equity			
	19		
Paid-in share capital		8.0	8.0
Capital reserve		0.8	0.8
Other reserves		2.2	2.5
Retained earnings		288.4	258.5
Total equity		299.4	269.8
Total liabilities and equity		3,316.7	2,778.4

An analysis of assets and liabilities based on recovery or settlement within 12 months after the reporting date (current) or at a later date (non-current) is presented in note 28.

The notes on pages 116 to 215 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	Note	2025	2024
Interest income	22	184.8	177.9
Interest expense	22	-78.6	-75.5
Net interest income		106.2	102.4
Fee and commission income		10.9	9.9
Fee and commission expense		-0.3	-0.7
Net fee and commission income		10.6	9.2
Loss on sale of debt instruments at FVOCI		-0.3	-
Net gain on financial assets at FVTPL	5	1.4	5.5
Net gain/loss on foreign exchange differences		0.5	-0.3
Net income on financial assets		1.6	5.2
Net loss on derecognition of non-financial assets		-0.2	-0.3
Other operating income	23	5.5	5.0
Other operating expenses	23	-9.2	-8.8
Total net operating income		114.5	112.7
Salaries and associated charges	24	-34.4	-27.9
Administrative expenses	24	-12.3	-11.5
Depreciation, amortisation and impairment	10, 12	-8.9	-8.3
Total expenses		-55.6	-47.7
Recognition and reversal of provision expenses		-0.5	-0.2
Gain/loss on change in the fair value of investment properties	11	0.9	-1.6
Profit before loss allowances		59.3	63.2
Net expected credit loss allowances	9	-12.0	-23.9
Profit before income tax		47.3	39.3
Income tax	26	-9.4	-7.0
Profit for the year		37.9	32.3
Other comprehensive income	21		
Other comprehensive income that may be reclassified subsequently to profit or loss:		0.2	0.5
<i>Exchange differences on translating foreign operations</i>		-0.5	0.2
<i>Changes in the fair value of debt instruments at FVOCI</i>		0.7	0.3
Other comprehensive income that will not be subsequently reclassified to profit or loss:		-0.5	0.2
<i>Revaluation of land and buildings</i>		-0.5	0.2
Total other comprehensive income		-0.3	0.7
Total comprehensive income for the year		37.6	33.0
Basic earnings per share (EUR)	25	474	404
Diluted earnings per share (EUR)	25	474	404

The notes on pages 116 to 215 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	2025	2024
Cash flows from operating activities			
Interest received		186.6	182.1
Interest paid		-41.8	-25.5
Salary, administrative, other expenses and fees paid		-68.9	-61.5
Other income and fees received		23.0	15.8
Recoveries of receivables previously written off and proceeds from the sale of portfolio items		24.4	1.7
Received for other assets		3.5	3.9
Loans provided		-1,295.1	-1,118.8
Repayments of loans provided		748.3	551.8
Change in mandatory reserves with central banks and related interest receivables	6	-7.4	-6.0
Proceeds from attracted deposits from customers		3,190.5	2,237.8
Paid on redemption of deposits		-2,726.3	-1,820.5
Income tax paid		-7.2	-7.0
Effect of movements in exchange rates		0.3	-0.3
Net cash flows from/used in operating activities		29.9	-46.5
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	10, 12	-5.0	-3.7
Acquisition of investment properties	11	-16.8	-19.3
Proceeds from sale of investment properties		-	0.4
Change in term deposits		0.1	-0.1
Investment into financial instruments at FVOCI	7	-33.5	-12.1
Proceeds from redemption of financial instruments at FVOCI	7	20.1	5.7
Net cash used in investing activities		-35.1	-29.1
Cash flows from financing activities			
Proceeds from issue of subordinated bonds	16, 29	15.0	20.4
Interest paid on subordinated bonds	16, 29	-8.4	-6.8
Paid on redemption of subordinated bonds	16, 29	-	-5.0
Repayments of loans from banks	14	-0.3	-0.5
Payments of principal portion of lease liabilities	18, 29	-0.6	-0.6
Dividends paid	19, 25	-8.0	-8.0
Net cash used in financing activities		-2.3	-0.5
Effect of movements in foreign exchange rates		0.4	-0.1
Change in cash and cash equivalents		-7.1	-76.2
Cash and cash equivalents at beginning of year	6	427.1	503.3
Cash and cash equivalents at end of year	6	420.0	427.1

The notes on pages 116 to 215 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Attributable to equity holders of the parent				Total
	Share capital	Capital reserve	Other reserves	Retained earnings	
Balance at 1 January 2024	8.0	0.8	1.8	234.2	244.8
Profit for the year	-	-	-	32.3	32.3
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	0.2	-	0.2
Changes in the fair value of debt instruments at FVOCI	-	-	0.3	-	0.3
Revaluation of land and buildings	-	-	0.2	-	0.2
Total other comprehensive income	-	-	0.7	-	0.7
Total comprehensive income for the year	-	-	0.7	32.3	33.0
Dividend distribution	-	-	-	-8.0	-8.0
Balance at 31 December 2024	8.0	0.8	2.5	258.5	269.8
Balance at 1 January 2025	8.0	0.8	2.5	258.5	269.8
Profit for the year	-	-	-	37.9	37.9
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	-0.5	-	-0.5
Changes in the fair value of debt instruments at FVOCI	-	-	0.7	-	0.7
Revaluation of land and buildings	-	-	-0.5	-	-0.5
Total other comprehensive income	-	-	-0.3	-	-0.3
Total comprehensive income for the year	-	-	-0.3	37.9	37.6
Dividend distribution	-	-	-	-8.0	-8.0
Balance at 31 December 2025	8.0	0.8	2.2	288.4	299.4

See note 19.

The notes on pages 116 to 215 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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Note 1. Reporting entity

Bigbank AS is a credit institution incorporated and domiciled in Estonia. The company's registered address is Riia 2, Tartu, Estonia. The consolidated financial statements comprise Bigbank AS (also referred to as the 'parent company'), its Latvian, Lithuanian, Finnish, Swedish and Bulgarian branches, and its Estonian and Latvian subsidiaries Baltijas Izaugsmes Grupa AS, OÜ Rütli Majad and the subsidiaries of OÜ Rütli Majad – OÜ Rütli Property, OÜ Papiniidu Property and OÜ Pärnu mnt 153 Property (together referred to as the 'group'). In August 2025, the inactive subsidiary Balti Völgade Sissenõudmise Keskus OÜ was merged into OÜ Rütli Property.

The group's core business is providing loans and offering deposit services. The subsidiaries are involved in the management of real estate and agricultural land.

Note 2. Basis of preparation and statement of compliance

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union (IFRS EU). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except where otherwise indicated.

Under the Estonian Commercial Code, final approval of the annual report including the consolidated financial statements that has been prepared by the management board and approved by the supervisory board rests with the general meeting. Shareholders may decide not to approve the annual report that has been prepared and submitted by the management board and may demand the preparation of a new annual report.

In addition to the part required to be presented under International Financial Reporting Standards as adopted by the European Union, the consolidated financial statements include the primary financial statements of the parent company (see note 33), which have to be presented in accordance with the Estonian Accounting Act, and capital ratios for regulatory purposes (see note 4), which have been prepared in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation, CRR). Net currency positions, liquidity risk ratios, total own funds, total risk exposure and capital ratios are presented at the supervisory reporting group level: the companies Baltijas Izaugsmes Grupa AS, OÜ Rütli Property, OÜ Papiniidu Property and OÜ Pärnu mnt 153 Property have been accounted for using the equity method based on the CRR scope of consolidation, not using consolidation according to the IFRS accounting treatment. The parent company's primary financial statements are not separate financial statements as defined in IAS 27.

The management board of Bigbank AS prepared these consolidated financial statements and authorised them for issue on 26 February 2026. The group annual report, which has been authorised for issue by the management board, needs to be approved by the supervisory board and the shareholders. The shareholders may decide not to approve the group annual report but they have never done so, and there is no reason to expect that they will.

Basis of preparation

The figures reported in the financial statements are presented in millions of euros. The financial statements have been prepared on a historical cost basis, except that:

- certain financial assets and liabilities (debt instruments at fair value through other comprehensive income (FVOCI), investment properties, loans to customers measured at fair value through profit or loss (FVTPL), i.e. loans to customers with the features of a hybrid instrument, and transactions for the acquisition of agricultural land that grant the seller a repurchase option) are measured at fair value;
- land and buildings are measured using the revaluation model at fair value less any subsequent depreciation and impairment losses; and
- assets held for sale are measured at fair value less costs to sell.

group entities apply uniform accounting policies. Material accounting policies applied in the preparation of these consolidated financial statements are set out in note 31.

The group presents its statement of financial position in order of liquidity based on its intention and perceived ability to recover or settle the majority of the assets or liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 28.

In accordance with the Estonian Accounting Act, the parent company's primary financial statements (statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity) are disclosed in the notes to the consolidated financial statements. The financial statements of Bigbank AS are presented in note 33 *Primary financial statements of the parent*. The parent company's primary financial statements are prepared using the same accounting policies and measurement bases as those applied in the preparation of the consolidated financial statements except that in the parent company's primary financial statements investments in subsidiaries and associates are measured at cost.

Litigation

The group was not involved in any significant litigation at 31 December 2025 and 31 December 2024.

Note 3. Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Expected credit loss allowances

Management's estimates have the most significant effect on loss allowances for loans and interest receivables. The measurement of expected credit loss (ECL) allowances for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) requires making significant estimates that involves determination of methodology, models and data inputs. Details of the ECL measurement methodology are disclosed in note 33 (see the section *Financial assets*) and note 4 (see the section *Credit risk*), the sensitivity analysis is disclosed in note 4 (see the section *Sensitivity analysis of macroeconomic indicators*) and the loss allowances are disclosed in notes 8 and 9. The

following factors have a major impact on expected credit loss allowances: definition of default, criteria for a significant increase in credit risk, probability of default (PD), exposure at default (EAD), loss given default (LGD), grouping of similar financial assets for the purpose of measuring ECL, and models of macroeconomic scenarios. The group regularly reviews and validates the models and inputs to the models to reduce the differences between expected credit loss estimates and actual credit loss experience. The group uses supportable forward looking information to measure ECL, primarily the outcomes of its own macroeconomic forecasting model.

Loans to customers at fair value through profit or loss

The group classifies loans to customers with the features of a hybrid instrument and transactions for the acquisition of agricultural land that grant the seller a repurchase option as instruments measured at fair value through profit or loss (FVTPL). Loans with the features of a hybrid instrument include the host (non-derivative) component and the component of the underlying asset. The objective of a hybrid instrument is to collect cash flows consisting of principal and interest payments as well as potential additional cash flows from the gain on the sale of the underlying asset at the end of the contract term. Transactions for the acquisition of agricultural land are financial instruments whose contractual cash flows are inconsistent with the criteria for basic lending arrangements and which include options: instead of repaying the loan the seller may decide to waive the rights to the property put up as collateral in which case the group will lose the rights to the contractual cash flows of the instrument and will acquire the property. Due to their business model and cash flows, loans with the features of a hybrid instrument and transactions for the acquisition of agricultural land that grant the seller a repurchase option do not meet the 'solely payments of principal and interest' (SPPI) requirement and do not qualify as instruments held for sale. Accordingly, they are not measured at amortised cost or at FVOCI, and management classifies them as financial assets at FVTPL (see notes 5, 8 and 31).

The fair value of loan receivables (loans to customers) measured at FVTPL is influenced by the market interest rate applied in discounting, which is found using a model that uses as inputs both market data on instruments with similar currency, maturity, interest rate, credit risk and other characteristics and the group's internal data (see note 5). The differences (day 1 gains or losses), which may arise at initial recognition between the fair value of an instrument and the amount determined using a valuation technique, also depend on the market interest rate applied. The differences are deferred and recognised in profit or loss on a straight-line basis over the terms of the contracts. The deferred day 1 net gain as at the reporting date was 0.4 million euros (31 December 2024: -0.6 million euros). At the reporting date, the market interest rate applied in the valuation technique was 4.07% (31 December 2024: 4.88%).

A factor that also affects the fair value of loans with the features of a hybrid instrument is the value of the underlying asset. The fair value of underlying assets is measured annually by real estate experts. An increase in the value of an underlying asset is taken into account in determining the instrument's future cash flows, which are discounted to present value using the market interest rate.

The sensitivity of fair value to changes in the significant unobservable inputs affecting fair value measurement (market interest rate and the value of the underlying asset) is presented in note 5.

Property, plant and equipment

The carrying amounts of property, plant and equipment are identified by applying internally established depreciation rates. Depreciation rates are determined by reference to the items' estimated useful lives (see the section *Property, plant and equipment* in note

31). Land and buildings are initially recognised at the acquisition cost and subsequently measured at the revalued amount. Management uses the estimate of an asset's market value provided by an independent expert as a basis for fair value estimation, if needed (see note 5).

The fair values of land and buildings (see notes 5 and 31) are based on a valuation report issued by a real estate appraiser.

Investment properties

The fair values of investment properties are measured annually and carrying amounts are adjusted to reflect any changes in market values (see the section *Investment properties* in note 31 and notes 5 and 11).

Intangible assets

The carrying amounts of intangible assets are identified by applying internally established amortisation rates. The amortisation rate is determined by reference to the estimated useful life of intangible assets (see the section *Intangible assets* in note 31), which is five years.

At the end of each reporting period management assesses whether there is any indication of impairment of intangible assets. If any such indication exists, management estimates the recoverable amount.

The group capitalises the costs of developing the information and banking technology solution Nest. Initial capitalisation of the costs is based on management's judgement that the technological and economic feasibility is certain. This usually occurs when the development phase has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash flow generation of the project, the discount rates to be applied and the expected period of benefits. The management estimates that the period during which Nest is expected to generate economic benefits is 5 years.

Tax treatments

Since the group operates in a complex multinational environment, management considered whether the group has any uncertain tax positions, particularly those relating to transfer pricing. The tax filings of Bigbank and its branches and subsidiaries in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge the tax treatments. Management has determined, based on the group's tax compliance and transfer pricing principles, that it is probable that the group's tax treatments (including those for the branches) will be accepted by the tax authorities if the group has appropriate transfer pricing documentation to support its approach.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Euro adoption in Bulgaria

On 1 January 2026, the Republic of Bulgaria joined the euro area and adopted the euro as its official currency, replacing the Bulgarian lev (BGN). As a result, the group's Bulgarian branch converted its financial accounting and reporting to euros, effective from the same date. The financial statements for 2026 and subsequent years will be prepared and presented in euros. Comparative figures will be recalculated using the official exchange rate fixed for the switchover: EUR 1 = BGN 1.95583. The euro conversion will have no impact on the group's consolidated financial statements.

Note 4. Risk and capital management

Risk and capital management principles

Risk is defined as a potential unexpected change in loss or income or in the value of assets, which can be described by probability distribution.

Effective risk and capital management is an essential component of the group's management. It has a crucial impact on the long-term results and sustainability of the business model. The aim of risk and capital management is to manage volatility in financial performance and to maintain the trust of customers, shareholders and regulators.

The strategy for risk and capital management is based on the following principles:

- **Well-balanced portfolio.** The group maintains a well-diversified loan portfolio and takes limited risk in financial markets. Since uncertain changes in any individual position may seriously affect the group's overall risk exposure, over-reliance on single counterparties and concentrations of risk are avoided.
- **Risk profile by significant countries and significant product groups.** The loan portfolio is reasonably balanced between different countries of operation and products.
- **Quality of assets.** Any changes in the target risk profile that may significantly affect the quality of assets are properly analysed and assessed before changes are made.
- **Strong liquidity position.** The group maintains a conservative liquidity risk profile and a sufficient portfolio of liquid assets at all times. Concentrations of funding and liquid assets are avoided. Excessive exposure to any individual risk that may seriously affect the liquidity position is avoided.
- **Adequate capitalisation.** The group maintains a strong and rather conservative capitalisation level (capital adequacy). The capital level must at all times be adequate to cover risks and ensure compliance with the target level of capital. Setting the risk appetite for any individual risk that may seriously affect the group's compliance with capital adequacy requirements is restricted. Detailed capital requirements are outlined in the *Own funds and capital* section of this note.
- **Reasonable risk level.** The group does not accept exceeding risk tolerance levels irrespective of the potential for extremely high returns as a result of risk taking. The group avoids risks which it cannot adequately assess or manage.
- **Low tolerance to specified types of risks.** The group has low tolerance to certain risk types as specified in the policies for individual risks. The group avoids risk profiles which increase such risks.
- **Reliable structure of the statement of financial position and the level of leverage.** The group maintains a structure of the statement of financial position that support a strong liquidity position and adequate capitalisation and avoids excessive leverage. All changes in the risk appetite that may have a material impact on the structure of the statement of financial position and leverage are properly assessed.
- **Financial strength and stability.** The primary objective of risk management is to protect the financial strength of the group. The group controls risks to limit the impact of potential adverse events on the group's capital, liquidity and financial results.

The group's risk management principles are established in the risk policy approved by the supervisory board of Bigbank AS. Risk taking is an unavoidable part of the group's business and risk management supports business activities and decision making, ensuring that there is as clear information as possible about the risk and reward ratio of different choices. Risk management is an integral part of the process of making strategic and daily business decisions. The goal of risk management is to ensure that the outcomes of risk-taking activities are consistent with the group's strategies and risk appetite, and that there is an appropriate balance between risk and reward.

The main risk the group has identified in its operations is credit risk, which arises in lending to customers. Other material risks are market risk (including IRRBB, i.e. interest rate risk in the banking book), liquidity risk, operational risk, reputational risk, business and strategic risk. ESG risk is not considered as a standalone risk by the group since it materialises through the traditional categories of financial and non-financial risks. The impact of ESG must be taken into account when managing material risks.

In order to cover these risks the group holds a capital buffer and liquidity reserves for unforeseen events. The group assesses and identifies the risks continuously, as a part of its internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP).

Risk management framework

The supervisory board of Bigbank AS has established the group's risk management framework, which is set out in the group's risk policy. The group's risk management framework consists of four key elements: 1) risk culture, 2) risk governance, 3) risk appetite and 4) risk management process.



Figure. Risk management framework

Risk culture

Risk culture means norms, attitudes and behaviours related to risk awareness, risk taking and risk management, and the controls that shape decisions on risks in the group. Risk culture influences the decisions of management and employees during the day-to-day activities and has an impact on the risks they assume. A strong and consistent risk culture is a key element of the group's effective risk management and allows making sound and informed decisions. Risk culture is developed through policies, communication and staff training regarding the group's activities, strategy and risk profile.

Employees should be fully aware of their responsibilities relating to risk management. Risk management is not confined to risk specialists or internal control functions. Business units are primarily responsible for managing risks on a day-to-day basis in line with the group's policies, procedures and controls, taking into account the group's risk appetite and risk tolerance.

A strong risk culture includes:

- Tone from the top – the management board is responsible for setting and communicating the group's core values and expectations. The group's management, including key function holders, contribute to the internal communication of core values and expectations to employees.
- Accountability – relevant employees at all levels must know and understand the core values of the group and, to the extent necessary for their role, its risk appetite and risk capacity. They must be capable of performing their roles and aware that they will be held accountable for their actions in relation to the group's risk-taking behaviour.
- Effective communication and challenge – a sound risk culture helps promote an environment of open communication in which decision-making processes encourage a broad range of views, allow for testing of current practices, stimulate a constructive critical attitude among employees, and promote an environment of open and constructive engagement throughout the group.
- Incentives – appropriate incentives play a key role in aligning risk-taking behaviour with the group's risk profile and its long-term interests.

Risk governance

The group's risk governance structure is characterised by a focus on the key responsibilities relating to risk-taking decisions and oversight.

The general risk governance structure is based on the three lines of defence model. Under the concept, all employees of the group are responsible for managing risk, but all have their specific roles and responsibilities. The functions are separated into three lines as follows:

- **first line of defence** – functions that own and manage risks (risk owners);
- **second line of defence** – functions that oversee risks (risk management and compliance functions);
- **third line of defence** – functions that provide independent assurance (internal audit).

Each line of defence has specific roles and responsibilities for risk management and risk control.



Figure. The three lines of defence model

The first line of defence, the operational management (all business and support units), is accountable for managing risks within their areas of responsibility (risk owners). They have primary responsibility for day-to-day risk management within their scope of responsibilities. Risk owners have an operational focus, they embed risk management framework and sound risk management practices into standard operating procedures, monitor risk management performance and are responsible for its effectiveness.

The second line of defence includes the risk management and compliance functions. These functions have to ensure that the first line of defence is properly designed and functioning as intended and risks are properly managed.

The third line of defence is the internal audit unit, which provides independent assurance, reviews the first two lines of defence and the effectiveness of risk management practices, confirms the level of compliance, recommends improvements and enforces corrective actions where necessary.

The group's risk management decisions are made at three main levels:

- 1) the supervisory board;
- 2) the management board;
- 3) credit committees.

Based on decisions made at these levels and the authorities granted, operational decisions are made by risk owners and operational units. The group keeps the risk management, decision-making and monitoring processes as separate and independent as possible. The group's organisational structure is designed so that it ensures the segregation of duties between operational and monitoring/control functions in order to prevent conflicts of interest.

The supervisory board approves the risk appetite statement, risk and capital management policy and the policies for material risk types. The supervisory board is responsible for establishing and monitoring the adequacy and effectiveness of the internal control framework and overseeing internal control functions.

The management board is responsible for implementing and maintaining risk management procedures, processes and systems for all of the group's material products, activities, processes and systems, consistent with the group's risk appetite and tolerance. The management board identifies and assesses regularly all risks involved in the group's activities, to make sure that the risks are monitored and controlled. The management board is responsible for implementing an internal control system and a risk limit system and ensuring the sound functioning of ICAAP and ILAAP.

The system of credit committees consists of the group's credit committee and its sub-committees (country-level credit committees). In addition, smaller loans are issued by applying simplified decision-making powers and automated decision-making models. The group's credit committee is a body that makes decisions at the highest level, oversees sub-committees and adopts lending decisions on credit limits exceeding 3 million euros if the customer's rating is 6 or lower and 10 million euros if the customer's rating is 7 or higher. The members of the group's credit committee are appointed by the management board, and the members of sub-committees are appointed by the group's credit committee. The working principles of the group's credit committee are determined by the supervisory board. A credit proposal is approved if the majority of the participating credit committee members approve the proposal.

The purpose of the risk committee is to advise the supervisory board and the management board on risk management principles and the group's risk tolerance and to supervise the implementation of risk management principles by the management board in accordance with the risk management policy and other policies governing risk management.

The management board has established the assets and liabilities management committee (ALCO). The purpose of ALCO is to develop and regularly review the principles of market and liquidity risk and capital management, as well as to review and monitor risk limits and risk indicators, stress test scenarios and assumptions, etc. Its role is one of oversight, as the management board is primarily responsible for implementing the bank's risk management.

The purpose of the operational, ICT and information security risk committee, which is established at the management board level, is to support the management board in managing operational risk (including information security and compliance risk): the committee discusses strategic issues specific to those risks, coordinates and makes agreements. The committee includes representatives of both the first and the second line of defence to ensure adequate representation and effective coordination and communication of risks within the group. The members of the committee are appointed, and its rules of procedure are approved, by the management board.

Risk appetite

Risk appetite is the level of aggregated risks that the group is willing to assume within its risk capacity, in line with the business model, to achieve its strategic objectives. Risk appetite establishes boundaries for prudent decision making and risk taking.

The risk appetite framework (RAF) is the overall approach (including policies, processes, controls and systems) through which risk appetite is established, communicated and monitored. It defines the risk capacity, risk appetite, risk limits and risk profile, and outlines the roles and responsibilities of those overseeing the implementation and monitoring of the RAF. The RAF considers material risks to the group, as well as to the group's reputation vis-à-vis supervisors, depositors, investors and customers.

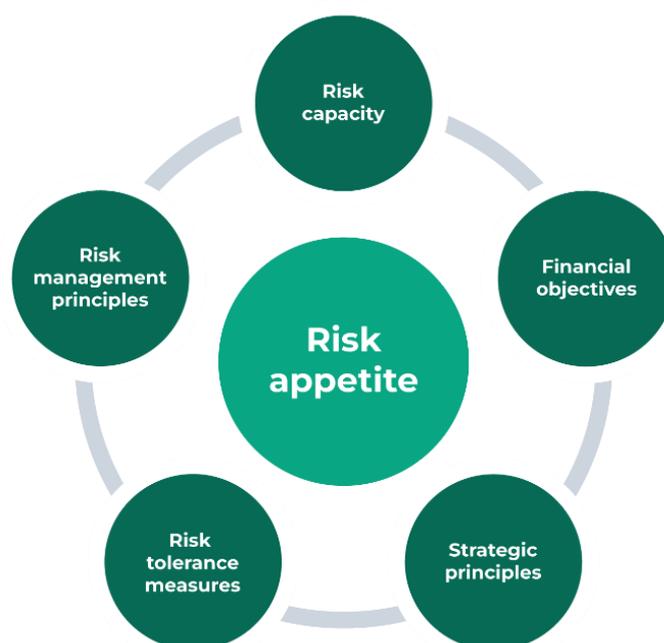


Figure. Elements of risk appetite

The risk appetite statement (RAS) is a formal statement in which the supervisory board expresses its views on the amounts and types of risk that the group is willing to take in order to meet its strategic objectives. The RAS is reviewed at least once a year to account for potential changes in the underlying factors.

The group has defined its risk appetite for all main risk types that have been identified and has established processes and measures for how the actual risk profile is assessed and managed. Risk appetite is forward-looking, in line with the strategic planning horizon, and it is reviewed regularly.

The group uses a four-step scale to determine the levels of risk appetite:

- Low risk appetite (1) – Focuses on capital and liquidity preservation and stability. Prefers conservative strategies with minimal risk exposure, emphasising rigorous risk management, compliance and stability to minimise exposure to potential losses over high returns.
- Moderate risk appetite (2) – Aims for balanced returns with moderate risk. Adopts a cautious approach, balancing safety with some growth opportunities, and maintains flexibility in risk management. Manages risks through well-established but adaptable frameworks. Strategically, the focus is on steady and somewhat competitive markets, with an inclination towards reliable and tested approaches.
- Above average risk appetite (3) – Prioritises capital growth, accepting higher risks for greater returns. Open to innovative strategies and exploring opportunities to enter rapidly developing markets, balancing risk with potential growth. Welcomes challenges associated with uncharted territories or new business models. Strategically, the emphasis is on dynamic markets and proactive growth strategies, willing to venture into less predictable but potentially more rewarding areas.

