Bigbank AS Annual Report 2024

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

Bigbank AS
Annual Report 2024

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 2024 – 31 December 2024
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 of Bigbank AS consists of a letter from the CEO, a management report, a consolidated sustainability statement, a corporate governance report, consolidated financial statements together with an independent auditors' report, risk and capital management report and a profit allocation proposal. The document contains 307 pages.

The reporting currency is the euro.

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:
Mart Veskimägi
Member of the Management Board /
Head of Risk Management Area

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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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Contents

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.

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Bigbank Group at a glance

Bigbank values

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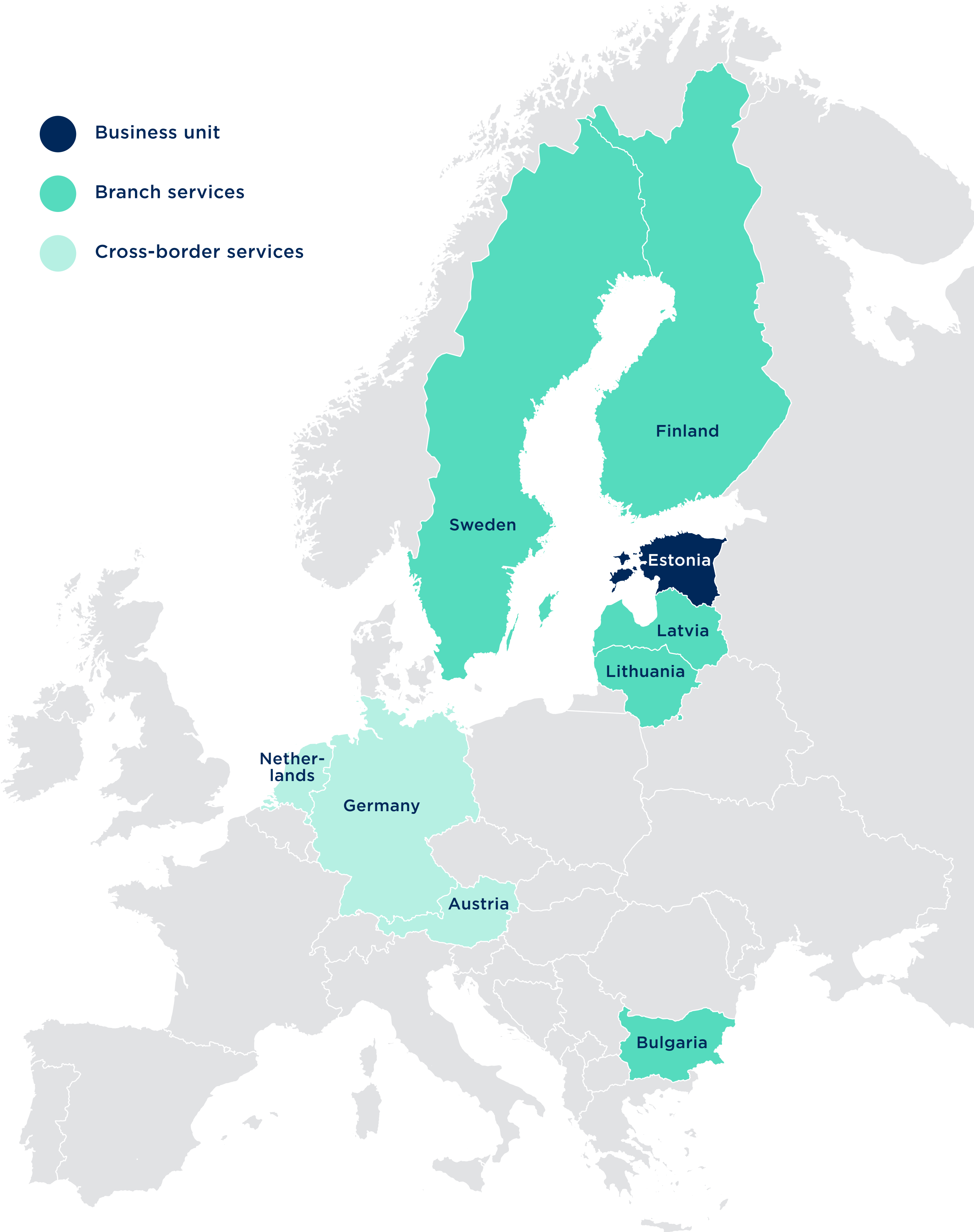

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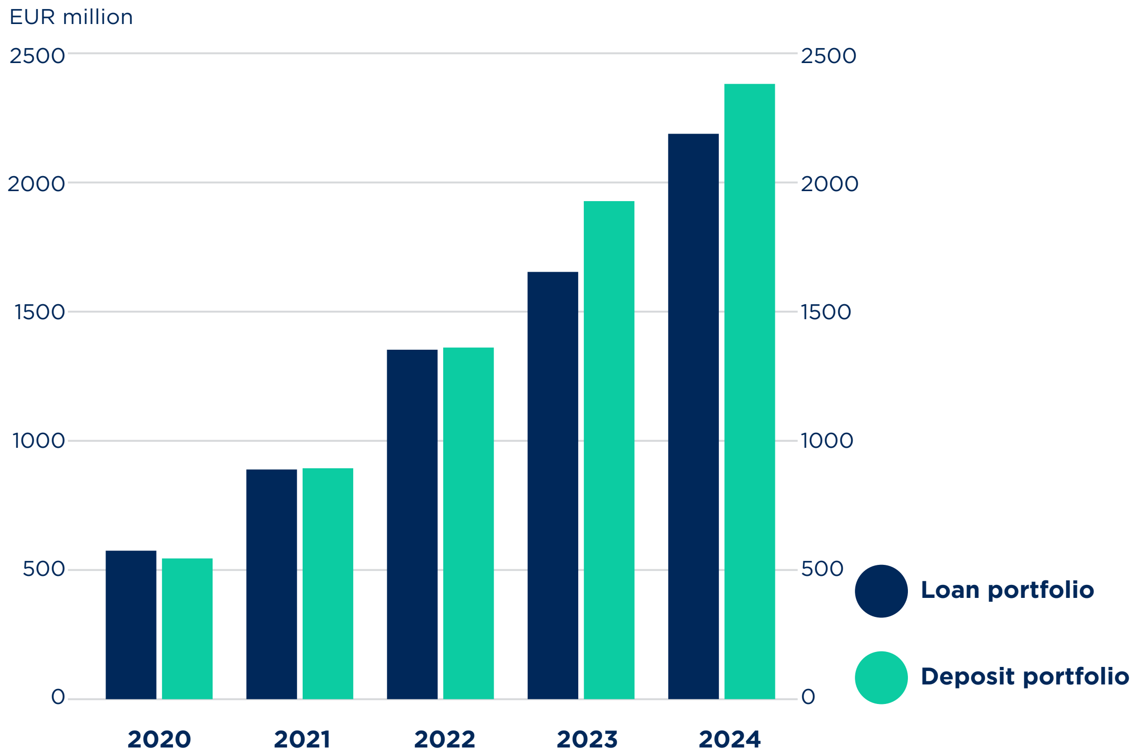
Countries of operation

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Start of operations	1992	1996	2007	2009	2012	2021	
Loan portfolio, EUR million*	928.1	334.8	782.7	129.4	20.5	3.7	**2,199.2**
Deposit portfolio, EUR million*	2,033.7	43.8	61.0	187.0	40.4	27.4	**2,393.3**
Number of employees*	334	87	103	21	5	10	**560**

* At 31 December 2024



Letter from the CEO

Martin Länts
Chairman of the Management Board

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Customer-centric growth and launching everyday banking

Bigbank's strategy for 2022–2026 focuses on increasing business volumes and entering the everyday banking market. Our goal is to offer customers competitive loan and deposit products and quality payment services that meet the high expectations of the market. In 2024, we made significant progress in this direction. I am deeply grateful to all Bigbank employees for their dedication and determination. I would also like to thank our customers, investors, and partners – your support has been invaluable on this journey.

Growing customer base and business volumes

Bigbank's vision is to be the most recommended digital financial services provider in the countries where we operate. Providing an excellent banking experience to all our customers is strategically critical to achieving our vision. Using our services should help improve people's lives and businesses, encouraging them to continue using our services and grow with us. By the end of 2024, Bigbank had 167,373 active customers – an increase of 16.6 thousand (+11%) over the year.

Customer satisfaction is also reflected in our Net Promoter Score (NPS), which reached a high 57 points in 2024. In the summer of 2024, Bigbank's loan portfolio crossed the 2 billion euro threshold, with the journey from one to two billion taking less than a year and a half. Deposits grew at a similar pace – the deposit portfolio passed the 2 billion euro mark in February 2024.

In addition to strong portfolio growth, 2024 was also successful in terms of profitability. Although the Euribor declined and we maintained competitive deposit interest rates, Bigbank's net profit reached 32.3 million euros.

Home and corporate loans winning customers' hearts

Bigbank's gross loan portfolio reached 2.2 billion euros in 2024, growing by 535 million euros or 32% over the year. The main growth drivers were home loans, whose portfolio increased by 262 million euros (+75%), and corporate loans, which grew by 186 million euros (+32%). I am pleased to see that more and more home buyers and entrepreneurs are choosing Bigbank as their partner. Personalised service, swift processes, competitive terms, and reliability are qualities that our customers appreciate.

The consumer loan portfolio grew by 92 million euros (+13%) year-over-year, with the Finnish car hire purchase portfolio standing out with a 58% increase and surpassing the 100 million euro mark for the first time. By the end of 2024, the distribution of Bigbank's gross loan portfolio by products was as follows: home loans 28%, consumer loans 37%, and corporate loans 35%.

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Expansion of the deposit portfolio

By the end of 2024, Bigbank's deposit portfolio reached 2.4 billion euros, growing by 24% over the year. Term deposits accounted for 1.36 billion euros and savings deposits for 1.03 billion euros.

During the year, we expanded our deposit product offering to new countries and segments. For instance, we launched a term deposit for retail customers in Lithuania and a savings deposit in Latvia and Bulgaria. We also introduced savings deposits for corporate customers in Latvia and Lithuania. Today, we offer deposit services to both private and business customers across the Baltics, and to private customers in all countries where we operate.

Everyday banking

One of our strategic goals is to offer everyday banking services. At the end of 2024, we launched a current account for individuals in Estonia and became a direct member of the SEPA Instant Payments scheme. Our Estonian customers can now receive and make payments from their accounts within seconds, 24/7, regardless of the day of the week. This is an important step towards universal banking both in Estonia and our other markets.

Systemically important credit institution

In November 2024, the central bank of Estonia added Bigbank to the list of systemically important credit institutions, highlighting our growing role in Estonia's financial system. According to the central bank, Bigbank's asset volume has grown significantly in recent years, and the bank has been active in offering services in foreign markets.

I see this decision as a great recognition and, at the same time, as a responsibility towards all our customers and society at large. The central bank's decision confirms the success of our strategy and strengthens Bigbank's position both in Estonia and internationally. The additional capital buffer requirement increases the bank's resilience and stability, which is essential for our customers and partners.

Raising capital to support growth

In 2024, we successfully conducted two Tier 2 subordinated bond issues and two targeted AT1 bond issues. In total, we raised additional capital of 20.4 million euros to strengthen the capital structure and ensure stable access to additional capital to meet strategic objectives. In addition, we redeemed earlier subordinated bonds issued in 2017, totalling 5 million euros, at their issue price.

Nearly 4,500 investors have invested in Bigbank's bonds to date, which is a significant achievement. We sincerely thank all investors for their continued trust and support.

Goals and focus areas for 2025

Bigbank's strategy for 2022–2026 remains unchanged – we will continue its consistent implementation. Our main goal is to grow business volumes, focusing primarily on home and corporate loans. We will also continue to offer consumer loans and car hire purchase on favourable terms.

We will maintain attractive deposit opportunities for customers in all countries where we operate, even in a declining interest rate environment. We will also develop everyday banking services to offer competitive payment services to both private and business customers in Estonia and to expand them to Bigbank's other markets.

I wish all Bigbank employees, customers, investors, and partners a successful and fruitful 2025!

Martin Länts
Chairman of the Management Board

Development

We develop ourselves to deliver
better value tomorrow than today.

Ken Kanarik
Member of the Management Board /
Head of Technology and
Product Management Area

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Management report

Economic environment

Global trends

Many of the events that characterised economic developments in 2023 continued in 2024. Starting with the geopolitical situation, the anticipated breakthrough in Russia's aggression against Ukraine did not materialise. Instead, Russia became more militarily active in the second half of the year. We hope that 2025 will bring resolutions that will ultimately lead to a just peace. Meanwhile, the conflict between Israel and Hamas continued, with an escalation that extended Israeli military operations to Lebanon, Yemen, and Iran, targeting extremist organisations supporting Hamas.

A new potential conflict zone is emerging in the Middle East as the overthrow of long-time Syrian dictator Bashar al-Assad is likely to perpetuate instability in the region. The newly established leadership of Hayat Tahrir al-Sham, led by Ahmed al-Sharaa, has rhetorically sought to distance itself from radical Islamism. Time will tell whether this is genuine. In reality, this development is more likely to increase regional instability, as it remains unclear whether the new leader can unite the various ethnic groups and clans into a functioning centralised state. A repeat of the Libya or Iraq scenario, where central authority is limited and the state fragments among different ethnic groups, warlords, and religious sects, seems possible. In the worst case, a new civil war could erupt over power struggles.

Another significant event in 2024 was Donald Trump's election as President of the United States. What are the potential developments? Policies aimed at protecting the US economy through trade measures such as tariffs, but also stricter immigration policies. In all likelihood, the US is headed for a new trade war with China, and we can expect a de-prioritisation of the green energy transition, at least in the US. Unpredictable foreign policy actions and pressure on European countries to increase defence spending are just some of the keywords that could affect our lives in the near future if Trump follows through on his pre-election promises. If Europe sticks to its original green transition timetable, this will likely reduce the competitiveness of EU member states in the future. On the one hand, corporate reporting and compliance costs will increase, and on the other, Europe will remain dependent on energy imports due to the policy decision to phase out fossil fuel-based energy production.

According to the risk scenario[1] of the Dutch central bank (DNB), if the US were to impose tariffs of 60% on Chinese goods and 10% on European goods, global

[1] DNB Autumn Projections December 2024. https://www.dnb.nl/media/l3ijeoa3/autumn-projections-december-2024-eng.pdf

investment risk premiums could rise by 25 to 50 basis points in the first half of 2025. This would raise the cost of investment, with negative implications for stock markets and consumer and business confidence. Overall, the US economy would be the most affected, potentially losing one percentage point in economic growth if this scenario were to unfold. The general mechanism would be as follows: US corporate production costs would rise due to higher input prices from tariffs. As a result, US goods would become more expensive on global markets, reducing export competitiveness. Higher import prices would drive up US inflation and reduce consumers' real incomes, which in turn would dampen private consumption. Higher capital costs and lower consumption would reduce investment activity. In an alternative scenario, stock markets would fall and interest rates would rise as the Federal Reserve raises rates to control inflation. Ultimately, the dollar would appreciate against other currencies, making US goods even more expensive abroad and amplifying the negative impact on US economic growth.

In the economy, the advance of artificial intelligence (AI) continues. Pessimists predict the emergence of an AI stock market bubble, which could lead to a market crash similar to the one experienced by the IT sector years ago. E-commerce volumes are growing strongly, with people increasingly preferring to work remotely rather than in the office. The influence of social media on business activities is growing, while the development of 5G has significantly improved global data collection and processing capabilities.

Globally, economic growth in 2024 exceeded earlier forecasts. For example, the OECD initially predicted US growth at 1.5%, but the current estimate is 2.8%. China and India also outperformed earlier projections. Conversely, Europe grew more slowly than anticipated, with Germany making the biggest downward revision. Germany's growth for 2024 is forecast at 0%, down from the IMF's earlier prediction of 0.9%. Italy and France also underperformed expectations, while the Mediterranean region, particularly Spain, performed relatively well. The IMF projects Spain's growth at 2.7% for 2025.

The key question for the European economy is the state of Germany's economy, which is grappling with serious structural issues. Economic models built on cheap Russian gas no longer work, and reports of major layoffs and factory closures in Germany are almost daily news. The future of Germany's political leadership is also unclear, with parliamentary elections scheduled for February 2025. Current forecasts suggest a victory for the Christian Democrats. However, the poor state of the economy is likely to fuel the popularity of political extremes, as has been seen in several other European countries. The outcome of the elections could affect policies on nuclear energy, migration, and support for Ukraine. Given the high level of uncertainty, it is worth noting that Germany accounts for a very large share (24%) of the EU's total economy.

Turning to Europe as a whole, the labour market remains relatively strong, with unemployment at historically low levels and employment rates high. Inflation has eased but remained above the 2% target level in 2024.

Table 1. Global economic forecast of GDP growth for 2024 and 2025

		OECD	IMF
	2024	2025	2025
World	**3.2**	**3.3**	**3.2**
USA	2.8	2.4	2.2
Euro area	0.8	1.3	1.2
France	1.1	0.9	1.1
Germany	0.0	0.7	0.8
Italy	0.5	0.9	0.8
Japan	-0.3	1.5	1.1
China	4.9	4.7	4.5
India	6.8	6.9	6.5

Source: OECD Economic Outlook, December 2024, IMF World Economic Outlook, October 2024.

European Central Bank's interest rate policy

Monetary policy in 2024 was characterised by interest rate cuts by the European Central Bank (ECB). From June to December, there were four rate reductions, which lowered the deposit facility rate from 4% to 3%. At the turn of the year, the six-month Euribor stood at 2.6%, with expectations of a further decline. Current forecasts suggest that the ECB will implement four more rate cuts in 2025, bringing the deposit rate down to 2%. While earlier projections in the autumn anticipated gradual reductions over the year, expectations have shifted toward a faster pace of cuts, with the base rate potentially dropping by another percentage point by the summer.

A 2% base rate implies that by July 2025, the Euribor could decline to 1.7–1.8%, assuming further rate cuts are implemented. Given the overall economic conditions, it would not be surprising if base rates were lowered even further in the future to support Europe's major economies. However, the decision to cut rates further largely depends on price developments. If inflation remains above the 2% target, the ECB could halt or slow down its rate reductions.

The ECB's inflation forecast for the euro area in 2025 is 2.1%, while the IMF projects 2%. According to ECB Executive Board Member Isabel Schnabel[2], the realisation of the inflation forecast depends on several critical assumptions: first, a slowdown in the growth of unit labour costs; second, companies absorbing increased labour costs through their profit margins rather than passing them on to consumer prices;

[2] Schnabel, I, The euro area inflation outlook: a scenario analysis. Lecture by Isabel Schnabel, Member of the Executive Board of the ECB, at the Ragnar Nurkse Lecture Series organised by Eesti Pank in Tallinn, Estonia, 30 August 2024. https://www.ecb.europa.eu/press/key/date/2024/html/ecb.sp240830~ef0af8d7cc.en.html

and third, reduced price pressures in the services sector. Under a risk scenario where wage growth remains relatively high in 2025 and productivity growth lags behind wage growth, unit labour costs would continue to rise. In such a case, a 2% inflation rate would no longer be a realistic expectation for 2025, which could lead the ECB to adopt a restrictive monetary policy.

The rapid decline in the Euribor will undoubtedly have a negative impact on banks' profitability. Deposit rates adjust to new market conditions more slowly than lending rates, resulting in an overall reduction in interest income.

Economic situation in the Baltic countries

At the time of writing this review, we had access to the results of Q3 2024. On the basis of quarterly data, Latvia's economy performed the worst year-on-year, with GDP declining by -1.6%. In Estonia, the decline was -0.7%, while Lithuania recorded growth of 2.4%. Looking at the year as a whole, it can be said that Estonia's economy is struggling, Lithuania is doing well, and Latvia is somewhere in between.

Lithuania's strong performance can be attributed to its economic structure, stronger government support, and geographical location. Lithuania's industrial sector is slightly more diversified than that of Latvia and Estonia. Additionally, the country has benefited from an influx of IT entrepreneurs emigrating from Belarus, who are now developing their businesses in Lithuania. The Lithuanian government provided greater support to businesses during both the energy crisis and the COVID-19 crisis. Furthermore, Lithuania's main export partners are in Central Europe, unlike Latvia and Estonia, whose primary trade partners are in Scandinavia. Poland, one of Lithuania's key trade partners, is also doing well economically.

Looking at the internal dynamics of the economy, key sectors such as manufacturing and construction have yet to enter a growth trajectory in Estonia, at least based on the Q3 results. Construction output remained negative in October, similar to Q3. While trade has started to recover, there is still no significant growth. Latvia faces a similar situation. In Latvia, manufacturing fell by -2.1%, construction by 6.9%, and transport by a substantial -7.7% in Q3. A slight decline (-2.7%) was also observed in the IT sector. However, trade grew by 4.7%, with accommodation and food services up by 2.1%. In Estonia, manufacturing saw a more significant year-on-year decline of -7.1%, with a -14% drop compared to Q2. In construction, the figures were even more dramatic, with a year-on-year decline of -18.3% and a -5.2% drop compared to Q2. Trade showed slight year-on-year growth, while the IT sector grew by 7.3%. Compared to Q2, trade grew by 11%, and the IT sector saw a robust 22% increase.

In Lithuania, the strength of the manufacturing sector and its ability to export has led to annual growth of 8.8% when comparing Q3 2023 to Q3 2024. Lithuania's statistics agency aggregates trade, transport, accommodation, and food services into a single indicator, which grew by 6% year-on-year. However, construction did not fare as well, showing a -6.1% decline year-on-year. The communications and IT services sector also experienced a slight drop of -2.7%.