- High risk appetite (4) – Targets maximum returns, embracing substantial risks. Engages in bold strategies and ventures into speculative markets, prioritising high rewards despite high risk levels. Strategic decisions are often bold and ambitious, targeting highly speculative areas or rapid market shifts, where the potential for high rewards justifies the substantial risks.

The target risk profile (the risk profile the group wishes to maintain) is based on the risk appetite and provides an overview of the level and types of risks the group is willing to take within its risk capacity and in line with its business model to achieve its strategic objectives. The target risk profile describes the nature and level of each material risk identified. Determining and updating the target risk profile is an integral part of annual strategic planning during the budgeting process.

The actual risk profile is assessed and compared with the target profile at least quarterly. The assessment results are reported to the management board and supervisory board in regular risk reports.

Risk management process

Effective risk management includes techniques and measures that are driven by the risk framework and integrated into the group's strategies and business planning process. The risk management process consists of the following core activities:

- risk identification
- risk assessment
- risk measurement
- risk monitoring
- risk control
- risk reporting.



Figure. Risk management process

Risk identification. Risk identification is a regular process the group uses to identify risks material for the group. Risk identification must be comprehensive and take both normative and economic perspectives into account.

Risk assessment. A risk assessment for new products and systems must be performed before they are introduced. The principles of proportionality and efficiency apply – the extent of assessment must be in accordance with the potential impact and importance of the risk in the group's aggregated risk profile. The actual risk profile is regularly assessed against the group's risk appetite.

Risk measurement. The risk management function is responsible for developing and maintaining an appropriate suite of risk measurement techniques to support the operations of the various business lines (risk owners), and the measurement of capital adequacy on a group-wide basis. All material risks are measured using quantitative metrics and regularly monitored. The management board reviews and approves the risk measurement principles annually.

Stress testing, sensitivity analysis and scenario analysis are proactive methods used to assess the impact of various factors on the risk profile and respective capital needs. Stress testing is integrated into the group's risk management framework and capital adequacy assessment process, and it enables to evaluate the possible impact of relevant business and strategic decisions. Stress testing of material risks is performed at least annually or more frequently and results are reported to the management board and supervisory board.

Risk monitoring. A regular monitoring system ensures that business activities are within approved limits and in line with regulations as well as aligned with the group's strategies and target risk profile. Any breaches of limits or regulations must be immediately reported by the head of the respective unit and escalated to the senior management, committees, management board and/or the supervisory board depending on the limit or regulation. The group has a system of risk indicators (including escalation levels) in place, addressing all identified material risk categories and regular monitoring of key financial and non-financial risk indicators to identify changes in the group's financial conditions and risk profile.

Risk control. A significant part of risk management is risk control – the framework of internal procedures, processes and limits. Internal rules and regulations are required for proper risk management and meeting the minimum regulatory requirements. All identified material risks and related processes are covered with internal rules, limits and the control system. All internal regulations are consistent with the group's general risk management principles and target risk profile and they set the limits and controls within which the group and its subsidiaries can operate.

The development of internal rules is actively coordinated at group level. However, the head of each function, branch and subsidiary is fully responsible for compliance with local regulations in their area of responsibility or country of operation. All internal regulations must comply with the principles for the establishment of group-level internal regulations.

Key risk policies and general risk management strategies, principles, risk governance and general limits are approved by the supervisory board. Management level general risk procedures are approved by the management board. Risk management policies are reviewed and updated annually.

Risk reporting. Risks are monitored and reported by all material risk types, products and branches. The head of the risk management function is responsible for implementing appropriate work arrangements, policies, procedures and systems to ensure that risks are measured, assessed, aggregated, analysed and regularly reported to the management board. The chairman of the management board and the head of the risk management function inform the supervisory board about the development of the overall risk situation as well as other risk related matters quarterly.

CREDIT RISK

Credit risk is the risk that a counterparty to a transaction will not be able or willing to discharge its contractual obligations and the group will incur a credit loss. Credit risk arises from the group's direct lending operations and its investment activities where counterparties have repayment or other obligations to the group. The group distinguishes between credit risk arising from (i) the loan portfolio (including items accounted for off the statement of financial position); (ii) money market operations; and (iii) the bond portfolio.

Credit risk of the loan portfolio is the most significant risk for the group and the most significant driver of risk-weighted assets. The group determines the credit risk levels in the loan portfolio based on the ECL estimates. The ECL estimates are divided into four groups: low, moderate, above average and high risk. In 2025, the group's overall credit risk appetite was moderate (ECL <1.2%). Depending on the group's strategic objectives, the risk appetite in the sub-profiles of the loan portfolio may range from low to high.

The group has identified the following sub-risks of credit risk of the loan portfolio:

- **Default risk** – the risk that a borrower fails to meet its financial obligations to the group.
- **Exposure risk** – the risk of potential losses under worst-case scenario what the group might incur if a borrower defaults on its financial obligations to the group.
- **Concentration risk** – the risk resulting from a large risk exposure to a counterparty or related counterparties or risk exposures where risk is affected by a common risk factor or when there is a strong positive correlation between risks.
- **Country concentration risk** – the risk resulting from the economic, political or social situation in the country where the counterparty is located or from the probability of an event (e.g. environmental or political) that may cause a large number of debtors to become insolvent (collective debtor risk).
- **Recovery and collateral risk** - the risk that actual recovery after a borrower's default is lower than expected at the loan origination.

Credit risk of money market operations arises from the group's payment services and money market activities through exposures to credit institutions. The credit risk of payment services results from holding liquid assets and from payment solutions supporting the group's main activities.

The risk is managed through diverse counterparties, high credit-rating standards, counterparty exposure limits and regular monitoring/reviews to minimise the probability of default of any single counterparty.

The credit risk of money market operations is managed at group level. All branches and subsidiaries observe group-level principles, rules and limits. Finance units are the first line of defence in managing money market credit risk. The second line of defence is the risk management function.

The credit risk of the bond portfolio arises from the group's debt instruments. The strategy and risk appetite for the credit risk of the bond portfolio is set, managed and monitored as part of liquidity and market risk management. The finance units are the first line of defence in managing the credit risk of the bond portfolio. The second line of defence is the risk management function.

Default risk

The group defines a **default** as either a customer's failure to fulfil all or part of their financial obligations relating to a credit product towards the bank, or a situation in which the customer is likely to be unable to fulfil their financial obligations towards the bank, and this situation cannot be remedied in the near term. Exposures considered to be in default are classified as non-performing and are treated as stage 3 exposures (credit-impaired).

For measuring default risk at the loan origination, the group uses the 12-month probability of default. For customer segments for which sufficient statistical data are available, the probability of default is estimated using statistical models. Models are updated as necessary. Their need for updating is assessed at least once a year. For customer segments where sufficient statistical data are not available, the probability of default is estimated using rating models based on qualitative and quantitative estimates. The group has set a probability of default cap, which cannot be exceeded for the issuance of new loans. In addition to loan applicants, the group has set probability of default caps for loan portfolios financed through cooperation partners.

Default is recognised on a contract level in the case of retail customers and on a customer or customer group level in the case of corporate customers. Default is recognised if a customer fails to meet their financial obligation in a timely manner in a substantial amount for more than 90 days or it is highly likely that the customer will default on its financial obligations in the future. Indications of a potential future default include identification of further credit losses, distressed restructuring of a loan contract, bankruptcies, incidents of fraud, and a substantial decrease in a customer's sources of income or an increase in a customer's financial obligations. In the case of corporate customers, this also includes a decline in debt servicing capacity.

In providing credit, the group focuses only on creditworthy individuals and companies whose solvency can be adequately assessed. The group observes responsible lending principles making sure that the borrower's income is sufficient to meet their financial obligations before issuing a loan. When granting business loans, an applicant's solvency is analysed and assessed separately for each loan application. In the case of related customers, the group also considers the consolidated solvency of the group of companies in addition to the solvency of the single borrower. The loan analysis uses both the information provided by the customer and the data obtained from public databases and registers.

The group makes sure that its operations do not breach good banking practice or ethical, environmental and legal standards and principles. The group does not enter into transactions with counterparties that have questionable integrity or are involved in unethical business activities.

Exposure risk

Exposure at default (EAD) is the counterparty's expected loan amount, together with interest and other receivables, at the time of default. In consumer lending, the group focuses on a well-diversified portfolio, avoiding a significant amount of unsecured lending to a single customer. In the case of consumer and home loans, the exposure at default risk is mostly limited to the obligations set out in the repayment schedule, but in the case of credit cards, the group accounts for an increase in the amount of credit used after the default. Regarding corporate customers, the group is prepared to lend larger amounts to

a single customer or a group of customers if the loan is secured by real estate. When issuing larger loan amounts, the group ensures that individual loans are linked to separate projects with independent sources of repayment. The group does not enter into non-cancellable credit facility agreements with corporate customers. Before each additional loan disbursement, the group verifies the borrower's compliance with the contractual terms and conditions. No additional loans are issued to borrowers in financial difficulty.

Concentration risk

The group monitors the concentration of exposures in terms of counterparties, related counterparties, weak rating categories, credit products, industries and countries of operation. The group's strategy for mitigating the concentration risk of the loan portfolio is to avoid a significant impact of the default of any single counterparty or a group of related counterparties by maintaining a well-diversified loan portfolio.

High concentration of risk is defined as exposure to a single customer or a group of related customers that equals or exceeds 10% of the group's Tier 1 capital. At 31 December 2025, the group had such exposures to 4 customer groups in the total amount of 140.5 million euros (31 December 2024: 4 customer groups and 122.8 million euros). For information about the group's own funds, please refer to the section *Own funds and capital*. In addition, the group monitors concentration risk through the application of risk limits as described in the section *Credit risk limits*. The group does not apply concentration risk limits to industry sectors. At 31 December 2025, the group had the highest concentration in real estate activities, which accounted for 65.4% of total business loan portfolio, followed by construction (11.4% of total business loan portfolio).

Country risk

The group's strategy is to have a well-balanced portfolio across the countries of operation. The group focuses in its lending activities on countries where it has in-depth economic and legal knowledge as well as long-term experience and sufficient local competence. At 31 December 2025, the maximum share of any such single country was capped at 55% of the total loan portfolio, see note 8. A lower cap was set for countries where local expertise or experience was not yet sufficient to extend loans in a larger volume.

Recovery and collateral risk

The group issues unsecured consumer loans whose recovery risk is measured by reference to loss given default (LGD). LGD is estimated using statistical models or the historically observed loss rate, adjusted for a forward-looking factor. Home loans and the majority of business loans are issued against real estate collateral, where the collateral risk is measured as the ratio of the loan to the market value of the collateral (loan to value, LTV). The group accepts residential and commercial real estate as well as agricultural and forest land as collateral. Home loans are partly collateralised also by state guarantees. The leasing portfolio is secured by the leased assets, mainly vehicles, forestry machinery and agricultural equipment. Collateral risk arises mainly from a potential fall in the market value of collateral but also from changes in legislation or in collateral realisation procedures. The group consciously limits collateral risk and selects the type and amount of credit so that credit risk hedging is not limited to the claim for the collateral and the cash flow resulting from its realisation. The group monitors the impact of fluctuations in the market value of real estate collaterals.

Collateral risk is managed by applying the following risk mitigation methods.

- The group considers mortgage of the first ranking entered in the land register as acceptable real estate collateral. The collateral has to be insured throughout the loan term with an insurance company accepted by the group at least to the extent of the replacement value of the property.

- The sufficiency and value of acceptable real estate or other collateral are determined based on its present value considering the changes that will occur over time. Where necessary, the value of collateral is determined with the assistance of experts (e.g. real estate appraisers). The group accepts as loan collateral only such immovable properties in respect of which a written valuation report has been issued by an appropriately qualified real estate company and expert. In addition to valuation reports prepared by real estate companies, collateral risk is assessed based on the group's subjective estimates. Agricultural and forest land is valued by the group, if necessary, using internal valuation methods. The market values of collateral assets are revalued at least once a year.
- Larger business loans are subject to contractual covenants related to the customer's financial position and the collateral.
- In making financing decisions, the group does not rely only on collateral but primarily on the counterparty's ability to service the loan with their cash flows or income. Limits have been established for the maximum amounts and loan-to-value ratios of loans secured by real estate. The limits take into account the condition and location of the property.
- The group does not delay the realisation of collateral merely because the group has a strong collateral position. Appropriate recovery measures are initiated immediately when it becomes likely that the borrower will be unable or unwilling to repay the loan in full under the agreed terms.

The table provides an overview of over- and under-collateralised loans by type of collateral. Consumer loans are generally issued without collateral.

Loans and loan collateral at 31 December 2025

	Over-collateralised loans		Under-collateralised loans		Total		
	Gross carrying amount	Fair value of collateral	Gross carrying amount	Fair value of collateral	Gross carrying amount	Fair value of collateral	Carrying amount
Unsecured loans,							
of which	-	-	741.1	-	741.1	-	694.5
Other financial corporations	-	-	34.3	-	34.3	-	34.3
Non-financial corporations	-	-	0.1	-	0.1	-	0.1
Retail customers	-	-	706.7	-	706.7	-	660.1
Loans secured by real estate, of which	1,793.7	3,098.3	8.9	6.6	1,802.6	3,104.9	1,799.5
Other financial corporations	29.4	94.3	0.1	0.1	29.5	94.4	29.5
Non-financial corporations	913.0	1,639.9	8.7	6.4	921.7	1,646.3	919.5
Retail customers	851.3	1,364.1	0.1	0.1	851.4	1,364.2	850.5
Loans secured by other collaterals, of which	89.1	159.4	127.4	84.7	216.5	244.1	213.5
Other financial corporations	0.1	0.2	5.2	-	5.3	0.2	5.3
Non-financial corporations	63.1	114.5	7.2	5.0	70.3	119.5	69.9
Retail customers	25.9	44.7	115.0	79.7	140.9	124.4	138.3
Total					2,760.2	3,349.0	2,707.5

Loans and loan collateral at 31 December 2024

	Over-collateralised loans		Under-collateralised loans		Total		Carrying amount
	Gross carrying amount	Fair value of collateral	Gross carrying amount	Fair value of collateral	Gross carrying amount	Fair value of collateral	
Unsecured loans, of which	-	-	726.6	-	726.6	-	677.7
Other financial corporations	-	-	13.4	-	13.4	-	13.4
Non-financial corporations	-	-	-	-	-	-	-
Retail customers	-	-	713.2	-	713.2	-	664.3
Loans secured by real estate, of which	1,325.2	2,293.5	31.4	17.5	1,356.6	2,311.0	1,355.2
Other financial corporations	19.3	57.8	0.5	-	19.8	57.8	19.8
Non-financial corporations	669.4	1,221.2	28.7	16.7	698.1	1,237.9	697.1
Retail customers	636.5	1,014.5	2.2	0.8	638.7	1,015.3	638.3
Loans secured by other collaterals, of which	71.4	121.9	93.8	61.6	165.2	183.5	163.6
Other financial corporations	-	-	5.0	-	5.0	-	5.0
Non-financial corporations	51.6	87.6	0.3	0.1	51.9	87.7	51.6
Retail customers	19.8	34.3	88.5	61.5	108.3	95.8	107.0
Total					2,248.4	2,494.5	2,196.5

Credit risk policy and management

The group's risk policy, risk appetite, and credit risk limits and key risk indicators are approved by the bank's supervisory board, while the corresponding country and product-based limits and indicators are approved by the bank's management board. The group measures risk appetite based on the expected credit loss model. In determining its risk appetite, the group considers its strategic return on equity target. When setting risk limits and thresholds for key risk indicators, the group considers not only its business objectives but also the expected quality of the loan portfolio and the results of stress tests.

The group manages credit risk in accordance with the principles outlined in the Credit Institutions Act and the regulations issued by the governor of Eesti Pank, the Financial Supervision and Resolution Authority and other regulatory authorities (in Estonia and other countries in which the group operates), as well as its own credit policy and the thresholds set out in the risk appetite statement.

The group calculates its capital requirement for credit risk using the standardised approach.

The group's credit risk strategy is managed at group level, using inputs and knowledge of the local market obtained from the country level. The quality of the loan portfolio in each country is monitored by the country-level credit risk manager who arranges for precautionary measures to be taken as appropriate.

The loan analysis, solvency and collateral assessment, and the decision-making powers of credit committees are specified in the procedures approved by the group's supervisory board or management board. The credit policy and relevant loan analysis and issuance procedures are regularly reviewed and updated to take into account changes in the economic environment, the group's credit risk appetite and counterparty payment discipline.

Credit decisions are made jointly either by credit committees or duly authorised employees consistent with the limits established by the group's supervisory board and management board. The group takes environmental, social and governance factors into account in its lending and decision-making policies.

The group has put in place procedures that regulate the types of collateral accepted, the maximum collateral values allowed and other requirements for collateral. The group assigns collateral value only to those assets for which there is a real secondary market and the collateral can be realised within a reasonable time without significant costs. The main types of collateral are residential and commercial real estate, including buildings under construction, as well as plots of forest and agricultural land. Lease financing is secured by leased assets. In addition, the group accepts surety granted by private individuals and guarantees provided by legal persons, but no collateral value is assigned to them. To a small extent, share pledges of companies have been accepted as additional collateral, provided they have real market value which can be measured.

Each branch and business unit is fully responsible for performing the loan analysis and evaluating the credit risk of each transaction even if the final decision is taken at a higher level. Credit committees, employees with personal decision-making authority, sales staff who are involved in making credit decisions and heads of branches are the first line of defence in managing credit risk.

The group's credit risk unit is the second line of defence. Proper adherence to internal processes and the decision-making authority by the employees is regularly monitored by the internal credit controller.

The group's credit policy relies on the following risk management approach:

- In its business operations, the group focuses on serving individuals and small and medium-sized enterprises. Companies' ultimate beneficial owners and their relationships with other companies are identified by determining relationships of ownership and control.
- The group monitors its credit risk concentration in respect of any single factor and, where necessary, restricts exposure to any customer group that is related to or impacted by that factor.
- When setting higher credit limits for one or more counterparties, the group ensures that the financing of projects and the servicing of loans remain independent of each other and are secured by immovable property, such as agricultural or forest land.
- Credit risk is managed centrally at group level. When setting appropriate credit limits and indicators, the group relies on the expertise of the branches and local credit risk managers, but the branches do not have the authority to set country-level limits or indicators.
- Risk appetite for individual products is clearly defined on a country-by-country basis. The compliance of the actual results with the established risk limits and indicators is regularly monitored and reported to the group's credit committee, management board and supervisory board.
- The group has set a probability of default cap that cannot be exceeded when issuing loans to customers.

- The group's objective is to diversify its credit portfolio so that, in the event of any adverse events, no part of the portfolio would jeopardise the group's sustainability.
- Credit limits above 500,000 euros were considered material and were subject to increased monitoring. From 31 December 2025, the threshold for material credit limits was increased to 1.0 million euros.

The group manages its past due portfolio by selling past due items to third parties. The past due portfolio is sold only if the sale is economically beneficial to the group. In 2025, the volume of the sold past due portfolio was 9.9 million euros (2024: 17.9 million euros), of which 4.4 million euros was related to the sale of the Swedish loan portfolio, see note 9. The group manages the unsold past due portfolio in-house, with the necessary processes and debt management units in place in each country where loans are issued. The group is consistently developing its debt management processes and IT systems.

Credit risk limits

The green (target) level of credit risk limits and key risk indicators is expected to ensure the achievement of the group's strategic equity target. If the level is red, the group will not achieve its strategic equity target in material respects but the level does not exceed the group's risk capacity. The yellow level provides sufficient time to bring the indicators back to the target level before the red level is reached.

The group has established the following credit risk limits and key risk indicators in the risk appetite statement:

- expected credit loss ratio for the total portfolio and by business line;
- maximum share of non-performing loans for the total portfolio, by business line and for the real estate sector;
- minimum allowed rate of stage 3 loan loss allowances, for the unsecured consumer loan portfolio;
- monthly increase of stage 3 exposures, for the unsecured consumer loan portfolio;
- total maximum exposure per single customer or customer group;
- maximum exposure per subsidiary that does not provide ancillary services;
- maximum loan-to-value (LTV) ratio for the total portfolio of loans secured by real estate;
- concentration risk limits for countries, country-level unsecured loan portfolios and the 10 largest business loans;
- Herfindahl-Hirschman index limits for counterparties and sectors;
- maximum unsecured portion of business loans per customer or customer group;
- 12-month rolling unemployment rate by country.

All branches and subsidiaries must comply with the policies, credit risk limits and key risk indicators established at group level. Breaches of credit risk limits and key risk indicators at country level must be immediately reported to the country-level credit committee, which will approve actions for bringing the risk exposure to the target level. The limit breaches and action plans are further reported to and monitored by the group's credit committee. Breaches of credit risk limits and key risk indicators at group level must be reported to the group's credit committee and to the management board together with an action plan for bringing the risk exposure to the target level. Breaches of limits set at group level must be reported to the bank's supervisory board.

In addition to credit risk limits and key risk indicators stated in the risk appetite statement, the management board establishes limits for credit risk which include limits for new sales quality, default rates, overdue portfolio, forborne loans and maximum loan amounts and periods by product.

Gross carrying amount of forborne loans

At 31 December	2025	2024
Performing	18.3	10.1
Non-performing	38.3	19.5
Total	56.6	29.6

Measurement and classification of credit risk

To obtain an overview of the exposures of the group's total loan portfolio, the credit risk function monitors the development of the loan portfolio, customers' payment behaviour and credit risk.

Loan customers' credit risk is measured using the group's internal scoring and rating models. A customer's credit rating is embedded in the group's risk management system and used to assess the customer's payment ability and the probability of default, create loss allowances, assign credit limits and determine the scope of credit risk assessments and the frequency of monitoring credit risk exposures.

Each customer is assigned a credit rating or credit score during the review of their loan application or the monitoring of changes to the circumstances that underlie their credit risk. The frequency of monitoring depends on the customer type and loan class. A company's rating is updated at least once a year if the group has any material risk exposure to the customer or whenever events are identified that indicate a possible increase in the risk profile of the customer or customer group.

To better evaluate credit risk, the group divides receivables into five major classes using an internal rating system to determine their quality:

- Very good. The customer's ability to pay and factual payment behaviour are very good. There is no evidence suggesting that weaknesses could emerge.
- Satisfactory. The customer's estimated ability and willingness to pay and factual payment behaviour are good. The group is not aware of any circumstances that could cause the receivable not to be settled in accordance with the originally agreed terms, and the customer's credit risk is low or moderate.
- Weak. The customer has clearly identifiable economic weaknesses. The customer is making payments but there may be overdue payments of up to 90 days. The customer's default risk is above average.
- Inadequate. Non-performing loans, which are more than 90 days past due or have undergone restructuring without which the customer would have defaulted, or the contract has been terminated. Settlement of the entire receivable is unlikely if the situation does not change.
- Irrecoverable. The customer is insolvent, repayment is unrealistic, and the group has no economically effective means of collecting the receivable, or the customer has been declared bankrupt.

Loans to customers by economic sectors³ (gross exposure)

At 31 December	2025	2024
Loans to customers at amortised cost		
Loans to corporate customers: other financial corporations	69.1	38.2
Loans to corporate customers: non-financial corporations, of which	978.8	711.7
Agriculture, forestry and fishing	59.4	55.2
Mining and quarrying	0.2	0.3
Manufacturing	14.0	9.8
Electricity, gas, steam and air conditioning supply	4.7	0.8
Water supply	0.3	1.6
Construction	94.8	44.4
Wholesale and retail trade	24.5	16.9
Transport and storage	12.1	4.9
Accommodation and food service activities	25.1	39.2
Information and communication	2.8	1.8
Real estate activities	676.7	480.4
Professional, scientific and technical activities	17.9	12.4
Administrative and support service activities	13.3	7.9
Education	0.9	0.5
Human health services and social work activities	9.8	9.3
Arts, entertainment and recreation	13.7	8.6
Other services	8.6	17.7
Loans to retail customers	1,699.0	1,460.2
Loans to customers at FVTPL		
Loans to corporate customers: non-financial corporations, of which	13.3	38.3
Agriculture, forestry and fishing	6.5	28.2
Real estate activities	6.8	10.1
Total loans to customers	2,760.2	2,248.4

³ Split by NACE codes, i.e. Statistical Classification of Economic Activities in the European Community

Loans to customers by internal rating classes at 31 December 2025

	Corporate customers: other financial corporations	Corporate customers: non-financial corporations	Retail customers	Total	Loan commitments*
Loans at amortised cost	69.1	978.8	1,699.0	2,746.9	283.0
Very good	34.5	154.0	1,429.5	1,618.0	82.5
Satisfactory	24.7	596.2	153.2	774.1	143.0
Weak	9.9	195.4	36.0	241.3	57.4
Inadequate	-	32.0	77.6	109.6	0.1
Irrecoverable	-	1.2	2.7	3.9	-
Loans at FVTPL	-	13.3	-	13.3	-
Very good	-	4.2	-	4.2	-
Satisfactory	-	1.3	-	1.3	-
Weak	-	4.7	-	4.7	-
Inadequate	-	3.1	-	3.1	-
Total loans to customers (gross carrying value)	69.1	992.1	1,699.0	2,760.2	283.0

At 31 December 2025, the unused portions of credit lines and loans totalled 283.0 million euros (31 December 2024: 173.8 million euros). Due to their immateriality, no allowances for expected credit losses on loan commitments were recognised for 2025 or 2024.

Loans to customers by internal rating classes at 31 December 2024

	Corporate customers: other financial corporations	Corporate customers: non-financial corporations	Retail customers	Total	Loan commitments*
Loans at amortised cost	38.2	711.7	1,460.2	2,210.1	173.8
Very good	13.4	92.9	1,190.0	1,296.3	35.3
Satisfactory	15.7	392.8	158.0	566.5	78.3
Weak	9.1	185.4	43.5	238.0	60.1
Inadequate	-	40.3	67.2	107.5	0.1
Irrecoverable	-	0.3	1.5	1.8	-
Loans at FVTPL	-	38.3	-	38.3	-
Very good	-	5.1	-	5.1	-
Satisfactory	-	12.0	-	12.0	-
Weak	-	21.2	-	21.2	-
Total loans to customers (gross carrying value)	38.2	750.0	1,460.2	2,248.4	173.8

* Loan commitments are accounted for off the statement of financial position.

Corporate ratings are assigned based on multi-factor models capturing qualitative (estimates of experts) and quantitative (financial ratios) input. Retail customers' credit scores are assigned based on either the application or behavioural model.

Breakdown of loss allowances

The methodology for the recognition of loss allowances is described in more detail in note 31.

The group recognises loss allowances to reflect the potential changes in the credit risk attributable to loan receivables. To cover expected credit losses, the group has recognised loss allowances, which at 31 December 2025 totalled 52.7 million euros and accounted for 1.9% of the total loan portfolio at amortised cost (31 December 2024: 51.9 million euros, i.e. 2.3%). The group's loans to customers grew the most in the business loan and home loan segments. As these exposures are collateralised by real estate, the increase in loss allowances was small compared to the growth in outstanding loans.

Loans whose interest and/or principal receivable exceeds 100 euros for retail loans and 500 euros for business loans and which are past due for more than 90 days break down as follows:

Loans to customers by past due status at 31 December 2025

Loans to customers at amortised cost	Gross carrying amount	Loss allowance	Risk position
Loans not past due, of which	2,600.6	-13.7	2,586.9
other financial corporations	69.1	-	69.1
non-financial corporations	960.2	-2.3	957.9
retail customers	1,571.3	-11.4	1,559.9
Loans past due, of which	146.3	-39.0	107.3
other financial corporations	-	-	-
non-financial corporations	18.6	-0.3	18.3
retail customers	127.7	-38.7	89.0
Total	2,746.9	-52.7	2,694.2
Past due loans according to days past due:			
Up to 30 days	64.8	-3.4	61.4
31–60 days	12.8	-2.7	10.1
61–90 days	5.6	-1.6	4.0
Over 90 days	63.1	-31.3	31.8
Total past due loans	146.3	-39.0	107.3

Loans to customers by past due status at 31 December 2024

Loans to customers at amortised cost	Gross carrying amount	Loss allowance	Risk position
Loans not past due, of which	2,069.9	-16.7	2,053.2
other financial corporations	36.3	-	36.3
non-financial corporations	687.1	-1.1	686.0
retail customers	1,346.5	-15.6	1,330.9
Loans past due, of which	140.2	-35.2	105.0
other financial corporations	1.9	-	1.9
non-financial corporations	24.6	-0.2	24.4
retail customers	113.7	-35.0	78.7
Total	2,210.1	-51.9	2,158.2
Past due loans according to days past due:			
Up to 30 days	63.3	-4.4	58.9
31-60 days	16.4	-2.9	13.5
61-90 days	6.4	-1.8	4.6
Over 90 days	54.1	-26.1	28.0
Total past due loans	140.2	-35.2	105.0

Macroeconomic scenarios used to adjust the assessments of probability of default

The group's impairment methodology includes a forward-looking component, which takes into account macroeconomic scenarios. For each country, the group prepares a macroeconomic forecast based on the projections of the national central bank, the relevant ministry and the group's chief economist. To ensure an impartial estimation of expected credit losses, three scenarios are used: the baseline scenario, the adverse scenario and the mild scenario. The baseline scenario reflects the most probable outcome.

Probability of realisation of macroeconomic scenarios

	2025	2024
Baseline scenario	70%	70%
Adverse scenario	20%	20%
Mild scenario	10%	10%

Macroeconomic scenarios are renewed at least annually. The key macroeconomic indicators which are used in the calculation of the forward-looking component are the GDP growth rate, HICP inflation rate, 3-month Euribor rate, unemployment rate and the same indicators with different lags. The models in use at 31 December 2025 included the GDP growth rate, 6-month lagged GDP growth rate, unemployment rate, 12-month lagged unemployment rate and 6-month lagged 3-month Euribor rate, determined by reference to statistical analyses and the estimates of experts. Indicators change over the years because the correlation between indicators and the default rate is different every year.

Forecast macroeconomic indicators at 31 December 2025

	2025	2026	2027
Estonia – 6-month lagged GDP growth rate + unemployment rate			
6-month lagged GDP growth rate			
Baseline scenario	0.3%	1.9%	3.4%
Adverse scenario	-0.5%	0.4%	1.9%
Mild scenario	1.0%	3.4%	4.9%
Unemployment rate			
Baseline scenario	7.8%	7.2%	6.4%
Adverse scenario	8.8%	8.2%	7.4%
Mild scenario	6.8%	6.2%	5.4%
Latvia – 6-month lagged 3-month Euribor rate + GDP growth rate			
6-month lagged 3-month Euribor rate			
Baseline scenario	2.9%	2.1%	2.0%
Adverse scenario	3.2%	2.6%	2.5%
Mild scenario	2.7%	1.6%	1.5%
GDP growth rate			
Baseline scenario	1.2%	2.8%	3.2%
Adverse scenario	-0.3%	1.3%	1.7%
Mild scenario	2.7%	4.3%	4.7%
Lithuania – GDP growth rate + unemployment rate			
GDP growth rate			
Baseline scenario	2.7%	3.2%	2.3%
Adverse scenario	1.2%	1.7%	0.8%
Mild scenario	4.2%	4.7%	3.8%
Unemployment rate			
Baseline scenario	7.1%	6.6%	6.5%
Adverse scenario	8.1%	7.6%	7.5%
Mild scenario	6.1%	5.6%	5.5%
Finland – 6-month lagged 3-month Euribor rate + 6-month lagged GDP growth rate			
6-month lagged 3-month Euribor rate			
Baseline scenario	2.9%	2.1%	2.0%
Adverse scenario	3.2%	2.6%	2.5%
Mild scenario	2.7%	1.6%	1.5%
6-month lagged GDP growth rate			
Baseline scenario	0.4%	0.8%	1.5%
Adverse scenario	-0.4%	-0.7%	0.0%
Mild scenario	1.1%	2.3%	3.0%
Bulgaria – 12-month lagged unemployment rate			
Baseline scenario	4.2%	3.6%	3.4%
Adverse scenario	4.2%	4.6%	4.4%
Mild scenario	4.2%	2.6%	2.4%

Forecast macroeconomic indicators at 31 December 2024

	2025	2026	2027
Estonia – GDP growth rate + unemployment rate			
GDP growth rate			
Baseline scenario	1.0%	2.0%	2.5%
Adverse scenario	-0.5%	0.5%	1.0%
Mild scenario	2.5%	3.5%	4.0%
Unemployment rate			
Baseline scenario	7.3%	6.9%	6.9%
Adverse scenario	8.3%	7.9%	7.9%
Mild scenario	6.3%	5.9%	5.9%
Latvia – 6-month lagged 3-month Euribor rate + unemployment rate			
6-month lagged 3-month Euribor rate			
Baseline scenario	2.8%	2.1%	2.1%
Adverse scenario	3.0%	2.6%	2.6%
Mild scenario	2.6%	1.9%	1.9%
Unemployment rate			
Baseline scenario	6.8%	6.5%	6.5%
Adverse scenario	7.8%	7.5%	7.5%
Mild scenario	5.8%	5.5%	5.5%
Lithuania – 6-month lagged 3-month Euribor rate + unemployment rate			
6-month lagged 3-month Euribor rate			
Baseline scenario	2.8%	2.1%	2.1%
Adverse scenario	3.0%	2.6%	2.6%
Mild scenario	2.6%	1.9%	1.9%
Unemployment rate			
Baseline scenario	7.1%	6.8%	6.4%
Adverse scenario	8.1%	7.8%	7.4%
Mild scenario	6.1%	5.8%	5.4%
Finland – 12-month lagged 3-month Euribor rate + GDP growth rate			
12-month lagged 3-month Euribor rate			
Baseline scenario	3.4%	2.2%	2.1%
Adverse scenario	3.5%	2.6%	2.6%
Mild scenario	3.4%	1.9%	1.9%
GDP growth rate			
Baseline scenario	1.0%	1.5%	1.7%
Adverse scenario	-0.5%	0.0%	0.2%
Mild scenario	2.5%	3.0%	3.2%

	2025	2026	2027
Sweden – 6-month lagged 3-month Euribor rate + GDP growth rate			
6-month lagged 3-month Euribor rate			
Baseline scenario	2.8%	2.1%	2.1%
Adverse scenario	3.0%	2.6%	2.6%
Mild scenario	2.6%	1.9%	1.9%
GDP growth rate			
Baseline scenario	2.5%	2.6%	2.2%
Adverse scenario	1.0%	1.1%	0.7%
Mild scenario	4.0%	4.1%	3.7%
Bulgaria – 12-month lagged unemployment rate			
Baseline scenario	4.3%	4.0%	3.8%
Adverse scenario	4.8%	5.0%	4.8%
Mild scenario	3.8%	3.5%	3.3%

Sensitivity analysis of macroeconomic indicators

When macroeconomic indicators deteriorate, i.e. in the case of the adverse scenario, expected credit loss allowances increase. In the case of the baseline scenario and mild scenario, expected credit loss allowances decrease. The sensitivity analysis has been performed on the assumption that each scenario is weighted in full (100%). On the realisation of the baseline scenario, expected credit loss allowances at 31 December 2025 would decrease by 0.2%. On the realisation of the adverse scenario, expected credit loss allowances at 31 December 2025 would increase by 2.0% and on the realisation of the mild scenario, expected credit loss allowances would decrease by 2.7%.

	2025		2024	
	ECL allowances resulting from 100% scenario	Difference from weighted ECL allowances, %	ECL allowances resulting from 100% scenario	Difference from weighted ECL allowances, %
Baseline scenario	52.6	-0.2%	52.3	-0.1%
Adverse scenario	53.8	2.0%	53.7	2.5%
Mild scenario	51.3	-2.7%	50.2	-4.1%

Credit risk stress testing

Credit risk stress testing is part of the group's risk management framework and capital adequacy assessment process, which allows assessing the potential impact of relevant business and strategic decisions. The group performs stress tests on a regular basis to assess the impact of various possible but unlikely events on its financial performance and capital. Events used in the stress testing of the loan portfolio include, but are not limited to, possible increases in payment defaults due to changes in the macroeconomic environment, decreases in property prices and changes in the dynamics of loan defaults. Stress tests cover the entire loan portfolio: consumer loans, business loans and home loans. The Monte Carlo simulation method is used to stress test the consumer loan portfolio. The simulation generates thousands of sets of macro indicators which, when inserted into a macro model, allow to evaluate PD levels at different confidence levels. As the portfolios of business loans and home loans have less defaults and have a shorter history, external data

sources and expert assessments are used to evaluate their PD and LGD. The PD and LGD stress levels are evaluated on the basis of the previous economic crisis, where real estate prices fell broadly and the shares of banks' non-performing portfolios increased. Credit risk stress tests are performed at least annually. The results are approved by the management board and reported to the supervisory board.

Effects of Russia's war against Ukraine

Russia's war against Ukraine, which started in February 2022, has had no direct impact on the quality of the group's loan portfolio as the group has not financed private individuals or companies that are residents of Russia, Belarus or Ukraine. The group's corporate customers do not include companies that are dependent on the export or import of products or services to and from those countries. The group monitors closely the escalation of potential risks (e.g. rising energy and commodity prices) and is ready to take immediate preventive measures to mitigate credit risk.

Cash balances by the banks' credit ratings

According to management's assessment, the exposures of cash and cash equivalents held at central banks and other banks have low credit risk. All loans to and receivables from central banks and credit institutions have been serviced and settled on time. In depositing liquid funds, the group's risk management policy prefers credit institutions with larger equity and a high credit rating.

Credit institutions without a rating are local credit institutions which do not have an external credit rating. Based on available market information, the group assesses that the credit quality of those credit institutions is good.

At 31 December 2025 and 2024, the group's receivables from central banks and credit institutions were not past due. The receivables were either due on demand or had a maturity of three months or less. Taking this into account, the expected credit loss on receivables from central banks and credit institutions is immaterial and therefore no allowances for them have been recognised in the statement of financial position.

The group uses Moody's Investors Service as the external credit assessment institution (ECAI) in the calculation of its risk-weighted exposure amounts in accordance with the rules laid down in Regulation (EU) 575/2013. The group uses the ECAI for the following exposure classes: (i) exposures to central governments or central banks; (ii) exposures to regional or local governments; (iii) exposures to public sector entities; (iv) exposures to multilateral development banks; (v) exposures to international organisations; (vi) exposures to credit institutions and investment firms.

Cash balances at banks, including central banks, based on Moody's Investors Service short-term ratings or their equivalents, are as follows:

At 31 December	2025	2024
P-1	447.7	439.4
P-2	1.1	9.1
Without a rating	0.1	0.1
Total	448.9	448.6

Ratings are based on the ratings of the banks or their parent companies.

Cash balances with the central banks in the amount of 428.2 million euros, including mandatory reserve deposits, have low credit risk and have therefore been assigned the rating P-1.

Debt instruments at FVOCI by ratings

Debt instruments at FVOCI (see note 7), based on Moody's Investors Service ratings or their equivalents, are as follows:

At 31 December	2025	2024
Aaa–Aa3	4.5	3.6
A1–A3	12.0	14.1
Baa1–Baa3	20.7	4.6
Total	37.2	22.3

Expected credit loss allowances on debt instruments at FVOCI amounted to 41 thousand euros in 2025 (2024: 11 thousand euros).

Exposure to counterparty credit risk

Counterparty risk arises in the cases where a counterparty in a foreign exchange, interest, equity, credit or commodity derivative transaction defaults and fails to meet its financial obligations and the collateral that has been received is insufficient to cover the exposure. The financial loss in this case is the replacement cost, i.e. the cost of replacing an existing transaction by a new transaction with similar characteristics but at current market prices. The group had no exposure to counterparty credit risk at 31 December 2025 and 2024.

MARKET RISK

Market risk is the risk of loss resulting from unfavourable changes, correlations or volatility in market prices and rates (including changes in interest rates, credit spreads, equity prices, foreign exchange rates and commodity prices). Within market risk the group has identified currency risk (foreign exchange risk), interest rate risk arising from non-trading book activities (IRRBB), and real estate risk. The group does not accept commodity risk. The group did not have any market risk exposures from equity instruments at 31 December 2025 and 2024.

Currency risk is the risk of loss due to changes in spot or forward prices and the volatility of foreign exchange rates.

IRRBB is the current and prospective risk of a negative impact on the group's economic value of equity, or on the group's net interest income, taking market value changes into account as appropriate, which arise from adverse movements in interest rates affecting interest rate sensitive instruments, including gap risk, basis risk and option risk.

Real estate risk arises from adverse movements in the prices of real estate.

Market risk arises from the group's activity in the financial markets and from the majority of the group's products (loans and deposits) as well as the group's investment properties, acquired in the course of the group's operating activity.

Market risk policy and management

The market risk management strategy is set out in the market risk policy approved by the supervisory board. Market risk appetite and risk limits are established in the risk appetite statement. In line with the target risk profile, the group's overall market risk appetite is moderate. The group avoids market risk concentration.

According to the target risk profile, the group's appetite for currency risk is moderate. The strategy for currency risk management is conservative. The objective of currency risk management is to keep net open currency positions to a minimum so that movements in foreign exchange rates would not have an adverse effect on the group's capital. The group avoids taking speculative positions.

IRRBB is a significant risk for the group. The main sources of structural IRRBB are adverse changes in loan and/or deposit interest rates. The group's IRRBB risk appetite is moderate. The risk versus profit considerations applies. The primary objective is to manage and mitigate the impact of changes in interest rates on the group's net interest income (NII) and economic value (EV), ensuring stability and supporting the group's long-term profitability and strategic growth objectives. This includes diversifying both asset and liability maturity profiles and repricing terms to minimise risk. The group accepts in its business model the funding of assets with a relatively long repricing period by liabilities with a relatively short repricing period, where the risk of an inverted yield curve is covered by the higher interest income earned on such assets (e.g. the funding of fixed-rate consumer loans by short-term deposits). For longer-term loan products with lower commercial margins (corporate and home loans), floating interest rates are used to mitigate interest rate risk.

Real estate risk arises from adverse movements in real estate prices. The main objective of holding investment properties is to support the group's core business. The risk versus profit considerations apply. The group's risk appetite for real estate risk is moderate.

The treasury and reporting unit in the finance function is responsible for the day-to-day management of market risk. As the second line of defence, the risk reporting and financial risk control unit is responsible for risk control, measurement and reporting. The finance function is responsible for managing and monitoring real estate risk. The management board approves more detailed rules describing the processes related to market risk management.

The group uses the standardised approach to determine the minimum regulatory capital requirement for market risk.

Market risk limits

The market risk profile is conservative and must be kept within the limits approved by the supervisory board. The supervisory board approves the levels of limits and key risk indicators in accordance with the current risk appetite, and these levels are constantly monitored. The levels of risk limits are reviewed at least annually, taking into account the market situation and business strategy, and adjusted as required. Any breaches of limits are escalated in accordance with the requirements established in the market risk policy.

The group has set market risk limits for:

- the sensitivity of foreign currency position to 10% adverse movement of currency rates;
- the sensitivity of the economic value of equity to changes in interest rates (based on the six supervisory shock scenarios treated in the guideline EBA/RTS/2022/10);
- the sensitivity of net interest income to changes in interest rates (based on interest rate shock scenarios +/-200 bps parallel shift treated in the guideline EBA/RTS/2022/10);
- bond portfolio sensitivity to interest rate changes;
- real estate portfolio sensitivity to 20% adverse movement in real estate prices.

Risk measurement and reporting

The requirements for measuring and reporting market risk (the recipients, content and frequency of the reports) are set out in the market risk policy. Market risks are measured at least monthly and reported to the management board and supervisory board at least quarterly.

The group's foreign currency position in the Swedish krona arises from services provided to customers at the Swedish branch, the currency position in the Bulgarian lev results from the operations of the Bulgarian branch. Foreign currency risk is measured at the levels of single and aggregate currency positions.

Net currency positions*

At 31 December	2025			2024		
	Assets bearing currency risk	Liabilities bearing currency risk	Net exposure	Assets bearing currency risk	Liabilities bearing currency risk	Net exposure
EUR (euro)	3,260.5	2,970.4	290.1	2,700.4	2,475.5	224.9
SEK (Swedish krona)	20.3	21.0	-0.7	40.0	40.6	-0.6
BGN (Bulgarian lev)	11.4	50.1	-38.7	9.6	27.4	-17.8

* The net currency positions have been calculated at the level of the supervisory reporting group.

Foreign currency risk is additionally measured using the sensitivity analysis. The following table reflects the potential impact of positions exposed to currency risk on the group's profit and equity. If the reporting-date exchange rate of the Swedish krona against the euro had strengthened/weakened by 10%, the impact would have been as stated in the table below. The possible impact is based on the 90-day annualised volatility of EUR/SEK rates.

No sensitivity analysis has been performed for the Bulgarian lev, as Bulgaria joined the euro area on 1 January 2026. All positions in lev were therefore converted into euros at a rate of 1.95583.

Effect of a potential exchange rate change on profit and equity

At 31 December	2025			2024		
	Exposure	Monetary impact	% of equity	Exposure	Monetary impact	% of equity
SEK (Swedish krona)	0.6	-0.1	0.0%	0.6	-0.1	0.0%

During the assessment of IRRBB, as a first step all sources of risk arising from interest rate sensitive positions are identified. At least monthly the group measures interest rate risk, which may arise from:

- the timing mismatch in the maturities and repricing of assets, liabilities, and short and long-term positions accounted for off the statement of financial position (repricing risk);
- changes in the slope and shape of the yield curve (yield curve risk);
- options, including embedded options, e.g. consumers redeeming fixed-rate products when market rates change (option risk).

The group measures its IRRBB exposure in terms of both potential changes in the economic value of equity (EVE) and changes in the expected 12-month net interest income (NII). Due to the reason that loans are frequently repaid before contractual maturity (prepayment risk), the group uses behavioural cash flows instead of contractual cash flows when calculating and analysing interest rate risk. Cash flow modelling takes into account the risk of early repayment of loans. Different multipliers are used to determine the early repayment rates of fixed-rate loans, depending on the interest rate scenario. Non-maturity deposits with no specific repricing date are recognised as deposits with a maturity of one day. A run-off balance sheet assumption is used for calculating the sensitivity of EVE and a constant balance sheet assumption is used to determine the sensitivity of NII.

To assess IRRBB, the group uses various sensitivity analyses and scenarios, including the six supervisory scenarios (in accordance with the guidelines EBA/GL/2022/14), as well as other scenarios that take into account changes in the yield curve and individual risk profile. At 31 December 2025, the impact of the supervisory scenario (200 bps parallel increase) on 12-month net interest income (NII) was -1.6 million euros (31 December 2024: -0.6 million euros). The sensitivity of EVE to the interest rate increase by 200 bps was -12.0 million euros (31 December 2024: -9.0 million euros). If interest rates declined by 200 bps, the impact on 12-month NII would be 1.3 million euros (31 December 2024: 0.3 million euros) and the impact on EVE would be 2.1 million euros (31 December 2024: 0.7 million euros).

- Real estate risk is measured by applying a stress scenario to the group's real estate portfolio. The group determines the levels of price decline for each asset type based on historical data and the estimates of experts and calculates the total amount of loss that would result from the level of stress. Real estate stress tests are carried out at least annually and the results are reported to the management board.

At 31 December 2025, the group did not use hedging instruments to hedge market risk.

LIQUIDITY RISK

Liquidity risk is the risk that the group will be unable to fulfil its obligations in a timely manner or to the full extent without incurring significant costs. Within liquidity risk the group measures separately funding risk, which is the risk of being unable to raise resources without negatively affecting the daily business activities or financial position.

Liquidity risk policy and management

The group's risk management structure is based on the three lines of defence model. The supervisory board approves the liquidity risk policy, which sets out the group's liquidity risk strategy. Liquidity risk appetite and risk limits are established in the risk appetite statement. The management board approves detailed procedures for liquidity risk management. Liquidity risk management is the responsibility of the treasury and reporting unit, which is part of the finance function. The risk reporting and financial risk control unit as a second line of defence is responsible for risk control, measurement and reporting. The third line of defence is the internal audit function, which provides independent assurance.

In line with the target risk profile, the group applies a conservative strategy to liquidity risk and the overall liquidity risk appetite is low (1). The liquidity risk management framework covers liquidity management both in standard conditions and in the event of a liquidity crisis. The group must at all times ensure its ability to meet its obligations on time and in full for a period as long as possible. Maintaining a strong liquidity position is one of the group's main priorities.

The group avoids significant liquidity risks, maintains a conservative liquidity risk profile and adequate liquidity reserves. The group always maintains a sufficient liquidity reserve to ensure its ability to meet its obligations in the event of a liquidity crisis. The size and composition of the liquidity reserve take into account the results of liquidity risk stress tests. One of the main objectives of liquidity management is to maximise profitability and support the group's core business through proactive and well-functioning asset and liability management, ensuring adequate liquidity reserves, maintaining access to funding and holding liquid assets. Liquidity management contributes to the group's profitability, but a clear distinction must be made between liquidity needs and profit targets.

Liquidity risk is managed centrally and the subsidiaries and branches are funded at group level. The group regularly assesses the circumstances that could hinder intragroup transfer of liquidity.

The group avoids significant funding risk and maintains a balanced funding risk profile. The main objective of the group's funding strategy is to ensure sufficient and stable funding of the core activity through the group's own and debt capital. The second important objective of funding management is to optimise costs and the amount and composition of debt capital raised, but cost savings may not override sufficient, stable and conservative funding requirements. Strategic management and limiting the structure of assets and liabilities form an integral part of strategic planning. The group's strategic plans must be consistent with the actual funding structure and economic forecasts. A funding plan is developed as part of the annual budgeting process. The quality of the assets and its forecast are taken into account when planning funding. The funding of the (net) loan portfolio must not rely excessively on short-term wholesale funding. The group's funding from external resources is balanced with equity. Diversification is an important part of the group's overall funding and liquidity management strategy and concentration of funding and counterparties is avoided. The group's sources of funding are in the European Union countries. The group must have a contingency plan, which defines the measures to be taken in the event of a liquidity shortfall under a stress scenario. The group's funding risk appetite is moderate (2).

The group's operations are mainly funded with retail deposits raised from customers, which comprise term and savings deposits. In addition to deposit-based funding, the group has issued subordinated bonds. At 31 December 2025, the total amount of the group's subordinated bonds was 106.7 million euros.

The international rating agency Moody's updated its credit analysis of Bigbank AS. The Ba1 long-term (outlook stable) foreign and local currency bank deposit ratings provide assurance to depositors regarding Bigbank's business model and portfolio quality.

Liquidity risk limits

The liquidity risk profile is conservative and it must be maintained within the limits set by the supervisory board. The supervisory board has established a set of risk limits and key risk indicators to identify the emergence of increased risks or vulnerabilities in the bank's liquidity position or potential funding needs. Any breaches of limits are escalated to the supervisory board according to the requirements set out in the policy.

Liquidity risk ratios*

At 31 December	2025	2024
Liquidity coverage ratio (LCR)	195%	195%
Survival period (in days)	160	161
Net stable funding ratio (NSFR)	139%	146%
Liquidity reserve to assets ratio	15%	17%

* Liquidity risk ratios have been calculated at the level of the supervisory reporting group.

Liquidity risk measurement and reporting

Requirements to liquidity risk measurement and reporting (the recipients, content and frequency of the reports) and measurement are established in the liquidity risk policy. Liquidity risk reports are submitted to the management board and supervisory board at least quarterly and the risk level is monitored daily.

Liquidity risk is measured at group level using different methods and ratios under both normal market conditions and in a liquidity crisis. One of the main objectives of liquidity risk measurement is to identify a possible liquidity deficit across different maturity buckets. The regulatory measure LCR (liquidity coverage ratio) indicates whether the group has sufficient liquid assets to cover short-term liabilities that correspond to net cash flow during 30 days under stress. The group also measures liquidity risk on the basis of the survival period which is the time period under stress conditions during which the group is able to continue its ordinary business activities and fulfil its obligations without raising additional resources or changing its action plans. Regulatory NSFR (net stable funding ratio) is defined as the amount of available stable funding relative to the amount of required stable funding.

The group conducts regular liquidity risk stress tests (at least semi-annually) to understand the impact of adverse events on its risk exposure and on the quantitative and qualitative adequacy of its liquid assets, and to determine whether the group's liquidity buffer is sufficient to react to or cover risks that may crystallise during different types of stress scenarios. Stress tests are conducted using at least three different scenarios – the idiosyncratic, the market-wide and the combined scenario. Liquidity risk stress tests cover all portfolios of the group. The outcome of stress testing is integrated into the group's strategic planning process for liquidity and funding and used to increase the effectiveness of liquidity management in the event of a crisis, including the group's recovery planning. Stress testing results are used to determine the minimum size and composition of the liquidity buffer. Stress test results are reported to the management board and supervisory board.

Liquidity risk mitigation

The group has a contingency plan in place which defines the actions to be taken should the group encounter a liquidity shortfall in a stressed emergency situation. The plan describes the strategy, policy and activity plan for coping with liquidity crises of different magnitude and stipulates a clear chain of command and escalation procedures. The contingency plan is tested regularly. The group constantly monitors the situation in financial markets and the opportunities of raising alternative funding. In order to mitigate liquidity risk the group may consider various measures, such as partial sale of the loan portfolio, participation in the loan programs of the European Central Bank, or raising deposits or credit lines from other credit institutions.