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Looking at GDP performance from the beginning of the year to the end of Q3 2024, Estonia's economy contracted by 2.2% and Latvia's by 1.3%, while Lithuania's grew by 2.5%. Based on these trends, Estonia's full-year decline is expected to be in the range of -1% to 1.5%, Latvia will likely see stagnation (0-0.5% growth), and Lithuania's growth is projected to be around 2.5%.

Compared to last year's (autumn 2023, spring 2024) forecasts for the three Baltic states, the central banks have adopted much more conservative outlooks for Estonia and Latvia. For instance, Latvia's growth forecast a year ago was 2%, but today it is essentially 0% for 2024. Estonia's economic decline has also been deeper than anticipated. Lithuania is the only Baltic country where the actual situation has exceeded earlier expectations. Average wage growth has been faster than expected, which has negatively affected the international competitiveness of the Baltic states. Unemployment remained relatively low, particularly in Estonia, where Eesti Pank forecast an unemployment rate of 9%, but the actual figure is expected to be 7.6% in 2024.

Table 2. GDP, private consumption and unemployment rate in the Baltic countries (year-on-year (y-o-y) change, %)

	2022	2023	2024		2025	2026
			Dec 2023	Dec 2024		
Lithuania						
GDP	2.5	-0.2	1.8	2.4	**3.1**	3.1
Consumption	2	-1.7	2.4	3	**3.7**	3.7
Unemployment	5.9	6.7	6.5	7.4	**7.1**	6.9
Latvia						
GDP	2.8	-0.4	2	0.1	**2.1**	3.0
Consumption	9.9	-1.8	2.8	0.1	**2.6**	3.1
Unemployment	6.9	6.4	6.3	6.9	**6.8**	6.5
Estonia						
GDP	-0.5	-3.1	-0.4	-0.7	**1.6**	2.9
Consumption	2.1	-1.6	0.1	-0.1	**1.6**	2.6
Unemployment	5.6	6.4	9.0	7.6	**7.3**	6.9

Source: central banks of the Baltic countries; actual data for 2022 and 2023, forecasts for other years.

Table 3. Nominal wage growth and inflation in the Baltic countries

	2022	2023	2024	2025	2026
Lithuania					
Wage growth	13.3	12.2	10.3	**8.7**	7.5
Inflation	18.9	8.8	0.8	**2.3**	2.6
Latvia					
Wage growth	7.5	12	9.6	**6.2**	6.5
Inflation	17.3	9	1.3	**1.4**	1.5
Estonia					
Wage growth	11.7	11.4	7.8	**5.9**	5.1
Inflation	19.4	9.2	3.6	**4.3**	3.6

Source: central banks of the Baltic countries; actual data for 2022 and 2023, forecasts for other years.
Inflation: HICP inflation.

The real focus is on what will happen next year. The Baltic states are small, open economies, which means that their outlook depends heavily on global developments. Europe as a whole is watching the US with concern, as Trump's rhetoric has been very vocal. We also remain uncertain about the direction of the German economy after the elections, and it is unclear whether the war in Ukraine will reach a resolution and how the terms of peace might affect us in the future.

What do these developments mean for the three Baltic countries? Challenging times lie ahead. Estonia's misfortune is that, in addition to external turbulence, it is pursuing economic policies that are hindering recovery. Latvia and Lithuania are not doing this, at least not to the same extent as Estonia. We must therefore be cautious about overly optimistic projections for the future. Even though Lithuania is currently performing relatively well, Germany's economic problems are likely to soon overshadow the economic successes of both Lithuania and its close neighbour Poland. Poland benefits from strong domestic consumption and its own currency, which allows it to cushion economic shocks through devaluation. However, devaluation makes the population poorer relative to the rest of the world. Lithuania lacks this option. Therefore, we should not be overly optimistic about developments in 2025. If we see positive growth figures in all three Baltic states, it should already be considered a success.

Finland and Sweden

The Finnish economy was in recession in 2024. Finland's central bank forecast a -0.5% economic contraction for 2024, followed by a 0.8% growth in 2025.

The recovery from the recession is expected to be slow, as real incomes will increase gradually. Falling interest rates will stimulate consumption and investment. Exports are projected to grow by 2.7% in 2025. However, government debt will continue to rise. The pace of recovery is hindered by uncertainties in the global economy. For instance, it is difficult to predict how potential US trade tariffs might affect Europe's overall export capacity. Unemployment remains above the long-term average, and consumer confidence is still low, which means that consumption is not expected to grow significantly in 2025.

In the commercial real estate market, activity is expected to pick up in 2025. However, the housing market recovery will take longer, as a large volume of existing properties will need to be absorbed before new residential construction begins. Inflation is forecast to remain below 2%, although tax increases implemented by the government to improve the fiscal balance will offset some of the decline in price growth.

Table 4. Macroeconomic indicators of Finland (y-o-y change, %)

	2023	Jan 2024	Dec 2024	2025	2026
GDP	-0.5	-0.2	-0.5	**0.8**	1.8
CPI	4.4	1.0	1.0	**1.9**	1.5
Wage	4.2	1.5	3.1	**3.0**	2.6
Unemployment rate	7.2	7.8	8.3	**8.7**	8.2
Private consumption	-0.8	0.5	-0.3	**0.5**	1.5

Source: Bank of Finland; actual data for 2023, forecasts for other years.

The structural problems highlighted in last year's report on Finland are still relevant. The share of Finland's former industrial flagships—forestry and electronics—in the manufacturing sector has declined significantly compared to previous periods and has been replaced by lower value-added industries. A concerning trend is the declining quality of human capital: younger generations entering the labour market have lower educational attainment compared to the older generations now exiting the workforce.

The year-end results suggest that Sweden's economy is coming out of recession. One positive indicator is the rise in consumer confidence, which reached its long-term average by the end of the year. Earlier economic forecasts for Sweden were more pessimistic, but unlike Latvia, Estonia, and Finland, the country has performed better than expected in 2024. The Swedish central bank made four interest rate cuts in 2024, reducing rates from 4% to 2.5%. Lower interest rates are stimulating private consumption and investment.

Table 5. Macroeconomic indicators of Sweden (y-o-y change, %)

	2023	Nov 2024	Dec 2024	2025	2026
GDP	-0.2	-0.1	0.6	**1.8**	2.6
CPI	8.6	4.6	2.9	**0.6**	1.8
Wage	3.8	4.0	4.0	**3.6**	3.6
Unemployment rate	7.7	8.3	8.4	**8.4**	8.0
Private consumption	-2.2	0.8	0.2	**2.6**	2.9

Source: Sveriges Riksbank; actual data for 2023, forecasts for other years.

Domestic consumption is growing faster than real economic growth, with increased domestic demand serving as one of the main drivers for economic growth in 2025. In addition to falling interest rates, rising real wages will support increased consumption. Developments in the export sector will depend heavily on the economic performance of the EU, particularly Germany, Sweden's most important trading partner.

Bulgaria

Bulgaria's economy is poised for the transition to the euro. The political situation, however, remains relatively turbulent, with five parliamentary elections held over the past three years. Despite political crises and multiple changes of government, public spending has remained under control. The only major obstacle to adopting the euro, high inflation, has also been brought under control. There are strong political expectations in Bulgaria that the country will be announced as a new member of the eurozone in the coming months.

Bulgaria's overall macroeconomic indicators are excellent. Year-on-year economic growth over the first three quarters was 2.2%, unemployment is very low, and public debt is expected to stand at 23.1% of GDP in 2025 - one of the lowest levels in the EU. Wage growth has been very high, which undoubtedly boosts real incomes and consumption in the short term. However, in the long run it may reduce Bulgaria's export competitiveness.

Table 6. Macroeconomic indicators of Bulgaria (y-o-y change, %)

	2023	Nov 2023	Nov 2024	2025	2026
GDP	1.9	2.7	2.2	**2.7**	3.4
CPI	6.1	3.1	1.9	**2.4**	2.4
Wage	13.9	8.3	14.5	**8.6**	7.8
Unemployment rate	4.2	3.8	3.6	**4.0**	3.8

Source: GDP and inflation - Bulgarian National Bank, unemployment and wage growth - National Statistics Institute; actual data for 2023, forecasts for other years.

Germany, Netherlands, and Austria

Germany

Germany's economic challenges, briefly mentioned in the introduction, extend beyond cyclical issues such as decreased external demand and include structural problems. These stem from the energy price shock, as cheap Russian gas is no longer an option. In addition, the requirements of the green transition have severely impacted industries, particularly the automotive sector. Germany is also facing a demographic crisis, with more people leaving the workforce than entering it. Another major challenge is the increasing regulatory burden on companies.

According to studies by the Ifo Institute, the regulatory burden is one of the main barriers to private sector investment. The political crisis that erupted at the end of the year has added to the uncertainty and insecurity among businesses regarding the economic policies of the next government.

The competitiveness of German industry has also declined, particularly in the automotive sector. China's global market share has grown, while Germany's share has decreased for both traditional and electric vehicles. The chemical industry, a cornerstone of German manufacturing, is also struggling due to increased competition from China.

Table 7. Macroeconomic indicators of Germany (y-o-y change, %)

	2023	Dec 2023	Dec 2024	2025	2026
GDP	-0.1	0.4	-0.2	**0.2**	0.8
CPI	6.1	2.7	2.5	**2.4**	2.1
Wage	6.1	5.3	5.1	**2.5**	2.6
Unemployment rate	5.7	5.8	6.0	**6.3**	6.0

Source: Deutche Bundesbank; actual data for 2023, forecasts for other years.

Netherlands

The Dutch economy rebounded in the second half of 2024, primarily driven by higher private consumption and public spending. The labour market situation is very good, characterised by a very low unemployment rate (3.7%). Wage growth has been strong, with increases of 6.6% in 2024 and 4.5% expected for 2025 due to wage agreements enacted during the year. Real incomes are rising despite inflation remaining slightly above 3%.

Table 8. Macroeconomic indicators of Netherlands (y-o-y change, %)

	2023[1]	2024[1]	2024[2]	2025[2]	2026[2]
GDP	0.6	1.1	0.9	**1.5**	1.5
CPI	4.6	3.7	3.2	**3.2**	2.8
Wage	6.2	5.5	6.6	**4.5**	3.5
Unemployment rate	3.6	3.9	3.7	**3.9**	4.0

Source: [1] European Commission, Nov 2023 [2] De Nederlansche Bank, Dec 2024; actual data for 2023, forecasts for other years.

As an open economy, the Netherlands sees potential US export restrictions as the most significant risk to economic growth. According to the Dutch central bank, if US import tariffs were introduced (negative growth scenario), Dutch GDP growth could be limited to 1% in 2025 and 0.4% in 2026.

Austria

Austria's economy faces structural challenges similar to those of Germany, leading to significantly weaker results in 2024 than initially forecast. The industrial sector has historically relied on low energy prices and the automotive sector continues to face competitiveness issues. The export sector has suffered from weak external demand. Future expectations remain subdued, with low investment activity. Consumer spending has declined, while savings have increased. Recovery is expected to be slow due to these structural problems.

Table 9. Macroeconomic indicators of Austria (y-o-y change, %)

	2023	Dec 2023	Dec 2024	2025	2026
GDP	-0.7	0.6	-0.9	**0.8**	1.6
CPI	7.7	4.0	2.9	**2.4**	2.2
Wage	7.6	7.6	8.5	**3.4**	2.6
Unemployment rate	5.3	5.5	5.2	**5.3**	5.1

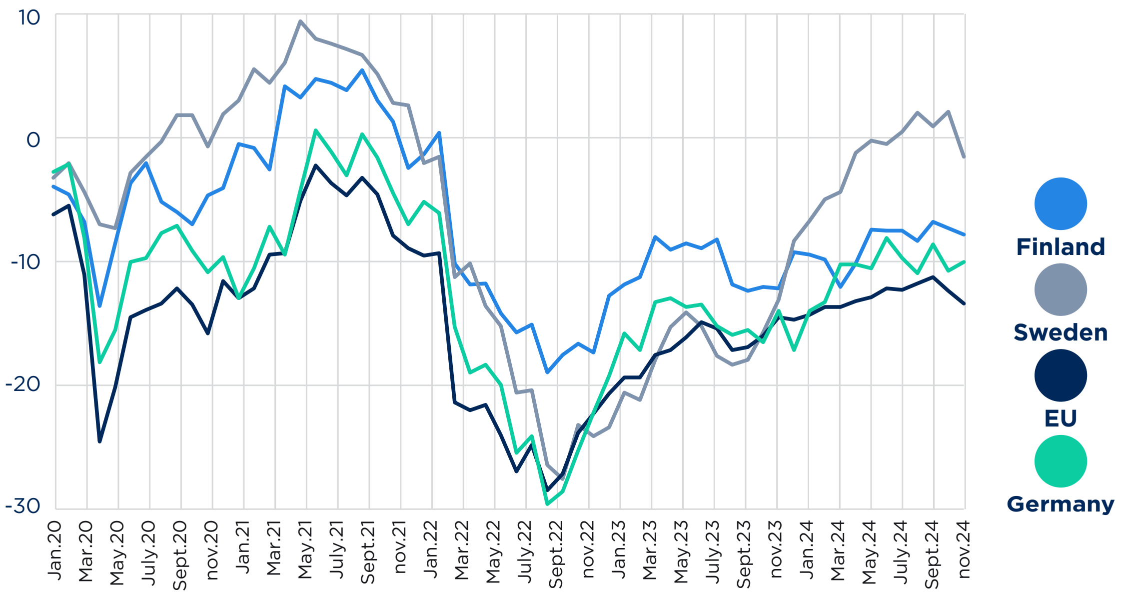
Source: Oesterreichiche Nationalbank; actual data for 2023, forecasts for other years.

Consumer confidence

On average, private consumption accounts for almost half of a country's GDP in terms of expenditure. For countries with sufficiently large populations, domestic demand is a key driver of economic growth. One of the most important factors influencing consumer behaviour is consumer confidence. In the European Union, the Consumer Confidence Indicator is calculated based on surveys covering topics such as past and future financial well-being, consumption intentions and saving tendencies. This indicator correlates well with overall economic trends.

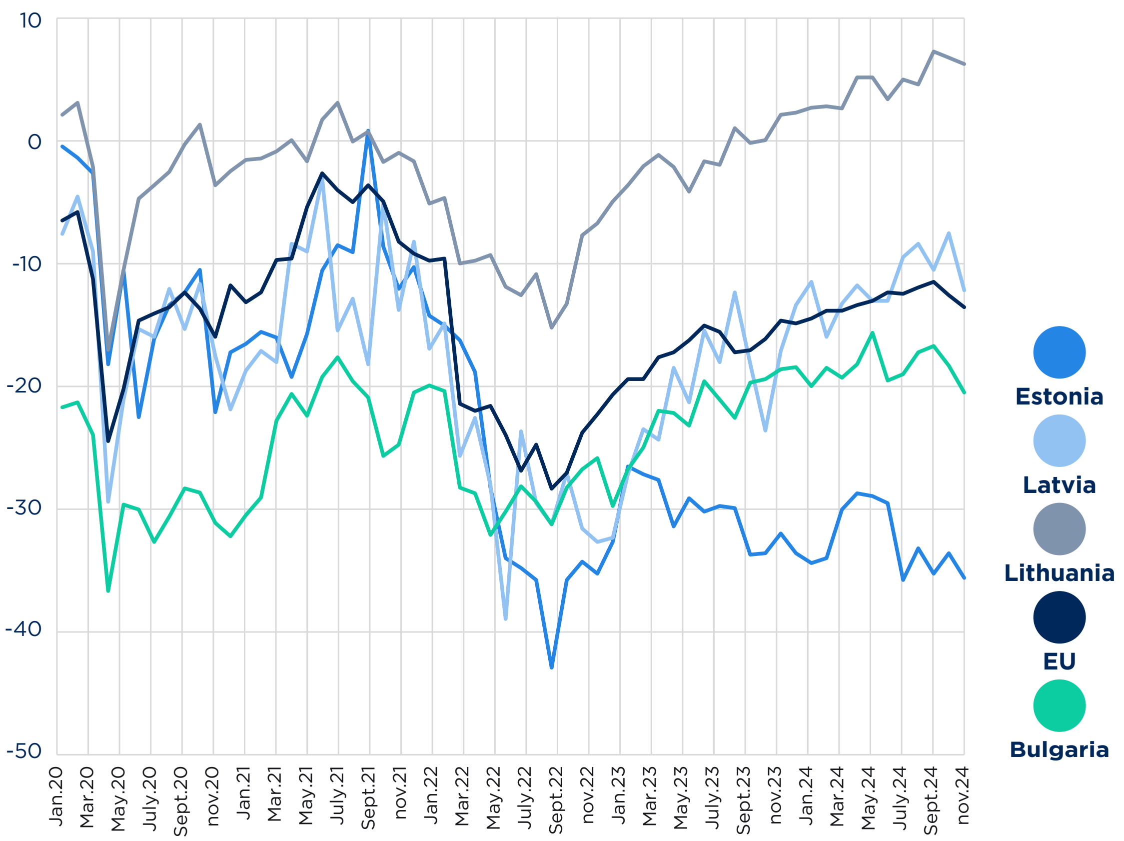
Looking at the dynamics of the Consumer Confidence Index in the countries linked to Bigbank, a general upward trend can be observed from 2023 onwards. Exceptions include Estonia and Bulgaria. In Bulgaria, the index has remained relatively stable, while in Estonia, the trend has been downward. In the final months of last year, a downward trend was observed for many countries as well as for the EU average. Lithuania stands out as the only country with a clearly upward trend, while Sweden has also moved into positive territory. However, the last months of the year saw a decline in the Swedish index.

Consumer confidence index – Finland, Sweden, EU, Germany



Source: Eurostat

Consumer confidence index – Estonia, Latvia, Lithuania, EU, Bulgaria



Source: Eurostat

Conclusions for Bigbank

The European economy has performed in 2024 worse than expected and many economic indicators have been revised downwards. This is particularly evident in Germany, while the Mediterranean countries have shown better growth figures. However, Germany's share of the EU economy is significant, accounting for nearly a quarter of the EU GDP. In addition to cyclical challenges, Germany faces structural problems, which means that economic adjustment and recovery will take longer than initially anticipated.

Uncertainty about the future continues to drive high savings rates and delays in major consumption decisions. Interest rates have fallen faster than originally expected, with a negative impact on banks' interest income. Deposit rates are adjusting to the new market conditions much more slowly than lending rates.

Lower interest rates, in turn, can boost consumption and investment. The strong state of the labour market ensures that households have income and borrowing capacity. This also translates into sustained upward pressure on wages. Falling interest rates stimulate the construction and real estate markets, and property prices can be expected to gradually rise.

Export markets remain uncertain due to a highly unstable external environment and unpredictable geopolitical risks. For major economies, rising domestic demand rather than export growth is still the main driver of economic growth.

Performance in 2024

For Bigbank AS (Bigbank, the Group), 2024 was the third year of the strategy period 2022–2026. According to the current strategy, Bigbank is a growth-oriented, customer-focused bank with a target return on equity (ROE) of 20%. To achieve this, we are focusing on the following key areas:

- **growing the loan portfolio, primarily through home and corporate loans**, which will enable us to increase interest income and efficiency in the long term;
- **maintaining the high quality of the loan portfolio**, which will allow us to take an internal ratings based (IRB) approach to capital requirements for credit risk;
- **making property investments,** which will support capital growth and create synergies;
- **entering the everyday banking market,** which will increase customer loyalty, improve marketing efficiency and secure funding on more favourable terms.

2024 was a year of growth for Bigbank. The gross loan portfolio grew by 535 million euros to a record 2.2 billion euros (+32%). The largest increases were recorded in the strategic product categories of corporate and home loans. The corporate loan portfolio grew by 32%, from 578 million euros at the end of 2023 to 764 million euros, while the home loan portfolio increased by 75%, from 351 million euros at the end of 2023 to 613 million euros.

In addition to the focus products, Bigbank continued to successfully issue consumer loans, although the results for this product category varied from country to country. Overall, the Group's consumer loan portfolio grew by 13% to 828 million euros.

In terms of countries, the strongest growth of the loan portfolio was recorded in Estonia with 229 million euros (+32%) and Lithuania with 216 million euros (+39%), followed by Latvia with 95 million euros (+38%) and Finland with 20 million euros (+17%).

In Bulgaria, the provision of consumer loans resumed in 2024, but the loan portfolio still decreased by 0.2 million euros (-3%) over the year. In Sweden, where similar to the previous year no loans were granted in 2024, the loan portfolio decreased by 15 million euros (-40%).

At the end of the year, Estonia had the largest share in the total loan portfolio (including all loan products) with 938 million euros (42%), followed by Lithuania with 774 million euros (35%) and Latvia with 345 million euros (16%).

The main source of growth in the loan portfolio was the growing deposit portfolio. An important milestone in 2024 was the launch of deposit products in countries where they were not previously offered. During the year, savings deposits were launched in Latvia and Bulgaria, and term deposits in Lithuania. By the end of 2024, Bigbank offered term deposits in all countries of operation and savings deposits in all countries except Sweden. As a result of these steps, Bigbank is no longer dependent on individual countries to attract deposits. In December, Bigbank also started offering current accounts to individuals in Estonia, but the balance of current accounts was still marginal at the end of the year.

Due to the declining interest rate environment, the deposit portfolio grew through an increase in the term deposit portfolio, as customers sought to lock in their deposit rates for three to twelve months.