The liabilities in the table are presented by their contractual maturities and the amounts reflect contractual cash flows. Although savings deposits are included in the *Less than 1 month category*, their actual term (based on behaviour) exceeds 12 months. The group monitors on an ongoing basis that there is a sufficient amount of liquid assets to cover net cash outflows from deposits.

Expected contractual undiscounted future cash flows of the group's financial liabilities at 31 December 2025

	Carrying amount	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Supplier payables (note 17)	1.3	1.3	-	-	-	-	1.3
Deposits from customers (note 15)	2,879.6	1,638.7	219.5	706.7	316.2	32.9	2,914.0
Loans from banks (note 14)	8.1	0.1	0.1	0.5	7.9	-	8.6
Subordinated bonds (note 16)	106.7	-	2.0	6.9	35.3	163.8	208.0
Lease liabilities (note 18)	2.6	-	0.1	0.5	1.7	0.3	2.6
Total liabilities	2,998.3	1,640.1	221.7	714.6	361.1	197.0	3,134.5
Loan commitments (on demand)		283.3	-	-	-	-	283.3

Expected contractual undiscounted future cash flows of the group's financial liabilities at 31 December 2024

	Carrying amount	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Supplier payables (note 17)	0.8	0.8	-	-	-	-	0.8
Deposits from customers (note 15)	2,393.3	1,034.3	450.8	541.7	365.5	41.9	2,434.2
Loans from banks (note 14)	8.4	0.1	0.1	0.6	8.9	-	9.7
Subordinated bonds (note 16)	91.7	-	1.7	6.0	30.5	112.8	151.0
Lease liabilities (note 18)	1.6	0.1	0.1	0.4	1.1	-	1.7
Total liabilities	2,495.8	1,035.3	452.7	548.7	406.0	154.7	2,597.4
Loan commitments (on demand)		173.8	-	-	-	-	173.8

OPERATIONAL RISK

In addition to the financial risks described above, the group also manages non-financial risks.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The sub-risks of operational risk are legal risk, compliance risk, money laundering and terrorist financing risk, information and communication technology and security risk, model risk, fraud risk and people risk. The definition of operational risk includes legal risk but excludes strategic, reputational and systemic risks.

The sub-risks of operational risk are defined as follows:

- Legal risk – the risk of loss from events that result in legal proceedings, such as wilful or negligent misconduct, including inappropriate supply of financial services or the provision of inadequate or misleading information on the financial risk of products sold; or non-compliance with national or international legislation, contractual arrangements, internal rules and codes of conduct or rules on ethics.

- Compliance risk – the risk of loss to the group's business model, reputation or financial conditions resulting from failure to comply with laws, regulations, internal rules or obligations to customers, employees or other stakeholders.
- Money laundering and terrorist financing risk – the risk that the group will be used for money laundering, terrorist financing or the violation of international or national sanctions, which could result in sanctions being imposed on the group, as well as material loss and reputational harm.
- Information and communication technology (ICT) and security risk – the risk of loss due to a breach of confidentiality or failure of integrity of systems or data, inappropriateness or unavailability of systems or data, or inability to change information technology (IT) within a reasonable time and at reasonable cost when the environment or business requirements change. This includes security risks resulting from inadequate or failed internal processes, external events (including cyber-attacks) and inadequate physical security.
- Model risk – the risk of loss resulting from decisions that are principally based on the output of internal models, due to errors in the design, development, parameter estimation, implementation, use or monitoring of such models.
- Fraud risk – the risk of loss from internal or external fraudulent activities. These activities involve intentional acts by employees, customers, or third parties with an objective to obtain unauthorised benefits.
- People risk – the risk of loss arising from inadequate competence and staffing, human error, or criminal or disloyal acts by staff.

Operational risk policy and management

Operational risk management strategy and risk appetite are described in the operational risk policy, which is approved by the supervisory board. The group's strategy is to maintain a minimum reasonable level of operational risk and to minimise the level of potential losses, taking into account strategic objectives. The group's operational risk appetite is low, but the principle of economic efficiency is applied.

Overall operational risk management is carried out at group level: all branches, functions and subsidiaries offering ancillary services must comply with the principles, rules and limits which are established at group level. However, every unit manager is responsible for operational risk management as the first line of defence at the level of the structural unit. The group makes sure that its branches, areas, and subsidiaries take steps to ensure that their operations comply with local laws and regulations.

Operational risk management is based on the three lines of defence model. The first line of defence is the risk taker, the second line of defence is the control units, and the third line of defence is the internal audit unit. The main task of the second line of defence is to independently assess whether the control mechanism of the first line of defence is properly functioning on the basis of risk assessment, and the third line of defence exercises independent control over the first and second lines of defence.

The regulatory minimum own funds requirement for operational risk is defined using the standardised approach.

Identification and assessment of operational risk

Identification and assessment of operational risks allows to understand the risk profile and a more efficient use of risk management tools.

Operational risks are identified through operational risk event management, risk and control self-assessment, and change risk management processes established at group level.

The group has adopted a uniform methodology and developed a supporting information system to ensure that all structural units report and manage operational risk events in the same way. Operational risk events with a significant impact (levels 3 and 4 on a scale of 1 to 4) are reported to the member of the management board responsible for the affected area and the manager of the relevant structural unit. In addition to the above, operational risk events with a high impact (level 4 on a scale of 1 to 4) are reported, in addition to the above, to all members of the group's management board and supervisory board. An overview of all operational risk events with a significant impact is presented to the group's management board quarterly.

All structural units are involved in the risk and control self-assessment process to identify and assess risks and controls, and to implement adequate risk mitigation measures where relevant.

The risks arising from change (e.g. the launch of new products or services, the opening of new business lines, outsourcing, etc.) are managed through the change risk management process, in which relevant stakeholders from the first and second lines of defence are involved.

Control and mitigation of operational risk

Mitigation of operational risk is the process of developing and implementing control mechanisms such as standards, policies, procedures and guidelines to prevent or reduce operational risks. Raising the awareness of employees, which is ensured through training, also helps mitigate risk. Training activities include both annual training for all employees and specific needs-based training for key personnel. Training events are organised by operational risk control, compliance, fraud risk control and financial crime prevention, as well as other units. All employees are required to complete mandatory training before starting work.

The group has established a business continuity management framework to safeguard its employees, the interests of its customers and stakeholders, its reputation and its ability to guarantee business continuity during significant business interruptions as well as to manage significant business risks via various preventive actions. In addition, a specific ICT business continuity management process has been established in accordance with the European Union's Digital Operational Resilience Act to withstand disruptive events, such as cyber-attacks, infrastructure failures, critical service outages, widespread power outages, unavailability of communication channels and insider threats affecting the group's critical and important functions.

A further risk mitigation measure is risk transfer through property and liability insurance.

Monitoring and reporting of operational risk

The purpose of the operational risk limits and key risk indicators is to ensure that the actual level of operational risk is assessed and to provide indication of potential problems in a proactive manner. Operational risk limits have been set in the risk appetite statement by the supervisory board. Key risk indicators and their monitoring thresholds are calibrated at least annually. The actual level of operational risk is assessed using monitoring thresholds set on the basis of annual aggregated operational risk losses and the values of key risk indicators.

An operational risk report, which includes, among other things, an overview of the actual levels of key risk indicators and limits, is submitted to the managements of branches and the group's management board and supervisory board quarterly. Breaches of the limits and key risk indicators are reported to the group's management board and/or supervisory board in accordance with the requirements established in the policy.

REPUTATIONAL RISK

Reputational risk is the current or prospective risk to the group earnings, own funds or liquidity arising from damage to the group's reputation.

Reputational risk management

Reputational risk is an essential part of the business model, which is analysed as part of strategic and operational planning. According to the target risk profile, the group's risk appetite for reputational risk is low.

The group's strategy for reputational risk management is to avoid situations that could damage the group's reputation and cause a decrease in revenue or loss of confidence. Reputation development begins with customer experience management and controlled shaping of public opinion. Business and control units identify, manage, and assess the internal and external factors that may have a negative impact on the group's reputation on an ongoing basis. The management board is responsible for managing reputational risk. The risk is monitored regularly and risk levels are reported to the management board and supervisory board.

BUSINESS AND STRATEGIC RISKS

Business risk is the risk that inadequate business decisions, the inadequate implementation of decisions, or an inadequate response to changes in the operating environment, customer behaviour or technological developments will lead to losses or reduced revenues.

Strategic risk is the risk resulting from an inadequate strategy or inadequate implementation of strategy.

Business and strategic risk management

Business and strategic risks are essential parts of the business model and analysed as part of strategic and operational planning. The group's risk appetite for business and strategic risks is moderate.

The group manages strategic risk by implementing an appropriate strategy, which is appropriate in the current economic environment and based on a comprehensive planning process, and by responding to changes adequately and in a timely manner. The management board is responsible for managing business and strategic risks. Business and control units identify, manage, and assess the internal and external factors that could impede achievement of strategic objectives on an ongoing basis. The risk is monitored regularly, and risk levels are reported to the management board and supervisory board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK

ESG risk is the risk of losses resulting from current or prospective material negative impacts arising from adverse environmental, social and/or governance factors. Further information on ESG risk is provided in the *Sustainability statement*.

ESG risk is not considered as a standalone risk by the group, since it materialises through the traditional categories of financial and non-financial risks (e.g. credit risk, market risk, operational and reputational risks, liquidity and funding risks). Where appropriate, the ESG perspective is included in the aspects of the risk management framework, which directly address the specific material risk category, and it is addressed in respective risk policies. Therefore, risk appetite for the ESG risk is not defined, but its effect must be considered as a risk driver when establishing and addressing risk appetite for material risks. The management board is responsible for ensuring the incorporation of ESG risks into the overall business strategy, business processes and risk management processes, relevant risk reporting and compliance with regulatory requirements. All heads of functions and heads of branches/subsidiaries are responsible for considering ESG risks in their area of responsibility/country.

OWN FUNDS AND CAPITAL

Bigbank's ability to take risk depends on its risk-bearing capacity. A key factor which determines risk-bearing capacity is stable earnings. These allow to build a strong capital base, which can be used to absorb potential risks and (unexpected) losses. The group holds at all times capital adequate for covering all of its material risks and regulatory requirements.

The methods used by the group for calculating own funds are stipulated in Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD 4) as transposed into Estonian law.

The group classifies items as own funds based on relevant regulatory requirements. The most important components of the group's own funds are:

- **Tier 1 Capital** including:
 - **Common Equity Tier 1 Capital (CET1)**, including:
 - **Paid-in share capital.** The group's paid-in share capital amounts to 8.0 million euros.
 - **Capital reserve** (other reserves according to Article 4 (117) of EU Regulation 575/2013). In line with the requirements of the Commercial Code, the group has set up a statutory capital reserve which at the reporting date amounted to 0.8 million euros.
 - **Prior years retained earnings.** Profits retained in previous years have been audited by an independent external auditor. The figure has been determined by taking into account all relevant taxes and dividend distributions. At the reporting date, the group's retained earnings from prior periods totalled 226.2 million euros.
 - **Other accumulated comprehensive income.** The group's other accumulated comprehensive income at 31 December 2024 amounted to 2.5 million euros.
 - **Profit eligible.** Net profit for the first nine months of the financial year of 20.7 million euros, which has been verified by an independent external auditor, from which foreseeable dividends have been deducted and which has been approved by the Financial Supervision and Resolution Authority;
 - **Additional Tier 1 Capital (AT1), including:**
 - **Bonds.** At the reporting date, the group had issued bonds belonging to Additional Tier 1 capital in the amount of 33.7 million euros.

- **Tier 2 Capital**, including:

- **Subordinated bonds.** At the reporting date, the group had issued subordinated bonds with different maturities in the amount of 73.0 million euros.

In 2025, the group issued perpetual bonds qualifying as Additional Tier 1 (AT1) capital, with a total nominal amount of 9.0 million euros, through several private placements. In June, unsecured subordinated bonds were issued for 6.0 million euros in a public offering and listed on the Nasdaq Tallinn stock exchange. The unsecured subordinated bonds were issued with a nominal value of 1,000 euros each, a fixed interest rate of 6.5% per year and a maturity term of 10 years. These bonds qualify as Tier 2 capital.

In addition to the above bonds, the group has other Additional Tier1 and Tier 2 capital instruments outstanding.

The group deducts from Common Equity Tier 1 Capital (CET1) provisions which have not been verified by an independent external auditor in the review of financial information (line item *Adjustments to CET1* in the report) and other intangible assets. At the reporting date, the group's total own funds amounted to 373.4 million euros.

Total own funds and total risk exposure are calculated at the supervisory reporting group level (i.e. not using the definition of a consolidated group as used for the purposes of preparing financial statements).

At 31 December	2025	2024
Paid-in share capital	8.0	8.0
Capital reserve	0.8	0.8
Prior years retained earnings	250.5	226.2
Other accumulated comprehensive income	2.2	2.5
Other intangible assets	-15.5	-19.5
Profit eligible	22.6	20.7
Adjustments to CET1	-1.9	-1.1
Common equity Tier 1 capital	266.7	237.6
Tier 1 capital	300.4	262.3
Tier 2 capital	73.0	67.0
Total own funds	373.4	329.3

Total risk exposure

The methods used by the group to calculate the total risk exposure and single risk exposures are stipulated in the CRR. The group uses the standardised approach to capital requirements for credit risk, market risk and operational risk.

On 1 January 2025, the European Union implemented the Capital Requirements Regulation III (CRR3) – Regulation (EU) 2024/1623 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, thereby concluding the final phase of the Basel III reforms. CRR3 introduced significant changes to the calculation of risk-weighted assets (RWAs) and total risk exposure amounts (TREAs), particularly for banks applying the standardised approach. These changes had a positive impact on Bigbank's capital position by reducing TREA and strengthening capital ratios. The most notable effect was on the capital requirements for credit risk and operational risk.

Under CRR3, the standardised approach for credit risk was refined to provide more granular risk weights for different exposure classes. High-quality mortgage loans and low loan-to-value (LTV) loans secured by commercial properties now benefit from reduced risk weights, reflecting their lower inherent risk. This adjustment has reduced TREA and aligned regulatory capital requirements more accurately with the actual risk profile of Bigbank's lending portfolio, supporting sustainable growth and improving capital efficiency.

CRR3 also introduced a harmonised standardised methodology for operational risk, replacing the previous approach which relied on business line mapping. The new framework uses the Business Indicator Component (BIC) to determine capital requirements based on the scale and complexity of the bank's activities. This simplification has reduced the group's operational risk capital requirements and contributed to a lower TREA.

The implementation of CRR3 has significantly reduced the capital advantage previously associated with the internal ratings based (IRB) approach compared to the standardised approach. In response to this regulatory development, on 28 August 2025, the supervisory board of Bigbank AS approved an update to the bank's strategy for the period 2022–2026, which includes the suspension of further implementation of the IRB project.

Despite this strategic adjustment, Bigbank remains committed to maintaining a high-quality loan portfolio, advancing data and data management capabilities, and improving its risk models. However, the focus of these activities will shift. Under the updated strategy, Bigbank aims to achieve a loan portfolio structure that enables more efficient management of capital requirements and supports improved capital returns. This reflects a broader approach centred on optimising capital management rather than pursuing IRB adoption as a primary objective.

At 31 December	2025	2024
Risk weighted exposure amounts for credit and counterparty credit risks (standardised approach)		
Receivables from central governments and central banks	3.3	3.4
Receivables from credit institutions and investment firms	11.8	5.7
Receivables from corporates	49.2	29.3
Retail	603.9	577.6
Secured by mortgages on immovable property	1,025.7	682.3
Exposures in default	99.6	93.7
Items associated with particular high risk	-	179.0
Claims on institutions and corporates with a short-term credit assessment	-	1.5
Equity	42.3	36.3
Other items	30.1	34.3
Total risk weighted exposure amounts for credit and counterparty credit risks (standardised approach)	1,865.9	1,643.1
Total risk exposure amount for position, foreign exchange and commodities risks	39.4	18.4
Total risk exposure amount for operational risk (standardised approach)	91.7	149.5
Total risk exposure amount	1,997.0	1,811.0

Capital ratios

At 31 December	2025	2024
CET1 Capital ratio	13.4%	13.1%
T1 Capital ratio	15.0%	14.5%
Total capital ratio	18.7%	18.2%
Leverage ratio	9.0%	9.5%

The total capital ratio has been calculated for Bigbank AS supervisory reporting group. The composition of the group's own funds, their treatment and the calculation of capital ratios are in accordance with the CRR.

In July 2025, the Estonian Financial Supervision and Resolution Authority cancelled the minimum requirement for own funds and eligible liabilities (MREL) previously in force for the group.

Capital management

The capital management objectives are to ensure that the group has an optimal structure of assets and liabilities and adequate capital to cover, at all times, all identified material risks and risk-related activities (capital adequacy) and that the group complies with all capital adequacy requirements.

The main tools for capital management are continuous internal capital adequacy assessment process (ICAAP), regular capital planning and capital allocation.

The main principles of the group's capital management are as follows:

- Ensuring capital adequacy is an integral part of strategic and daily business decision-making as well as an integral part of the daily risk management process.
- The group evaluates and estimates the risk level and the capital needed to cover all identified material risks on a continuous basis.
- The group's capital must, at all times, be adequate for covering all of its material risks (must at all times exceed its aggregated risks).
- The group assesses continuously possible future capital requirements (capital planning) to ensure a prudent level of capitalisation, taking into account additional capital needs (planned growth, strategic plans), dividend policy, potential changes in the regulatory environment as well as possible macroeconomic downturns.
- The group performs capital adequacy assessment both on a parent company and consolidated basis.
- The group defines the minimum capital requirement and the target capital requirement needed for ensuring the sustainability of its operations.
- The group does not accept any risk, if its capital is inadequate for covering future losses resulting from the materialisation of that risk.

Internal capital adequacy assessment process

Internal capital adequacy assessment is an ongoing process aimed at assessing the risk profile of the group and the corresponding capital requirement. The output of the process is a quantitative assessment of the group's risks and the adequacy of capital needed to cover them. The ICAAP capital requirement is defined as the sum of own funds needed to cover risks or risk elements not covered by Pillar 1.

The outcome of yearly ICAAP is approved by the group's supervisory board and submitted to the Financial Supervision and Resolution Authority, which reviews and assesses the capital requirement determined by the internal capital adequacy assessment in the course of the supervisory review and evaluation process (SREP). As a result of a SREP assessment the authorities determine the capital requirements level the group is required to hold over the regulatory capital requirement until otherwise directed.

At 31 December 2025, the additional Pillar 2 capital requirement established as a result of the SREP assessment by the Financial Supervision and Resolution Authority stood at 3.2% of the total risk exposure, of which at least 2.4% must be covered by CET1 capital and 1.8% by Tier 1 capital. The additional guidance on own funds (Pillar 2 Guidance, P2G) assigned to the group by the Financial Supervision and Resolution Authority was 1.5% at the end of 2025.

Minimum regulatory capital requirement at 31 December 2025

	Common equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Base capital requirement	4.5%	6.0%	8.0%
Pillar 2 capital charge	1.8%	2.4%	3.2%
Total SREP capital requirement (TSCR)	6.3%	8.4%	11.2%
Capital conservation buffer	2.5%	2.5%	2.5%
O-SII capital buffer	0.5%	0.5%	0.5%
Systemic risk buffer	0.3%	0.3%	0.3%
Countercyclical risk buffer	1.1%	1.1%	1.1%
Combined buffer requirement	4.4%	4.4%	4.4%
Overall capital requirement (OCR)	10.7%	12.8%	15.6%
Pillar 2 Guidance (P2G)	1.5%	1.5%	1.5%
Total of Overall capital requirement and Pillar 2 Guidance	12.2%	14.3%	17.1%

At 31 December 2025, the group was subject to capital buffer requirements at the rates applicable in the countries of location of the risk exposures. The countercyclical buffer rate was 1.5% for credit exposures in Estonia, 2% for credit exposures in Sweden and Bulgaria, 1% for credit exposures in Lithuania and Latvia. The systemic risk buffer rate for retail exposures secured by residential real estate to Lithuanian residents was 2%.

The group's target was to maintain the total capital ratio at 31 December 2025 at or above 17.1% plus the internal capital buffer ratio at 0.75%. The group's total capital ratio at the reporting date was 18.7%, which exceeds the regulatory requirement. The group's CET1 capital ratio was 13.4% and Tier 1 capital ratio was 15.0%. At the reporting date, the group was in compliance with the overall regulatory capital requirement.

In August 2025, the Financial Supervision and Resolution Authority presented the outcome of the annual supervisory review and evaluation process (SREP) to the group. As a result of the evaluation, the Financial Supervision and Resolution Authority decided to leave the Pillar 2 capital requirements for Bigbank AS unchanged.

In accordance with the decision of the Financial Supervision and Resolution Authority, the group is subject to an additional own funds requirement (P2R) on a consolidated basis at a rate of 3.2% of the total risk exposure amount (TREA), of which at least 1.8% must be covered by CET1 capital and at least 2.4% by Tier 1 capital. Consequently, the total SREP

capital requirement (TSCR) for the group is 11.2%. This is the sum of the Pillar 1 and Pillar 2 requirements, which are 8% and 3.2%, respectively.

In addition, the Financial Supervision and Resolution Authority decided to keep the Pillar 2 Guidance (P2G) applicable to the group on a consolidated basis at 1.5% of TREA.

On 28 November 2024, Eesti Pank (the central bank of Estonia) decided to designate Bigbank AS as a systemically important credit institution. In connection with that Bigbank is required to maintain an Other Systemically Important Institution (O-SII) buffer of 0.5%, effective from 1 January 2025.

Note 5. Fair values of assets and liabilities

According to management's estimates, the fair values of the assets and liabilities reported in the statement of financial position at 31 December 2025 and 2024 do not differ significantly from their carrying amounts.

At 31 December	Carrying amount		Fair value	
	2025	2024	2025	2024
Financial assets				
Cash balances at central banks (note 6)	428.2	423.2	428.2	423.2
Due from other banks (note 6)	20.7	25.4	20.7	25.4
Debt securities at FVOCI (note 7)	37.2	22.3	37.2	22.3
Loans to customers (note 8, 9)	2,707.5	2,196.5	2,710.7	2,196.5
Other financial receivables (note 13)	2.4	8.7	2.4	8.7
Total financial assets	3,196.0	2,676.1	3,199.2	2,676.1
Financial liabilities				
Loans from banks (note 14)	8.1	8.4	8.1	8.4
Deposits from customers (note 15)	2,879.6	2,393.3	2,808.4	2,332.9
Subordinated bonds (note 16)	106.7	91.7	126.6	104.9
Other financial liabilities (note 17)	9.4	5.1	9.4	5.1
Total financial liabilities	3,003.8	2,498.5	2,952.5	2,451.3

The table below shows the instruments carried at fair value, by valuation method. The three levels have been defined based on the observability of significant inputs to the measurement, as follows:

- *Level 1:* Quoted prices (unadjusted) in active markets for identical instruments.
- *Level 2:* Inputs other than quoted prices included within level 1 that are observable for instruments, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- *Level 3:* Inputs that are not based on observable market data (that is, unobservable inputs). This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value hierarchy at 31 December 2025

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at FVOCI (note 7)	37.2	-	-	37.2
Loans to customers at FVTPL (notes 8 and 9)	-	-	13.3	13.3
Land and buildings (note 10)	-	-	7.7	7.7
- Office premises	-	-	7.7	7.7
Investment properties (note 11)	-	-	84.7	84.7
- Commercial buildings	-	-	22.9	22.9
- Forest and agricultural land	-	-	61.8	61.8
Assets held for sale	-	-	0.3	0.3
Assets for which fair values are disclosed				
Loans to customers at amortised cost (notes 8 and 9)	-	-	2,694.2	2,694.2
Other financial receivables (note 13)	-	-	2.4	2.4
Total assets	37.2	-	2,802.6	2,839.8
Liabilities for which fair values are disclosed				
Loans from banks (note 14)	-	-	8.1	8.1
Deposits from customers (note 15)	-	-	2,879.6	2,879.6
Subordinated bonds (note 16)	-	58.0	48.7	106.7
Lease liabilities (note 18)	-	-	2.6	2.6
Other financial liabilities (note 17)	-	-	6.8	6.8
Total liabilities	-	58.0	2,945.8	3,003.8

Fair value hierarchy at 31 December 2024

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at FVOCI (note 7)	22.3	-	-	22.3
Loans to customers at FVTPL (notes 8 and 9)	-	-	38.3	38.3
Land and buildings (note 10)	-	-	6.2	6.2
- Office premises	-	-	6.2	6.2
Investment properties (note 11)	-	-	66.4	66.4
- Commercial buildings	-	-	24.2	24.2
- Forest and agricultural land	-	-	42.2	42.2
Assets held for sale	-	-	0.2	0.2
Assets for which fair values are disclosed				
Loans to customers at amortised cost (notes 8 and 9)	-	-	2,158.2	2,158.2
Other financial receivables (note 13)	-	-	8.7	8.7
Total assets	22.3	-	2,278.0	2,300.3

	Level 1	Level 2	Level 3	Total
Liabilities for which fair values are disclosed				
Loans from banks (note 14)	-	-	8.4	8.4
Deposits from customers (note 15)	-	-	2,393.3	2,393.3
Subordinated bonds (note 16)	-	51.9	39.8	91.7
Lease liabilities (note 18)	-	-	1.6	1.6
Other financial liabilities (note 17)	-	-	3.5	3.5
Total liabilities	-	51.9	2,446.6	2,498.5

There were no movements between levels 1, 2 and 3 in 2025 and 2024.

Fair value measurement

The group's finance department performs valuations of financial items, including level 3 instruments, for financial reporting purposes and in consultation with independent appraisers for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Valuations are performed with sufficient frequency to ensure that the fair value of an asset does not differ materially from its carrying amount (see note 31, the sections *Property, plant and equipment*, *Investment properties* and *Fair value measurement*, and note 3).

Level 1 fair value measurements

Debt instruments at FVOCI comprise bonds whose fair values have been measured by reference to quoted bid prices in active markets at the reporting date. Bloomberg has been used as the price source. All bonds are actively traded and have quoted prices in an active market. The fair value of bonds nominated in currencies other than the euro also reflects the current spot rate of the respective currencies at the reporting date.

Level 2 fair value measurements

Subordinated bonds publicly traded (i.e. Tier 2 bonds) on the Nasdaq Tallinn stock exchange, which are accounted for as level 2 instruments, are measured at market value at the reporting date, i.e. at the value of the last transaction of the trading date.