Term deposits increased by 449 million euros to 1.36 billion euros(+49%), while savings deposits decreased by 3 million euros to 1.03 billion euros (-0.3%) during the year. The total deposit portfolio amounted to 2.39 billion euros at the end of 2024, up 456 million euros (+24%) compared to the previous year. The largest deposit market was the Netherlands (41%), followed by Germany (36%), Finland (8%) and Estonia (4%).

The Group's net profit for 2024 was 32.3 million euros, which is 8.3 million euros (-20%) lower than the adjusted result for 2023. Net profit development was strongly influenced by changes in interest income and interest expense. The increase in interest income was driven by the growth of the loan portfolio, while the impact of the Euribor was insignificant for the period as a whole. Overall, interest income grew by 39.3 million euros to 177.9 million euros (+28%).

In percentage terms, interest expenses increased even more. This was due to the fact that deposit prices rose more slowly than the Euribor in the rising interest rate environment of 2023 and declined more slowly than the Euribor in 2024. As a result, the annual average interest expense on deposits increased significantly in 2024. Growth of the deposit portfolio also contributed to this. Although interest expenses increased by 32.6 million euros to 75.5 million euros (+76%), net interest income increased by 6.7 million euros (+7%) in 2024.

There were notable changes in the quality of the loan portfolio during the year. The decline in the quality of the consumer loan portfolio, which started in the last quarter of 2023, continued in the first quarter, but the situation stabilised and improved in the following quarters. There was also some deterioration in the corporate loan portfolio, with an increase in the share of past due loans, but due to strong collateral positions this did not have a significant impact on loan loss allowances. The credit quality of home loans remained very good throughout the year.

Expenses on loss allowances for loans grew by 5.0 million euros (+26%). The share of stage 3 (non-performing) loans grew by 59.5 million euros to 4.9% of the total loan portfolio by the end of 2024 (+1.9 percentage points compared to the previous year).

Salary expenses increased by 3.9 million euros to 27.9 million euros (+16%). Given the strong growth of the portfolios, the launch of new products and the strong progress made in everyday banking, the rise in salary expenses is completely justified.

In 2024, the number of transactions involving investment property was modest but the balance of investment properties increased by 17.3 million euros to 66.4 million euros (+35%). Changes in the fair value of investment property resulted in a loss of 1.6 million euros, a significant change compared to a gain of 3.4 million euros in 2023.

During the year, we also continued to finance the growth of the loan portfolio through additional bond issues. Altogether, there were four issues, including two public unsecured subordinated bond offerings (T2 bonds) totalling 12 million euros and two private placements of Additional Tier 1 capital (AT1 bonds) totalling 8.4 million euros. All issues were oversubscribed, reflecting strong investor interest.

Bigbank's equity grew to 269.8 million euros by the end of the year, an all-time high. Return on equity (ROE) was 12.5%. Compared to the adjusted figure for 2023, ROE decreased by 5.4 percentage points.

Overall, Bigbank delivered strong results in 2024. Loan and deposit portfolios and equity stood at record levels at the end of the year.

Outlook for 2025

The outlook for the new year is more positive than it has been for several years. The geopolitical situation, both globally and in Europe, remains tense. Russia's aggression against Ukraine continues, the situation in the Middle East is as explosive as ever, and uncertainty is heightened by the change of presidential administration in the United States and the snap elections in Germany. In the Baltic Sea region, tensions are escalating as a result of Russia's and China's hybrid activities in the Baltic Sea – sabotage of energy and telecommunications links, which also has a direct negative economic impact on the countries in the region. On the positive side, however, no new major crisis was triggered in 2024. As a result, stability in Europe has increased and countries' economic prospects have started to improve.

The macroeconomic processes observed in Bigbank's markets in 2024 are expected to continue in 2025. In Europe in general, inflation rates are starting to come under control and, as a result, the ECB is likely to continue cutting interest rates to stimulate the economy, which in turn will have an impact on the Euribor. By the second half of 2025, however, interest rates are projected to stabilise at levels where both the ECB interest rates and the Euribor are in the 1–2% range. The more problematic market in 2025, according to Bigbank's forecast, will be Estonia, where interest rate pressures will be similar to those in Bigbank's other markets, but inflation is expected to remain significantly higher and economic growth lower, mainly due to the government's fiscal policy decisions.

The generally improving economic environment in Bigbank's markets and falling interest rates are having a positive impact on both individuals and companies. Loan servicing will be easier than in previous years and loan demand is expected to increase due to the improved outlook.

The general improvement in the economic environment is certainly a positive factor for Bigbank, but the continued decline in interest rates will have a negative impact on net interest margins, as the Euribor for loans is falling faster than the deposit rates, and deposits are Bigbank's main source of funding.

Consequently, Bigbank must continue to implement its strategy in order to maintain solid financial results. On the loan portfolio side, Bigbank will continue to grow, mainly in the home loan and corporate loan categories. These will benefit from economies of scale as they grow, and their credit losses are expected to be significantly lower than those of consumer loans.

One of Bigbank's main focus areas in 2025 will be everyday banking. The first step was taken in 2024, when Bigbank started offering current accounts and payment services to individuals in Estonia, but the plan is to significantly expand the offering of everyday banking products in 2025. It is important to start offering integrated solutions including current accounts and payment solutions, so that in addition to competitive loan and deposit products, customers could use Bigbank's services to settle their accounts on favourable terms. This in turn will enable the Group to raise funding at a lower cost.

The Group expects investment properties to generate stable rental income and profit in 2025. Despite the improvement in market sentiment, Bigbank does not expect the value of investment property to increase. Further investment in property is planned at a moderate level in 2025. The existing investment property portfolio will help the Group create synergies, as it enables Bigbank to be well informed about developments in the property market.

As in previous years, the Group will continue to invest actively in its people. The growth plans for 2025 are significant. This will require the continued commitment of employees, which the Group intends to reward with competitive remuneration and other benefits, the most important of which are comprehensive employee development and the provision of exemplary management service.

Key performance indicators

Financial position indicators (in millions of euros)	31 Dec 2024	31 Dec 2023*
Total assets	2,778.4	2,287.4
Loans to customers	2,196.5	1,662.0
Of which loan portfolio	2,219.0	1,674.8
Of which interest receivable	29.4	24.7
Of which loss allowances	-51.9	-37.5
Deposits from customers	2,393.3	1,937.4
Equity	269.8	244.8

Financial performance indicators	2024	2023*
Interest income	177.9	138.6
Interest expense	-75.5	-42.9
Net interest income	102.4	95.7
Total income (gross)	198.3	160.9
Net operating income	112.7	109.5
Operating expenses	-47.7	-45.6
Of which salaries and associated charges	-27.9	-24.0
Of which administrative expenses	-11.5	-15.2
Of which depreciation, amortisation and impairment	-8.3	-6.4
Net expected credit loss allowances	-23.9	-18.9
Profit for the year	32.3	40.6

Indicators for the year	2024	2023*
Average equity	257.3	226.9
Average assets	2,532.9	1,964.5
Average interest-earning assets	2,449.5	1,883.8
Average interest-bearing liabilities	2,237.6	1,706.4

Ratios	2024	2023*
Common equity Tier 1 capital ratio	13.1%	13.9%
Tier 1 capital ratio	14.5%	15.0%
Total capital ratio	18.2%	19.0%
Leverage ratio	9.5%	9.6%
Own funds and eligible liabilities to the total risk exposure amount (TREA)	18.2%	19.0%
Liquidity coverage ratio (LCR)	195.0%	349.8%
Net stable funding ratio (NSFR)	145.8%	156.6%
Return on assets (ROA)	1.3%	2.1%
Return on equity (ROE)	12.5%	17.9%
Profit margin (PM)	16.3%	25.3%
Return on loans	7.9%	8.2%
Asset utilisation ratio (AU)	7.8%	8.2%
Net interest margin (NIM)	4.2%	5.1%
Price difference (SPREAD)	3.9%	4.8%
Cost to income ratio (CIR)	42.3%	41.6%
Equity multiplier (EM)	9.8	8.7
Earnings per share (EPS), euros	403	509
Yield on interest-earning assets	7.3%	7.4%
Cost of interest-bearing liabilities	3.4%	2.5%

* Some prior period figures have been restated. For further information, please refer to the notes to the consolidated financial statements.

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

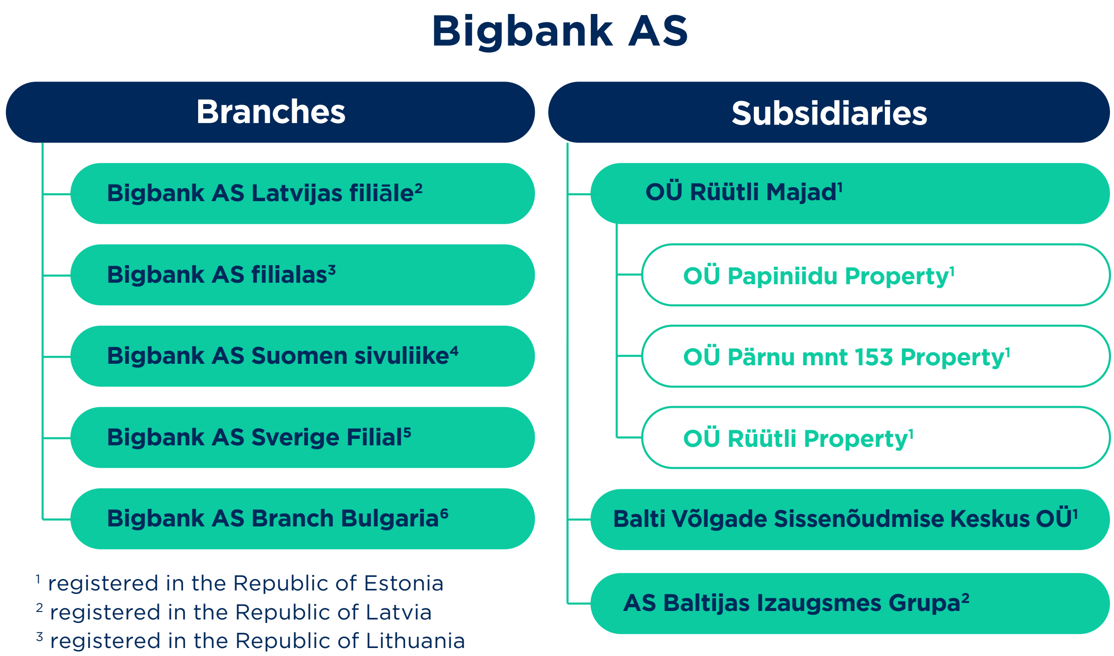
Yield on interest-earning assets = interest income / average interest-earning assets

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

About Bigbank Group

Bigbank AS was founded on 22 September 1992. A licence for operating as a credit institution was obtained on 27 September 2005. Bigbank's core services are the provision of loans and the acceptance of deposits.

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

The branches in Latvia, Lithuania, Finland, Bulgaria and Sweden offer lending and deposit services similar to those of the parent, except the Swedish branch that has not been issuing new loans since 2022 but continues to serve the existing loan customers. In addition, Bigbank AS provides cross-border deposit services in Germany, the Netherlands and Austria.

The core business of OÜ Rüütli Majad and its subsidiaries OÜ Papiniidu Property and OÜ Pärnu mnt 153 Property is property management, and the subsidiaries OÜ Rüütli Property and Baltijas Izaugsmes Grupa AS are involved in agricultural land management. Balti Võlgade Sissenõudmise Keskus OÜ is not engaged in active operations.

Shareholders

At 31 December 2024, 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%

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.

Litigation

The Group was not involved in any significant litigation at 31 December 2024 and 31 December 2023.

Employees

The Group's business growth and remarkable development in recent years have been achieved through the efforts of a committed and professional team of over 500 employees.

Employee profile by country at 31 December 2024

Country	Number of employees	Number of male employees	Number of female employees	Share of male employees	Share of female employees	Average length of service	Average age
Estonia	334	148	186	44%	56%	59 months	37 years
Finland	21	13	8	62%	38%	73 months	43 years
Latvia	87	15	72	17%	83%	92 months	37 years
Lithuania	103	37	66	36%	64%	55 months	35 years
Sweden	5	1	4	20%	80%	72 months	38 years
Bulgaria	10	6	4	60%	40%	37 months	39 years
Total	**560**	**220**	**340**	**39%**	**61%**	**64 months**	**37 years**

At the reporting date, the Group had 560 employees compared with 494 at the end of 2023.

Human resource strategy focus areas:

- We recruit and develop excellent leaders.
- We apply LEAN and 4DX methodologies in performance management.
- We attract people who are right for us.

The main results of 2024 by focus areas were as follows:

Focus 1. We recruit and develop excellent leaders.

In 2024, the Group's HR team and management board continued to work on the managers' competence model and a related development programme.

Top-level management service

By considering your unique qualities and needs, your manager prepares your personal induction programme to make joining Bigbank **simple** and easy for you.

By facilitating cooperation, your manager helps you achieve your goals and be **result-oriented.**

By noticing your progress, your manager boosts your **courage** to take up new challenges and grow professionally.

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

We improve management quality with various initiatives at all levels of management.

- Our managers' management competences are assessed annually.
- In 2024, we invited several external mentors to support our top managers in their most challenging employee and leadership matters.
- Managers participate in external training events consistent with their development goals.
- We support the development of managers of all levels through an internal Leadership Programme, which consists of five two-day modules over a six-month period. The modules are based on the five competences of Bigbank's managers. The new programme has a stronger emphasis on leading change, people management and self-management.

- We have set up a Talent Programme to map critical roles and identify potential future leaders, and provide them with development programmes tailored to their individual strengths and weaknesses.
- The international community of Bigbank's managers discusses the most important issues related to management and the development of managers at monthly meetings. We have also created special communication channels to help managers share their experiences and give mutual support.
- We organise quarterly seminars for top management, where financial performance and matters related to customer and employee experience are reviewed. In improving management competences, the main focus is on the knowledge and skills required to manage change.

The employee satisfaction survey confirmed that the activities carried out during the year met their objectives, as there was a significant increase in satisfaction with the Group's management and overall team spirit compared to previous years. In addition, satisfaction has increased in one significant aspect – the way management decisions are justified and communicated. Improving leadership skills will also remain a priority in our action plans for 2025.

Focus 2. We apply LEAN and 4DX methodologies in performance management.

At Bigbank, LEAN and 4DX have been used for years, but we brought them back into focus to apply them even more effectively.

- We have redefined the required levels of LEAN based on employees' roles.
- The Group's management has identified focus areas that LEAN project teams are working on to further increase customer satisfaction and implement high-impact IT projects more effectively.
- Two groups of new managers completed 4DX focus management training. The new knowledge will help the new managers align with the methods already in use in the Group.
- Selected senior managers completed the 4DX coach training programme to support other managers in Bigbank with new coaching skills.

Focus 3. We attract people who are right for us.

Bigbank is an attractive employer and we apply value-based recruitment principles.

The qualities we expect from all our current employees have been outlined in our Human Resource Strategy. This enables us to design the recruitment process and identify the best candidates more effectively and efficiently.

Managers' role in the recruitment process has further increased.

Vacancies are filled by recruiting first from within the Group. We are proud that a lot of candidates come recommended by our employees and that we have a strong positive trend of Bigbank alumni coming back to us.

During the period, we reached out to prospective employees, introducing Bigbank's corporate culture and experience. We continued to share employee success and experience stories across all major social media channels to recognise our employees and illustrate our value proposition through real-life experiences. Our official web pages (such as Lifeatbigbank on Instagram) had visuals and stories about what makes us who we are today, and our staff shared their #bigbankwow experiences through photos and stories in different channels.

There is still a great emphasis on work-life balance. We offer flexibility in working conditions and a hybrid solution, whereby managers and their teams agree the rules for remote and office work.

To understand and regularly monitor employee experience, we collect quarterly employee feedback in all cities where Bigbank has an office and staff. We also carry out a comprehensive employee satisfaction survey every year. Our employees feel that their opinion counts, which is why the response rate remained above 90% for the second year in a row.

Caring

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

Rainer Punga
Group Head of Data Governance and Information Quality

Annika Vilbiks
Group Head of Quality Control

Employee engagement index

Bigbank has developed a comprehensive onboarding programme, the content of which is tailored to each employee, based on his or her responsibilities and background. In 2024, we continued to optimise the programme. Many training courses are based on a self-study or hybrid format, which provides more flexible and playful learning options. We made a considerable effort to provide mandatory training required by law through online learning programmes that employees could pass independently. In comparing our onboarding programme to that of their previous employers, new staff positively highlighted the employee-centric, well-planned and excellently executed nature of our approach. Our training programme for customer service staff was also redesigned and conducted in a new format.

Customers

Bigbank strives to provide an exceptional experience for every customer by ensuring that our products and services not only meet but surpass their expectations. To achieve this, we regularly collect feedback to understand customer needs and make continuous improvements. Our aim is to build trust and satisfaction so that customers will recommend us to their family, friends and acquaintances.

At Bigbank, we prioritise customer experience at every level, from management and business line specialists to the staff of business units. Each customer is important to us, which is why we carefully consider their feedback on both our services and the bank as a whole. The feedback we receive enables us to continually enhance both our processes and services.

Bigbank operates in the Baltics, Finland, Sweden, Bulgaria, Germany, Austria and the Netherlands, providing customers with seamless financial services that help improve their lives. Over the past eight years, we have consistently focused on improving customer experience. Positive feedback confirms that our speedy, convenient and friendly service has earned the trust of our customers and built loyalty. An increasing number of customers are sharing their positive experiences and recommending Bigbank to others.

Our success is driven by teamwork and a customer-focused approach. Every employee has an annual target aimed at improving customer experience. Such dedication enables us to deliver exceptional service that inspires customers to share their positive stories about Bigbank.

Customer experience management

We strive to meet our customers' expectations throughout their journey – from their initial interest in our products or services to the point when they cease to use them. Bigbank's business strategy is aimed at sustainable growth, and to achieve this, we focus on consistent improvement of customer experience. In 2024, we took a number of important steps towards achieving this goal:

- Customer interest in and demand for Bigbank's home loans were exceptionally high last year, causing processing times for loan applications to fall short of customer expectations. This resulted in an 8% drop in the Net Promoter Score for this customer touchpoint. To restore customer satisfaction and prevent the score from declining further, we enhanced our processes and work arrangements.

- Improving customer experience at different touchpoints delivered positive results. The Net Promoter Score for signing a contract and debt handling increased (+3% each). Professional and flexible service was highly rated, but the Net Promoter Score for the online banking and customer service channels remained unchanged.
- Certain customer experience touchpoints also experienced a decline in the Net Promoter Score compared to 2023, including communicating a negative loan decision (-17%), contract expiry (6%), and a year after signing a contract (-2%). Although we strove to better explain our loan decisions, this had little impact on improving the score for negative decisions. The decline was primarily due to stricter credit standards driven by the change in the economic environment and applicable regulatory requirements. We also expanded the range of customers from whom we gather feedback over the life of a contract to gain deeper insights into customer needs and expectations and how these evolve over time.
- We continued to analyse how many customers are referred to us by friends or acquaintances. In the Baltic countries, where Bigbank is already well-established, this figure increased significantly – by 9% – compared to 2023. The Group's overall figure improved by 4% in the same period, confirming the continued growth of our reputation and credibility.
- Analysing and sharing customer feedback remained a regular practice. The summaries presented to employees highlighted how we can improve customer experience and the added value we have delivered.
- The quality of our customer service remains one of our strengths, as both assessment results and customer feedback demonstrate that our communication is professional, friendly and supportive.
- We enhanced the functionality of our online banking channel to provide our customers with an even more convenient and seamless user experience. In 2024, we started to offer savings deposits to our customers in Latvia and Bulgaria, and enhanced the design and functionality of our online banking platform across all countries. Our Latvian and Lithuanian customers can now use the Bigbank credit card, and we have also launched current accounts for our Estonian customers, expanding both the range of services we offer and the opportunities for their use.
- Upgrading the technology for handling customer complaints led to a more efficient and reliable work process.
- To support the development of frontline managers, we organised international webinars covering topics such as differences in processes and tools across countries, team motivation, and day-to-day work challenges.
- We mapped the available training options and needs for all customer service staff, and harmonised mandatory training programmes across the bank.

At the same time, we continued enhancing quality and implementing cost-effective (LEAN) working methods to further increase the efficiency and value of our operations.

- We once again held a Group-wide Customer Service Superstar competition to recognise and thank colleagues who deliver exceptional service to our customers on a daily basis. In a tight competition, the winners in the retail customer service category were Marina Hlebnikova (Estonia), Lija Vizule (Latvia), Vilija Čiurylienė (Lithuania), Jasmin Karvinen (Finland), Judy Le (Sweden) and Markus Kusterle (Germany). In the corporate customer service category, the winners were Greta Sukytė (Lithuania), Gretel Piispea (Estonia) and Rinalda Kalniņa (Latvia). The overall winners of the 2024 competition were Markus Kusterle in the retail customer service category and Rinalda Kalniņa in the corporate customer service category.

Bigbank's consistent investment in improving customer experience and driving innovation reflects our commitment to delivering value for both customers and employees, while ensuring sustainable growth and professional service at every level.

Monitoring and measuring customer experience

It is crucial for us to continuously and systematically monitor customer feedback on our products and services to identify the strengths and areas for improvement and to ensure that we meet customer expectations. Analysing the feedback we receive provides a clear understanding of what drives customer satisfaction and loyalty, and what requires additional attention. Increasing customer satisfaction and loyalty is also important for our business partners.