Level 3 fair value measurements

Investment properties, land and buildings do not have quoted prices and their fair values have been determined based on professional appraisals that qualify as level 3 measurements in the fair value hierarchy. Level 3 of the fair value hierarchy also includes loans to customers measured at FVTPL. For further information on their fair value measurement, see the section *Loans to customers at FVTPL*.

For investment properties, land and buildings, the following approaches have been used to estimate their fair value.

- **Market comparison approach** – under this approach the valuation performed by the valuer is based on the prices for recent market transactions with similar properties, adjusted for differences in the nature, location, condition or current use of the specific property.

- **Income approach (i.e. the discounted cash flow method)** – under this approach fair value is estimated using assumptions about the benefits and liabilities of ownership over the asset's life, including assumptions about the exit or terminal value. This method involves projecting a series of cash flows on a real property interest and applying a market-derived discount rate to the projected cash flow series to establish the present value of the income stream associated with the asset.
- **Residual method** – this method is used when no comparable market prices are available, for example in the valuation of land or a property with a building in need of renovation or with a building under construction. The residual approach involves deducing the post-development value of a property based on similar projects and deducting the development or reconstruction costs and the developer's profit to arrive at the residual value of the property (the value of a property with development potential after its development minus the development costs and the developer's profit).

Land and buildings

The class of *Land and buildings* within *Property, plant and equipment* comprises real estate in the amount of 5.0 million euros used by the group as office premises in Tallinn and 2.7 million euros relating to future office space in Tartu that is under construction (see note 10).

The office premises in Tallinn were valued using the income approach. The following inputs were used: the estimated rental income per square metre per month for commercial space in Tallinn is 12–14 euros, the rental growth rate is 2.0%, the long-term vacancy rate is 5–15% and the discount rate is 9.0%.

The office building in Tartu was valued using the residual method based on the highest and best use of the property. The residual method takes into account the profit that could be earned if the existing property were developed and sold as an office and apartment building. The valuation of the asset was based on the weighted average of adjusted unit prices, which was 182 euros per square metre.

The office building in Tartu was valued using the market comparison approach. The valuation of the asset was based on the weighted average of adjusted unit prices, which was 182–1,135 euros per square metre.

Investment properties

Investment properties of 84.7 million euros consist of office buildings in Tallinn, Tartu and Pärnu, residential space in Tallinn and agricultural land leased to farmers (see note 11). Investment properties are measured at their fair value in the statement of financial position.

The market comparison approach was used to value the office building and the residential space (which had temporarily been used as office space and then was converted back into apartments) in Tallinn. The weighted average of adjusted unit area prices was 1,824 euros per square metre for office premises and 4,017–4,555 euros per square metre for residential space.

The fair values of other office buildings in Tallinn and Pärnu were estimated using the income approach based on rental prices of 11–14 euros per square metre in Tallinn and 8 euros per square metre in Pärnu.

Forest and agricultural land were valued using mainly the market comparison approach. Based on the opinion of a valuation expert, the best use of the land is the existing use for agricultural purposes and the price per hectare of forest and agricultural land is 3,200–8,500 euros.

Valuations

The group engaged independent valuation experts to assess the fair values of its investment properties and land and buildings at 31 December 2025, and as the valuation showed that the fair values of office buildings, premises, forest and agricultural land had changed, revaluations were performed.

Valuation inputs and relationship with fair value

The following table summarises quantitative information about the significant unobservable inputs used in repeated level 3 fair value measurements (for information about valuation techniques, see above):

Land and buildings

Asset	Fair values at 31 Dec		Valuation technique	Used estimates	2025	2024
	2025	2024				
Office premises	7.7	6.2	Market comparison approach	Weighted average of adjusted unit price / Price per square meter*	182-1,135	4,161-4,623
			Income approach	Rental income per square meter	12-14	12-13
			Rental growth rate	2%	2%	
			Expected vacancy rate	5%-15%	5%	
			Discount rate	9.0%	9.5%	
			Market value per unit of leased	1,328	1,570	

* In 2025, the group reclassified the office buildings at Rütli 21/23 and Magasini 10 in Tartu from *Investment properties* to *Property, Plant and Equipment* due to a change in management's plans for operating these premises. The group also began reconstructing the buildings. Therefore, the estimates used in the valuation were changed.

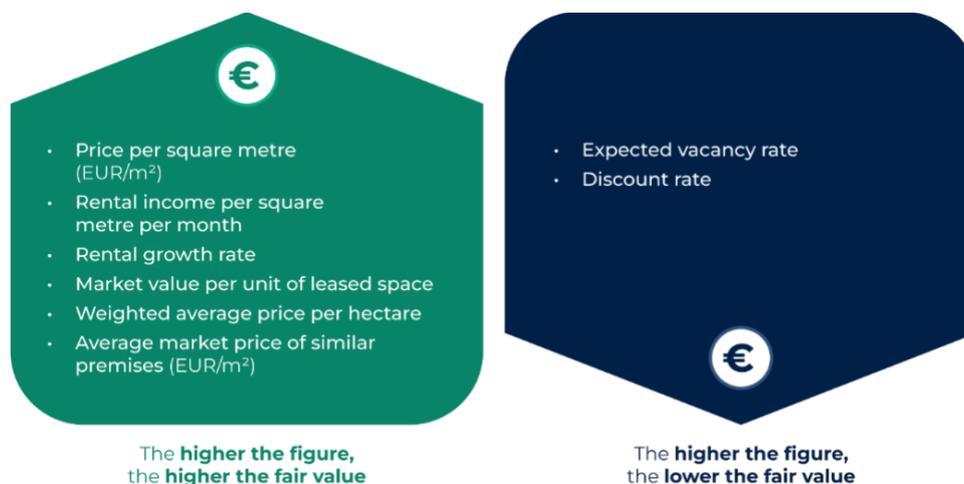
Investment properties

Asset	Fair values at 31 Dec		Valuation technique	Used estimates	2025	2024
	2025	2024				
Forest and agricultural land	61.8	42.2	Market comparison approach	Price per hectare	3,200-8,500	4,000-10,000

Asset	Fair values at 31 Dec		Valuation technique	Used estimates	2025	2024
	2025	2024				
Commercial and residential buildings	22.9	24.2	Market comparison approach	Weighted average of adjusted unit price/Average market price of similar premises (EUR/m ²)	1,824-4,260	4,100
				Ratio of the asset value* and closed net area (EUR/m ²)	-	1,247
			Income approach	Rental income per square meter	6-14	4-14
				Rental growth rate	2%	1.5-2%
				Expected vacancy rate	3%	5%
Discount rate	9.5%-10.5%	9.5%-10.5%				
Market value per unit of leased	999-1,328	984-1,570				

* The value of the asset to be reconstructed (post-development value less development costs and developer's profit) per closed net internal area (m²).

The following table sets out the relationship between key unobservable inputs and fair value measurement for office premises, commercial buildings, and forest and agricultural land:



For the effect of changes in significant unobservable inputs, see the *Sensitivity of fair value measurements to changes in unobservable inputs* subsection of this note.

Loans to customers at FVTPL

As described in notes 3 and 31, the group measures the fair value of loans to customers measured at FVTPL using a valuation technique, whereby the present value of an instrument is calculated by discounting all expected future cash flows at discount rates estimated using observable market inputs. The discount rates are determined based on a model that uses as inputs both market data on instruments with similar currency, maturity, interest rate, credit risk and other characteristics and the group's internal data.

Loans to customers at FVTPL

	2025	2024
Balance at beginning of year	38.3	57.9
New transactions (provision of loans or modification of loan terms)	12.4	2.7
Day 1 gain at initial recognition	0.1	0.4
Interest received	-1.3	-3.7
Amounts recognised in profit or loss for the period	1.4	5.5
Contract terminations (including partial early repayment)	-37.6	-24.5
Balance at end of year	13.3	38.3

In line with IFRS 13 and IFRS 9, the fair value of an instrument at initial recognition normally equals the transaction price. For new transactions, where the valuation technique used for fair value measurement requires significant inputs that are not based on observable market data, the financial instrument is initially recognised at the transaction price. If the transaction price differs from the fair value obtained using the valuation technique, the difference is recognised in the statement of financial position within *Loans to customers* (see note 8, loans to customers at FVTPL) as deferred day 1 gain or loss, which is subsequently amortised through profit or loss on a straight-line basis over the term of the contract. The table below summarises the movements in the balance of deferred day 1 gain in the periods presented.

	2025	2024
Balance of deferred day 1 gain at beginning of year	-0.6	-4.6
Gain deferred on new transactions	0.1	0.4
Amounts recognised in profit or loss for the period	0.9	3.6
Balance of deferred day 1 gain at end of year	0.4	-0.6

Loans with the features of a hybrid instrument comprise the principal and interest receivables of the host contract and a growth component (increase in fair value) resulting from the revaluation of the underlying asset. At the reporting date, the market interest rate applied in the valuation technique was 4.07% (31 December 2024: 4.88%). Gains on the revaluation of the underlying assets are included in the future cash flows of the instrument. The market comparison method was used for the valuation of the underlying assets, similarly to the valuation of forest and agricultural land.

The change in the revaluation of loans to customers (value adjustments due to changes in factors, including time, gains from the revaluation of loans with investment risk) is recognised as a gain or loss on financial assets at FVTPL.

These are assets that are required to be categorised as measured at FVTPL.

Sensitivity of fair value measurements to changes in unobservable inputs

The table below describes the effect of reasonable possible changes in significant unobservable inputs. All changes would be recognised in profit or loss, except for those relating to the land and buildings that are recognised in other comprehensive income. Sensitivity data are calculated using a number of techniques, including analysing the dispersion of prices from different sources and adjusting model inputs to reasonable changes within the fair value methodology.

The ranges are neither comparable nor symmetrical, as the model inputs are usually not in the middle of the favourable/unfavourable range.

Level 3 assets at 31 December 2025

	Favourable changes	Unfavourable changes
Loans to customers at FVTPL	0.6	-0.4
Land and buildings: <i>Office premises</i>		
- rental income and price per square metre	0.5	-0.4
- discount rate	0.4	-0.4
- vacancy rate	-	-0.3
Investment properties: <i>Commercial buildings</i>		
- rental income and price per square metre	1.4	-1.4
- discount rate	1.1	-0.9
- vacancy rate	-	-1.2
Investment properties: <i>Forest and agricultural land</i>		
- price per hectare	3.4	-3.4

Loans to customers at FVTPL

At the reporting date, the market interest rate applied in the valuation technique was 4.07%. If the market interest rate changed by +/- 1 percentage points, the resulting effect of the change in fair value would be -0.4 million/+0.5 million euros (2024: -0.9 million/+1.0 million euros). If the market value of the underlying assets had been 10% higher or lower, the change in the value of the assets during the reporting period would have been approximately +0.1 million/-0.0 million euros (2024: +0.5 million/-0.5 million euros), respectively.

Land and buildings

If the rental income changed by +/- 5% and the price per square metre changed by +/- 10%, the resulting effect of the change in fair value would be +0.5 million/-0.4 million euros. If the discount rate changed by +/- 0.5 percentage points, the resulting effect of the change in fair value would be -0.4 million/+0.4 million euros. If the vacancy rate increased by 0.5 percentage points, fair value would decrease by 0.3 million euros.

Investment properties

For commercial buildings, if the rental income changed by +/- 5% and the price per square metre changed by +/- 10%, the resulting effect of the change in fair value would be +1.4 million/-1.4 million euros. If the discount rate changed by +/- 0.5 percentage points, the resulting effect of the change in fair value would be -0.9 million/+1.1 million euros. If the vacancy rate increased by 0.5 percentage points, fair value would decrease by 1.2 million euros.

If the prices for forest and agricultural land increased or decreased by 6%, the change in the fair value of the assets would be approximately +3.4 million/-3.4 million euros.

For the reconciliation of the opening and closing balances of the remaining level 3 financial instruments measured at fair value at the reporting date, see notes 10 and 11.

Financial instruments not measured at fair value

Loans to customers (level 3), which amount to 2,694.2 million euros, are measured at amortised cost using the effective interest method. For measuring fair value, estimated cash flows were discounted at the prevailing market interest rates. The result was not materially different from that recognised under the amortised cost method using the effective interest rate.

The group's accounting policies for loans to customers are discussed in notes 31 (the section *Financial assets*) and 4. Management estimates that the accounting policies selected for loans ensure that the carrying amount of loans to customers approximates their fair value.

The fair value of loans from banks and customer deposits is estimated using the discounted cash flow method by applying interest rates offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

Subordinated bonds

Subordinated bonds which are not publicly traded (i.e. Tier 1 (AT1) bonds) are classified as level 3 instruments and measured in the statement of financial position at amortised cost using the effective interest method. Their fair value is determined using a valuation technique whereby the present value of an instrument is found by discounting all expected future cash flows by applying the current market interest rate, which at the reporting date was 4.07% (31 December 2024: 4.88%).

Note 6. Cash balances at banks

The table below shows the cash balances broken down by bank residency.

Cash balances at banks at 31 December 2025

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Cash balances at central banks	412.7	0.3	0.7	1.6	0.2	12.7	428.2
Due from other banks	2.1	1.0	1.5	-	16.0	0.1	20.7
Of which demand deposits	1.9	1.0	1.5	-	16.0	0.1	20.5
Of which term deposits	0.2	-	-	-	-	-	0.2
Total	414.8	1.3	2.2	1.6	16.2	12.8	448.9
of which cash and cash equivalents	394.5	1.0	1.5	0.2	16.0	6.8	420.0
of which mandatory reserve deposits*	21.1	0.3	0.7	1.4	0.2	6.0	28.7

Cash balances at banks at 31 December 2024

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Cash balances at central banks	414.2	0.2	0.4	1.6	-	6.8	423.2
Due from other banks	18.0	0.3	0.5	-	6.5	0.1	25.4
Of which demand deposits	17.7	0.3	0.5	-	6.5	0.1	25.1
Of which term deposits	0.3	-	-	-	-	-	0.3
Total	432.2	0.5	0.9	1.6	6.5	6.9	448.6
of which cash and cash equivalents	416.2	0.3	0.5	-	6.5	3.6	427.1
of which mandatory reserve deposits*	15.7	0.2	0.4	1.6	-	3.3	21.2

* The mandatory reserve requirement is fulfilled in accordance with Regulation (EC) No. 2021/378 of the ECB of 22 January 2021 on the application of minimum reserves (ECB/2021/1). The mandatory reserve rate in the euro area is 1% of deposits and loans with maturities up to two years, after allowed deductions, filled as the average of the period set by the European Central Bank, by depositing the appropriate amount of euros in an account with the local central bank. The central bank of Bulgaria has imposed a mandatory reserve requirement of 10–12% of liabilities. The reserve is held with the central bank of Bulgaria. Sweden has not established a mandatory reserve requirement.

Cash and cash equivalents

At 31 December	2025	2024
Demand and overnight deposits with credit institutions	20.5	24.8
Term deposits with credit institutions with maturity of less than 3 months	-	0.3
Demand and overnight deposits and surplus on the mandatory reserves with central banks	399.5	402.0
Total cash and cash equivalents	420.0	427.1

Note 7. Debt instruments

At 31 December	2025	2024
Debt instruments by issuer		
Government bonds	20.7	15.1
Credit institutions' bonds	15.8	4.7
Non-financial corporations' bonds	0.7	2.5
Total debt instruments	37.2	22.3
Debt instruments by currency		
EUR (euro)	33.2	20.8
SEK (Swedish krona)	4.0	1.5

The effect of expected credit losses on debt instruments is immaterial.

Changes in the fair value of debt instruments measured at FVOCI:

	2025	2024
Opening balance	22.3	15.4
Cash flow items:		
Acquisition of new financial instruments	33.5	12.1
Redemption of financial instruments	-20.1	-5.7
Non-cash flow items:		
Changes in fair value	0.5	0.3
Accrued interest	1.3	0.3
Foreign exchange adjustments	-0.3	-0.1
Balance at 31 December	37.2	22.3

Note 8. Loans to customers

Loans to customers are measured at amortised cost with the exception of loans with the features of a hybrid instrument and transactions for the acquisition of agricultural land that grant the seller a repurchase option, which are measured at FVTPL.

Based on their business model and cash flow characteristics, loans to customers were categorised at the reporting date as follows:

At 31 December	2025	2024
Measured at amortised cost	2,694.2	2,158.2
Measured mandatorily at FVTPL	13.3	38.3
Loans to customers	2,707.5	2,196.5

For loans to customers at fair value through profit or loss, see note 3, subsection *Loans to customers at FVTPL*, and note 5.

Bigbank settles its customers' euro instant payments via the RTI infrastructure and its euro mass payments via the STEP2 infrastructure, both of which are operated by EBA CLEARING. For that purpose, Bigbank holds accounts with ABE CLEARING S.A.S and the related balances are included in *Loans to customers at amortised cost*. At 31 December 2025 the balance was 34.3 million euros (31 December 2024: 13.4 million euros).

Loans to customers at 31 December 2025

	Estonia	Lithuania	Latvia	Finland	Sweden*	Bulgaria	Total
Loans to customers at amortised cost							
Loan receivables from customers, of which	1,126.6	967.8	447.5	166.5	-	7.5	2,715.9
corporate customers:							
other financial corporations	40.0	29.0	-	-	-	-	69.0
corporate customers: non-financial corporations	482.0	354.6	131.2	7.2	-	-	975.0
retail customers	604.6	584.2	316.3	159.3	-	7.5	1,671.9
Interest receivable from customers, of which	8.8	17.1	3.3	1.5	-	0.3	31.0
corporate customers:							
other financial corporations	-	0.1	-	-	-	-	0.1
corporate customers: non-financial corporations	1.8	1.4	0.6	-	-	-	3.8
retail customers	7.0	15.6	2.7	1.5	-	0.3	27.1
Loss allowance for loans and interests, of which	-23.4	-9.9	-11.3	-6.2	-	-1.9	-52.7
corporate customers: non-financial corporations	-1.6	-0.9	-	-0.1	-	-	-2.6
retail customers	-21.8	-9.0	-11.3	-6.1	-	-1.9	-50.1
Total	1,112.0	975.0	439.5	161.8	-	5.9	2,694.2
Loans to customers at FVTPL							
Loan receivables from customers	13.3	-	-	-	-	-	13.3
Total	13.3	-	-	-	-	-	13.3
Total loans to customers, incl. interest and allowances	1,125.3	975.0	439.5	161.8	-	5.9	2,707.5
Share of region	41.6%	36.0%	16.2%	6.0%	-	0.2%	100.0%

* In November 2025, the group sold the entire loan portfolio of its Swedish branch to a Swedish credit institution. The transaction resulted in a loss of 1.2 million euros, which was recognised within *Net allowance for expected credit losses* in the statement of comprehensive income.

Loans to customers at 31 December 2024

	Estonia	Lithuania	Latvia	Finland	Sweden	Bulgaria	Total
Loans to customers at amortised cost							
Loan receivables from customers, of which	899.4	773.8	344.8	134.2	23.2	5.3	2,180.7
corporate customers:							
other financial corporations	19.1	19.0	-	-	-	-	38.1
corporate customers: non-financial corporations	365.8	260.4	81.7	-	-	-	707.9
retail customers	514.5	494.4	263.1	134.2	23.2	5.3	1,434.7
Interest receivable from customers, of which	7.5	17.2	3.2	0.9	0.2	0.4	29.4
corporate customers:							
other financial corporations	-	0.1	-	-	-	-	0.1
corporate customers: non-financial corporations	2.3	1.0	0.5	-	-	-	3.8
retail customers	5.2	16.1	2.7	0.9	0.2	0.4	25.5
Loss allowance for loans and interests, of which	-18.3	-10.0	-14.0	-4.7	-2.9	-2.0	-51.9
corporate customers:							
non-financial corporations	-0.4	-0.8	-0.1	-	-	-	-1.3
retail customers	-17.9	-9.2	-13.9	-4.7	-2.9	-2.0	-50.6
Total	888.6	781.0	334.0	130.4	20.5	3.7	2,158.2
Loans to customers at FVTPL							
Loan receivables from customers	38.3	-	-	-	-	-	38.3
Total	38.3	-	-	-	-	-	38.3
Total loans to customers, incl. interest and allowances	926.9	781.0	334.0	130.4	20.5	3.7	2,196.5
Share of region	42.2%	35.6%	15.2%	5.9%	0.9%	0.2%	100.0%

Loans to customers by contractual currency

At 31 December	2025	2024
Loans to customers at amortised cost		
EUR (euro)	2,739.1	2,181.0
SEK (Swedish krona)	-	23.4
BGN (Bulgarian lev)*	7.8	5.7
Loans to customers at FVTPL		
EUR (euro)	13.3	38.3
Total at gross carrying amount	2,760.2	2,248.4

* On 1 January 2026, the Republic of Bulgaria joined the euro area and adopted the euro as its official currency, replacing the Bulgarian lev (BGN). As a result, the group's Bulgarian branch converted its financial accounting and reporting to euros, effective from the same date. The financial statements for 2026 and subsequent years will be prepared and presented in euros. Comparative figures will be recalculated to euros using the official exchange rate fixed for the switchover: EUR 1 = BGN 1.95583.

Ageing analysis at 31 December 2025

	Measured at amortised cost			Measured mandatorily at FVTPL	Total loans to customer
	Unsecured loans	Loans secured by real estate	Loans against other collaterals		
Stage 1, of which	645.7	1,706.0	196.7	8.8	2,557.2
Not past due	636.2	1,690.2	187.3	8.8	2,522.5
Past due 30 days or less	17.2	17.2	10.2	-	44.6
Loss allowance for loans and interests	-7.7	-1.4	-0.8	-	-9.9
Stage 2, of which	16.4	43.7	9.2	-	69.3
Not past due	9.0	37.6	3.8	-	50.4
Past due 30 days or less	7.2	4.0	3.7	-	14.9
Past due 31-60 days	3.6	2.1	2.1	-	7.8
Past due 61-90 days	1.2	0.3	0.4	-	1.9
Loss allowance for loans and interests	-4.6	-0.3	-0.8	-	-5.7
Stage 3, of which	32.4	36.5	7.6	4.5	81.0
Not past due	4.0	31.6	0.9	4.5	41.0
Past due up to 30 days	3.2	0.7	1.4	-	5.3
Past due 31-60 days	2.7	0.6	1.7	-	5.0
Past due 61-90 days	2.1	0.9	0.7	-	3.7
Past due over 90 days	54.7	4.1	4.3	-	63.1
Loss allowance for loans and interests	-34.3	-1.4	-1.4	-	-37.1
Total loans to customers	741.1	1,789.3	216.5	13.3	2,760.2
Total allowances	-46.6	-3.1	-3.0	-	-52.7

Ageing analysis at 31 December 2024

	Measured at amortised cost			Measured mandatorily at FVTPL	Total loans to customers
	Unsecured loans	Loans secured by real estate	Loans against other collaterals		
Stage 1, of which	627.5	1,220.2	148.5	38.3	2,034.5
Not past due	625.0	1,209.2	142.1	38.3	2,014.6
Past due 30 days or less	14.7	11.5	6.9	-	33.1
Loss allowance for loans and interests	-12.2	-0.5	-0.5	-	-13.2
Stage 2, of which	21.0	54.0	8.4	-	83.4
Not past due	10.5	44.2	3.1	-	57.8
Past due 30 days or less	10.6	4.2	4.3	-	19.1
Past due 31-60 days	4.8	5.6	1.2	-	11.6
Past due 61-90 days	1.9	0.7	0.3	-	2.9
Loss allowance for loans and interests	-6.8	-0.7	-0.5	-	-8.0
Stage 3, of which	29.2	42.7	6.7	-	78.6
Not past due	4.6	30.4	0.8	-	35.8
Past due up to 30 days	3.7	6.1	1.4	-	11.2
Past due 31-60 days	3.0	0.4	1.3	-	4.7
Past due 61-90 days	2.2	0.5	0.8	-	3.5
Past due over 90 days	45.6	5.5	3.0	-	54.1
Loss allowance for loans and interests	-29.9	-0.2	-0.6	-	-30.7
Total loans to customers	726.6	1,318.3	165.2	38.3	2,248.4
Total allowances	-48.9	-1.4	-1.6	-	-51.9

Note 9. Loss allowances for loans

This note provides an overview of loss allowances for loans measured at amortised cost.

Loss allowances at 31 December 2025

	Loan principal receivables	Loan interest receivables	Total loan receivables subject to impairment	Total loss allowances
Stage 1	2,538.2	20.1	2,558.3	-9.9
Stage 2	74.1	0.9	75.0	-5.7
Stage 3	103.6	10.0	113.6	-37.1
Total	2,715.9	31.0	2,746.9	-52.7

Loss allowances at 31 December 2024

	Loan principal receivables	Loan interest receivables	Total loan receivables subject to impairment	Total loss allowances
Stage 1	1,989.8	19.6	2,009.4	-13.2
Stage 2	90.1	1.3	91.4	-8.0
Stage 3	100.8	8.5	109.3	-30.7
Total	2,180.7	29.4	2,210.1	-51.9

Movements of the loans measured at amortised cost between stages in 2025*

	Movements between stages 1 and 2		Movements between stages 2 and 3		Movements between stages 1 and 3	
	1 -> 2	2 -> 1	2 -> 3	3 -> 2	1 -> 3	3 -> 1
	Non-financial corporations	10.6	11.1	1.4	2.4	7.5
Households	24.8	10.6	15.9	2.2	21.9	1.7
Total	35.4	21.7	17.3	4.6	29.4	1.8

Movements of the loans measured at amortised cost between stages in 2024*

	Movements between stages 1 and 2		Movements between stages 2 and 3		Movements between stages 1 and 3	
	1 -> 2	2 -> 1	2 -> 3	3 -> 2	1 -> 3	3 -> 1
	Non-financial corporations	45.2	6.0	6.1	-	32.9
Households	35.2	4.7	12.4	1.2	28.8	1.0
Total	80.4	10.7	18.5	1.2	61.7	1.0

* The tables presenting the movements between impairment stages have been prepared based on the allocation to stages determined at the end of each quarter during the relevant reporting periods.