Rinalda Kalniņa
Relationship Manager

Markus Kusterle
Customer Manager

We use the following methods to assess customer experience:

- **Regular feedback collection:** we gather customer feedback on various touch-points using the Net Promoter Score and the First Contact Resolution Index. In 2024, as in previous years, we received over 3,000 responses each month.
- **Measuring the effectiveness of customer communication:** we analyse call centre statistics and evaluate the individual communication quality of our employees.
- **Brand perception surveys:** we conduct annual surveys to assess Bigbank's general brand positioning and image across all markets where we operate, comparing the results with those of our competitors. This is done using a representative sample consisting of approximately 1,000 respondents in every country.
- **Feedback analysis:** we review customer feedback on their phone and e-mail interactions with us.

We use these methods to map the key touchpoints in the customer journey for various customer groups. The feedback obtained provides valuable insights that help us improve our customer service, products and pricing, enabling us to deliver an even better service and experience.

Customer complaints at Bigbank

Every customer is important to us and a source of valuable feedback. Therefore, we paid special attention to each customer complaint throughout the year, handling them carefully and systematically. Our aim is not only to solve problems but also to analyse their root causes to prevent their recurrence.

Customer complaints were submitted at all Bigbank branches and were primarily handled by frontline staff, whose responsibility is to ensure prompt and professional resolution. More complex complaints, whose resolution involves extensive technological developments or strategic decisions, are referred to the manager of the relevant area. The manager evaluates the scope of the complaint and decides a course of action, including the implementation of any necessary developments or process changes.

Our approach is based on the conviction that every complaint is also an opportunity for learning and improvement. By addressing customer concerns, we lay the foundation for an improved customer experience and stronger trust in Bigbank's services. Handling and analysing complaints helps us continuously enhance our services, work processes and technological solutions to deliver an even more seamless and higher-quality experience in the future.

Responsible customer service

Responsible customer service is the cornerstone of sustainable and trustworthy customer relationships. This includes several key principles that help ensure the service provided to each customer is transparent, professional, and meets the highest quality standards. Bigbank's responsible service is primarily demonstrated in six main areas:

- **Proactive communication with the customer.** Our goal is to ensure that every customer makes informed decisions. Therefore, before signing a product agreement, we provide clear and comprehensive information about its terms and conditions, associated obligations and potential risks. Transparent and open communication builds the foundation for trust and helps prevent misunderstandings in the future.
- **High-quality customer service.** We ensure that our customer service complies with the established quality model and service standard. Regular assessment of customer service quality allows us to identify areas for further improvement. To maintain and enhance the professionalism of our staff, we provide regular training, refresher courses and opportunities supporting personal development.
- **In-depth review and analysis of customer experience.** Customer feedback is the foundation of our development activities. Systematic collection and analysis of feedback helps us anticipate potential issues and improve both products and services. We strive to deliver solutions that meet or even exceed customer expectations.
- **Continuous monitoring of complaints and problems.** Complaints offer valuable insights into how we can improve our services. We handle complaints using specific procedures to find prompt and effective solutions. Where necessary, we implement changes to our products, services and work processes to avoid similar issues in the future.
- **Delivering on promises and communicating effectively.** Responding promptly to customer enquiries and needs and keeping our promises is important to us. Accurate and timely communication is the cornerstone of trust in customer relationships, ensuring that customers feel that their needs and expectations really matter.
- **Responsible lending.** We are committed to promoting responsible financial behaviour. When offering loans to customers, we provide them with comprehensive information to help them make informed financial decisions. We also strive to prevent potential payment difficulties by working with the customer and offering flexible and sustainable solutions.

Customer feedback on customer experience

An integral part of Bigbank's strategy is delivering an exceptional customer experience and increasing customer loyalty. In 2024, we continued to refine our customer-centric approach, focusing on making sure that each customer's experience with us is positive, seamless and value-driven.

We strive to listen to our customers and understand their needs by regularly collecting feedback on our products, services and customer support. Feedback provides valuable insights into our strengths and highlights areas where there is room for improvement.

In 2024, customers continued to praise several aspects that define our approach and reinforce their trust in us. The most frequently mentioned keywords in customer feedback were: professional, friendly, fast, convenient, and favourable contract terms and conditions. We see these qualities as the foundation of our customer service, guiding our daily efforts to exceed customer expectations.

For us, professionalism means not only a high level of competence and accountability but also a willingness to help the customer in any situation. A friendly attitude builds trust and facilitates open communication, further enhancing the customer experience. Speed and convenience are the key factors in making our services more accessible and user-friendly and enabling customers to resolve their financial matters quickly and efficiently. At the same time, well-designed and flexible contract terms and conditions ensure that the solutions we offer meet the individual needs of each customer.

Customer focus is more than just a strategic objective for us – it is a value we live by. We firmly believe that to achieve long-term, sustainable growth we must provide services that create real value and are perceived by customers as reliable and professional. Our activities in 2024 are another step towards achieving this.

We evaluate customer experience using the Net Promoter Score, which measures customer loyalty and satisfaction with our company. In 2024, the overall score declined by 2% compared to the average result for 2023. Nevertheless, we achieved significant growth in several countries, which confirms that our efforts to improve customer experience are yielding positive results.

Across countries, the largest increase in the Net Promoter Score in 2024 was observed in Latvia, where it rose by 11%, while Finland (+8%) and Germany (+5%) also showed strong growth. These results reflect the effectiveness of our dedicated approach to customer service.

Customer loyalty is highest immediately after signing a contract, confirming that our initial interaction with the customer builds a solid foundation for a trusted and positive relationship. In light of these results, we will continue efforts to increase customer loyalty throughout the entire customer journey and to deliver a consistently high-quality customer experience.

Bigbank's vision is to be the most recommended digital financial services provider in the countries where we operate. The customer feedback collected in 2024 clearly shows that we have made good progress towards this goal. Our sincere thanks go to all Bigbank employees, whose dedication and professionalism make this possible, and to our customers, whose trust and feedback are invaluable.

Bigbank as a responsible employer

One of Bigbank's most important strategic objectives is to have a good reputation both as a company and an employer and to develop it both internally and externally.

Respecting human rights is very important to Bigbank, and our efforts in this area are supported by our values, Code of Conduct and whistleblowing hotline.

- Values: one of our values is caring – we listen, understand and support each other.
- Whistleblowing hotline: it is part of Bigbank's administrative culture and designed to support Bigbank's commitment to values and agreed rules of conduct, and to promote openness and respect for employees.
- Code of Conduct: in addition to the above, the Code of Conduct covers the company's social responsibility, the role of Bigbank as a responsible company that observes laws and regulations in all countries where it operates, and the obligation of employees to treat all colleagues and customers equally and not to discriminate against anyone on the grounds of nationality, sex, race, colour, appearance, religion or belief, disability, age or sexual orientation.

Introducing and discussing the values, whistleblowing hotline, and Code of Conduct is the responsibility of the Human Resources department and each manager and a mandatory part of the induction programme for all new employees.

Besides the Code of Conduct, the rights of employees are regulated by their employment contracts as well as our internal rules for work, remuneration policy and remuneration principles.

- Internal rules for work contain information about overtime, absences, holidays, travel, health and wellbeing, safety of the work environment and other topics related to employee rights.
- Remuneration policy provides a framework for fair and transparent remuneration within the Group. The remuneration policy includes control measures aimed at ensuring that the principle of gender neutrality is respected and that male and female employees are remunerated based on criteria related to the capabilities, competence, qualifications, experience and knowledge of the employee or material risk taker.
- Remuneration principles set clear guidelines for fair and transparent remuneration. Among other things, the remuneration principles define benefits provided by the bank that all employees are entitled to.

We are convinced that gender equality is not only a fundamental human right, but also a necessary foundation for a peaceful, prosperous and sustainable world. We assess the suitability of a candidate for a new job based on the criteria set out in our internal regulations, which include the candidate's education, skills and previous work experience.

To improve our employees' work-life balance, we offer, where necessary, flexible options to work at the home office and/or attend meetings via videoconferencing.

We have updated our rules of procedure to reflect the new arrangements, with a view to increasing clarity and avoiding uncertainty for our employees.

The UN 2030 Agenda requires ensuring occupational safety for all employees. In 2024, we once again paid more attention to raising our employees' health awareness. With the help of Peaasi.ee, we carried out a mental health test in the organisation, providing the participants with immediate feedback on the state of their mental health and advice on how to move forward. The company received an anonymous summary of the current mental health of the entire staff, along with guidance on how to improve it. We also extended free psychological counselling, already available in Estonia, to our employees in Finland, Latvia and Lithuania.

At Bigbank, establishment of group-level regulations related to services offered to employees as well as relevant supervision and reporting is the responsibility of the head of support services.

At the end of 2024, Bigbank had 560 employees: 334 in Estonia, 103 in Lithuania, 87 in Latvia, 21 in Finland, 5 in Sweden and 10 in Bulgaria. The annual average number of full-time employees was 521.

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 relevant 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 the prevention of money laundering and terrorist financing, and the implementation of all relevant requirements with a view to lowering the probability of the Estonian financial sector being used for criminal purposes, reducing systemic risks and increasing the stability, reliability and transparency of the financial sector.

Economic activities

Bigbank is an international credit institution based on Estonian capital, whose mission is to continuously improve people's lives by providing them with seamless financial services. We strive to do this with a modern, automated and competitive product portfolio that has grown year by year and will continue to expand 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 third year of the current five-year strategy period (2022–2026) brought strong growth for the Group. Loans to customers grew by 535 million euros and customer deposits by 456 million euros. Mainly due to the change in the interest rate environment, net profit was lower than in 2023, but the 32.3 million euros generated in 2024 was a good result for Bigbank. Return on equity was 12.5%.

As regards new products, Bigbank launched credit cards in Latvia and Lithuania, term deposits in Lithuania and savings deposits in Latvia and Bulgaria. At the end of 2024, Bigbank offered credit cards in all Baltic countries and savings products in all its markets. As a result of the geographical expansion of deposit products, the share of cross-border deposits from Germany, the Netherlands and Austria decreased.

The issuance of Bigbank bonds to finance the growth of the loan portfolio continued successfully. Despite the reduction in coupon rates, the Bigbank bonds were oversubscribed in all four issues. In total, the Group issued bonds of 20.4 million euros during the year. The continued high level of public interest in the Bigbank bonds is a tribute to the Group's performance to date and will continue to drive the Group's strong financial performance to meet investor expectations.

2024 was an important year as the Group entered the everyday banking business. In December, current accounts and payment services for individuals were launched in Estonia. This is the first result of a long preparatory process. The plan is to start offering current accounts and related services to corporate customers as well, and to expand the offering both functionally and geographically.

The growth of the loan and deposit portfolio, the expansion of the product range and the entry into everyday banking has been made possible mainly by Bigbank's strong and growing team. A strong team and staff development are key to achieving Bigbank's goals and we will continue to invest in this.

According to the Group's dividend policy, the payment of dividends is subject to compliance with all regulatory requirements. Each calendar year, the Group may pay a dividend of 25% of the audited net profit, up to a maximum of 8 million euros. The Group paid a dividend of 8 million euros for 2023 and plans to pay a dividend of 8 million euros for 2024.

Environmental activities

We make a continuous effort to mitigate the environmental impacts of our activities. One of the guiding principles of the new strategy period is that for Bigbank the goal of carbon neutrality is not a restriction but an opportunity. This means that in the next five years the Group will take steps towards carbon neutrality and will continue to promote sustainability through its operations and product portfolio.

In addition to the initiatives of the Green Tiger Project, our green mindset is reflected in the following:

- We offer fruit in our office kitchens in quantities that are carefully calculated in order to avoid waste. If any fruit is left over by Friday evening, we suggest employees take it home.
- We provide staff with reusable food boxes to prevent the generation of plastic waste from single use boxes purchased from food stores.
- We raise our people's awareness of the need to dispose of batteries responsibly. We offer the opportunity to bring used batteries to the office where we will take care of the disposal.
- We are working to ensure that our new office in Tallinn is more environmentally friendly.
- All our offices have dishwashers to prevent excessive water consumption.
- We sort waste at all our offices.
- We encourage our people to use public transport and bicycles. Our offices in Estonia have a secure room where staff can leave their bicycles during the workday.
- We use our hardware as long as possible and keep its energy costs under control. For example, we have installed a program on our desktop computers, which significantly reduces their electricity consumption at night-time and weekends

when no one is using them. Computers that become old for the company's purposes are offered to employees or disposed of with the assistance of partners that give old computers a new life.

- Our teams participate in the clean-up activities of the Let's Do It project.

In our daily business, we are guided by the goal of minimising our carbon footprint. As a digital bank, we use increasingly less paper. It is important for us to issue paperless loans, which is why we use electronic channels up to the signature of the contract. We use video identification in Estonia and Bulgaria and our administrators have video meetings with both retail and corporate customers.

We provide loans for the purchase of solar panels at more favourable interest rates to promote wider implementation of solar energy.

We continue to optimise our processes, primarily through three methods:

- agile development, which means short development cycles and constant improvement;
- LEAN operations management, which is aimed at minimising waste, standardising processes and offering highest value to the customer;
- 4 disciplines of execution, which helps maintain focus throughout the organisation.

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. The Group is also a member of the Estonian Association of Information Technology and Telecommunications, the Estonian Leasing Association and the Estonian Taxpayers' Association.

Bigbank is a member of the payment system SWIFT (the Society for Worldwide Interbank Financial Telecommunication) and the Eurosystem's cross-border settlement system in T2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system). Bigbank is an indirect member of the SEPA (Single Euro Payments Area) Credit Transfer scheme and a direct member of the SEPA Instant Credit Transfer scheme.

Sponsorship and charitable activities

We understand and recognise the role of a bank in the community and seek to fulfil it to the best of our ability. We value healthy lifestyles, culture, education and the sustainability of the community. Accordingly, we have been supporting various charity and sponsorship projects for many years. Bigbank's most significant and outstanding support activities in 2024 were as follows.

Supporting volleyball. Bigbank has been the name sponsor of the Estonian men's volleyball team, Bigbank Tartu since 2012 and the name sponsor of the Estonian women's team Tartu Ülikool/Bigbank since 2018. In 2024, Bigbank AS and the SK Duo volleyball club extended their cooperation for the next three years, signing a record sponsorship deal in the Estonian sports history worth up to 762,500 euros. This support aims to provide the teams with the financial security they need to focus on achieving their full potential without the stress of securing funding. With the new contract, Bigbank has also started to support the youth volleyball team.

The purpose of our long-standing collaboration is to support the development of volleyball and Estonian sport. We are proud that Estonian volleyball has developed rapidly over the years.

The Bigbank Tartu team is 5-time Estonian champion, 5-time Baltic champion and has won other important domestic and international volleyball tournaments. The Tartu Ülikool/Bigbank team has managed to secure the Victory Cup twice in the Estonian championships and once in the Baltic championships.

Bigbank's Large Family Day. Since 2005, Bigbank has partnered with the Estonian Association of Large Families to offer families with four or more children the opportunity to enjoy a special day full of fun activities. In addition, every year we honour an active large family that has made a positive impact on the community with the title of Large Family of the Year and a prize of 10,000 euros.

In 2024, the winner of the Large Family of the Year award was the Saviir family from Tartu county, which has seven boys. The winner was announced at the Large Family Day at Tallinn Zoo, which was attended by more than 1,400 people from all over Estonia.

"This year's Family of the Year is close-knit and active, with enough energy to benefit their entire community. The father of the family wants Nõo to become the best place for young families. If every community had someone with such a motto, Estonia would be an incredibly wonderful place for all families," said Jonna Pechter, country manager of Bigbank Estonia. As a member of the jury, she believes that the winning family will use the prize money wisely, both for family activities and to support their children's hobbies, education, and skills development.

Every contribution counts. In 2023, an events committee was set up at Bigbank's Lithuanian branch, which not only organises events for employees, but also shares and implements ideas on how Bigbank can contribute to social and charitable activities. The events committee organised a donation to the Lesė animal shelter. For several weeks, there was a box in the office where all employees could donate items according to the list provided. In September volunteers had the opportunity to visit the shelter to deliver the collected support and to help by walking puppies or volunteering in the cat rooms.

During a meeting of the events committee in 2024, an idea was proposed to help children from underprivileged, socially supported families or foster homes before the start of the school year. The idea was very well received and the initiative was successfully implemented. We contacted representatives of the SOS Children's Villages Charity Foundation and offered our help — to support the children under their care who were starting school in 2024 by providing them with the necessary school supplies and ergonomic school backpacks. Throughout August, the backpacks and first grade kits reached children across Lithuania, ensuring a smoother start to the school year for 20 children.

On 13 November, the world celebrates Kindness Day. To mark the occasion, the Lithuanian team invited employees to take part in a voluntary blood donation initiative at the National Blood Centre. This meaningful initiative highlights the importance of helping others, as donated blood can save lives and bring hope to those in need.

Creating opportunities for underprivileged children. In 2024, Bigbank's Lithuanian branch donated 1,500 euros to the Help Street Children foundation. The foundation supports the children from single-parent, large and vulnerable families, children in foster care, and refugee children from Ukraine. The children are invited to participate in football activities, competitions and camps under the supervision of specially trained coaches. The aim of the programme is to encourage children to spend active quality time with their parents or guardians, play sports with friends, learn to do teamwork, develop their social skills, and build and maintain quality social relationships in the community.

Christmas gifts that add value. Instead of sending traditional Christmas gifts to business partners, the Estonian branch decided to give back to the community and do something that would have a bigger effect than a fleeting emotion. The team decided to donate 5,000 euros to the Estonian Association of Large Families to help provide Christmas dinners for over 50 families across Estonia.

The same was done by the Finnish branch, which made a donation to Hope, a charity that helps Finnish families in need. The Lithuanian branch's marketing team together with the HR team also sponsored Pirmas Blynas, an organisation that aims to increase the independence of people with disabilities, enabling them to live in the community.

To make the Christmas season even more meaningful, Bigbank's Lithuanian team was invited to participate in a project of the Mamų unija foundation. Mamų unija supports children with oncological diseases and their families in Lithuania by providing emotional, financial, and logistical assistance during treatment. It also organises initiatives to improve hospital conditions and carries out various meaningful projects. This holiday season, children undergoing treatment in the onco-haematology wards of Santara and Kaunas Clinics found small gifts each morning in an Advent stocking hung on the door of their hospital room. The purpose of the gifts was to bring joy to children forced to spend the festive period in hospital and to remind them of the magic and hope of Christmas. Such projects are inspiring and we are proud to know that our employees contributed to this initiative by collecting gifts for the children.

Volunteering for Salvation Army fundraiser. The Christmas Cauldron is an annual fundraiser organised by the Salvation Army in Finland to help families in need. Cauldron-shaped containers placed on the streets have been a symbol of help throughout the Salvation Army's over 130-year history and have become an important part of the Finnish Christmas tradition. Donations are collected all over Finland. In addition to money, people can donate clothes and toys. The staff of our Finnish branch contributed to the fundraiser by helping collect donations before Christmas.

Simplicity

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

Johannes Voll
Junior Relationship Manager

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

Consolidated sustainability statement

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

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Introduction

CEO's foreword to the consolidated sustainability statement

In Bigbank, we treat sustainability as a part of our daily operations and management, rather than a separate initiative. We aim to create long-term value for our clients and investors, as well as for the society and the environment at large.

We are convinced that successful business and responsible economic growth must go hand in hand. Therefore, we have formulated sustainability principles that help us define what it really means for us and set objectives and commitments to measure our progress.

We believe that each and every one of us can contribute to creating positive change. We observe the principles of responsible lending, contribute to the advancement of financial education, and support initiatives that are important to society through sponsorship and charity.

Sustainability is a continuous process of development in which we set goals for ourselves and actively seek opportunities to increase our positive impact. We believe that transparent and responsible actions contribute to the development of a stronger and more sustainable financial sector, benefiting both our clients and partners, as well as the society as a whole.

Martin Länts
Chairman of the Management Board

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). The sustainability statement has been prepared on a consolidated basis and covers the parent company Bigbank AS and its subsidiaries. The scope of consolidation is the same as for the financial statements and is explained in the chapter "About Bigbank Group" of the management report. Bigbank has not used any exemptions in preparing the consolidated sustainability statement.

Bigbank's consolidated sustainability statement and the materiality assessment of impacts, risks and opportunities cover not only its own operations but extend also to its upstream and downstream value chain. The key policies related to own operations and 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, 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 the sustainability matters in its remuneration policy (GOV-3 information requirement 29. (c)) and the employee turnover rate target (S1-5) in accordance with section 7.7 of ESRS 1, as this constitutes sensitive information.

According to the Accounting Act of the Republic of Estonia, information about the expected development of the group or about matters under negotiation may be omitted from the sustainability statement if such omission does not prevent obtaining a fair and balanced view of the development, performance, position and impact of the activities of the group and if, 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, i.e. up to 2024; medium-term 2–5 years, i.e. 2025–2029; and long-term more than 5 years, i.e. 2030 and beyond.

Sources of estimation and outcome uncertainty

This consolidated sustainability statement does not include value chain data estimated using indirect sources or quantitative metrics for which a high level of measurement uncertainty would have been identified.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

The sustainability statement of the Bigbank Group also adheres to the disclosure requirements set forth in Article 8 of the Taxonomy Regulation (EU) 2020/852 and the relevant delegated acts.

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 have 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 average number of employees in the Bigbank Group during the financial year does not exceed 750, Appendix C of ESRS 1 allows them to omit the information required by ESRS E4, ESRS S1, ESRS S2, ESRS S3 and ESRS S4. The Group has elected to apply this transitional provision for ESRS S3 and ESRS S4, which are associated with material impacts, risks and/or opportunities for the Group. The sustainability topics covered by ESRS S1 were assessed to be material, and the Group has decided to disclose the information required under this standard in full. The sustainability matters related to these and other standards can be found in section SBM-3.