Development of allowances in 2025

	Opening balance	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance	Of which ECL model update
Stage 1	-13.2	-4.3	2.7	4.9	-	-9.9	-3.5
Stage 2	-8.0	-	1.0	1.2	0.1	-5.7	-
Stage 3	-30.7	-	2.0	-15.2	6.8	-37.1	2.1
Total	-51.9	-4.3	5.7	-9.1	6.9	-52.7	-1.4

Development of allowances in 2024

	Opening balance	Increases due to origination	Decrease due to derecognition on repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance	Of which ECL model update
Stage 1	-9.9	-5.8	1.1	1.3	0.1	-13.2	
Stage 2	-6.1	-	0.2	-3.1	1.0	-8.0	-0.7
Stage 3	-21.5	-	0.9	-16.8	6.7	-30.7	0.8
Total	-37.5	-5.8	2.2	-18.6	7.8	-51.9	0.1

In 2025, ECL models were updated in the second and the fourth quarter. As a result of the revisions, ECL allowances decreased by 0.8 million euros in the second quarter, due to updates to PD and LGD estimates (a decrease of 1.2 million euros and an increase of 0.4 million euros, respectively). In the fourth quarter, ECL allowances also decreased by 0.8 million euros, due to updates to PD estimates (a decrease of 2.7 million euros), LGD floors for secured real estate loans (an increase of 1.0 million euros) and LGD estimates for unsecured consumer loans (an increase of 0.8 million euros). The amount of loans written off in 2025 was 7.8 million euros, of which realised credit losses amounted to 3.0 million euros.

Loss allowances by loan assessment category at 31 December 2025

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Collectively assessed items	821.9	25.3	847.2	-49.2
Individually assessed items	1,894.0	5.7	1,899.7	-3.5
Total	2715.9	31.0	2746.9	-52.7

Loss allowances by loan assessment category at 31 December 2024

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Collectively assessed items	797.6	23.8	821.4	-50.3
Individually assessed items	1,383.1	5.6	1,388.7	-1.6
Total	2180.7	29.4	2210.1	-51.9

Collectively assessed items include homogenous groups of receivables whose individual amount is not significant, historical settlement pattern and collateralisation or other features are similar and which are not assessed for impairment individually.

Individually assessed items include receivables from companies, receivables exceeding 100,000 euros and other receivables that have not been collectively assessed.

Note 10. Property, plant and equipment

At 31 December	2025	2024
Buildings	7.7	6.2
Right-of-use assets: office premises	2.5	1.5
Other items	1.9	1.2
Total	12.1	8.9

Land, buildings and other items

	Buildings	Other items*	Total
Cost			
Balance at 1 January 2024	6.3	5.2	11.5
Purchases	-	0.4	0.4
Sales	-	-0.2	-0.2
Derecognition	-	-0.3	-0.3
Revaluation recognised in other comprehensive income	-0.1	-	-0.1
Balance at 31 December 2024	6.2	5.1	11.3
Balance at 1 January 2025	6.2	5.1	11.3
Purchases	1.1	1.3	2.4
Sales	-	-0.2	-0.2
Revaluation recognised in other comprehensive income	-0.5	-	-0.5
Transfer to investment properties (note 11)	-1.4	-	-1.4
Transfer from investment properties (note 11)	2.5	-	2.5
Transfer**	0.2	-	0.2
Balance at 31 December 2025	7.7	6.2	13.9
Depreciation			
Balance at 1 January 2024	-	-3.8	-3.8
Depreciation charge for the year	-0.2	-0.6	-0.8
Sales	-	0.2	0.2
Write-off	-	0.3	0.3
Transfer**	0.2	-	0.2
Balance at 31 December 2024	-	-3.9	-3.9
Balance at 1 January 2025	-	-3.9	-3.9
Depreciation charge for the period	-0.2	-0.6	-0.8
Sales	-	0.2	0.2
Transfer**	0.2	-	0.2
Balance at 31 December 2025	-	-4.3	-4.3
Carrying amount			
Balance at 1 January 2024	6.3	1.4	7.7
Balance at 31 December 2024	6.2	1.2	7.4
Balance at 31 December 2025	7.7	1.9	9.6

* Other items of property, plant and equipment comprise computers, office equipment, furniture, other fixtures and fittings.

** Land and buildings are measured using the revaluation model. Accumulated depreciation at the revaluation date was eliminated against the gross carrying amount of the revalued assets, see note 5.

If buildings had been measured using the cost model, the carrying amounts would have been as follows:

At 31 December	2025	2024
Cost	7.6	5.5
Depreciation	-1.5	-1.9
Net carrying amount	6.1	3.6

Right-of-use assets

The group recognises leased office premises as right-of-use assets.

	2025	2024
Carrying amount at 1 January	1.5	1.7
Additions	1.7	0.3
Termination of lease	-0.1	-
Depreciation charge	-0.6	-0.6
Price adjustment	-	0.1
Carrying amount at end of year	2.5	1.5

For lease payments for right-of-use assets, see note 18, and for depreciation expense, see note 27.

Note 11. Investment properties

	2025	2024
Opening balance at 1 January	66.4	49.1
Additions	16.8	19.2
Sales	-	-0.4
Transfer from office premises to investment properties	1.4	-
Transfer from investment properties to office premises	-2.5	-
Transfer from loans to customers measured at FVTPL to investment properties	1.4	-
Capitalised expenses (note 23)	0.3	0.1
Net gain on fair value adjustments (note 5)	0.9	-1.6
Closing balance at 31 December	84.7	66.4

The group's rental income from investment properties was 3.9 million euros in 2025 (2024: 3.5 million euros). Property management expenses were 1.6 million euros (2024: 1.3 million euros) (see notes 23 and 27).

At 31 December 2025 and 2024, the group had two investment properties (located at Papiniidu 5a in Pärnu and Pärnu mnt 153 in Tallinn) that were used as collateral for bank loans (note 14). At 31 December 2025, their collateral value was 11.1 million euros and fair value was 14.7 million euros (31 December 2024: 11.1 million euros and 14.4 million euros, respectively). Apart from that, the group has no restrictions on the realisation of its investment properties and no contractual obligations to purchase, build or develop investment properties or to invest in repairs, maintenance or enhancements.

For minimum non-cancellable operating lease rental payments receivable in subsequent periods see note 27.

Note 12. Intangible assets

	2025	2024
Cost at beginning of year	44.3	41.7
Purchased and developed software*	4.2	3.1
Of which purchases	2.1	0.2
Of which capitalised payroll costs	2.1	2.9
Write-off	-0.6	-0.5
Cost at end of year	47.9	44.3
Amortisation at beginning of year	-19.1	-12.4
Amortisation charge for the year	-7.5	-6.9
Write-off	0.4	0.2
Amortisation at end of year	-26.2	-19.1
Carrying amount at beginning of year	25.2	29.3
Carrying amount at end of year	21.7	25.2

* The group's intangible assets comprise various software.

The group has made substantial investments in Nest, Bigbank's information and banking technology solution. The balance for purchased and developed software also includes the capitalised payroll costs and associated taxes for the employees directly involved in Nest's development (see note 24).

Note 13. Other assets

At 31 December	2025	2024
Financial assets		
Customer receivables (incl. for loan portfolios sold) and other miscellaneous receivables	1.5	8.0
Collection, recovery and other charges receivable	1.6	1.1
Impairment allowance for other receivables	-0.7	-0.4
Total financial assets	2.4	8.7
Non-financial assets		
Other tax prepayments	0.1	0.1
Prepayments to suppliers and prepaid expenses	1.4	1.1
Total non-financial assets	1.5	1.2
Total other assets	3.9	9.9

Note 14. Loans from banks

At 31 December	2025	2024
Loans from other credit institutions	8.1	8.4
of which current (due within 12 months)	0.3	0.3
of which non-current (due within more than 12 months)	7.8	8.1

The group previously financed its subsidiaries' real estate purchases with intragroup loans. In 2022, the real estate loans of two subsidiaries were refinanced with external loans received for a term of five years, due to be settled in June 2027, in the amount of 9.3 million euros. Interest expense for the year was 0.4 million euros (2024: 0.6 million euros), see note 22.

Under the terms of the loans, the subsidiaries are required to present business and financial performance reports and to comply with the following financial covenants at the end of each annual and interim reporting period: a) the adjusted equity ratio must not be less than 30%; and b) the debt service coverage ratio must not be less than 1.2. The group has complied with these covenants throughout the reporting period.

There is no indication that the subsidiaries might have difficulty complying with the covenants when they are tested at the next interim reporting date, 31 March 2026, nor is there any risk that a non-current liability might become repayable within 12 months after the reporting period. Therefore, the group had the right to defer settlement of the liabilities for at least 12 months after the reporting period.

Note 15. Deposits from customers

At 31 December	2025	2024
Deposits from customers	2,879.6	2,393.3
Deposits by customer type		
Individuals	2,746.2	2,334.3
Legal persons	133.4	59.0
Deposits by currency		
EUR (euro)	2,809.1	2,325.5
SEK (Swedish krona)	20.5	40.4
BGN (Bulgarian lev)	50.0	27.4
Deposits by maturity		
Demand deposits (current accounts)	30.9	11.8
Savings deposits (on demand)	1,434.6	1,017.2
Term deposits		
Maturing within 1 month	171.8	199.3
Maturing between 1 and 6 months	506.3	525.0
Maturing between 6 and 12 months	406.3	255.3
Maturing between 12 and 18 months	99.1	121.8
Maturing between 18 and 24 months	72.2	73.5
Maturing between 24 and 36 months	87.5	86.2
Maturing between 36 and 48 months	28.6	40.7
Maturing between 48 and 60 months	11.8	23.8
Maturing in over 60 months	30.5	38.7

At 31 December	2025	2024
Deposits by country		
Estonia	209.4	101.8
Latvia	50.8	43.8
Lithuania	88.8	61.0
Finland	170.7	187.0
Sweden	20.5	40.4
Bulgaria	50.0	27.4
Austria	136.5	84.8
Germany	1,057.7	857.5
Netherland	1,095.2	989.6

Annual interest rates of deposits offered to customers at 31 December 2025

The interest rates of deposits offered to customers depend on the country as well as the deposit term, currency and amount, and the interest payment method. The terms of term deposits offered by the group range from 1 day to 10 years. In addition, the group offers savings deposits that customers can access at short notice. The group offers current accounts to retail customers in Estonia, Latvia, Lithuania and to corporate customers in Estonia.

In the first half of the year, deposit rates continued to decrease in line with the ECB's key interest rate cuts, before stabilising in the second half of the year. At 31 December 2025, deposit rates were in the range of 1.7–2.9% (2024: 1.4%– 3.9%): 1.7–2.9% for term deposits (2024: 1.4–3.9%), 2.1–2.5% for savings deposits (2024: 2.2–3.3%) and 2% for current accounts. Deposits with the shortest term of 1 day are offered in Estonia and Latvia, and to corporate customers in Lithuania. In Finland, Germany, Austria and Bulgaria, the shortest deposit term is 1 month; in Sweden, it is 6 months; and in the Netherlands, it is 3 months. Savings deposits are offered in Germany, Austria, the Netherlands, Estonia, Latvia and Lithuania. Current accounts are offered in Estonia, Latvia and Lithuania. The minimum amount for a term deposit is 500 euros in all markets except Sweden, where it is 10,000 Swedish kronas.

Note 16. Subordinated bonds

In 2025, Bigbank carried out five issues of subordinated bonds, including subordinated bonds publicly traded on the Nasdaq Tallinn stock exchange that qualify as Tier 2 capital of 6.0 million euros and subordinated bonds which qualify as Additional Tier 1 capital of 9.0 million euros. Subject to approval by the Estonian Financial Supervision and Resolution Authority, the bonds can be called early after five years have passed.

Changes in bonds

At 31 December	2025	2024
Balance at beginning of period	91.7	76.1
Cash items:		
Receipts	15.0	20.4
Payments	-8.4	-11.8
Non-cash items:		
Movement in accrued interest	8.4	7.0
Balance at end of period	106.7	91.7

Bonds at 31 December 2025

	Nominal price	Interest rate	Date of issue	Maturity date
Note EE3300002526	10.0	6.5%	30 December 2021	30 December 2031
Note EE3300002583	5.0	7.5%	16 May 2022	16 May 2032
Note EE3300002690	20.0	8.0%	21 September 2022	21 September 2032
Note EE3300003052	15.0	8.0%	16 February 2023	16 February 2033
Note EE3300003151	7.7	10.5%	15 March 2023	Perpetual
Note EE3300003284	3.4	12.0%	31 May 2023	Perpetual
Note EE3300003581	5.1	12.0%	31 August 2023	Perpetual
Note EE3300003706	5.0	8.0%	30 November 2023	30 November 2033
Note EE3300004340	7.0	7.0%	29 May 2024	29 May 2034
Note EE3300004696	5.0	10.5%	21 June 2024	Perpetual
Note EE3300004977	5.0	6.5%	23 October 2024	23 October 2034
Note EE3300005081	4.5	9.0%	29 November 2024	Perpetual
Note EE0000000560	3.0	9.0%	31 March 2025	Perpetual
Note EE0000001329	2.4	9.0%	29 May 2025	Perpetual
Note EE0000001501	6.0	6.5%	27 June 2025	27 June 2035
Note EE0000002434	2.5	9.0%	12 September 2025	Perpetual

Note 17. Other liabilities

At 31 December	2025	2024
Financial liabilities		
Payments in transit	5.5	2.7
Supplier payables	1.3	0.8
Lease liabilities (note 18)	2.6	1.6
Total financial liabilities	9.4	5.1
Non-financial liabilities		
Payables to employees	4.1	3.7
Other taxes payable	2.5	2.2
Provisions	0.5	0.2
Other payables and deferred income	1.4	1.1
Total non-financial liabilities	8.5	7.2
Total other liabilities	17.9	12.3

Note 18. Lease liabilities

The carrying amounts of lease liabilities and movements during the period were as follows:

	2025	2024
Balance at 1 January	1.6	1.8
Additions	1.7	0.4
Early termination	-0.1	0.4
Payments	-0.6	-0.6
Carrying amount at end of year	2.6	1.6

For right-of-use assets related to the lease liabilities, see note 10, and for expenses on short-term leases, see note 24. In the reporting period, interest expense on lease liabilities amounted to 33 thousand euros (2024: 34 thousand euros).

Note 19. Equity

Share capital

Bigbank AS is a limited company, whose minimum and maximum authorised share capital amount to 5.1 million euros and 12.8 million euros, respectively. Share capital as at 31 December 2025 and 2024 consisted of 80,000 fully paid in ordinary shares with a par value of 100 euros each. Each share carries one vote at meetings of the company, granting the holder the right to participate in the management of the company, the distribution of profits and the distribution of residual assets on the dissolution of the company.

The shares in Bigbank AS are registered in the Estonian Central Register of Securities. Use of voting power carried by the shares has not been restricted. The company is not aware of any shareholder agreements under which the shareholders pursue a joint policy by means of pooling their votes or otherwise restrict use of voting power. Except for shares, Bigbank AS has not issued any securities that grant control of the company.

Shareholders

At 31 December 2025, the shares in Bigbank AS were held by two individuals, each holding the same number of shares:

Shareholder	Number of shares	Interest
Parvel Pruunsild	40,000	50%
Vahur Voll (member of the supervisory board)	40,000	50%

Statutory capital reserve

The capital reserve has been recognised in accordance with the Estonian Commercial Code. Under the latter, the capital reserve is recognised using annual net profit transfers. Each year, the parent company has to transfer at least one twentieth of net profit for the year to the capital reserve until the reserve amounts to one tenth of share capital. The capital reserve may be used for covering losses and increasing share capital. The capital reserve may not be used for making distributions to shareholders.

Other reserves

Other reserves comprise:

- Exchange differences on translating foreign operations. This item comprises foreign currency differences arising from the translation of the financial statements of the

group's foreign operations that use functional currencies other than the group's functional currency.

- Asset revaluation reserve comprises the increase in the carrying value of land and buildings classified as *Property, plant and equipment* as a result of revaluation. The revaluation reserve cannot be used to make profit distributions to shareholders.
- Changes in the fair value of debt instruments measured at FVOCI.

At 31 December	2025	Change	2024	Change	2023
Exchange differences on translating foreign operations	0.7	-0.5	1.2	0.2	1.0
Asset revaluation reserve	1.2	-0.5	1.7	0.2	1.5
Fair value changes of debt instruments measured at FVOCI	0.3	0.7	-0.4	0.3	-0.7
Total other reserves	2.2	-0.3	2.5	0.7	1.8

Unrestricted equity

At 31 December 2025, the group's unrestricted equity amounted to 266.8 million euros (31 December 2024: 233.4 million euros).

Dividends

The company has made the following dividend distributions:

- 2025: 100.00 euros per share, i.e. 8.0 million euros in total; and
- 2024: 100.00 euros per share, i.e. 8.0 million euros in total.

Note 20. Subsidiaries

The table below contains information about the group's subsidiaries.

Subsidiary	Country of incorporation	Equity	Ownership interest	
			2025	2024
OÜ Rütli Majad	Estonia	33.5	100%	100%
OÜ Rütli Property	Estonia	34.9	100%	100%
OÜ Papiniidu Property	Estonia	3.5	100%	100%
OÜ Pärnu mnt 153	Estonia	1.2	100%	100%
Baltijas Izaugsmes Grupa AS	Latvia	2.7	100%	100%
Balti Völgade Sissenõudmise Keskus OÜ*	Estonia	-	-	100%

* The subsidiary Balti Völgade Sissenõudmise Keskus OÜ was merged into OÜ Rütli Property in August 2025.

Note 21. Operating segments

Operating segments are components of the group for which separate financial information is available, which enables the management board and the supervisory board to regularly review their operating results. The group's banking operations are divided into two main segments: retail banking and corporate banking. In addition, there is the segment of other activities.

Segment reporting is based on internal reports to the group's executive management. The group's chief operating decision maker is the management board of Bigbank AS, which regularly reviews the group's internally generated financial information to assess operating results, including the performance of operating segments, and to allocate resources efficiently. The group's banking operations are divided into two operating segments based on the categories of customers served: retail banking and corporate banking. The retail banking segment covers all countries where Bigbank operates and the corporate banking segment covers the Baltic countries. Both segments offer loan products to customers and raise deposits. Group entities that are involved in investment property management and units that support banking operations (including the treasury) form the segment of other activities. Intersegment loans and services as well as receivables and liabilities are presented as eliminations in the table below.

The result of an operating segment is the segment's net profit, which comprises financial items directly attributable to the segment. The retail and corporate banking segments also include financial items (other operating income and expenses, operating expenses and income tax expense), which are allocated to segments consistent with their nature based on the size of the loan portfolio, the number of loans or the number of staff associated with the segment. The allocation is based on internal transfer prices. The prices applied in intersegment transactions (including the provision of loans and services to group companies) do not differ significantly from market prices. Segment assets and liabilities comprise assets and liabilities which are directly attributable to the segment as well as assets and liabilities allocated to the segment on the basis of the size of the loan portfolio.

Segment profit 2025

	Retail banking	Corporate banking	Other activities	Elimination	Total
Interest income	119.9	65.5	1.3	-1.9	184.8
Interest expense	-51.4	-26.9	-2.3	2.0	-78.6
Net interest income/expense	68.5	38.6	-1.0	0.1	106.2
Net fee and commission income/expense	10.6	-	-	-	10.6
Net gain on financial assets and loss on derecognition of non-financial assets	-	1.0	0.4	-	1.4
Net other operating income and expenses	-6.2	0.1	3.1	-0.7	-3.7
Net operating income	72.9	39.7	2.5	-0.6	114.5
Expenses and expenses on provisions	-41.1	-15.3	-0.3	0.6	-56.1
Loss on change in the fair value of investment properties	-	-	0.9	-	0.9
Profit before loss allowances	31.8	24.4	3.1	-	59.3
Net allowance for expected credit losses	-10.5	-1.5	-	-	-12.0
Profit before income tax	21.3	22.9	3.1	-	47.3
Income tax	-5.0	-4.4	-	-	-9.4
Profit for the year	16.3	18.5	3.1	-	37.9

Segment assets and liabilities at 31 December 2025

	Retail banking	Corporate banking	Other activities	Elimination	Total
Total assets	2,023.8	1,224.3	154.4	-85.8	3,316.7
Total liabilities	2,828.5	184.0	40.8	-36.0	3,017.3

Segment profit 2024

	Retail banking	Corporate banking	Other activities	Elimination	Total
Interest income	125.2	54.7	0.3	-2.3	177.9
Interest expense	-53.6	-21.4	-2.9	2.4	-75.5
Net interest income/expense	71.6	33.3	-2.6	0.1	102.4
Net fee and commission income/expense	9.3	-0.1	-	-	9.2
Net gain on financial assets and loss on derecognition of non-financial assets	-	4.4	0.5	-	4.9
Net other operating income and expenses	-6.0	-	2.9	-0.7	-3.8
Net operating income	74.9	37.6	0.8	-0.6	112.7
Expenses and expenses on provisions	-35.9	-12.3	-0.3	0.6	-47.9
Loss on change in the fair value of investment properties	-	-	-1.6	-	-1.6
Profit before loss allowances	39.0	25.3	-1.1	-	63.2
Net allowance for expected credit losses	-23.6	-0.3	-	-	-23.9
Profit before income tax	15.4	25.0	-1.1	-	39.3
Income tax	-4.4	-2.6	-	-	-7.0
Profit for the year	11.0	22.4	-1.1	-	32.3

Segment assets and liabilities at 31 December 2024

	Retail banking	Corporate banking	Other activities	Elimination	Total
Total assets	1,799.1	928.3	122.0	-71.0	2,778.4
Total liabilities	2,407.3	97.7	39.6	-36.0	2,508.6

Note 22. Net interest income

	2025	2024
Interest income calculated using the effective interest method		
Interest income on loans to customers at amortised cost	169.4	153.9
Interest income on debt securities at FVOCI	1.3	0.3
Interest income on banks and central banks deposits	10.1	19.7
Other interest income		
Interest income on lease portfolio	4.0	4.0
Total interest income	184.8	177.9
Interest expense calculated using the effective interest method		
Interest expense on deposits from customers	-69.7	-67.9
Interest expense on loans from banks	-0.4	-0.6
Interest expense on subordinated bonds	-8.5	-7.0
Total interest expense	-78.6	-75.5
Net interest income	106.2	102.4

Note 23. Other operating income and expenses

	2025	2024
Other income		
Rental income (note 27)	3.9	3.5
Income from debt recovery proceedings*	1.3	1.2
Miscellaneous income	0.3	0.3
Total other income	5.5	5.0
Other expenses		
Legal regulation charges	-4.9	-4.5
Expenses from investment properties	-1.6	-1.3
Expenses related to registry inquires	-0.7	-0.6
Expenses related to enforcement proceedings	-0.6	-0.8
Levies	-	-0.5
Miscellaneous expenses	-1.4	-1.1
Total other expenses	-9.2	-8.8
Total	-3.7	-3.8

* Income from debt recovery proceedings and reimbursements of related costs.

In 2025, the group capitalised 0.6 million euros (2024: 0.1 million euros) of qualifying expenses as part of its investment properties (see note 11).

Levies

In 2024, amendments to the Consumer Rights Protection Law entered into force in Latvia, providing a mechanism for targeted compensation of interest payments to borrowers who had taken out mortgage loans to purchase or construct housing, in accordance with the principle of a socially responsible state. The amendments established an obligation for credit institutions in Latvia to pay a mortgage borrower protection fee in 2024. The fee is

determined on a quarterly basis at 0.5% of the total outstanding mortgage loans issued by the credit institution as at 31 October 2023. The fee does not apply to mortgage loans with a fixed interest rate throughout the entire repayment period.

Note 24. Salaries and administrative expenses

	2025	2024
Salaries	26.9	21.8
Social security costs*	6.9	5.6
Employee health costs and fringe benefits including associated taxes	0.6	0.5
Total salaries and associated charges	34.4	27.9
Marketing expenses	4.8	4.8
Short-term leases	0.1	0.1
Office and other similar administrative expenses	0.6	0.6
Other personnel-related expenses	1.7	1.3
Software licensing and other information technology costs	2.4	2.0
Other services	1.4	1.3
Postal supplies and charges	0.1	0.1
Telephone and other communications expenses	1.0	1.0
Miscellaneous operating expenses	0.2	0.3
Total other operating expenses	12.3	11.5
Of which audit fees	0.5	0.4

* In accordance with the local labour tax legislation, the social security costs of some branches are marginal and are therefore included in salaries.

In 2025, capitalised payroll costs related to the development of Nest (see note 12) were 2.1 million euros (2024: 2.9 million euros).

The annual average number of full-time employees was 595 (2024: 521).

Note 25. Earnings per share

	2025	2024
Net profit for the year (EUR million)	37.9	32.3
Number of shares at beginning of year	80,000	80,000
Number of shares at end of year	80,000	80,000
Weighted average number of ordinary shares outstanding	80,000	80,000
Earnings per share (EUR)	474	404

At the end of 2025 and 2024 the group did not have any potential dilutive ordinary shares. Therefore, diluted earnings per share equal basic earnings per share.

Dividend distributions

	Amount per share (EUR)	Total amount (EUR million)
Declared and paid in 2025	100	8.0
Declared and paid in 2024	100	8.0

After the reporting date, the management board has proposed that the company pay dividends of 8.0 million euros (100 euros per share) for the financial year 2025.

Note 26. Income tax

Income tax expense

	2025	2024
Profit before tax	47.3	39.3
Income tax (standard tax rate 22% in Estonia)	10.4	7.9
Effect of reduced tax rates (including 0%)	-1.0	-0.8
Effective tax	9.4	7.1
Of which the parent company's domestic tax	0.8	1.3
Of which income tax in foreign jurisdictions	8.6	5.7

The above income tax expense has been calculated on the profit earned in Lithuania, Finland and Sweden and it includes the advance income tax that credit institutions are required to pay in Estonia and Latvia.

In 2024 and 2025, dividend distributions to shareholders had no income tax consequences, because the income tax payable on the distributions was offset by the advance income tax paid by the group as a credit institution.

The applicable tax rates and principles for calculating income tax are described in note 31 *Material accounting policies*.

Contingent income tax liabilities

At 31 December 2025, the group's retained earnings totalled 288.4 million euros (31 December 2024: 258.5 million euros).

Under the Estonian Income Tax Act, as of 2025, profit distributions, including dividend distributions, are subject to income tax calculated as 22/78 of the net distribution. The maximum income tax liability that could arise if all of the unrestricted equity were distributed as dividends amounts to 58.7 million euros. Thus, the maximum amount that could be distributed as the net dividend is 208.1 million euros.

The income tax payable on dividends is calculated by reducing the tax base by the profits attributed to foreign permanent establishments (branches) and reducing the tax payable by advance payments of income tax that credit institutions are required to make in Estonia. The group's actual expected maximum income tax liability that could arise if all of the undistributed profits were distributed as dividends amounts to 19.9 million euros and the maximum amount that could be distributed as the net dividend is 246.9 million euros. The income tax liability includes the deferred income tax calculated on Latvian distributable profits.