According to paragraph 17 of ESRS 2, the Group must also briefly present information regarding the targets, policies and actions related to significant sustainability topics associated with ESRS S3 and 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 under the relevant sections of the respective standards.

Governance

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

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

The management bodies of the Bigbank Group are the management board and the supervisory board, with the management board serving as the management body that represents and manages the bank. The supervisory body is the supervisory board. Members of the supervisory board are Sven Raba, Alari Aho, Jaan Liitmäe, Andres Koern, Juhani Jaeger and Vahur Voll. The management and the supervisory boards have established sub-committees within the limits set by law, delegating some of their responsibilities (including the audit committee, which also functions as the risk committee), but they are not treated as management or supervisory bodies in the bank's management principles.

Neither the supervisory board nor the management board include representatives of employees or non executive board members. The management board of Bigbank AS consists of five members, while the supervisory board has six members, with both boards having only male board members.

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 bank has established a procedure for assessing the suitability of members of the management 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 management bodies or to other relevant positions. All members of the bank'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 diversifies the bank's supervisory board by adding technical expertise in data analysis and interpretation, focusing on enhancing analytical tools to support strategic decisions and promote the integration of technology for greater efficiency and scalability.

The bank has a separate budget for ESG consultations and a common training budget, which can be utilized to cover any general training needs.

When selecting managers and employees, the Bigbank Group is always guided by the best interests of the Group. In selecting the members of the management bodies, Bigbank observes the requirements and the selection procedure for the members of management bodies set out in the Credit Institutions Act of the Republic of Estonia. When assessing the suitability of the members of the management bodies, the Group relies on relevant internal rules, taking into account 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 circumstances are also considered when assessing suitability. The Group also observes the principle of avoiding gender-based or other discrimination of candidates. In 2024, Bigbank established a diversity policy for its management bodies with the aim of ensuring that members of the management bodies are selected and appointed with a particular emphasis on maintaining and enhancing diversity, which promotes better decision-making, continuous growth and the achievement of the bank's strategic objectives. Bigbank acknowledges that diversity, including age, gender, geographical origin, and educational and professional background, is an important factor to consider.

Independence is defined in paragraph 9.5 of the Procedure for Assessment of Suitability of Members of the Management Body and Key Function Holders. According to the aforementioned procedure, there are 2 independent members on the supervisory board as at the preparation of the consolidated sustainability statement: Jaan Liitmäe and Alari Aho, meaning that 33% of the supervisory board members are independent. Bigbank believes that these connections do not involve a significant risk of a conflict of interest that could lead to the adoption of decisions detrimental to the Group, and that the independence of the supervisory board is assured.

Roles and responsibilities of administrative, management and supervisory bodies

Based on the management board's proposal, the bank's supervisory board has approved a sustainability policy. The management board directs and monitors Bigbank's daily operations to ensure compliance with the policy. The management board has appointed one of its members to be responsible for sustainable banking operations. The member responsible for sustainable banking reports to the management board, manages the daily activities related to sustainable banking and leads the sustainability working group composed of employees of the Bigbank Group. The sustainability working group has at least 5 permanent members.

The mission of the supervisory board is to ensure the implementation of the sustainability policy by the supervisory board and the management board, as well as to review and establish the relevant policy.

According to the Group Governance Policy, the bank's operations are managed by the bank's management board in accordance with the strategies and principles approved by the supervisory board. The bank's management board is responsible for financial reporting, managing internal processes, organizing internal control and overseeing 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 participated in the development of the Bigbank Sustainability Policy. Roles in the governance processes, controls and procedures used to monitor, manage and oversee the impacts, risks and opportunities are delegated to specific positions in accordance with the internal regulations governing management. 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 the bank's greenhouse gas (GHG) emissions, the risk of green-washing accusations, financing renewable energy and energy efficiency projects, and the potential growth of business volumes due to increased market demand for renewable energy and energy efficiency projects. 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. All employee, consumer and end-user issues related to privacy impacts and risks are the responsibility of the Data Protection Officer, while 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.

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

The bank's management board is responsible for sustainability and reporting and makes the final decisions. Relevant sustainability trainings are organized for the management board as needed, and the management and supervisory boards have always the option to involve external experts where necessary. The member of the management board responsible for sustainable banking has the necessary know-how and has participated in different sustainability trainings. The management board participates in the Group's quarterly meetings, which also cover ESG-related topics.

In accordance with the Group 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 all 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 bank are integrated, the management of material impacts, risks and opportunities is inspected in the course of various special internal audits.

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

The bank has established a regular quarterly reporting cycle to the supervisory board, management board and 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, management board and 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 takes into account the results of stress testing, subsequent activities are planned based on employee satisfaction survey results, and the internal audit unit presents their audit findings to the management board, audit committee and supervisory board.

The bank's management and supervisory boards addressed all significant sustainability issues related to its workforce, affected communities, consumers, end-users and business conduct in 2024. Material climate change related sustainability issues that have been discussed at the management board level include, for example, the risk of greenwashing accusations and the financing of renewable energy and energy efficiency projects. In addition, the management board also participated in the double materiality assessment process for identifying, evaluating and validating material impacts, risks and opportunities. Going into more detail, the management board discusses secure employment and social dialogue issues related to its workforce based on regular reports; privacy issues regarding consumers and end-users are discussed based on semi annual reports, and access to products and services on an ongoing basis within the framework of different development projects; cybersecurity, risk management (anti-money laundering activities) and compliance risks concerning business conduct are discussed based on regular reports.

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

The remuneration policy of the Bigbank Group is established by the supervisory board, and it aims to ensure a fair and transparent remuneration system that is in compliance with prudent and efficient risk management principles and supports the Group's long-term goal of being recognized as the best financial service provider that 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 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 performance fees are based on the employees' performance and professional development during the year. Consequently, the remuneration principles also contribute to overall sustainability. The bank does not use incentive schemes or performance fees linked to sustainability matters when it comes to members of its management and supervisory boards. All performance fees 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 pay. The remuneration principles also include guidelines for establishing the principles for performance fees 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, as 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 ja 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

Core elements of due diligence	Paragraphs in the sustainability statement
e) Tracking the effectiveness of these efforts	EESRS E1-4 ESRS E1 Additional metrics ESRS S1-5 ESRS S1-13 ESRS S1-14 ESRS S1-15 ESRS S1-16 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 the relevant impacts and risks materialize 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 bank's existing risk policies and controls (including risk identification, assessment, management and reporting). The bank'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 the bank's business areas, i.e. all business and support units, which 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 the bank's risk management and compliance functions, which conduct oversight to ensure the 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 decisions made by business lines and internal 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 the 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, supervisory board and audit committee.

The materiality of risks is assessed based on the risk scale and matrix established by the Operational Risk Procedure, which takes into account 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.

Similarly to financial reporting, the sustainability reporting process is also exposed to the risk of incompleteness and inaccuracies in reporting, which may arise from data quality issues, human errors, 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 the bank's 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. 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 also used in the sustainability reporting process to manage data, conduct analyses and document the process. The aforementioned reporting process and IT systems help mitigate the bank's operational risks related to sustainability reporting.

Climate risk stress testing is carried out as a separate component of risk management, and starting from 2025, all corporate customers with significant business volumes will be given an ESG rating to reflect their sustainability profile.

As described above, all risk assessment and internal control findings related to sustainability reporting are integrated into the business areas, risk management and compliance processes, and are taken into account in the bank's management decisions.

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

Recommendations regarding the form, structure and disclosure requirements of the consolidated sustainability statement have been received from an external advisor, internal audit and the sustainability auditor before preparing a limited assurance report on the sustainability statement.

Strategy

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

Bigbank has 4 key groups of services: home loans, corporate loans, consumer loans and deposits.

The Group's countries of operation are Estonia, Latvia, Lithuania, Finland, Sweden and Bulgaria. In addition, Bigbank also offers cross-border services in the Netherlands, Germany and Austria. Bigbank's supervisory board has approved the bank's strategy for 2022–2026, which focuses on increasing business volumes and entering the everyday banking market. The key stakeholders addressed throughout the bank's strategy are customers and employees. The bank's mission is to enable people to improve their lives through seamless financial services. Bigbank is a customer-focused bank who creates value through its dedicated employees. That is why the bank will continue to develop its team on a daily basis. Bigbank is proud to declare that 90% of the bank's customers were satisfied with their service and 80% of customers believed their offerings were good in 2024.

In 2024, the bank grew its loan portfolios and expanded deposit product offerings. The bank began offering term deposits for retail customers in Lithuania and savings deposits for both retail and corporate customers in Latvia and for retail customers in Bulgaria. By the end of the year, the bank offered deposit services to both retail and corporate customers across the Baltics, and to retail customers in all countries where they operate. At the end of 2024, the bank also started offering current accounts to individuals in Estonia.

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Start of operations	1992	1996	2007	2009	2012	2021	
Loan portfolio, EUR million*	928.1	344.8	782.7	129.4	20.5	3.7	**2,199.2**
Number of loan contracts, in thousands*	35.8	35.9	43.8	18.5	4.0	0.8	**138.8**
Deposit portfolio, EUR million*	2,033.7**	43.8	61.0	187.0	40.4	27.4	**2,393.3**
Number of deposit contracts, in thousands*	5.4**	1.6	4.8	6.5	1.2	1.4	**20.9**
Number of employees*	334	87	103	21	5	10	**560**

* As at 31 December 2024

** Including cross-border deposits

Bigbank focuses on the following UN Sustainable Development Goals (SDGs) in its business activities:

- Goal 7 – ensure access to affordable, reliable, sustainable and modern energy
- Goal 8 – promote inclusive and sustainable economic growth, employment and decent work for all
- Goal 12 – ensure sustainable consumption and production patterns

Bigbank set the following sustainability-related goals for 2024:

1. Develop a "green" lease product for corporate customers in Estonia, Latvia and Lithuania, and make preparations for its launch in 2025
2. Improve access to financial services for small businesses by providing financial support and services to micro-, small and medium-sized enterprises
3. Promote youth engagement by providing opportunities for internships and job shadowing
4. Enable hybrid work by promoting remote work and flexible working hours to support work-life balance and employees with special needs, while minimizing the environmental impact of commuting
5. Support work-life balance by offering mental health programs and opportunities to reduce work related stress and promote overall well-being
6. Launch or participate in financial literacy programs
7. Reduce the environmental impact of offices by conducting a self-assessment based on the green office principles questionnaire in all offices and making preparations for the environmental impact assessment of offices in 2025

All sustainability-related goals set for 2024 have been achieved. In 2024, the number of corporate customers in Estonia, Latvia and Lithuania increased by 29.8%, and as at 31 December 2024, the bank's clientele included 1,647 micro-, small and medium-sized enterprises. The corporate loan portfolio grew by 32.2% over the year, amounting to 764.1 million euros as at 31 December 2024. Bigbank is planning to launch a green lease product for corporate customers in Estonia, Latvia and Lithuania in the first quarter of 2025. The bank conducted a self-assessment of its offices based on the green office principles in all locations, began collecting the data necessary for the environmental impact assessment of its offices and approved Workplace Sustainability Principles. Bigbank offers young people opportunities for job shadowing and internships. Hybrid work is available to all employees, as are mental health programs and the opportunity to access external counselling for restoring and preserving their mental health. The bank's employees participated in financial literacy programs, sharing financial knowledge.

Sustainability matters are ingrained in the bank's core processes (lending, legal service, accounting and financial management, clearing and payment processing) as well as secondary processes (risk management, product and IT management, internal communication, compliance, human resource management, control and oversight functions). The strategy of Bigbank sees climate neutrality as an opportunity and its sustainability policy shows their commitment to more than just profit generation through their primary sustainability-related goal – to provide financial services that support sustainable development, promote responsible financial opportunities and contribute to improving customers' quality of life.

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

The Group's principal activity is banking. As a financial institution, the most important component of our business model is the loan portfolio, as we finance and impact the economy, environment and the society at large through our customers. Therefore, the loan portfolio is the key to our downstream value chain. With 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 agriculture, construction, and accommodation and food service sectors. Over half of the loans issued in these sectors are aimed at financing assets, such as the acquisition of vehicles, equipment or buildings. A significant impact also comes from our own operations, such as being an employer. Employee satisfaction with the working environment, quality of management, remuneration and other benefits determines their loyalty and motivation to create value for the bank. The quality and terms of the services offered shape customer satisfaction, business volumes and ultimately sustainability. When stakeholders are satisfied, the bank is growing and sustainable. The Group's upstream value chain includes service providers. To offer financial services, we require the help of various suppliers for services such as customer identification and server management, but also marketing, which makes it possible for the bank to grow its business volumes, influence public opinion as well as the views of our customers, and even impact the society at large. We operate in accordance with the regulatory requirements of 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 Bigbank offers deposits. The primary reasons for this interest were the overall rise in interest rates and the fact that Bigbank offers competitive deposit interest 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 throughout Bigbank's strategy are customers and employees. During the double materiality assessment process, stakeholders were mapped more broadly across the entire value chain, considering the Group's activities, business relationships and different areas of operation. Identified stakeholders were categorized as (1) affected stakeholders or (2) users of the sustainability statement, or both. The purpose of stakeholder engagement was to identify their main interests and expectations, as well as to identify and assess the actual and potential impacts of the Bigbank Group 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 surveys of customers and employees, daily communication, brand studies, investor relations, procurement procedures and more. Additional engagement activities took place also during the double materiality assessment process: questionnaires focused on sustainability topics were sent out to customers and employees, and interviews with the bank's shareholders conducted. The overview of stakeholders is presented in Table 1.

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
Shareholders (owners)	Both	Monthly meetings, ongoing communication, ESG interviews	Profitability (including increasing renewable energy loan volumes), bank's resilience and sustainability, compliance with industry regulations, accountability to employees	Identifying and assessing IROs
Investors	Affected	Ongoing communication, public reports	Bank'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 leaders	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

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
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, FinanceEstonia, the Estonian Chamber of Commerce and Industry, the Estonian Leasing Association and the Estonian Taxpayers Association	Compliance with sector regulations and implementation of good market practices	Identifying IROs
Society (local communities, media, non-profit association, etc.)	Both	Sponsorship, public events, press and media relations, membership in SA Rohetiiger	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

The expectations of different stakeholders reach the management and supervisory boards of the Bigbank Group through feedback surveys and studies, as well as periodic reports.

The Bigbank Group takes into account the interests and views of its stakeholders. In 2024, however, the interests and views of stakeholders were aligned with Bigbank's strategy and business model, which is why no changes were made to the strategy and/or business model nor any further steps planned in this regard.

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

Table 2 provides an overview of the material impacts, risks and opportunities (IROs) resulting from the materiality assessment of the Bigbank Group. A total of 29 material IROs were identified in the areas of climate change (E1), own workforce (S1), affected communities (S3), consumers and end-users (S4) and business conduct (G1). An additional 4 entity-specific impacts and risks were identified under the topic of business conduct.

Material impacts, risks and opportunities are primarily connected to the bank's own operations, but some are also related to the value chain. For example, the IROs related to climate change are connected to the bank's daily operations and disclosures (e.g., the risk of greenwashing accusations), but they also arise from the loan portfolio and the activities financed through it, which impact the bank's upstream and downstream value chain. Bigbank is directly connected to all impacts that affect its own workforce, community (through sponsorship), customers and governance.

The material risks and opportunities of the Bigbank Group have a certain degree of financial impact on the Group's financial position, financial results and cash flows. It is not anticipated, however, that there will be material risks and opportunities of such nature or extent for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 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 may have an environmental impact. This is linked to the bank's strategy through the share of sustainable loans and the financing of loans that carry environmental risks. Impacts related to the workforce (S1) are critical, as qualified personnel are a central part of the business model in the banking sector. Therefore, Bigbank focuses on supporting the well-being and development of their employees, promoting diversity and inclusion, and creating a competitive and motivating working environment. Risks and opportunities related to business conduct (G1) are strategically important, as the reputation and reliability of banking depend on transparency and responsibility; the risk of greenwashing accusations directly affects the bank's reputation and customer trust. Accurate and transparent disclosure of ESG data is therefore strategically important.

However, in 2024, the Bigbank Group did not conduct a separate analysis of the resilience of its strategy and business model concerning the Group's ability to address material impacts and risks and to leverage its material opportunities. In the future, there are plans to conduct an assessment of the resilience of the business model to ensure Bigbank's 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				
Negative potential impact	Climate change mitigation	**Financed emissions:** Financing carbon-intensive activities and projects can exacerbate climate change (increased GHG emissions)	Short-, medium- and long-term	Downstream value chain (loan portfolio)
Negative actual impact	Climate change mitigation	**Greenhouse gas emissions from the Group's own operations (scope 1, 2 and 3, excluding financed emissions):** Direct emissions (e.g., the use of fossil fuels in the bank'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	Medium- and long-term	Own operations
Risk	Climate change adaptation	**Risk of greenwashing accusations:** European banks face an increasing risk of greenwashing, which refers to misleading claims about environmental friendliness that can negatively impact the bank's financial position and results	Long-term	Own operations
Positive potential impact	Energy	**Financing renewable energy and energy efficiency projects:** By financing projects related to climate change adaptation and mitigation, such as renewable energy production and improving energy efficiency, the bank helps accelerate the transition to a low-carbon economy, which has a positive impact on the environment by reducing GHG emissions. Through its financial products, Bigbank supports investments in green assets and renewable energy projects.	Long-term	Downstream value chain (loan portfolio)
Opportunity	Energy	**Potential growth of business volumes due to increased market demand for renewable energy and energy efficiency projects:** Investments in energy efficiency and new production capacities enable consumers and businesses to reduce energy consumption, leading to cost savings in the long term. This is a positive development for the bank due to additional financing opportunities and revenue growth	Medium- and long-term	Own operations

IRO type	Sub-topic or sub-sub-topic	IRO description	IRO time horizon	IRO location in value chain
S1 Own workforce				
Positive actual impact	Secure employment	**Secure employment provides employees with stability, which can enhance their morale and commitment to work:** employees are more likely to be motivated, productive and more engaged with their work	Short-, medium- and long-term	Own operations
Opportunity	Secure employment	**Secure employment reduces employee turnover:** A stable job increases employee motivation, making it more likely that employees will stay with the company for a longer period, which reduces direct and indirect payroll costs (recruitment, training, loss of productivity)	Short-, medium- and long-term	Own operations
Positive actual impact	Working time	**Flexible working time regulated in accordance with the applicable laws and regulations can improve employee well-being and job satisfaction, increasing productivity and reducing burnout**	Short-, medium- and long-term	Own operations
Risk	Social dialogue	**Insufficient consideration of employees' wishes and needs, along with limited communication between the employer and employees,** can reduce employee satisfaction and productivity, while increasing turnover, which means additional costs for the bank	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 flexible options for employees to work from home and/or participate in meetings via video conference when needed to help balance work and personal life	Short-, medium- and long-term	Own operations
Positive actual 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, vaccinations and other services are provided	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
Positive potential impact	Gender equality and equal pay for work of equal value	**Adhering to the principle of equal pay for work of equal value, regardless of gender and age, ensures fair treatment of employees, can enhance job satisfaction and create a positive working environment:** Bigbank has a remuneration policy that establishes a framework for fair and transparent compensation within the Group	Short-, medium- and long-term	Own operations
Opportunity	Training and skills development	**Regular training and skills development for all employees can significantly enhance the resilience and accuracy of banking processes, and the quality of customer advisory services,** improving the bank'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
Positive actual impact	Privacy	**Protecting employee data enhances workplace security by safeguarding sensitive information from breaches and cyberattacks:** At Bigbank, the use and monitoring of employee data is strictly regulated	Short-, medium- and long-term	Own operations
S3 Affected communities				
Positive actual impact	Communities' economic, social and cultural rights	**Supporting the local community:** Bigbank supports various charitable and sponsorship projects, primarily focusing on sports (volleyball), youth (e.g., a Lithuanian non-profit association helping street children) and large families (NPO Estonian Association of Large Families), which creates a positive impact for the community by promoting healthy lifestyles, fostering social cohesion and improving the quality of life for local residents	Short-, medium- and long-term	Own operations
S4 Consumers and end-users				
Negative potential impact	Privacy	**Inadequate privacy and data protection:** If the bank fails to ensure the security of customers' personal and financial data, it may lead to data breaches along with potential financial losses for the customer and invasion of customer privacy	Medium- and long-term	Own operations

IRO type	Sub-topic or sub-sub-topic	IRO description	IRO time horizon	IRO location in value chain
Risk	Privacy	**Violation of data protection requirements:** Violating data protection requirements can result in financial penalties and a decline in customer trust. Requirements arising from the General Data Protection Regulation (GDPR) may increase data security management costs and employee training expenses	Medium- and long-term	Own operations
Positive actual impact	Informa-tion-related impacts for consumers and/or end-users	**Responsible customer service and clear communication build quality customer relationships and have a positive impact on customers' financial behaviour:** before signing a product agreement, Bigbank communicates proactively with customers, informing them of the associated obligations and potential risks. The quality of customer service is assessed, and customer experience systematically researched and analysed. Promises made to customers are kept and information is shared effectively, including providing sufficient information about loan products and proactively preventing poten-tial payment difficulties by working with the customer	Short-, medium- and long-term	Own operations
Positive potential impact	Access to products and services	**Potential positive impacts of lending practices on customers:** Responsible credit services enable lower-income individuals and small businesses to access financing, reducing financial inequality and supporting their economic development. This increases access to resources and creates social stability. Bigbank provides small businesses with better access to financial resources	Medium- and long-term	Own operations
Positive potential impact	Access to products and services	**The expansion and enhancement of the bank's digital channels facilitate access to the bank's products and services:** Developing digital channels provides customers with better opportunities and access to banking services (e.g., for those living far from service centres or individuals with mobility impairments), while also having a positive impact on employees, who can work more efficiently and provide a better service	Medium- and long-term	Own operations