The maximum contingent income tax liability has been calculated on the assumption that the net dividend and the related dividend tax expense cannot exceed total distributable profits at 31 December 2025.

Note 27. Leases

The group as a lessee

The group has leases of office premises. Most lease terms fall in the range of 3 to 10 years. Leases of office premises can be cancelled by giving one month's to 10 years' notice and fixed-term lease contracts can be extended on market terms. Cancellation options are negotiated by management to provide flexibility in managing lease premises and align them with the group's business needs. At 31 December 2025 and 31 December 2024 management has elected not to exercise any of the options provided in the leases and applies contractual terms in lease accounting.

The group also has certain leases of office premises with terms of 12 months or less and leases of office equipment of low value. The group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions to these leases. Expenses on short-term leases included in *Administrative expenses* totalled 0.1 million euros in 2025 (2024: 0.2 million euros).

The group recognised depreciation expense on the right-of-use assets of office premises of 0.6 million euros (2024: 0.6 million euros). See notes 10 and 31. For changes in lease liabilities, see note 18.

The group as a lessor – operating leases

Assets that have been leased out mainly include vehicles and equipment. The residual value risk is not significant, because of the existence of a secondary market.

Lease receivables are presented within *Loans to customers* in the consolidated statement of financial position and are subject to ECL allowances.

Undiscounted lease rentals receivable in subsequent periods

At 31 December	2025	2024
Up to 1 year	21.0	17.8
1 to 2 years	18.7	16.3
2 to 3 years	15.1	13.6
3 to 4 years	10.9	9.8
4 to 5 years	6.8	6
Over 5 years	3.4	2.2
Total undiscounted lease rentals receivable	75.9	65.7
Unearned finance income	-8.2	-8.3
Gross investment in the lease	67.7	57.4

The group's subsidiaries also lease out commercial premises and agricultural land.

Undiscounted lease rentals receivable for commercial premises and agricultural land in subsequent periods

At 31 December	2025	2024
Up to 1 year	2.5	2.8
1 to 2 years	2.1	1.2
2 to 3 years	2.0	0.9
3 to 4 years	1.8	0.8
4 to 5 years	1.8	0.8
Over 5 years	11.7	0.8
Total undiscounted lease rentals receivable	21.9	7.3

For rental income and property management expenses, see note 11.

Note 28. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities, presented according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the group uses the same basis of expected repayment behaviour as was used to estimate the effective interest rate. Issued bonds reflect the contractual coupon amortisation.

At 31 December	2025			2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash balances at central banks	428.2	-	428.2	423.2	-	423.2
Due from other banks	20.7	-	20.7	25.4	-	25.4
Debt securities at FVOCI	4.3	32.9	37.2	5.9	16.4	22.3
Loans to customers	337.3	2,370.2	2,707.5	273.8	1,922.7	2,196.5
Property, plant and equipment	-	12.1	12.1	-	8.9	8.9
Investment properties	-	84.7	84.7	-	66.4	66.4
Intangible assets	-	21.7	21.7	-	25.2	25.2
Current tax assets	-	0.4	0.4	-	0.4	0.4
Other assets	3.9	-	3.9	9.9	-	9.9
Assets held for sale	0.3	-	0.3	0.2	-	0.2
Total assets	794.7	2,522.0	3,316.7	738.4	2,040.0	2,778.4
Liabilities						
Loans from banks	0.3	7.8	8.1	0.3	8.1	8.4
Deposits from customers	2,549.9	329.7	2,879.6	2,008.6	384.7	2,393.3
Subordinated bonds	0.5	106.2	106.7	0.4	91.3	91.7
Current tax liabilities	5.0	-	5.0	2.9	-	2.9
Other liabilities	17.2	0.7	17.9	11.8	0.5	12.3
Total liabilities	2,572.9	444.4	3,017.3	2,024.0	484.6	2,508.6
Net	-1,778.2	2,077.6	299.4	-1,285.6	1,555.4	269.8

Note 29. Additional cash flow information

Changes in liabilities arising from financing activities

	2025			2024		
	Subordinated bonds	Loans from banks	Lease liability	Subordinated bonds	Loans from banks	Lease liability
Opening balance	91.7	8.4	1.6	76.1	8.9	1.8
Cash flow items:						
Receipts	15.0	-	-	20.4	-	-
Payments	-8.4	-0.7	-0.6	-11.8	-1.1	-0.6
Non-cash flow items:						
Movement in accrued interest, revaluation and increase in liabilities	8.4	0.4	1.7	6.9	0.6	0.4
Early termination	-	-	-0.1	-	-	-1
Transaction costs related to issue of bonds	-	-	-	0.1	-	-
Closing balance	106.7	8.1	2.6	91.7	8.4	1.6

Note 30. Related party disclosures

For the purposes of these financial statements, parties are related if one controls the other or exerts significant influence on the other's operating decisions. Related parties include:

- shareholders of Bigbank AS;
- members of group companies' management and supervisory boards;
- close family members of the above;
- companies related to the above persons, except where the persons cannot exert significant influence on the company's operating decisions.

In 2025, the remuneration of the members of group companies' management boards and supervisory board including taxes amounted to 1.9 million euros (2024: 2.1 million euros) and 196 thousand euros (2024: 124 thousand euros), respectively.

At 31 December 2025, the group had receivables from related parties (*Loans to customers*) of 8.8 million euros (31 December 2024: 10.6 million euros), which were classified as stage 1 items. The receivables did not include any loss allowances because all loans are secured. Interest income on the receivables amounted to 0.6 million euros (2024: 0.8 million euros). The loans have been provided to the related parties on market terms.

At the reporting date, management and supervisory board members and parties related to them held 3,977 Bigbank bonds (31 December 2024: 3,397) with a total nominal value of 4.0 million euros (31 December 2024: 3.4 million euros). Interest expense on deposits and subordinated bonds was 0.4 million euros (2024: 0.2 million euros).

At 31 December	2025	2024
Loans to customers	8.8	10.6
Of which the members of management and supervisory boards	0.1	0.1
Of which the shareholders	1.7	1.7
Of which the companies and persons connected related parties	7.0	8.8
Subordinated bonds	4.0	3.4
Of which the members of management and supervisory boards	1.2	1.1
Of which the companies and persons connected related parties	2.8	2.3
Deposits from customers	0.3	0.6
Of which the members of management and supervisory boards	0.1	-
Of which the shareholders	0.1	0.1
Of which the companies and persons connected related parties	0.1	0.5

The group finances subsidiaries and branches with long-term loans. Such loans are eliminated from the consolidated financial statements.

Note 31. Material accounting policies

This note contains material accounting policies applied in the preparation of the consolidated financial statements, which have not been disclosed in the previous notes. The policies have been consistently applied in all periods presented unless otherwise specified.

Accounting policy information is material if omitting, misstating or obscuring it could influence the decisions that the primary users of the financial statements make on the basis of those financial statements.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the implementation of the following IFRS Accounting Standards and amendments to them, which became effective for annual periods beginning on or after 1 January 2025:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments).

The newly adopted amendments did not have a material impact on the group's accounting policies.

CONSOLIDATION

Branches

A branch is an economic entity established for offering services on behalf of a company. A branch is not an independent legal person. The company is liable for the obligations arising from the activities of its branch. The company has to maintain separate accounts concerning its foreign branches. The financial statements of a branch with separately maintained accounts are included in the consolidated financial statements from the date the activity of the branch commences until the date the activity of the branch ceases.

Subsidiaries

Subsidiaries are all entities over which the group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that the majority of voting rights results in control. Subsidiaries are fully consolidated from the date the group obtains control until the date the group loses control.

Transactions eliminated on consolidation

In preparing consolidated financial statements, the financial statements of all entities controlled by the parent (except for subsidiaries acquired for resale) are combined with those of the parent line by line. Intragroup balances and transactions and any unrealised income and expenses and gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements but only to the extent that there is no evidence of impairment. Group entities apply uniform accounting policies. Where necessary, the accounting policies of subsidiaries and branches are adjusted to conform to those adopted for the consolidated financial statements.

FOREIGN CURRENCY

Foreign currency transactions

A transaction in a foreign currency is recorded in the functional currency by applying the exchange rate quoted by the central bank at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the central bank exchange rates ruling at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income within *Net gain (loss) on exchange differences*.

Financial statements of the group's foreign operations

The financial statements of each group entity are prepared in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in millions of euros, which is the group's presentation currency. Accordingly, the assets and liabilities of foreign operations, including fair value adjustments, are translated to euros at the foreign exchange rates of the European Central Bank ruling at the reporting date. The revenues and expenses of foreign operations are translated to euros using the average exchange rate for the period.

Exchange differences arising on translating foreign operations are recognised in *Other reserves* in equity and in the statement of comprehensive income, in *Exchange differences on translating foreign operations* in other comprehensive income.

OFFSETTING

Financial assets and financial liabilities are set off and the net amount is presented in the consolidated statement of financial position only when the group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

FINANCIAL INSTRUMENTS

Financial instruments – key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is a price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price. The quoted market price used to value financial assets is the current bid price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of the financial data of the investees are used to measure the fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are classified based on the level in the fair value hierarchy to which the inputs to valuation techniques used to measure fair value are categorised as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that

exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts the cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial instruments – initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value, adjusted for transaction costs or day 1 profit or loss (see the section *Loans to customers*). Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and the transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (regular way purchases and sales) are recorded at the trade date, which is the date on which the group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement

The group classifies financial assets to the following measurement categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and amortised cost. The classification and subsequent measurement of debt instruments depends on: (i) the group's business model for managing the related portfolio of assets and (ii) the cash flow characteristics of the asset.

The business model reflects how the group manages the assets in order to generate cash flows – whether the group's objective is: (i) solely to collect the contractual cash flows from the assets (hold to collect contractual cash flows) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (hold to collect contractual cash flows and sell) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of 'other' business model and measured at FVTPL.

The business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the group in determining the business model include the purpose and composition of a portfolio.

Financial assets – impairment measurement

Financial assets impairment is measured for each individual exposure according to expected credit loss model. Expected credit losses (ECL) are estimated for each exposure as the discounted product of three key risk parameters: probability of default (PD), exposure at default (EAD) and loss given default (LGD). ECL is projected monthly over the exposure's expected remaining lifetime or for the next 12 months, discounted at the

contract original interest rate. To ensure accuracy, ECL estimates are adjusted with forward-looking factor taking into the account three macroeconomic scenarios (mild, baseline, adverse) which are weighted based on the estimates of experts.

Financial assets – write-off

Financial assets are written off, in whole or in part, when the group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. A write-off constitutes a derecognition event. The maximum period during which repayments under a contract can remain below the required threshold before the contract is written off is three years. The group may write off financial assets that are still subject to enforcement activity when the group seeks to recover amounts that are contractually due but there is no reasonable expectation of recovery.

Financial assets – derecognition

The group derecognises financial assets when (a) the assets are redeemed or the rights to the cash flows from the assets have otherwise expired or (b) the group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial assets – contract modifications

The group sometimes renegotiates or otherwise modifies the contractual terms of financial assets. The group assesses whether the modification of contractual cash flows is substantial considering, among other things, the following factors: a significant change in the interest rate, a change in the currency denomination, a new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to the cash flows from the original asset expire and the group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a significant increase in credit risk (SICR) has occurred. The group also assesses whether the new loan or debt instrument meets the solely payments of principal and interest (SPPI) criterion. Any difference between the carrying amount of the original asset derecognised and the fair value of the new substantially modified asset is recognised in profit or loss unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the group compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCl financial assets) and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories

Financial liabilities of the group are classified as subsequently measured at amortised cost and include loans from banks, deposits from customers, subordinated bonds, payments in transit, supplier payables and lease liabilities.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). An exchange between the group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include all interbank placements with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the statement of financial position and for the purposes of the statement of cash flows. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. The statement of cash flows is prepared using the direct method.

Mandatory reserves with central banks. Mandatory reserves with central banks are carried at amortised cost and represent non-interest bearing mandatory reserves, which are not available to finance the group's day to day operations, and hence are not considered part of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Due from other banks. Amounts due from other banks are recognised when the group advances money to counterparty banks.

Investments in debt securities

Based on the business model and the cash flow characteristics, the group classifies investments in debt securities as carried at FVOCI. Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss. Interest income from these financial assets is included in *Interest income*.

The group's debt instruments at FVOCI comprised solely of quoted bonds that are graded in the top investment category by Moody's Investors Service and, therefore, considered to be stage 1 low credit risk investments. It is the group's policy to measure such instruments on a 12-month ECL basis. In all cases, the group assumes that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. At the reporting date, there were no instruments that would have had to be classified to stages 2 or 3.

Loans to customers

Loans to customers are recognised when the group makes a payment to purchase or give a loan to a customer. Based on the business model and the cash flow characteristics, the group classifies loans to customers as:

- Loans measured at amortised cost. These are loans held to collect contractual cash flows and the cash flows represent solely payments of principal and interest (SPPI) if the loans have not been voluntarily designated as at FVTPL. Loss allowances are determined based on forward-looking ECL models.
- Loans measured at FVTPL. These include loans with the features of a hybrid instrument (e.g. loans with investment risk) and transactions for the acquisition of agricultural land that grant the seller a repurchase option. Loans with the features of a hybrid instrument comprise the host (non-derivative) component and the component of the underlying asset and their objective is to collect cash flows consisting of principal and interest payments as well as potential additional cash flows from the gain on the sale of the underlying asset at the end of the contract term. Transactions for the acquisition of agricultural land are financial instruments whose contractual cash flows do not pass the SPPI test: a) the contractual cash flows of the instruments are inconsistent with the criteria for basic lending arrangements – for example, their interest does not reflect the usual market interest rate because it includes more than the consideration for the time value of money, credit risk, other basic lending risks and a profit margin; and b) the instruments include options: instead of repaying the loan the seller may decide to waive the rights to the property put up as collateral in which case the group will lose the rights to the contractual cash flows of the instrument and will acquire the property. Due to their business model and cash flows, they do not meet the SPPI requirement and do not qualify as instruments held for sale. Accordingly, they are not measured at amortised cost or at FVOCI.

The group measures the fair value of loans to customers measured at FVTPL (i.e. financial instruments not traded in an active market) using a valuation technique, whereby the present value of an instrument is found by discounting all expected future cash flows at prevailing market interest rates. The market interest rate is calculated using a model, which uses as inputs both market data on instruments with similar currency, maturity, interest rate, credit risk and other characteristics and the group's internal data.

Differences may arise between the fair value at initial recognition (which, in accordance with IFRS 13 and IFRS 9, is normally the transaction price) and the amount determined at initial recognition using the valuation technique. Any such differences are deferred as day 1 gains or losses. The deferred day 1 gain or loss is presented in the statement of financial position within *Loans to customers* as an adjustment to the initial carrying amount of the financial asset. The day 1 gain or loss is subsequently recognised on a straight-line basis over the term of the contract as a gain or loss on financial assets at FVTPL.

In subsequent periods, the change in the fair value of loans to customers (the valuation difference arising from changes in factors (including time) that affect fair value) is recognised as a gain or loss on financial assets at FVTPL. Fair value is adjusted when the

factors that affect it such as time, interest rates, the value of the underlying asset, etc. change.

Impairment methodology for financial assets

The group assesses and accounts for loan receivables using a three-stage approach, which depends on whether the loan is performing (the debtor is meeting obligations) or not and if the loan is performing, whether there are any signs that credit risk has increased compared to its initial assessment at the loan origination. The methodology is based on the Expected Credit Loss (ECL) formula. The ECL is calculated by multiplying the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The group has implemented country-specific PD and LGD estimates by product types where sufficient statistical data is available. For product types where sufficient statistical data is not yet available the PD and LGD estimates are calculated using the data for the closest similar product type(s).

The three-stage approach for classifying receivables using common credit quality characteristics is as follows:

Stage 1 – 12-month ECL is recognised for all loans which have no signs of a material increase in credit risk. The ECL is computed using a 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity.

Stage 2 – includes loans which have sign(s) of a material increase in credit risk. The ECL is computed based on a lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset.

Stage 3 – includes doubtful and defaulted loans, including loans which are restructured due to the financial difficulties of the counterparty. As in case of stage 2 loans, the allowance for credit losses captures lifetime ECL where the PD is equal to 100%.

The signs of a significant increase in credit risk include a past due status of 31 or more days for a contractual payment of more than 10 euros during the last three months of a reporting period; identifying receivables as exhibiting signs of significant credit risk on the basis of a behavioural model; applying of forbearance measures to a loan contract; or adding a customer to the watchlist. For unsecured consumer loans, a significant increase in credit risk is recognised if estimated PD in the given period is significantly higher compared to initial PD estimated at the loan origination. In the case of corporate exposures, a loan is categorised as a loan with a significant increase in credit risk in the event of a significant deterioration in the credit rating or breach of covenants. In the case of loans secured by real estate, a significant increase in credit risk is recognised if a significant increase in LTV (loan-to-value) is identified due to a decrease in the market value of the collateral. The assessment of a significant increase in credit risk is dynamic in nature, allowing the financial assets to be upgraded to stage 1 if the associated credit risk has decreased and there is no evidence of an increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Expected credit loss

The impairment methodology is based on the expected credit loss (ECL) formula according to which the ECL is calculated by multiplying the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These are the main parameters the group uses to assess credit risk. PD reflects how high is the probability that a contract or a

customer will default. LGD reflects the loss rate in the event of default. LGD is applied on country and product levels and it is based on historical loss statistics and adjusted by the estimates of experts, where appropriate. EAD is the expected total amount of the receivables at the time of default.

Credit risk is assessed using the expected credit loss (ECL) formula:

$$\text{Expected credit loss (ECL)} = \text{probability of default (PD)} * \text{loss given default (LGD)} * \text{exposure at default (EAD)}.$$

Default and write-off

A default is assumed to have occurred if either of the following events has taken place:

- The materiality threshold has been exceeded for more than 90 consecutive days. The materiality threshold consists of a relative and an absolute component, whereby the absolute component is expressed as the sum of all amounts past due owed by the debtor. The maximum amount may not exceed 100 euros for retail credit obligations and 500 euros for other credit obligations. The relative component is expressed as a percentage reflecting the amount of the credit obligations past due in relation to the total amount of all on-balance sheet exposures to that debtor, which has been set at 1%.
- It is unlikely that the debtor will fulfil their obligations. This means that the group deems the debtor to be a risky counterparty and assumes that some of the debt will not be repaid without extraordinary measures, such as selling the collateral or taking other enforcement actions. Collection of payments is unlikely if:
 - the customer has significant economic or financial problems that call into question their ability to fulfil their obligations;
 - the customer breaches any of the material terms of the credit agreement;
 - restructuring due to payment difficulties would result in a reduction of financial obligations;
 - the customer is bankrupt, deceased, or subject to bankruptcy, liquidation, or debt restructuring proceedings;
 - the customer has been sent a notice of termination of the contract and a demand for payment;
 - indicators have been identified that suggest the customer will be unable to fulfil their financial obligations in a timely manner in future.

If a receivable classified as non-performing accounts for over 20% of the total amount of receivables from a customer, all other loans to that customer are also classified as non-performing, regardless of whether they are non-performing according to the above criteria.

For the classification of a loan as performing, the following rules apply:

- A one-year monitoring period applies to contracts that have been classified as non-performing due to restructuring resulting from the customer experiencing, or having recently experienced, payment difficulties. Provided that the contract does not exceed a 30-day payment delay during the year and there are no other signs of insolvency, it will be removed from monitoring. However, if the contract exceeds a 30-day payment delay or shows other signs of insolvency, the monitoring period will be extended until the above conditions are met.
- In the event of default or other circumstances indicating that the collection of payments is unlikely, a three-month monitoring period is applied – at least three months must pass since the contract became over 30 days past due.

If a receivable is uncollectible or its collection is impossible or impractical, it may be written off the statement of financial position.

Receivables are written off the statement of financial position when all reasonable restructuring and collection procedures have been performed and further recovery is unlikely. When a loan receivable is written off in the statement of financial position, the carrying amount of the loan portfolio and the loss allowance are reduced accordingly. Recoveries of items written off the statement of financial position are accounted for on a cash basis and are presented in the statement of comprehensive income in *Net expected credit loss allowances*.

Loss allowances, changes in loss allowances and reversals of loss allowances for loan receivables are recognised in the statement of financial position in *Loans to customers* and in the statement of comprehensive income in *Net expected credit loss allowances*.

Impairment methodology for loans secured by collateral

Significant corporate exposures secured by real estate collateral are assessed for impairment on an individual basis. The group recognises an individual impairment allowance for a receivable or a group of receivables when the need for a loss allowance has been identified. In the case of individual assessment, the unsecured portion is determined by evaluating the net realisable value of the collateral, taking into account market value volatility and all eligible costs associated with the realisation of the collateral. The impairment loss on the unsecured portion is calculated as a difference between the outstanding exposure and the net realisable value of the collateral using the discounted cash flow method. The discount rate applied is the effective interest rate of the loan. Any accruals associated with a loan assessed for impairment individually are applied the same impairment rate that is assigned to the underlying loan. Collective impairment assessment is applied to all homogenous groups of loans whose amount is not individually significant and whose individual assessment would not be reasonable.

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Items of property, plant and equipment, excluding land and buildings, are carried at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance costs are recognised in profit or loss in the reporting period in which they are incurred.

When the recoverable amount of an item of property, plant and equipment decreases below its carrying amount, the item is written down to its recoverable amount. Impairment losses are recognised as an expense as incurred. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of each item and separately identifiable part of an item of property, plant and equipment. Depreciation commences from the date the asset is acquired.

Right-of-use assets are presented together with property, plant and equipment in the statement of financial position. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The estimated useful lives assigned to asset classes are as follows:

Asset class	Useful life
Land and buildings	
Land	Is not depreciated
Buildings	25–50 years
Other items of property, plant and equipment	
Office equipment, furniture and other fixtures and fittings	5 years
Computers	3–4 years

The residual values and useful lives of items of property, plant and equipment are reviewed at each reporting date and adjusted whenever circumstances arise, which may have a significant impact on the useful life of an asset or asset class. The effect of changes in estimates is recognised in the current and subsequent periods.

Depreciation expense is recognised in *Depreciation, amortisation and impairment* in the statement of comprehensive income.

Land and buildings are measured at fair value at the date of the latest revaluation less any subsequent depreciation on buildings and any subsequent impairment losses. Fair value is based on the market value determined by independent asset valuers or management's estimates. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recognised in other comprehensive income and accumulated in *Other reserves* in equity. However, to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation decrease is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. When an item of land and buildings is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is adjusted to the revalued amount of the asset. When an asset is sold or reclassified, any revaluation reserve relating to the asset is transferred to retained earnings. The revaluation reserve is used only when the asset is derecognised.

INTANGIBLE ASSETS

Costs associated with software maintenance are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recognised as an intangible asset and amortised from the date the asset is ready for use.

The group's intangible assets primarily include capitalised information and banking technology solution Nest and other capitalised computer software. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets are amortised on a straight-line basis over their expected useful lives, which extend to five years. Amortisation expense is recognised in *Depreciation, amortisation and impairment* in the statement of comprehensive income.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, management assesses whether there is any indication that an asset may be impaired. If there is such indication, the asset is tested for impairment and its recoverable amount is identified. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use that is found using the discounted cash flow method. Where tests indicate that the recoverable amount of an asset is lower than its carrying amount, the asset is written down to the recoverable amount. Where the recoverable amount of an asset cannot be identified, the recoverable amount of the smallest group of assets it belongs to (its cash-generating unit) is determined. Impairment losses are expensed as incurred.

If tests of the recoverable amount indicate that an impairment loss recognised for an asset in prior years no longer exists or has decreased, the former write-down is reversed and the asset's carrying amount is increased. The increased carrying amount cannot exceed the carrying amount that would have been determined (considering normal depreciation or amortisation) had no impairment loss been recognised.

For information on the impairment of financial assets, please refer to subsection *Financial assets*.

INVESTMENT PROPERTIES

Investment properties are land and buildings held to earn rental income or for capital appreciation, or both and which are not used in the group's own operating activities. An investment property is initially recognised at cost, including transaction costs. After initial recognition, an investment property is measured at fair value at each reporting date. Gains and losses arising from changes in the fair value of an investment property are recognised in profit or loss in the period in which they arise and presented in *Gains (losses) on changes in the fair value of investment properties*. Fair value is determined based on the market value determined by an independent real estate expert and/or management's estimates.

Rental income earned is recognised in profit or loss for the period in *Other operating income*.

Investment properties are derecognised on disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Gains and losses arising from derecognition of investment property are recognised in profit or loss in the period of derecognition.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (OR DISPOSAL GROUPS)

Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the statement of financial position as held for sale if their carrying amounts will be recovered principally through a sale transaction, which may include loss of control of a subsidiary holding the assets, within 12 months after the end of the reporting period.

Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the group's management has approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is

unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than 12 months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups are measured in their entirety at the lower of their carrying amount and fair value less costs to sell. Held for sale buildings and equipment are not depreciated or amortised. Reclassified non-current financial instruments are not written down to the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the group that has operations and cash flows that can be clearly distinguished from the rest of the group and that: a) represents a separate major line of business or geographical area of operations; b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or c) is a subsidiary acquired exclusively for resale.

A component of the group is classified as a discontinued operation when it has been disposed of or it qualifies for classification as held for sale, whichever is earlier.

When a component has been classified as a discontinued operation, the statement of comprehensive income is re-presented as if the component had been a discontinued operation at the beginning of the comparative period.

FAIR VALUE MEASUREMENT

The group measures financial instruments such as derivatives, land and buildings at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are also disclosed in note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The group's management determines the policies and procedures for both recurring fair value measurement (e.g. investment properties and unquoted financial assets) and for non-recurring measurement (e.g. items of property, plant and equipment such as land and buildings). External valuers are involved in the valuation of significant assets, such as land and buildings and investment properties.

Management discusses valuation processes and fair value changes at least annually. Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by comparing the information in the valuation computation to contracts and other relevant documents. Management, together with the group's external valuers, also compares each change in the fair value of each asset and liability to relevant external sources to determine whether the change is reasonable.

For the disclosure of fair value, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

LEASES

The group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets (below 5,000 euros). The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are presented together with property, plant and equipment in the statement of financial position.

Right-of-use assets are presented in note 10 *Property, plant and equipment* and assessed for impairment consistent with the group's policy which is described in note 31 *Impairment of non-financial assets*.

Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Non-recoverable value-added tax charged on rental services is recognised as an expense on short-term leases at the invoice date.

The group leases commercial premises. Rental contracts are typically made for fixed periods of three to 10 years and, as a rule, include extension and termination options. Leases are negotiated on an individual basis and may contain different terms and conditions.

The group as a lessor

Leases where the group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is recognised on a straight-line basis over the lease term and it is included in revenue in profit or loss due to its nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Loans measured at amortised cost include also leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset from the group to the user of the asset, i.e. the lessee. Legal ownership of the underlying asset may be transferred to the lessee at the end of the lease term. Finance leases are reported by the group as *Loans to customers*, with lease income recognised in interest income of the group. Receivables arising from finance leases are recognised at the present value of the lease payments less principal repayments plus the unguaranteed residual value of the underlying asset at the end of the lease term. Advance payments made to suppliers for leased assets are recognised in the statement of financial position in *Other assets*.

FINANCIAL LIABILITIES

Financial liabilities comprise deposits from customers, liabilities arising from securities, bank loans, accrued expenses and other liabilities. Deposits and subordinated bonds are the group's sources of debt capital.

On initial recognition, a financial liability is measured at fair value minus directly attributable transaction costs. Subsequently a financial liability is measured at its amortised cost using the effective interest method. A financial liability is removed from the statement of financial position when it is discharged or cancelled or expires.

Subordinated bonds

A bond is classified as a subordinated bond if on the winding up or bankruptcy of the credit institution the bond is to be satisfied after the justified claims of all other creditors have been satisfied.

Financial guarantees and loan commitments

Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued and loan commitments are accounted for off the statement of financial position. Provisions for expected credit losses are recognised in profit or loss within *Net allowance for expected credit losses*.

PROVISIONS

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A restructuring provision is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Provisions are not recognised for future operating losses.

A provision for an onerous contract is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. A provision for an onerous contract is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract.

STATUTORY CAPITAL RESERVE

In accordance with the Commercial Code of the Republic of Estonia, the capital reserve of a company may not amount to less than one tenth of its share capital. Thus, every year when profits are allocated, the parent company has to transfer at least one twentieth of its net profit for the year to the statutory capital reserve until the required level is achieved. The capital reserve may not be distributed to shareholders but it may be used for covering losses if the latter cannot be covered with unrestricted equity and for increasing share capital through a bonus issue.

INTEREST INCOME AND EXPENSE

Interest income and interest expense are recognised using the effective interest rates of the underlying assets and liabilities.

Interest income and expense include all interest and similar income and expense. Income and expense similar to interest include income (including contract fees) and expense related to the contractual/redemption term or the size of an asset or liability. Such items are recognised over the effective term of the asset or liability. Interest income and expense are recognised using the original effective interest rate that is used to discount the estimated future cash flows of the asset or liability. The original effective interest rate calculation takes into account all costs and income that are directly related to the transaction, including contract and arrangement fees, etc. The incremental costs of obtaining contracts are capitalised and recognised in profit or loss during the term of the contract.

FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income comprises various fees received from customers during the reporting period such as monthly loan management fees, fees charged for changing customer details, amending contracts and terminating contracts early, fees for issuing statements of accounts and similar charges. Fee and commission expense comprises fees

paid to other credit institutions including transfer fees. Fee and commission income is recognised at the fair value of the consideration received or receivable for the services provided in the ordinary course of the group's activities. Fee and commission income and expense are recognised on an accrual basis: as a rule, at the point in time when the performance obligation is satisfied, which is usually the time when the transaction is conducted. Fee and commission income on loans (less directly attributable expenses) is included in the calculation of the effective interest rate.

OTHER OPERATING INCOME

Other operating income comprises:

- various operating income, including revenue from the sale of services, which is recognised in the period in which the service is provided (e.g. the lease income of a subsidiary), and revenue from the sale of goods, which is recognised when the goods are sold to the customer;
- income from debt collection and recovery proceedings (late payment interest, fines, etc.), which is recognised on an accrual basis as relevant services are rendered;
- gain from early redemption of the group's liabilities, which is recognised at the date of redemption;
- dividend income (in the parent's financial statements), which is recognised when the right to receive payment is established.

OTHER OPERATING EXPENSES

Other operating expenses comprise:

- expenses related to enforcement proceedings (including notaries' fees, bailiffs' and debt collection charges, state fees and levies);
- regulatory and supervision charges (contributions to the Guarantee Fund and supervision charges);
- costs of registry inquiries and similar items;
- expenses related to investment properties (including services related to space leased out);
- expenses related to securities.

Other operating expenses are recognised when the service has been rendered and the liability has been incurred.

EMPLOYEE BENEFITS

Short-term employee benefits are measured on an undiscounted basis and they are recognised as an expense when the service has been rendered. The group recognises liabilities (provisions) and costs related to employee bonus schemes if the bonuses are clearly fixed and are related to the accounting period.

INCOME TAX

Income tax is recognised in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. Income tax comprises current tax and is recognised in profit or loss for the year unless it is recognised directly in equity because it relates to transactions that in the same or different period are also recognised directly in equity. Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable

profits or losses are based on estimates if the consolidated financial statements are authorised for issue prior to the filing of relevant tax returns. Taxes other than income tax are recorded within *Salaries and associated charges* and *Administrative expenses*.

In accordance with the Estonian Income Tax Act, corporate income tax is not levied on profit earned but on profit distributed as dividends. Until 2024, the standard tax rate was 20% and since 2025 it has been 22% (correspondingly 20/80 and 22/78 of the amount distributed as the net dividend). Corporate income tax payable on dividends is recognised as an expense in the period in which the dividends are declared, irrespective of when the dividends are distributed. Credit institutions operating in Estonia must pay advance income tax on their quarterly profit, which is recognised as an expense. The tax rate was 14%, but was increased to 18% on profit before tax from 2025. The advance income tax is not refundable but it may be deducted from the income tax payable on a dividend distribution. Because of the nature of the taxation system, companies registered in Estonia do not acquire deferred tax assets or incur deferred tax liabilities on temporary differences between the carrying amounts and tax bases of their assets and liabilities

The Latvian corporate income tax legislation is similar to the Estonian one: profit is taxed when it is distributed and deferred tax assets and liabilities do not arise. The tax rate applicable to the tax base is 20%. However, before applying the statutory rate, the tax base is divided by a coefficient of 0.8. As the tax base is increased by the coefficient, the effective corporate income tax rate is 25%. Since 2024, Latvia has also imposed advance income tax on credit institutions, which is to be paid at the rate of 20% of profit before tax for the previous year. The tax had to be paid for the first time in 2024 and was calculated on the profit for 2023. The group recognises the tax as an expense.

Corporate profits earned in Lithuania, Finland and Sweden that have been adjusted for permanent and temporary differences as permitted by local tax laws are subject to income tax.

In Lithuania, the standard corporate income tax rate is 16% but the taxable profits of credit institutions that exceed the threshold of 2 million euros are taxed at 21%.

Corporate income tax rates

	2026	2025	2024
Estonia*	18.0%	18.0%	14.0%
Bulgaria	10.0%	10.0%	10.0%
Lithuania	17.0–22.0%	16.0–21.0%	15.0–20.0%
Latvia	20.0%	20.0%	20.0%
Sweden	20.6%	20.6%	20.6%
Finland	20.0%	20.0%	20.0%

* In Estonia, corporate income tax is not levied on profit earned but on profit distributed as dividends (the standard tax rate is 22% and the amount of tax payable is calculated as 22/78 of the amount distributed as the net dividend). Credit institutions are required to make advance payments of income tax on profit earned at the rate of 18%.

At foreign entities, deferred tax is recognised whereby the deferred tax assets and liabilities arising from temporary differences between the carrying amounts and tax bases of assets and liabilities are recognised in the statement of financial position. In the consolidated financial statements, deferred tax liabilities are recognised in the statement of financial position in *Deferred tax liabilities*. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

In accordance with paragraph 38 of IAS 12, an entity recognises a deferred tax liability for all investments in subsidiaries, associates, joint ventures and branches that give rise to temporary taxable differences, unless: (a) the entity is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is not recognised if the investment meets both criteria (a) and (b) above. To meet criterion (a), an entity must have control over its investment. Control generally exists over subsidiaries and branches. In the case of associates and joint ventures, there is generally no control, so the temporary taxable differences in these investments are usually subject to the recognition of an income tax liability. To meet criterion (b), the entity must be able to demonstrate that the temporary difference will not reverse in the foreseeable future. Reversal refers to transactions such as the distribution of profits, the sale of a business, liquidation, etc. Foreseeable future is not explained in the standard, but the common view is that it is 12 months from the reporting date.

The group's management analysed the investments made in the subsidiaries and branches and decided that in those subsidiaries and branches where there is a temporary taxable difference in the investment, both exclusion criteria (a) and (b) are met and a deferred income tax liability need not be recognised at the reporting date.

OTHER LEVIES AND TAXES

New levies and taxes that governments impose on companies in addition to the existing ones, such as income taxes, fines or late payment interest, are recognised when the obligating event occurs (e.g. the mortgage borrower protection fee in Latvia).

The group presents the mortgage borrower protection fee within the income statement line item *Other operating expenses*.

In 2023, Lithuania introduced a temporary tax on certain bank income earned within its jurisdiction by enacting the Law on Temporary Solidarity Contribution. This tax is levied at a rate of 60% on the net interest income generated on loans to customers advanced before 31 December 2022, provided that the income exceeds the average net interest income of the preceding four financial years by more than 50%. The tax applies to income generated in 2023, 2024 and 2025.

On 1 January 2025, Latvia also introduced a temporary solidarity contribution (an excess profits tax) on surplus profits generated by banks operating in Latvia. It is levied at a rate of 60% on any net interest income in excess of 50% of the average net interest income for the five years from 2018 to 2022, generated in 2025, 2026 and 2027, multiplied by the base coefficient for solidarity contributions.

According to the group's calculations, interest income earned in Latvia and in Lithuania does not reach the threshold and therefore no tax has been declared or recognised.

OTHER EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year by the weighted average number of ordinary shares outstanding during the period.

For the purposes of calculating diluted earnings per share, the net profit attributable to ordinary equity holders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The group has not issued any financial instruments that could dilute earnings per share. Therefore, basic and diluted earnings per share are equal.

The group's shares are not listed on the stock exchange. Therefore, the information presented in note 25 to the financial statements is voluntary.

Note 32. New standards not yet effective

The following new and amended standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The group has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on its consolidated financial statements when they become effective.

- IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements and becomes effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. The standard has not yet been endorsed by the European Union. In the following reporting periods, management will analyse the requirements of this newly issued standard and assess its impact.

Other new or amended standards and interpretations not yet effective for the reporting period ended 31 December 2025 are not expected to have a material effect on the group's financial statements. The group plans to adopt them when they become effective.

The standards and amendments that are not yet effective, but have been endorsed by the European Union

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments.
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity (Amendments).
- Annual Improvements to IFRS Accounting Standards – Volume 11.

The standards and amendments that are not yet effective and have not yet been endorsed by the European Union

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments).
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments).
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments).

Note 33. Primary financial statements of the parent

The parent company's primary financial statements have been prepared in accordance with the Accounting Act of the Republic of Estonia, and do not constitute the parent company's separate financial statements in the meaning of IAS 27 *Separate Financial Statements*.

Statement of financial position

At 31 December (in millions of euros)	2025	2024
Assets		
Cash and balances at central banks	428.2	423.2
Due from other banks	19.2	23.4
Debt instruments at FVOCI	37.2	22.3
Loans to customers	2,703.4	2,191.3
Receivables from subsidiaries	31.7	30.7
Investments in subsidiaries	31.8	17.4
Property, plant and equipment	8.6	6.2
Investment properties	0.5	0.5
Intangible assets	21.7	25.2
Current tax assets	0.4	0.4
Other assets	3.2	9.5
Total assets	3,285.9	2,750.1
Liabilities		
Deposits from customers	2,879.6	2,393.3
Liabilities to subsidiaries	-	1.8
Subordinated bonds	106.7	91.7
Current tax liabilities	4.9	2.8
Other liabilities	21.3	15.5
Total liabilities	3,012.5	2,505.1
Equity		
Paid-in share capital	8.0	8.0
Capital reserve	0.8	0.8
Other reserves	1.1	0.8
Retained earnings	263.5	235.4
Total equity	273.4	245.0
Total liabilities and equity	3,285.9	2,750.1

Statement of comprehensive income

<i>(in millions of euros)</i>	2025	2024
Interest income	186.6	180.2
Interest expense	-78.3	-75.1
Net interest income	108.3	105.1
Net fee and commission income	10.6	9.2
Loss on sale of debt instruments at FVOCI	-0.3	-
Net gain on financial assets at FVTPL	1.0	4.4
Net gain/loss on exchange differences	0.5	-0.3
Net income on financial assets	1.2	4.1
Net loss on derecognition of a non-financial assets	-0.2	-0.3
Other operating income	1.5	1.5
Other operating expenses	-7.5	-7.5
Total net operating income	113.9	112.1
Salaries and associated charges	-34.4	-27.8
Administrative expenses	-12.5	-11.7
Depreciation, amortisation and impairment	-9.1	-8.5
Total expenses	-56.0	-48.0
Recognition and reversal of provision expenses	-0.5	-0.2
Gain on change in the fair value of investment properties	0.1	-
Profit before loss allowances	57.5	63.9
Net expected credit loss allowances	-12.0	-24.0
Profit before income tax	45.5	39.9
Income tax	-9.4	-7.0
Profit for the year	36.1	32.9
Other comprehensive income	0.3	0.5
Other comprehensive income that may be reclassified subsequently to profit or loss:		
<i>Exchange differences on translating foreign operations</i>	-0.5	0.2
<i>Changes in the fair value of debt instruments at FVOCI</i>	0.8	0.3
Total comprehensive income for the year	36.4	33.4

Statement of cash flows

<i>(in millions of euros)</i>	2025	2024
Cash flows from operating activities		
Interest received	188.0	184.0
Interest paid	-41.5	-25.1
Salary, administrative, other expenses and fees paid	-65.5	-59.7
Other income and fees received	18.5	11.7
Recoveries of receivables previously written off and proceeds from the sale of portfolio items	24.4	1.6
Received for other assets	3.5	3.8
Loans granted	-1,310.9	-1,122.1
Repayment of loans provided	761.8	555.7
Change in mandatory reserves with central banks and related interest receivables	-7.4	-6.0
Proceeds from attracted deposits from customers	3,191.4	2,237.9
Paid on redemption of deposits from customers	-2,727.3	-1,820.5
Income tax paid	-7.2	-7.0
Effect of movements in exchange rates	0.3	-0.3
Net cash from/used in operating activities	28.1	-46.0
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	-5.0	-3.7
Paid for investment in a subsidiary	-14.4	-16.7
Investment into debt securities at FVOCI	-33.5	-12.1
Proceeds from redemption of financial instruments at FVOCI	20.1	5.7
Net cash used in investing activities	-32.8	-26.8
Cash flows from financing activities		
Proceeds from issue of subordinated bonds	15.0	20.4
Interest paid on subordinated bonds	-8.4	-6.8
Paid on redemption of subordinated bonds	-	-5.0
Payments of principal lease liabilities	-1.0	-1.0
Dividends paid	-8.0	-8.0
Net cash used in financing activities	-2.4	-0.4
Effect of movements in foreign exchange rates	0.4	-0.1
Change in cash and cash equivalents	-6.7	-73.3
Cash and cash equivalents at beginning of period	425.4	498.7
Cash and cash equivalents at end of period	418.7	425.4

Cash and cash equivalents

<i>At 31 December (in millions of euros)</i>	2025	2024
Demand and overnight deposits with other banks	19.2	23.4
Demand and overnight deposits with central banks	393.7	398.5
Surplus on mandatory reserves with central banks	5.8	3.5
Total	418.7	425.4

Statement of changes in equity

<i>(in millions of euros)</i>	Share capital	Capital reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2024	8.0	0.8	0.3	210.5	219.6
Profit for the year	-	-	-	32.9	32.9
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	0.2	-	0.2
Net change in fair value of debt instruments at fair value through other comprehensive income	-	-	0.3	-	0.3
Total other comprehensive income	-	-	0.5	-	0.5
Total comprehensive income for the year	-	-	0.5	32.9	33.4
Dividend distribution	-	-	-	-8.0	-8.0
Balance at 31 December 2024	8.0	0.8	0.8	235.4	245.0
Balance at 1 January 2025	8.0	0.8	0.8	235.4	245.0
Profit for the year	-	-	-	36.1	36.1
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	-0.5	-	-0.5
Net change in fair value of debt instruments at fair value through other comprehensive income	-	-	0.8	-	0.8
Total other comprehensive income	-	-	0.3	-	0.3
Total comprehensive income for the year	-	-	0.3	36.1	36.4
Dividend distribution	-	-	-	-8.0	-8.0
Balance at 31 December 2025	8.0	0.8	1.1	263.5	273.4

At 31 December	2025	2024
Unconsolidated equity at end of year	273.4	245.0
Investments in subsidiaries:		
Carrying value (cost)	-31.8	-17.4
Carrying value under the equity method	57.8	42.2
Adjusted unconsolidated equity at end of year	299.4	269.8

Signatures

The management board has prepared the management report, the consolidated sustainability report, the corporate governance report and the consolidated financial statements of Bigbank AS for the financial year that ended on 31 December 2025.

Martin Länts

Chairman of the Management Board

Mart Veskimägi

Member of the Management Board

Argo Kiltsmann

Member of the Management Board

Ingo Pöder

Member of the Management Board

Ken Kanarik

Member of the Management Board

Signed digitally on 26 February 2026



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Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bigbank AS

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bigbank AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). 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 are independent of the Group in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "*Auditor's responsibilities for the audit of the consolidated financial statements*" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Loss allowance for impairment of loans to customers</i></p> <p>As disclosed in Note 8 Loans to customers to the consolidated financial statements, the carrying amount of loan receivables as at 31 December 2025 is EUR 2 694.2 million that corresponds to 81% of the Group's total assets. Expected credit loss allowances (further ECL) for impairment of loans to customers amounted to EUR 52.7 million as at 31 December 2025 and net credit losses for the year then ended amounted to EUR 12.0 million in the Group's consolidated financial statements.</p> <p>Management has provided further information on policies applied for calculation of loss allowance for impairment to customers in Notes 31 and 4 to the Group's consolidated financial statements. Critical accounting estimates and judgements, disclosures of loans to customers and the credit risk management are presented in Notes 3 and 4 of the Group's consolidated financial statements.</p> <p>Measurement of allowance for impairment of loans is a subjective area due to the level of judgement applied by the management in determining the extent of credit losses which are dependent on the credit risk related to such loan receivables. Such an assessment is inherently uncertain, involving forecasting of future macroeconomic conditions in a number of scenarios as well as an assessment of the credit standing of the exposures by employing models based on a series of historical data, forward-looking assumptions and an assessment of valuation and timing of recovery of collaterals.</p> <p>The use of different modelling techniques and assumptions around the calculation of the expected credit losses could produce significantly different estimates of loss allowance. These models require the significant judgment of management regarding appropriate segmentation, the identification of significant changes in credit risk, the inclusion of forward-looking elements as well as the application of management overlays, to reflect on circumstances beyond the modelling capabilities.</p> <p>Given the complexity and judgements related particularly to the calculation of expected credit losses, the loss allowance for impairment of loans to customers is considered a key audit matter.</p>	<p><i>Our audit procedures included, amongst others, the following:</i></p> <p>We gained understanding and tested the key controls over the loan issuance, recording and monitoring over loan impairment process.</p> <p>We obtained and read the Group's procedure for Loan Provisioning that is based on the IFRS 9. With the support of IFRS 9 specialists, we assessed the compliance of the policy with the requirements of IFRS 9 by assessing each significant model component: exposure at default, probability of default and loss given default, definitions of default and significant increase in credit risk, use of macroeconomic scenarios and other inputs.</p> <p>We assessed the Group's methodology regarding the identification of impairment indications and determination by the management of the expected credit losses, including governance over the determination of key judgements.</p> <p>We tested the mathematical accuracy of the impairment allowance calculations. On sample basis we tested the data flow in the models and verified the correctness of parameters subject to estimation by tracing them to the original source documents.</p> <p>We also tested the completeness and accuracy of the underlying loan information used in the expected credit loss models by agreeing details to the Group's source systems as well as re-performing the calculation of the expected credit loss. For the key assumptions in the model, we evaluated evidence provided by the management.</p> <p>We involved valuation and IFRS 9 specialist to assist us with recalculations of ECL for a sample of loans and model outputs.</p> <p>To assess the reasonability of the levels of the levels of the allowances for impairment created we performed comparison of loan loss impairment allowance balances to prior year, provisioning rates analysis, comparison of loan loss impairment allowance balances to the industry levels, as well as analysis of the loan exposure against underlying collateral values.</p> <p>Finally, we also assessed the adequacy of the related disclosures in Notes 3, 4, 8, 9 and 31 of the Group's consolidated financial statements.</p>



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Other information

Other information consists of Bigbank Group at a glance, Letter from the CEO, Management report, Consolidated sustainability statement, Corporate governance report, but does not consist of the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. These procedures include considering whether the Management report (excluding Consolidated Sustainability statement on which a separate limited assurance report is issued and enclosed to this annual 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.

Based on the work performed during our audit, in our opinion:

- the Management Report is consistent, in all material respects, with the consolidated financial statements;
- the Management Report (excluding the Consolidated sustainability statement) has been prepared in accordance with the applicable requirements of the Accounting Act of the Republic of Estonia;

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

Management 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 management 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, management 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 management 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 International Standards on Auditing (Estonia) 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 International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism 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;
- 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;

This independent practitioner's report (translation of the Estonian original) should only be used with the original document in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: <https://nasdaqbaltic.com/statistics/en/instrument/EE330004977/reports>).



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- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management'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 purposes 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 to 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

1. Report on the compliance of format of the consolidated financial statements with the requirements for European Single Electronic Reporting Format („ESEF“)

Based on our agreement we have been engaged by the management of the Group to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European Single Electronic Reporting Format of the consolidated financial statements of the Group for the year ended 31 December 2025 (the Single Electronic Reporting Format of the consolidated financial statements) contained in the file 5493007SWCCN9S3J2748-2025-12-31-1-et.zip (SHA-256-checksum: 3039d83e9b67222747fc4d25a14ef113dc402f5969c389d5fab0ba55ee6b56ed).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the consolidated financial statements has been applied by the management of the Group 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 Single Electronic Reporting Format 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 Single Electronic Reporting Format of the consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

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Responsibilities of management and those charged with governance

The management of the Group is responsible for the application of the Single Electronic Reporting Format 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 Single Electronic Reporting Format 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 includes also the preparation of consolidated financial statements in the single electronic reporting format required by applicable requirements.

Auditor's responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format 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 Single Electronic Reporting Format of the consolidated financial statements is prepared, in all material respects, in accordance with the applicable requirements.

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

Quality control requirements

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

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 Single Electronic Reporting Format of the consolidated financial statements was applied, in all material respects, in accordance with the applicable requirements and such application 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 Single 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 Single Electronic Reporting Format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of iXBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified;
- 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.

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Conclusion

In our opinion, the Single Electronic Reporting Format of the consolidated financial statements for the year ended 31 December 2025 complies, in all material respects, with the ESEF Regulation.

2. Other requirements of the auditor's report in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

Appointment and approval of the auditor

In accordance with the decision made by the General Meeting of Shareholders on 11 October 2023 we were first appointed to carry out the audit of the Group's consolidated financial statements for the year ended 31 December 2024. Our total uninterrupted period of engagement is 2 years, covering the period from year ended 31 December 2024 to the year ended 31 December 2025.

Consistency with the additional report submitted to the audit committee

Our report on audit of the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Group, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit services

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise prohibited non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council. To the best of our knowledge and belief, we have not provided any prohibited non-audit services.

Tallinn, 26 February 2026

/signed digitally/

Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58



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Translation of Estonian original

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON BIGBANK AS CONSOLIDATED SUSTAINABILITY STATEMENT

To the Shareholders of Bigbank AS

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Bigbank AS and its subsidiaries (hereinafter the Group), included in the Consolidated Sustainability Statement of the Management report (the "Consolidated Sustainability Statement"), as at 31 December 2025 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Section 31, subsection 4 of the Accounting Act of the Republic of Estonia, implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement (the "Process") is in accordance with the description set out in note "Impact, risk and opportunity management"; and
- compliance of the disclosures in subsection "EU taxonomy reporting" within "Environmental information" of the Consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)").

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Estonia and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the Consolidated Sustainability Statement

Management of the Group is responsible for designing and implementing a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this Process in note "Impact, risk and opportunity management" of the Consolidated Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;

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- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for the preparation of the Consolidated Sustainability Statement, in accordance with Section 31, subsection 4 of the Accounting Act of the Republic of Estonia, implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in subsection "EU taxonomy reporting" within "Environmental information" of the Consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

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

Inherent limitations in preparing the Consolidated Sustainability Statement

In reporting forward-looking information in accordance with ESRS, Management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process set out in note "Impact, risk and opportunity management".

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Consolidated Sustainability Statement. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Consolidated Sustainability Statement, whether due to fraud or error.

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In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
 - reviewing the Group's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Group was consistent with the description of the Process set out in note *"Impact, risk and opportunity management"*.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Consolidated Sustainability Statement by:
 - Obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the Consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
 - Obtaining an understanding of the roles and responsibilities in the preparation of the Consolidated Sustainability Statement, including communication within the Group and between management and those charged with governance.
- Evaluated whether the information identified by the Process is included in the Consolidated Sustainability Statement;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Consolidated Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Consolidated Sustainability Statement;
- Where applicable, compared disclosures in the Consolidated Sustainability Statement with the corresponding disclosures in the consolidated financial statements and Management report;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

Tallinn, 26 February 2026

/signed digitally/

Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58

Profit allocation proposal

Total consolidated retained earnings of Bigbank AS at 31 December 2025 comprise:

Earnings retained in prior years at 31 December 2025	250.5 million	euros
Net profit for 2025	37.9million	euros
Total retained earnings at 31 December 2025	288.4 million	euros

The management board of Bigbank AS proposes that the general meeting distribute the profit for the year ended 31 December 2025 as follows:

1. Dividend distribution (100.00 euros per share)	8.0 million	euros
2. Transfer to retained earnings	29.9 million	euros
Balance of retained earnings after allocations	280.4 million	euros.

on 26 February 2026

Revenue by EMTAK

Area of activity	EMTAK code	2025 <i>(in millions of euros)</i>
Consolidated revenue		
Credit institutions (banks)	64191	197.2
Rental and operating of own or leased real estate	68201	3.9
Total consolidated revenue		201.1
Unconsolidated		
Credit institutions (banks)	64191	199.0
Total unconsolidated revenue		199.0

EMTAK – Estonian classification of economic activities