IRO type	Sub-topic or sub-sub-topic	IRO description	IRO time horizon	IRO location in value chain
Opportu-nity	Access to products and services	**Development of customer-centric digital solutions:** The expansion and enhancement of the bank's digital channels create financial opportunities to increase customer satisfaction and loyalty, which in turn boosts the frequency of service usage and may increase revenues. Offering customer-centric digital solutions helps expand the customer base and reduce operational costs, ensuring greater profitability and a competitive advantage in the long term	Medium- and long-term	Own operations
Opportu-nity	Access to products and services	**Responsible lending reduces credit risk and creates new financial opportu-nities:** Bigbank observes all lending-related rules, legal requirements and best practices in its operations, including the principles of responsible lending. This way, the bank ensures that the credit extended meets the customer's needs. Following the principles of responsible lending helps minimize the risks associated with the product portfolio, enhances customer trust, and may help to increase market share and revenue growth	Short-, medium- and long-term	Own operations
Opportu-nity	Access to products and services	**Offering credit products to underserved market segments:** The bank has the opportunity to 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	**The implementation of irresponsible lending practices increases the bank's credit risk,** as the risk of late payments and non-repayment rises. This may also lead to reputational damage, as customers may perceive the bank as unreliable, which in turn reduces customer trust and harms the bank's market position	Medium- and long-term	Own operations
G1 Business conduct				
Risk	Cases of corruption and bribery	**Employees, supervisory board members, shareholders and other stake-holders (excluding customers) may become involved in cases of corruption and/or bribery, which can negatively impact the bank's financial 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
Negative potential impact	Entity-specific information: cybersecurity	**Information security and cybersecurity incidents:** Cyber incidents can have serious consequences for customers, such as data breaches, financial losses or identity theft. Cyber risks have a negative impact on the society at large and can also disrupt financial networks	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 bank. Decreased trust and potential loss of customers may impact the bank'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
Positive actual impact	Entity-specific information: risk management	**Anti-money laundering activities reduce systemic risks in the financial sector and support the stability of the financial sector:** Bigbank prioritizes the prevention of money laundering and terrorist financing in its customer service, implementing all relevant requirements with a view to lowering the probability of the financial sectors of the countries where Bigbank operates being used for criminal purposes, reducing systemic risks and increasing the stability, reliability and transparency of the financial sector	Medium- and long-term	Own operations
Risk	Entity-specific information: compliance risk	**Regulatory compliance and compliance risk:** The complex and constantly changing regulatory environment poses a risk to all European banks, as regulators tighten existing requirements and introduce new ones, such as those related to the security of networks and information systems (Digital Operational Resilience Act) as well as the management of climate change and biodiversity risks, which can increase the Group's operational costs and/or lead to costly litigation	Long-term	Own operations / regulators

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 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 the company's financial risks and opportunities. The DMA process consisted of four 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. The bank'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, 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, taking into account 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 actual negative 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, who evaluated impacts and financial materiality based on standardized 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. A materiality assessment was then carried out, based on which the Group's consolidated sustainability statement was later prepared.

Bigbank engaged KPMG Baltics OÜ ESG consultants in conducting 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 implemented, sustainability-related risks are assessed similarly to other risks, such as financial risk and business risk, using the same system, thereby ensuring their comparability and effectiveness. For example, the bank assesses sustainability-related risks using the same guidelines that are usually applied for extending loans to customers. Climate risks are prioritized 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), and including portfolio analysis to identify sustainable investment opportunities (e.g., green loans), monitoring developments in the macroeconomic and regulatory environment to adjust the strategy to meet ESG requirements, and engaging stakeholders to understand the expectations of customers and investors 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	57
	BP-2	Disclosures in relation to specific circumstances	57
	GOV-1	The role of the administrative, management and supervisory bodies	59
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	62
	GOV-3	Integration of sustainability-related performance in incentive schemes	62
	GOV-4	Statement on due diligence	63
	GOV-5	Risk management and internal controls over sustainability reporting	64
	SBM-1	Strategy, business model and value chain	66
	SBM-2	Interests and views of stakeholders	69
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	72
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	80
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	82

ESRS standard	ESRS Disclosure Requirements		Reference to sustainability statement section (page number)
E1 Climate change	E1. GOV-3	Integration of sustainability-related performance in incentive schemes	118
	E1-1	Transition plan for climate change mitigation	118
	E1. SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	118
	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	119
	E1-2	Policies related to climate change mitigation and adaptation	121
	E1-3	Actions and resources in relation to climate change policies	123
	E1-4	Targets related to climate change mitigation and adaptation	123
	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 in the first year of preparation)	124
	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)	-

ESRS standard	ESRS Disclosure Requirements		Reference to sustainability statement section (page number)
S1 Own workforce	S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	127
	S1-1	Policies related to own workforce	128
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	132
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	133
	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	134
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	136
	S1-6	Characteristics of the undertaking's employees	137
	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	138
	S1-10	Adequate wages	-
	S1-11	Social protection	-
	S1-12	Persons with disabilities	-
	S1-13	Training and skills development metrics	139
	S1-14	Health and safety metrics	139
	S1-15	Work-life balance metrics	140
	S1-16	Compensation metrics (pay gap and total compensation)	140
	S1-17	Incidents, complaints and severe human rights impacts	-

ESRS standard	ESRS Disclosure Requirements		Reference to sustainability statement section (page number)
S3 Affected communities	MDR. ESRS 2: BP-2 17	Affected communities (Use of phase-in provisions in accordance with Appendix C of ESRS 1)	143
S4 Consumers and end-users	MDR. ESRS 2: BP-2 17	Consumers and end-users (Use of phase-in provisions in accordance with Appendix C of ESRS 1)	145
G1 Business conduct	G1.GOV-1	The role of the administrative, management and supervisory bodies	151
	G1-1	Business conduct policies and corporate culture	151
	G1-2	Management of relationships with suppliers	156
	G1-3	Prevention and detection of corruption and bribery	156
	G1-4	Confirmed incidents of corruption or bribery	158
	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	Bench-mark Regula-tion	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	59
ESRS2 GOV-1	Percentage of board members who are independent paragraph 21 (e)			x		Material	60
ESRS2 GOV-4	Statement on due diligence paragraph 30	x				Material	63
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 (currently no transition plan)	118
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		x	x		Material (currently no transition plan)	118

Disclosure requirement and related datapoint		SFDR	Pillar 3	Benchmark Regulation	European Climate Law	Material / not material	Reference to sustainability statement section (page number)
ESRS E1-4	GHG emission reduction targets paragraph 34	x	x	x		Material (currently no targets)	124
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 scope 1, 2, 3 and total GHG emissions paragraph 44	x	x	x		Material	125
ESRS E1-6	Gross GHG emissions intensity paragraphs 53	x	x	x		Material	126
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	-

Disclosure requirement and related datapoint		SFDR	Pillar 3	Benchmark Regulation	European Climate Law	Material / not material	Reference to sustainability statement section (page number)
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 m3 per net revenue on own operations paragraph 29	x				Not material	-
ESRS 2 – SBM 3 – E4	Paragraph 16 (a)	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	-

Disclosure requirement and related datapoint		SFDR	Pillar 3	Benchmark Regulation	European Climate Law	Material / not material	Reference to sustainability statement section (page number)
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	128
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			x		Material	131
ESRS S1-1	Processes and measures for preventing trafficking in human beings paragraph 22	x				Material	131
ESRS S1-1	Workplace accident prevention policy or management system paragraph 23	x				Material	131
ESRS S1-3	Grievance/complaints handling mechanisms paragraph 32 (c)	x				Material	133
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	x		x		Material	139
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	x				Material	139
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	x		x		Material	140
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	x				Material	140

Disclosure requirement and related datapoint		SFDR	Pillar 3	Benchmark Regulation	European Climate Law	Material / not material	Reference to sustainability statement section (page number)
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	-

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

Disclosure requirement and related datapoint		SFDR	Pillar 3	Benchmark Regulation	European Climate Law	Material / not material	Reference to sustainability statement section (page number)
ESRS S4-1	Policies related to consumers and end-users paragraph 16	x				Material (transitional provision applied)	145
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	x		x		Material	145
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	155
ESRS G1-1	Protection of whistle-blowers paragraph 10 (d)	x				Material	155
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	x		x		Material	158
ESRS G1-4	Standards of anti-corruption and anti-bribery paragraph 24 (b)	x				Material	159

As a result of the double materiality assessment, Bigbank provides an overview of general disclosure requirements (ESRS 2) as well as the disclosure requirements in the areas of climate change (ESRS E1), own workforce (ESRS S1) and business conduct (ESRS G1). Bigbank also assessed that, on an entity specific basis, important areas include anti-money laundering, information and cybersecurity, and regulatory compliance, all of which have been addressed under governance information. 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 bank's own mitigating actions and measures.

Bigbank followed the criteria established in Chapter 3.2 “Material matters and materiality of information” of ESRS 1 as well as the 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 took into account 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 undertaking'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 an obligation to publish non-financial information pursuant to Directive 2013/34/EU shall 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.

Commission Delegated Regulation (EU) 2021/2178 specifies the content and presentation of information to be disclosed by such undertakings concerning environmentally sustainable economic activities, specifying also the methodology to comply with that disclosure obligation.

Content and objective of the EU Taxonomy Regulation

EU Taxonomy is an important part of the EU action plan on financing sustainable growth. It is a framework that simplifies the identification of environmentally friendly investments. Taxonomy-aligned assets require that the underlying economic activities:

- Make a substantial contribution to at least one of the six EU environmental objectives
- Do not significantly harm any of the five other objectives
- Comply with minimum safeguards

The aim of the EU Taxonomy is to create a common understanding of which economic activities classify as environmentally sustainable in the EU and to enhance transparency regarding the contributions of the financial sector and large undertakings to environmental objectives through disclosure obligations. EU Taxonomy requires financial sector companies to assess and disclose information on the extent to which their financial products and activities contribute to the taxonomy's environmental objectives. The same also applies to all large undertakings to which the EU Taxonomy applies.

Challenges and strategy

The reporting requirements of the EU Taxonomy are extensive and continuously evolving. As the regulation is still in the early stages of implementation, interpretations are being developed and best market practices established on an ongoing basis. As a result, Bigbank is also constantly in a state of active research and implementation, facing challenges in data collection for the 2024 annual report. Bigbank is currently unable to provide accurate data for all requested datapoints. There have been difficulties, for example, in demonstrating the use of revenue generated from corporate loans. Additionally, an internal system is still being developed at Bigbank for assessing the compliance of home loans, renovation loans and motor vehicle loans aimed at households with the technical criteria of the EU Taxonomy Regulation. As the regulation is implemented gradually and financial undertakings begin to report on their compliance, the availability and quality of data should improve over time.

Bigbank follows sustainability policy in its operations to promote responsible banking and ensure a long-term positive impact for the society, the environment and the economy. The Bigbank Sustainability Policy has been approved by the bank's supervisory board, and in accordance with the policy, the bank's management board directs and monitors the bank's daily operations to ensure compliance with the policy. The management board has appointed one of its members to be responsible for sustainable banking operations. The member responsible for sustainable banking reports to the management board, manages the daily activities related to sustainable banking and leads the sustainability working group composed of Bigbank employees. The sustainability working group has at least 5 permanent members. The aim is to provide financial services that support sustainable development, promote responsible financial solutions and contribute to improving customers' quality of life. The sustainability policy is mandatory for all units and subsidiaries of the Group and focuses on three strategic areas:

Environment – we promote sustainable consumption and lifestyle choices, engaging both employees and customers. The environmental impact of Bigbank's offices is minimized by following green office principles, focusing on waste reduction and sorting. Greenwashing is also avoided by adopting best practices, and we consider it essential to ensure that our green products comply with EU Taxonomy requirements, contributing to climate change mitigation or adaptation without harming other environmental objectives.

Social responsibility – the aim is to make financial services more accessible, focusing on micro- and small enterprises, large families, and consumers and companies outside major cities. We engage customers and employees by raising awareness in the field of sustainable consumption and lifestyle choices, including promoting financial literacy to help consumers and businesses make informed financial decisions in our areas of expertise.

Governance – we implement sustainable, responsible and transparent management practices. We ensure that our operations comply with all applicable laws and that our reporting is transparent and reliable. We implement effective risk management strategies to monitor and assess risks associated with our operations, protect the interests of customers and other stakeholders, and ensure the long-term stability of investments. We consider it 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 decided to focus on three UN Sustainable Development Goals:

Bigbank's goal is to ensure access to affordable, reliable, sustainable and modern energy for all and to increase the share of green assets in the bank's loan portfolio by financing investments in renewable energy sources and energy efficiency. The Group also aims to promote the development of renewable energy by enabling investments in wind and solar parks on lands owned by the Group.

Bigbank's goal is to promote sustainable and inclusive economic growth by creating opportunities for full employment and providing dignified and productive work for all. Additionally, Bigbank aims to improve access to financial services by offering financial support and services to micro-, small, and medium-sized enterprises, and promote youth engagement by offering young people opportunities for internships and job shadowing. Bigbank enables hybrid work by promoting remote work and flexible working hours to support work-life balance and employees with disabilities, while minimizing the environmental impact of commuting. Bigbank's objective is to ensure that everyone has equal opportunities regardless of their gender, age, sexual orientation or identity, religion, ethnicity or disability, and that employees in the same position receive equal pay and have equal opportunities for training and development. Bigbank maintains a healthy working environment to support work-life balance by providing mental health programs and resources to reduce work-related stress and promote overall well-being. Bigbank also considers it its mission to promote financial literacy by launching or participating in financial literacy programs. Bigbank aims to support entrepreneurship by sharing knowledge and fostering a belief in entrepreneurship, promoting it as a lifestyle, educating young and aspiring entrepreneurs, and ensuring that the bank's financing is accessible to young businesses.

Bigbank's goal is to ensure sustainable consumption and production patterns and to create a sustainable working environment. Among other objectives, Bigbank aims to have all its offices certified as Green Offices by 2030, significantly reducing the environmental impact of its offices. Bigbank also seeks to promote recycling so that the majority of its employees are aware of and engaged in waste sorting and recycling by 2026. Bigbank is also aiming to implement sustainable consumption by practising the principles of green procurement and sustainable consumption, and to reduce food waste by supporting measures to minimize food loss.

In addition to the sustainability policy, Bigbank has also developed a strategy for the Group, which has been approved by the bank's supervisory board for 2022–2026. The strategy sees climate neutrality as an opportunity and its sustainability policy shows their commitment to more than just profit generation through their primary sustainability related goal – to provide financial services that support sustainable development, promote responsible financial opportunities and contribute to improving customers' quality of life. The sustainability-related goals set for 2024 have been outlined above in [SBM-1] Strategy, business model and value chain.

Green asset ratio

2024 is the first year Bigbank discloses the green asset ratio (GAR) as a part of its KPIs. GAR indicates the proportion of the Group's assets that are aligned with the Taxonomy (see the data disclosed in taxonomy table 1 "Assets for the calculation of GAR").

This ratio is a KPI used for disclosing the extent to which credit institutions have aligned their activities with the Taxonomy. GAR shows the proportion of assets financing and invested in Taxonomy-aligned economic activities (numerator) as a proportion of total covered assets on the balance sheet (denominator).

In disclosing the GAR, it is essential to adhere to the requirements for prudential consolidation, as outlined in Regulation (EU) No. 575/2013 (Capital Requirements Regulation). The scope of prudential consolidation differs from the scope of consolidation based on IFRS used in the financial statements. This taxonomy report also includes information on nuclear and fossil gas related activities, as well as KPIs regarding the proportion of Taxonomy-eligible and Taxonomy-aligned activities.

The assets and activities considered in the calculation of the green asset ratio and other KPIs include exposures to households (home loans secured by real estate, building renovation loans and motor vehicle loans), as well as non-financial and financial corporations and local governments, along with certain off-balance sheet assets (assets under management and financial guarantees). Detailed information about the assets considered can be found in the table below.

Certain assets are excluded from the calculation of the green asset ratio. Exposures to central governments, central banks and supranational issuers are excluded from both the numerator and the denominator of the ratio. According to disclosure requirements, certain assets cannot be considered in the assessment of Taxonomy-eligible and Taxonomy-aligned activities and are therefore excluded from the numerator. Such assets include, for example, exposures to undertakings not subject to an obligation to publish sustainability statements, meaning all companies that are not large (over 500 employees) public-interest entities (i.e., non-NFRD companies). These assets are reported as Taxonomy-non-eligible assets, regardless of their potential to meet the taxonomy's criteria for environmentally sustainable activities.

Disclosures of green asset ratio and other key performance indicators

Green asset ratio and off-balance sheet KPIs

No	Credit institutions shall disclose relevant KPIs in accordance with Article 8 of Taxonomy Regulation
0	Summary of KPIs
1	Assets for the calculation of GAR
2	GAR sector information
3	GAR KPI stock
4	GAR KPI flow
5	KPI off-balance sheet exposures

0. Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation

		Total environmentally sustainable assets	KPI*4)	KPI*5)	% coverage (over total assets) *3)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	GAR (stock)	0	0	0	83.97%	32.57%	16.03%

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	0	0	0	0	0	0
	Trading book *1)	0	0	0		0	0
	Financial guarantees	0	0	0		0	0
	Assets under management	0	0	0		0	0
	Fees and commissions income *2)	0	0	0		0	0

(*1) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

(*2) Fees and commissions income from services other than lending and AuM. Institutions shall disclose forward-looking information for this KPIs, including information in terms of targets together with relevant explanations on the methodology applied.

(*3) % of assets covered by the KPI over bank's total assets.

(*4) Based on the Turnover KPI of the counterparty.

(*5) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

Note: Fees and Commissions (chart 6) and Trading Book (chart 7) KPIs shall only apply starting 2026. SMEs inclusion in these KPIs will only apply subject to positive result of an impact assessment.

1. Assets for the calculation of GAR

	(million EUR)	2024															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)			
					of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling
1	**GAR – Covered assets in both numerator and denominator**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	**Financial undertakings**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Other financial corporations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		2024															
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)		
	(million EUR)	Total gross carrying amount			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling
10	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	of which management companies	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	of which insurance undertakings	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	(million EUR)	2024															
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Total gross carrying amount	of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)			
					of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling
21	**Non-financial undertakings**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	NFCs subject to NFRD disclosure obligations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	**Households**	1,428.1	750	-	-	-	-	-	-	-	-	-	750	-	-	-	-
27	of which loans collateralised by residential immovable property	636.7	636.7	-	-	-	-	-	-	-	-	-	636.7	-	-	-	-
28	of which building renovation loans	29.5	29.5	-	-	-	-	-	-	-	-	-	29.5	-	-	-	-
29	of which motor vehicle loans	106.6	83.4	-	-	-	-	-	-	-	-	-	83.4	-	-	-	-
30	**Local government financing**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	(million EUR)	2024															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)			
					of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling
31	Collaterals obtained by taking possession: residential and commercial immovable properties	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Other local government financing	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Other assets excluded from the numerator for GAR calculation (covered in the nominator)**	904.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	**Non-financial corporations**	768.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	768.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Loans and advances	768.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	of which loans collateralised by commercial immovable property	711.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	(million EUR)	2024															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)			
					of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling
38	of which building renovation loans	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Debt securities	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Non-EU country counterparties not subject to NFRD disclosure obligations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Debt securities	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	**Derivatives**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	**On demand interbank loans**	25.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	**Cash and cash-related assets**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	**Other assets (e.g. Goodwill, commodities etc.)**	111	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	(million EUR)	2024															
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Total gross carrying amount	of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)			
					of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling
49	**Total GAR assets**	2,332.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	**Other assets not covered for GAR calculation**	445.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	**Sovereigns**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	**Central banks exposure**	423.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	**Trading book**	22.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	**Total assets**	2,778.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures – Corporates subject to NFRD disclosure obligations																	
55	Financial guarantees	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Assets under management	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	of which debt securities	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	of which equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

The following accounting categories of financial assets should be considered: financial assets at amortised cost; financial assets at fair value through other comprehensive income; investments in subsidiaries, joint ventures and associates; financial assets designated at fair value through profit or loss; and non-trading financial assets mandatorily at fair value through profit or loss; and real estate collaterals obtained by credit institutions by taking possession in exchange of cancellation of debts.

Information regarding the disclosure reference date T-1 will be presented as at 2025, as the European Commission has clarified that undertakings obligated to disclose information under the Taxonomy Regulation for the first time have the option to disclose information only for that fiscal year (T). All undertakings must disclose comparative information for the financial year T-1 starting from the second year of application.

2. GAR sector information

This figure does not include exposures towards those sectors covered by the Taxonomy Regulation.

Breakdown by sector – NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-financial corporates		SMEs and others		Non-financial corporates		SMEs and others		Non-financial corporates		SMEs and others	
	(gross) carrying amount		(gross) carrying amount		(gross) carrying amount		(gross) carrying amount		(gross) carrying amount		(gross) carrying amount	
	Mln EUR	of which environmentally sustainable (CCM)	Mln EUR	of which environmentally sustainable (CCM)	Mln EUR	of which environmentally sustainable (CCA)	Mln EUR	of which environmentally sustainable (CCA)	Mln EUR	of which environmentally sustainable (CCM + CCA)	Mln EUR	of which environmentally sustainable (CCM + CCA)
-	-	-	-	-	-	-	-	-	-	-	-	-

This figure discloses information on exposures in the banking book towards those sectors covered by the Taxonomy Regulation (NACE sectors 4 levels of detail).

3. GAR KPI stock

	% (compared to total covered assets in the denominator)	2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
1	**GAR – Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	**Financial corporations**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	% (compared to total covered assets in the denominator)	2024															Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
7	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Other financial corporations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	of which management companies	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

% (compared to total covered assets in the denominator)		2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	of which specialised lending	of which transitional	of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	of which specialised lending	of which transitional	of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	of which specialised lending	of which transitional	of which enabling	
17	of which insurance undertakings	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	**Non-financial corporations**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	NFCs subject to NFRD disclosure obligations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	% (compared to total covered assets in the denominator)	2024															Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
26	**Households**	52	-	-	-	-	-	-	-	-	-	52	-	-	-	-	27
27	of which loans collateralised by residential immovable property	100	-	-	-	-	-	-	-	-	-	100	-	-	-	-	23
28	of which building renovation loans	100	-	-	-	-	-	-	-	-	-	100	-	-	-	-	1
29	of which motor vehicle loans	78	-	-	-	-	-	-	-	-	-	78	-	-	-	-	3
30	**Local government financing**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collaterals obtained by taking possession: residential and commercial immovable properties	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

% (compared to total covered assets in the denominator)		2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
32	Other local government financing	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

In the case of exposures to households, Bigbank classified all secured home loans, renovation loans and motor vehicle loans issued to households from 2024 under Taxonomy eligible economic activities that contribute to the environmental objective of climate change mitigation (CCM), in accordance with the descriptions of activities presented in paragraphs 7.7 and 6.5 of Annex I of the delegated regulation. In line with the regulation, exposures to non-NFRD companies were not considered in the assessment of Taxonomy-eligible and Taxonomy-aligned activities, as these undertakings have not disclosed information required by the EU Taxonomy Regulation, making their activities impossible to assess in these terms.

In addition to the form "GAR KPI stock", no turnover or CapEx based information has been provided, as there are no exposures related to general purpose lending to NFCs subject to NFRD.

4. GAR KPI flow

		2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	% (compared to flow of total eligible assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
1	**GAR - Covered assets in both numerator and denominator**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	**Financial corporations**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

% (compared to flow of total eligible assets)		2024 – Climate Change Mitigation (CCM): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCM: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCM: of which specialised lending	CCM: of which transitional	CCM: of which enabling	Climate Change Adaptation (CCA): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCA: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCA: of which specialised lending	CCA: of which transitional	CCA: of which enabling	TOTAL (CCM + CCA): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	TOTAL: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	TOTAL: of which specialised lending	TOTAL: of which transitional	TOTAL: of which enabling	Proportion of total assets covered
6	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Other financial corporations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	of which management companies	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	% (compared to flow of total eligible assets)	2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
16	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	of which insurance undertakings	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	**Non-financial corporations**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	NFCs subject to NFRD disclosure obligations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

% (compared to flow of total eligible assets)		2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
25	Equity instruments	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	**Households**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which loans collateralised by residential immovable property	100	-	-	-	-	-	-	-	-	-	100	-	-	-	-	-
28	of which building renovation loans	100	-	-	-	-	-	-	-	-	-	100	-	-	-	-	-
29	of which motor vehicle loans	73	-	-	-	-	-	-	-	-	-	73	-	-	-	-	-
30	**Local government financing**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collaterals obtained by taking possession: residential and commercial immovable properties	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

% (compared to flow of total eligible assets)		2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling	
32	Other local government financing	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	**Total GAR assets**	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

In calculating the KPIs (flow), only the gross carrying amount of new exposures (i.e., new loans and advances, debt securities, equity instruments) recognized during the year preceding the disclosure reference date has been considered, without accounting for any adjusted amounts for debt instruments or securities (e.g., repayments).

5. KPI off-balance sheet exposures

% (compared to total eligible off-balance-sheet assets)		2024														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling			of which specialised lending	of which transitional	of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

No Taxonomy-eligible or Taxonomy-aligned exposures concerning nuclear and fossil gas related activities, as described in paragraphs 4.26, 4.27, 4.28, 4.29, 4.30, and 4.31 of Annex I and II of the delegated regulation (Regulation 2021/2139), were identified among assets and off-balance sheet items.

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 recognize our responsibility to the society, the environment and our customers, and understand the growing demand for sustainable development. We have the opportunity to use our financial resources, employees and customer base to promote economic growth, improve customers' quality of life 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. Therefore, the bank plans to first assess its carbon footprint baseline starting in 2025, identify areas and activities with expected impact, collect necessary data and improve its quality, and set science-based targets.

Bigbank is expecting to have their transition plan ready by 2030.

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

An overview of the material IROs related to the topic standard E1 is presented on page 82 (Table 2).

A material risk identified under the topic of climate change is the risk of greenwashing accusations, which is a transition risk associated with the potential non-compliance with the requirements of the European Commission's Green Claims Directive entering into force in the coming years, which could negatively impact the bank's reputation, financial position and results.

Bigbank has not conducted a climate scenario analysis but performs regular climate risk stress testing to assess the resilience of the bank's business model to climate change.

Bigbank's revenues are primarily influenced by net interest income and loan losses from the real estate-secured loan portfolio, making portfolio analysis the most suitable method for assessing climate impacts on the business model. The portfolio of loans secured by real estate is the main source of the bank's strategic business growth at least until 2026. Climate risk is included in the bank's loan portfolio analysis stress testing as one of the potential systemic risks, which is not unique to the bank but affects all credit and financial institutions. The testing was carried out to estimate the potential 2024–2025 financial losses 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 materialize 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 2024–2025 could result in financial losses amounting to 1.51 million euros, and by 2034, climate-related losses could reach 2.29 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 took into account Bigbank's GHG emissions for scopes 1 and 2. At this point in time, the climate impact of the loan portfolio, which is known to constitute the majority of the GHG emissions for scope 3 (i.e. value chain emissions) for commercial banks, has not been assessed. The assessment of the climate impact of the loan portfolio is planned for the next financial year.

Stress testing included also 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.

Physical risks

The assessment of physical risks considered the impact of extreme precipitation and flooding on real estate collateral. The assessment utilized 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 from today until 2040, and for home loans, the period from 2041 to 2070. Different time horizons were selected based on the average maturity of different loan products. The bank's corporate loan portfolio has a shorter maturity compared

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

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 (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 8,800 properties were assessed, which were categorized into three risk categories: low, medium and high.

The potential total loss from physical climate risks during the period from 2024 to 2025 is projected to be 617,000 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 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, 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 found to be 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 high risk impact sectors, which is why a higher potential loss rate was applied to them. The stress test also included companies operating in sectors with moderate impacts. The analysis took into account loan maturity, as transition risk does not materialize immediately; and therefore, 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 materialisation of transition risk would increase loan losses in the bank's corporate loan portfolio but would not affect the market values of collaterals.

The potential total loss from transition risks during the period from 2024 to 2025 is projected to be 889,000 euros.

As a result of the combination of physical and transition risks, an unexpected loss of up to 1.51 million euros may be incurred during the period from 2024 to 2025, which remains below Bigbank's financial materiality threshold, and therefore no additional capital will be allocated or recognized 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 materialisation of physical climate risks. The bank did not recognize any allowances in 2024 related to the materialisation 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 bank's loan portfolio.

Bigbank has also assessed its assets and business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy. All relevant information on this has been presented in the taxonomy report. According to Bigbank, the proportion of Taxonomy-aligned assets can be increased by collecting additional data (e.g. energy performance ratings of buildings), particularly regarding home loans and other retail exposures, and by improving the quality of the collected data.

Opportunities

Bigbank views the potential growth in business volumes from financing renewable energy and energy efficiency projects, as market demand increases, as a significant financial opportunity. Investments in energy efficiency and new production capacities enable consumers and businesses to reduce energy consumption, leading to cost savings in the long term. This is a positive development for Bigbank due to additional financing opportunities and revenue growth.

[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 the bank and formulates the goals and commitments to ensure that we can measure progress and results. Bigbank recognizes their responsibility to the society, the environment and our customers, and understand the growing demand for sustainable development. We have the opportunity to use our financial resources, employees and customer base to promote economic growth, improve customers' quality of life 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 improving customers' quality of life.

In developing and establishing the Bigbank Sustainability Policy, Bigbank considered the interests of its key stakeholders. The key stakeholders directly involved in the process included the bank's employees, management board, other leaders and owners. The interests of nature as a silent stakeholder, customers, investors, suppliers, regulators, the society and rating agencies were considered as stakeholder expectations based on scientific literature, public studies, feedback surveys and information gathered through ongoing communication. Starting from 2024, Bigbank will conduct regular sustainability feedback surveys among its employees, customers and shareholders, and update the sustainability policy as needed based on the feedback collected. The Bigbank 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 or the use of child labour, or waste natural resources or cause harm to the environment. Bigbank avoids establishing business relationships or partnerships with potential customers or collaborators engaged in activities such as production of 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, and the bank is contributing to these areas through the financing of renewable energy and energy efficiency projects. Bigbank's sustainability principles regarding climate and environmental issues are as follows:

1. We engage customers and employees to promote sustainable consumption and lifestyle choices.
2. We strive to minimize the environmental impact of our offices by following green office principles, which include minimizing waste generation in the workplace.
3. We avoid greenwashing, adopting best practices in the field and connecting our sustainability initiatives with a scientific approach.
4. We ensure that our green products comply with the EU Taxonomy, significantly contribute to mitigating or adapting to climate change, provide clear environmental benefits, and do not significantly harm other environmental objectives.
5. We collaborate with customers, focusing on their transition strategies, particularly in sectors such as construction and real estate, transportation, forestry and energy.

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

- Material impact: GHG emissions from the bank's own operations (scope 1, 2 and 3, excluding financed emissions)
- Material risk: risk of greenwashing accusations
- Material opportunity: financing renewable energy and energy efficiency projects
- Material opportunity: potential growth of business volumes due to increased market demand for renewable energy and energy efficiency projects

The sustainability policy does not currently address the potential negative impact of financed emissions as a material risk. 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 capacity to measure the impact of this activity. Based on the results of this assessment, Bigbank will consider the extent of addressing this sustainability issue in the policy.

The bank's supervisory board ensures the fulfilment of the Bigbank Sustainability Policy among the members of the supervisory and management board. The management board ensures the alignment and implementation of the policy into other internal regulations and applicable documents of the bank.

The sustainability policy (like all other internal regulations of the bank) is 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 been introduced. Bigbank plans to publish the sustainability policy on its website.

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

Bigbank has not currently adopted any climate policies, as the Group has not measured its carbon footprint before 2024. Therefore, no specific targets have been set for the reporting year regarding the reduction of GHG emissions.

Bigbank is, however, aware of the risks and opportunities related to climate change. The bank plans to assess its carbon footprint more precisely during the next reporting period and consider actions to reduce it. According to initial plans, such actions will include:

- Mapping potential mitigation actions based on the results of the internal carbon footprint assessment, such as optimizing energy consumption and promoting sustainable solutions
- Analysing opportunities for developing sustainability-related financial products to support the broader green transition

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

Metrics and targets

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

Under climate change related sustainability issues within the Bigbank Sustainability Policy the bank has set the goal of minimizing the risk of greenwashing and ensuring that their green financial products comply with EU Taxonomy requirements, significantly contribute to mitigating or adapting to climate change, provide clear environmental benefits, and do not significantly harm other environmental objectives. Bigbank aims not to create or offer any green products that do not meet EU Taxonomy requirements.

The direct GHG emissions from Bigbank's activities (scope 1 and 2) are low; however, during 2025, the bank will conduct an analysis of scope 3 emissions from its portfolio to identify significant sources of emissions arising from their credit portfolio and investments. Based on this analysis, the bank plans to set GHG emissions reduction targets starting from 2026, which may include, for example, a reduction in GHG emissions related to the loan portfolio or a decrease in financing fossil fuel dependent sectors by 2030 and 2050.

Bigbank plans to set financing targets for renewable energy and energy efficiency projects in 2025, with measurement starting in 2026. The planned targets may include, for example, directing specific amounts of financing to renewable energy projects, or increasing the volume of loans related to energy-saving measures and financing of energy-efficient commercial real estate.

Bigbank will also assess the goal setting for other material climate change related sustainability issues during 2025 and, if necessary, establish corresponding targets starting from 2026.

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

- Annual sustainability statement, disclosing the progress towards targets and updating targets as necessary
- Development of a GHG emissions monitoring system to measure and reduce the carbon footprint arising from the credit portfolio
- Regular review of the proportion of funding directed towards green projects and assessment of compliance with the EU Taxonomy

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

Bigbank used a calculator developed by the banking associations and financial institutions of the three Baltic states[2] to calculate their GHG emissions for 2024, which follows the international GHG Protocol Corporate Accounting and Reporting Standard[3]. This tool allows for the calculation of scope 1 and 2 emissions but does not enable separate assessment of scope 2 location-based emissions from purchased electricity. The calculator used does not allow to determine the share of biogenic CO_2 in the calculation of GHG emissions. The emission factors used in the GHG calculations are sourced from national and international public databases, such as national GHG inventories, local institutional sources, AIB, DEFRA and EXIOBASE databases.

Scope 1 GHG emissions include direct emissions originating from sources owned or controlled by Bigbank. Specifically, this assessment focused on emissions from

[2] https://pangaliit.ee/kestlik-finantseerimine/khg-kalkulaator
[3] https://ghgprotocol.org/corporate-standard

non-stationary sources, i.e. the use of motor fuels. There is no combustion of fuels in the facilities owned by the Bigbank Group, and no fugitive emissions occur from the leakage or addition of refrigerants or other technological processes.

Scope 2 emissions are indirect GHG emissions associated with the production of electricity, heating or cooling purchased or consumed by Bigbank and are related to the bank's own energy consumption.

Bigbank will not disclose scope 3 emissions in its first reporting year (2024), which is permitted under ESRS standards when the number of the company's employees is below 750 on the balance sheet date.

The emissions calculations included Bigbank's Estonian business unit as well as all branches and subsidiaries (in Tallinn, Tartu, Pärnu, Riga, Vilnius, Sofia, Helsinki and Stockholm). Renewable electricity was consumed in the Stockholm office and partially also in the Helsinki office.

The disclosed GHG emissions have not been validated by a third party.

The GHG results for 2024 are presented in the table below.

Table 3: GHG emissions in 2024

Scope 1 GHG emissions	2024
Gross scope 1 GHG emissions (tCO_2eq)	85.1
Biogenic emissions of CO_2 from the combustion or biodegradation of biomass	N/A
Scope 2 GHG emissions	
Gross location-based scope 2 GHG emissions (tCO_2eq)	N/A
Gross market-based scope 2 GHG emissions (tCO2eq)	1,586.2
Share of contractual instruments (electricity contracts, share of renewable electricity in total purchased electricity), %	0.11 %
Total scope 1 and 2 GHG emissions	
Total GHG emissions (location-based) (tCO_2eq)	N/A
Total GHG emissions (market-based) (tCO_2eq)	1,671.4

GHG intensity based on net revenue

GHG intensity was calculated based on the revenue of the Bigbank Group (192.8 million euros), including interest income, fee and commission income and other operating income (excluding income from loans at fair value and bonds) (consolidated financial statements, "Revenue by EMTAK").

Table 4: GHG intensity based on net revenue

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/million EUR)	N/A
Total GHG emissions (market-based) per net revenue (tCO_2eq/million EUR)	477.5

Additional metrics

The metric for the risk of greenwashing (financial risk) is the number of legal proceedings related to greenwashing accusations (cases per year) and fines associated with greenwashing (EUR/year). There were no legal proceedings or fines related to greenwashing in 2024.

The financing of renewable energy and energy efficiency projects (positive potential impact) and the potential growth of business volumes due to increased market demand for renewable energy and energy efficiency projects (financial opportunity) are covered by a single metric, which is the volume of renewable energy and energy efficiency projects issued (million EUR/year). In 2024, the financing of renewable energy and energy efficiency projects was not yet measured separately, but it is planned to be targeted in the future.

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 82 (Table 2).

As at the end of 2024, the Bigbank Group employed 560 people, the vast majority of whom were full-time employees with permanent contracts, who are in an employment relationship with Bigbank in accordance with national law. There are also some employees with fixed-term contracts and part-time employees, but all employees have guaranteed hours. There are no non-employee workers in the Group, 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 both fixed- and part-time contracts. The average length of service for employees in the Group is 62 months.

Bigbank's operations are associated with several positive impacts on own workforce. A large portion of Bigbank's employees is employed under permanent contracts. The employment contracts specify the working hours of employees in accordance with local legislation. The bank offers flexible options for employees to work from home and/or participate in meetings via video conference when needed to help balance work and personal life.

To promote employee health, Bigbank organizes health check-ups for employees in accordance with local requirements, and in Latvia, Lithuania and Finland, also offers health insurance for its employees. To ensure a safe working environment, Bigbank focuses on raising awareness of and improving employees' physical and mental health, for example, by providing psychological support, vaccinations, sports benefits and participation in sports events.

Bigbank allows employees to use a specified number of health days each year and take days off for significant personal life events, without losing their salary for those days.

Bigbank has a remuneration policy that establishes a framework for fair and transparent compensation throughout the Group.

From a data protection perspective, the use and monitoring of employee data at Bigbank are strictly regulated.

Bigbank's existing (action) plans for reducing environmental impacts do not have any material impacts on its own 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 employees of the Bigbank Group, regardless of their employment contract or contracted hours, have been involved in the assessment of material impacts, risks and opportunities. The materiality assessment revealed no material actual or potential negative impacts on own workforce, meaning there are also no people with particular characteristics, those working in particular contexts or those undertaking particular activities who would be 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 related to Bigbank's workforce arise from the direct dependence of business operations on labour, including employee competence and well-being, which have a significant impact on the company's development, financial position and results. These risks and opportunities are not associated with specific groups of individuals but encompass the entire workforce as a whole.

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, which fall under the management's authority. This means that the implementation of the policies is the responsibility of the management. In addition, the person responsible for a particular policy or internal procedure is under the obligation to review it regularly and train the relevant personnel.

Bigbank takes into account the feedback from its employees. Feedback gives a clear understanding of what and how needs to change in the bank'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 Organization in Bigbank Group, Local Principles of Work Organization, the Remuneration Policy of Bigbank Group, and the Remuneration Principles in Bigbank.

[S1-1] Policies related to own workforce

The material IROs related to own workforce identified at Bigbank are covered by the following policies:

- Positive actual impact – Secure employment provides employees with stability, which can enhance their morale and commitment to work: employees are more likely to be motivated, productive and more engaged with their work (General Principles of Work Organization in Bigbank Group)
- Opportunity – Secure employment reduces employee turnover: A stable job increases employee motivation, making it more likely that employees will stay with the company for a longer period, which reduces direct and indirect payroll

costs (recruitment, training, loss of productivity) (General Principles of Work Organization in Bigbank Group)

- Positive actual impact – Flexible working time regulated in accordance with the applicable laws and regulations can improve employee well-being and job satisfaction, increasing productivity and reducing burnout (General Principles of Work Organization in Bigbank Group)
- Risk – Insufficient consideration of employees' wishes and needs, along with limited communication between the employer and employees, can reduce employee satisfaction and productivity, while increasing turnover, which means additional costs for the bank (General Principles of Work Organization in Bigbank Group and the branches' Local Principles of Work Organization)
- Positive actual impact – Supporting employees' work-life balance and promoting the compatibility of family and career enhances employee well-being: Bigbank offers flexible options for employees to work from home and/or participate in meetings via video conference when needed to help balance work and personal life (General Principles of Work Organization in Bigbank Group)
- Positive actual impact – 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, vaccinations and other services are provided (General Principles of Work Organization in Bigbank Group and the branches' Local Principles of Work Organization)
- Positive actual impact – Adhering to the principle of equal pay for work of equal value, regardless of gender and age, ensures fair treatment of employees, can enhance job satisfaction and create a positive working environment: Bigbank has a remuneration policy that establishes a framework for fair and transparent compensation within the Group (Remuneration Policy of Bigbank Group and Remuneration Principles in Bigbank)
- Opportunity – Regular training and skills development for all employees can significantly enhance the resilience and accuracy of banking processes, and the quality of customer advisory services, improving the bank's reputation, increasing customer satisfaction, reducing legal risks and helping to avoid potential costs. This ensures high quality services and may subsequently increase revenues (The Group Procedure for Training Principles and System)
- Positive actual impact – Protecting employee data enhances workplace security by safeguarding sensitive information from breaches and cyberattacks: At Bigbank, the use and monitoring of employee data is strictly regulated (The Group Procedure for Personal Data Protection)

The General Principles of Work Organization in Bigbank Group establish the general rules of conduct in employment relationships across the Group as well as the rules for adopting local principles of work organization. The policy applies to all employees, regardless of position and employment contract. Exceptions may apply at the level of the local principles of work organization or specific individuals when required by local legislation, collective agreements or local sector practices. The 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 organization principles is assessed through employee satisfaction surveys, feedback on occupational health matters and overviews presented to the management. The policy is accessible to all employees on the bank's intranet.

The Remuneration Policy of Bigbank Group aims to establish clear guidelines for a fair and transparent compensation process within the Group to support the implementation of the Group's vision and strategy, while adhering to prudent and effective risk management principles. The Group's remuneration policy also aims to promote desired performance, behaviour and value-based conduct, as well as to ensure competitive remuneration in the markets and segments where the Group operates. The policy applies to all employees of the Group as well as to the compensation of material risk takers within the Group. Exceptions may apply at the level of the local principles of work organization or specific individuals when required by local legislation, collective agreements or local sector practices. The implementation of the policy is the responsibility of the Bigbank's supervisory board. The policy is accessible to all employees on the bank's intranet.

The Group Procedure for Training Principles and System aims to establish the means to support the objectives related to employee training, describe how the Group conducts both mandatory and non-mandatory training activities, and explain how the Group manages training-related data. The policy applies to all employees of the Group. As an exception, the training principles for the members of the bank'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. The highest level of the Group responsible for the implementation of the policy is the management board, which ensures that the training budget is aligned with the Group's vision and strategy. The policy is accessible to all employees on the bank's intranet.

The Group Procedure for Personal Data Protection aims to establish a set of principles, rules and guidelines that inform how the Group ensures ongoing compliance with the General Data Protection Regulation (GDPR) and other data protection regulations in the locations where the Group operates. As a policy, the Group Procedure for Personal Data Protection applies to all employees of the Group. The bank's subsidiaries not providing financial services are responsible for their own data processing activities in line with the group-wide governance and risk management standards. The procedure does not apply to the Group's memberships in various associations, the Group's relationships with public authorities, correspondent banks and auditors. The branches of the bank are not entitled to adopt internal regulations that deviate from the procedure. 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 the heads of customer relations, human resources support services, marketing, technology and information security. The policy is accessible to all employees on the bank's intranet.

Bigbank AS has not issued any proclamations related to human rights nor joined any conventions; however, in shaping its workforce policies and internal procedures, it has taken 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.

For example, the Code of Conduct and Prevention of Conflict of Interest Policy of Bigbank AS declares that the bank applies zero tolerance against 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 rise to the level of harassment but may still create an atmosphere of hostility or intimidation or is just offensive is not acceptable and must be avoided. If an employee encounters a situation involving abuse or harassment, they can report it promptly to the WOW Support Services Area in accordance with internal procedures. Employees can submit complaints related to human rights violations to the HR department either in person or through an HR ticket. All complaints are treated as confidential. Depending on the nature of the complaint, appropriate individuals will be involved in the process, including only those individuals absolutely necessary for clarifying the details of the situation and finding a solution.

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

Bigbank has not established a separate workplace accident prevention policy; however, the Local Principles of Work Organization include also safety guidelines for office workers, and Bigbank AS, as an employer, ensures the investigation and documentation of workplace accidents in accordance with applicable laws and regulations. Bigbank AS has conducted all mandatory risk assessments of the working environment, and an additional risk assessment is required for each remote work location. The area of workplace accidents has been thoroughly mapped.

The Bigbank Group has not identified any particularly vulnerable groups or individuals within its workforce, which is why no specific commitments have been made regarding the inclusion of particularly vulnerable groups or positive action towards them. The 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.

The Group's Code of Conduct and Prevention of Conflict of Interest Policy stipulates the following:

Employees treat colleagues and customers with respect and courtesy, without physical or verbal abuse or harassment. Employees support colleagues and customers in every concern.

Bank applies zero tolerance against 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 rise to the level of harassment but may still create an atmosphere of hostility or intimidation or is just offensive is not acceptable and must be avoided. If an employee encounters a situation involving abuse or harassment, they can report it promptly to the WOW Support Services Area in accordance with internal procedures.

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

Bigbank's processes for engaging with people in its own workforce and workers' representatives about actual and potential impacts on its own workforce regarding secure employment, working time, work-life balance, health and safety, gender equality, and privacy have been established through internal regulations. The General Principles of Work Organization in Bigbank Group regulate, among other things, working time arrangements and matters related to health and safety. Communication with the workforce about material actual and potential impacts occurs through various channels, such as annual employee feedback surveys, regular (either weekly or bi-weekly as agreed) one-on-one meetings with direct superiors, and various regular meetings, including weekly department meetings and the Group-wide quarterly meeting. Information is also shared with employees through the intranet, where they can also provide feedback on specific information and topics, and employees always have the option to communicate directly with the HR department. Employee perspectives are analysed, addressed and taken into account in the Group's decision-making processes.

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

The operational responsibility for ensuring that this engagement happens and that the results inform the Group's approach is three-tiered: the head of internal communication is responsible for the engagement, who then 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 stipulated in the legally binding Charter of Fundamental Rights of the European Union. It establishes principles and rights for EU citizens and residents in the EU that relate to dignity, liberty, equality, solidarity, citizenship and justice. In addition to protecting civil and political rights, it covers workers' social rights, data protection, bioethics and the right to good administration. Operating in EU member states, Bigbank must also adhere to the human rights established in the charter. Although the bank does not have a separate written agreement with its workforce regarding human rights, it respects the human rights of its employees, and employees 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 based on their results, as needed.

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

Although no potential or actual negative impacts on its employees have been identified under IROs, Bigbank has channels available for its employees to raise and address concerns.

In a situation where Bigbank has caused or contributed to a material negative impact on people in its own workforce, the bank's intranet provides the necessary guidelines and references for employees. For example, it provides information on how to raise concerns and offers psychological counselling, if necessary.

Personal concerns can be raised in face-to-face meetings with a HR partner, via the internal infosystem, via email or by messaging the HR partner through Teams. In addition, employees have the option to report their concerns confidentially through the internal reporting line.

More general matters can be brought directly to the management's attention through quarterly info sessions, during which an intranet page is created for submitting questions, and questions can also be asked directly during the meetings.

Bigbank has also a working environment representative whom employees can approach for any working environment matters. For matters related to work processes, employees can raise concerns through operational risk tickets reporting channels. For matters related to necessary IT tools or access, through notifications to IT support.

All these channels have been created by Bigbank and are part of Bigbank's own mechanisms.

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

The complaints/concerns raised by employees are reflected in various reports depending on the nature of the complaint/concern. Depending on the scale of the impact, the issue may be escalated and involve other stakeholders up to the supervisory board or the relevant regulatory authority. Bigbank assesses the effectiveness of the provided remedies based on employee feedback and analysis of the raised concerns, including their causes, recurrence and extent.

Bigbank assesses the awareness of its employees regarding these structures and processes through mandatory trainings on the relevant topics, verifying the completion of the training. Bigbank does not have separate policies in place regarding the protection of individuals using these structures and processes, including workers' representatives, against retaliation; however, general principles of protection are established in the Group's Code of Conduct and Prevention of Conflict of Interest Policy.

[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, as risks, opportunities and actual positive impacts associated with employees are addressed through the Group's general management principles and policies.

Bigbank has not established a specific action plan for managing the material impacts, risks and opportunities affecting its own workforce, making it impossible to identify the operating expenses and/or capital costs associated with the implementation of such a plan. Bigbank does implement, however, the following actions regarding the material impacts, risks and opportunities affecting its own workforce:

- Regarding the positive actual impact related to secure employment and employee engagement, the Group conducts annual employee satisfaction and engagement surveys, regular management communication (quarterly meetings, leadership training sessions), and supports career opportunities within the Group.
- Regarding the opportunity related to secure employment, the Group analyses exit interviews and monitors employee turnover, develops succession planning through career development, and implements a competitive and fair remuneration policy.
- Regarding the positive actual opportunity related to flexible working hours and job satisfaction, Bigbank offers flexible working hours and remote work options, and continuous adjustments and improvements to the organization of work (ergonomics, tools) are made based on employee feedback.

- Regarding the risk of insufficient consideration of employees' wishes and needs, Bigbank uses employee feedback surveys, facilitates regular dialogue between managers and employees, and implements personalized development plans.
- Regarding the positive actual impact related to supporting work-life balance, Bigbank offers remote work and flexible working arrangements, as well as participation in meetings via video conference.
- Regarding the positive actual impact related to promoting health and ensuring a safe working environment, Bigbank provides health check-ups, vaccinations and psychological support, while ensuring safety (ergonomics, mental health support).
- Regarding the positive actual impact related to fair compensation, the Group has established a clear and transparent remuneration policy and conducts regular analyses of the labour market and pay levels.
- Regarding the opportunity related to regular training and skills development, Bigbank has employee training and development programs, leadership development and succession planning, as well as mandatory and voluntary competency training.
- Regarding the positive actual impact related to the protection of employee data, Bigbank adheres to information security and data protection policies, conducts regular information security and data protection trainings, and develops secure work processes and systems.

The implementation of the described actions is continuously monitored, and progress overviews made at regular intervals depending on the specific action.

Although Bigbank did not identify any material actual or potential negative impacts on its workforce, it is still worth noting that potential negative impacts are monitored in a number of different ways, including employee satisfaction surveys, and there are measures in place for their remediation and prevention based on employee feedback. For example, when a training need is identified, negative impacts are remediated or prevented through training. Bigbank ensures that the Group's 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 the aforementioned complaint handling and feedback mechanisms, balancing working conditions and workloads, and providing fair and transparent compensation. The impact of the value chain, sales and data usage on employees is managed by relevant internal regulations, responsible sales management and employee data protection. To balance employee well-being and business objectives, the bank optimises its work processes and provides digital solutions to reduce the administrative burden on employees, and promotes flexible working arrangements.

The additional actions and initiatives Bigbank has in place with the primary purpose of delivering positive impacts for its own workforce include the following events: an annual WOW Day seminar, to which all Group employees are invited; local summer days in each country, including also employees' families; and a Christmas party for employees' children with gifts for the kids. Each unit can budget for team events, and national holidays and other significant dates (e.g. Shrove Tuesday) are celebrated in the offices.

With the same purpose of delivering positive impacts for its own workforce, there is also engagement with management through quarterly meetings, quarterly area managers meetings and monthly on-line Leadership Community sessions.

Bigbank monitors the effectiveness of these actions as well as the need for additional actions through employee feedback.

The bank mitigates the risk of insufficient consideration of employees' wishes and needs through an annual employee feedback survey. This helps to identify areas of concern and create an action plan, which will also be reflected in the annual objectives of the leaders. Bigbank also analyses the reasons from exit interviews, which are also taken into account when developing action plans. For example, this helps Bigbank ensure that their salaries are competitive in the market, or if there are concerns about the competence of a specific manager, invest in the development of that particular individual.

Employee turnover at Bigbank is within the desired limits.

Bigbank has established a talent management model, which includes succession planning. The bank evaluates its employees and creates individual development plans, making employees feel seen, heard and recognized. Bigbank also supports internal career mobility, allowing employees to move from one position to another. This helps employees keep their careers interesting and extends their prospects within the company.

Bigbank allocates resources each year for managing material impacts. The Group's budget has dedicated funds for covering the costs of training employees, organizing events, ensuring workplace safety, maintaining and developing necessary information and cybersecurity systems, as well as 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 opportunity. This target is linked to policy in that measuring satisfaction supports the bank's goal of maintaining and developing an employee-friendly working environment. Bigbank aims to achieve the average of the financial sector, which was 73 in 2024. This target encompasses the entire workforce of the Bigbank Group in all countries of operation and is measured annually.

In addition, Bigbank uses the operational risk indicator as a target for secure employment with employee turnover rate as the metric. The policy connection arises from the bank's objective to reduce employee turnover to ensure a stable and motivated workforce. The turnover thresholds for 2024 were as follows: yellow ≥ 17% and red over 19%, and the aim is to maintain the turnover rate below 17% (yellow level) and avoid exceeding 19% (red level). The 2023 baseline was 18%. This target encompasses the entire workforce of Bigbank and is measured at least annually. Bigbank conducts regular employee feedback surveys and collects input. In their responses to the 2024 employee sustainability survey, 90% of employees considered secure employment important or critically important, characterized by the level of engagement and turnover. When setting targets and assessing performance, Bigbank takes into account feedback received directly from its own workforce, as described in S1-2. Based on this feedback, action plans are adjusted as needed for next periods.

The satisfaction index and employee turnover are constantly monitored, and the results analysed at least annually at the level of the management board. If necessary, targets are adjusted to ensure their alignment with changing circumstances and employee expectations. Starting from this annual report, a sustainability statement will be published for each reporting year, assessing whether and how the set targets were achieved and whether any further adjustments are needed.

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

The following tables give an overview of the key characteristics of Bigbank's employees. Employee statistics are presented by the total number of employees at the year end and by the average number of full-time employees for the year. The average number of full-time equivalent employees for the year is calculated as the sum of full-time employees and part-time employees, proportionally adjusted for 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 taking the employees' total working time fund (in days) and dividing it by the number of days in the calendar month. Tables in S1-6 show the number of employees as the total number at the end of the period, except for Table 8. The chapter "Employees" in the management report of the consolidated financial statements presents the total number of employees by gender and country as at 31 December 2024, while Note 28 thereto provides the average number of full-time employees. As the methodology for presenting the number of employees in Note 28 differs from that used in the subsequent tables, these numbers are not comparable.

Table 5. Employee head count by gender

Gender	Number of employees (head count) as at 31.12.2024	Average number of employees for the year
Male	220	207
Female	340	325
Total employees	560	532

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

Country	Male	Female	Total employees
Estonia	148	186	334
Latvia	15	72	87
Lithuania	37	66	103

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

	Male	Female	Total
Number of employees	220	340	560
Number of permanent employees	217	334	551
Number of temporary employees	3	6	9
Number of non-guaranteed hours employees	0	0	0
Number of full-time employees	214	332	546
Number of part-time employees	6	8	14

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

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

* For the employee turnover calculation, the aggregate of the number of employees who leave voluntarily or due to dismissal, retirement, or death in service is dividend by the average number of employees for the year.

[S1-9] Diversity metrics

Bigbank considers top management to include members of the management board, area managers and branch managers.

Table 9. Diversity metrics for top management

2024 gender distribution in number and percentage at top management level:	Number of people	Gender distribution, %
Male	12	63
Female	7	37

Table 10. Distribution of employees by age group

Distribution of employees by age group:	2024
Under 30 years old	146
30–39 years old	269
39–50 years old	116
Over 50 years old	29

[S1-13] Training and skills development metrics

Table 11. Training statistics

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

* All male and female employees participated in regular performance and career development reviews.

[S1-14] Health and safety metrics

Table 12. Employee health and safety metrics

	2024
Percentage of workforce covered by the health and safety management system	100%
Number of fatalities as a result of work-related injuries and work-related ill health	0
Number of recordable work-related accidents	0
Number of minor recordable work-related accidents	0
Number of serious recordable work-related accidents	0
Rate of recordable work-related accidents	0
Number of cases of recordable work-related ill health	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
Percentage of employees provided with free psychological support	100%
Number and percentage of employees who utilized the opportunity for free health check-ups	52 9%*

* Free health check-ups are offered in accordance with applicable local regulations, meaning they are generally not offered annually to all employees.

[S1-15] Work-life balance metrics

Table 13. Work-life balance metrics

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

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

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

[S1-16] Compensation metrics (pay gap and total compensation)

Table 14. Gender pay gap and median remuneration ratio

	2024
Gender pay gap*	36.34
Ratio of median annual total remuneration for all employees (excluding the highest-paid individual)	3.85

* All bank employees receive adequate compensation in accordance with their employment contracts and in compliance with the laws of the country of operation. Bigbank ensures equal pay for equal work regardless of the employee's gender. Bigbank believes that the difference in gross hourly pay level between male and female employees does not indicate a gender pay gap but rather reflects several other factors that influence the differences in remuneration, such as education, working hours, the nature of the job, breaks taken during employment and part-time work. In addition, the difference in gross hourly pay level between male and female employees is also influenced by gender representation across positions, as well as the different gender distribution at different management levels. Compensation also varies based on the country of operation.

Additional metrics

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

Table 15. Overview of the metrics for IROs related to own workforce

S1 IRO description	Metric: 2024 results
Secure employment provides employees with stability, which can enhance their morale and commitment to work: employees are more likely to be motivated, productive and more engaged with their work	Table 7: number of permanent employees Average length of service: 62 months
Secure employment reduces employee turnover: A stable job increases employee motivation, making it more likely that employees will stay with the company for a longer period, which reduces direct and indirect payroll costs (recruitment, training, loss of productivity)	Table 8: employee turnover
Flexible working time regulated in accordance with the applicable laws and regulations can improve employee well-being and job satisfaction, increasing productivity and reducing burnout	Percentage of employees entitled to remote work: 100%
Insufficient consideration of employees' wishes and needs, along with limited communication between the employer and employees, can reduce employee satisfaction and productivity, while increasing turnover, which means additional costs for the bank	Employee engagement index: 72 Number and percentage of employees who participated in the annual employee engagement survey: 90%
Supporting employees' work-life balance and promoting the compatibility of family and career enhances employee well-being: Bigbank offers flexible options for employees to work from home and/or participate in meetings via video conference when needed to help balance work and personal life	Satisfaction rate with work-life balance: 72%
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, vaccinations and other services are provided	Table 12: percentage of employees provided with free psychological support Table 12: percentage of employees who utilized the opportunity for free health check-ups

S1 IRO description	Metric: 2024 results
Adhering to the principle of equal pay for work of equal value, regardless of gender and age, ensures fair treatment of employees, can enhance job satisfaction and create a positive working environment: Bigbank has a remuneration policy that establishes a framework for fair and transparent compensation within the Group	Percentage of employees who consider gender equality and equal pay for work of equal value important or critically important: 72%
Regular training and skills development for all employees can significantly enhance the resilience and accuracy of banking processes, and the quality of customer advisory services, improving the bank's reputation, increasing customer satisfaction, reducing legal risks and helping to avoid potential costs. This ensures high quality services and may subsequently increase revenues	Other personnel-related expenses. Note 29. Administrative expenses
Protecting employee data enhances workplace security by safeguarding sensitive information from breaches and cyberattacks: At Bigbank, the use and monitoring of employee data is strictly regulated	Percentage of employees who are very confident or confident that the bank protects employees' personal data: 84% Percentage of employees who are very confident or confident that the bank can withstand cybersecurity threats: 85%

ESRS S3 – affected communities

In this consolidated sustainability statement, Bigbank applies the phase-in provisions for the disclosure of the topic of affected communities, meaning that for the first 2 years of preparing the sustainability statement, only the information contained in section 17 of disclosure requirement BP-2 of ESRS 2 will be disclosed.

One material IRO was identified under the topic of affected communities: supporting the local community (positive actual impact). An overview of material IROs has been presented on page 82 (Table 2). For example, Bigbank's sponsorship activities in Estonia focus primarily on sports (volleyball), youth (street children) and large families.

Responsible lending, raising financial awareness, and improving and promoting overall financial literacy are the cornerstones of our business and our daily priority. We value healthy lifestyles, culture, education and the sustainability of communities. Accordingly, we have been supporting various charity and sponsorship projects for many years.

Bigbank has not adopted a separate policy to manage its material impacts on value chain workers, as well as associated material risks and opportunities; these aspects are partially covered, however, by the general principles of the Bigbank Sustainability Policy, which will be publicly available on Bigbank's website, where the bank plans to publish it.

In practice, various actions and initiatives are implemented to help manage material impacts and risks. Bigbank has not set any measurable outcome-oriented targets regarding affected communities or the material IRO identified under this topic. Also, Bigbank does not separately monitor the effectiveness of actions related to the material sustainability-related IRO. Support is provided according to opportunities and needs, generally on an annual basis.

The principles related to social responsibility outlined in the Bigbank Sustainability Policy are as follows:

1. Engagement of underserved customer segments – we aim to make financial services more accessible to underserved customer segments, focusing on micro- and small companies, large families and consumers and companies outside major cities.
2. Supporting the local community – we engage customers and employees to promote sustainable consumption and lifestyle choices.
3. Promoting financial literacy – we promote financial literacy, enabling consumers and businesses to make informed financial decisions.

The geographical scope of the described actions covers primarily Estonia, Latvia, Lithuania and Finland, and pertains to stakeholders such as customers who are micro- or small enterprises, large families, athletes and the broader community. The action extends to the value chain activities of providing banking services, support and the organization of trainings.

Bigbank has not developed separate mechanisms for members of affected communities to submit their complaints and suggestions, but members of affected communities can use the bank's general mechanisms, such as the public feedback form available on Bigbank's website.

Bigbank measures activities directed towards affected communities when lending to micro- and small enterprises and supporting major sponsorship projects. The metrics used have not been validated by an external party in 2024. The metrics describing the results by key objectives are as follows:

- Engagement of underserved customer segments. The volume of SME loans and leases in the Group: 764 million euros in 2024
- Supporting the local community. 1) Volleyball sponsorship deal – 2024 contract amounts to 762,500 euros; 2) Large Family of the Year – prize of 10,000 euros in 2024

The aim of supporting volleyball is to provide the teams with the financial security they need to focus on achieving their full potential without the stress of securing funding. The purpose of our long-standing collaboration is to support the development of volleyball and Estonian sport. In 2024, Bigbank AS and the SK Duo volleyball club extended their cooperation for the next three years, signing a record sponsorship deal in the Estonian sports history worth up to 762,500 euros.

Since 2005, Bigbank has partnered with the Estonian Association of Large Families to offer families with four or more children the opportunity to enjoy a special day full of fun activities. In addition, every year we honour an active large family that has made a positive impact on the community with the title of Large Family of the Year and a prize of 10,000 euros.

Bigbank monitors and assesses the effectiveness of its actions through community feedback, and these are also reviewed by the bank's supervisory and management boards. However, the bank intends to review and, if necessary, enhance its sustainability management processes by 2025, which may include the development of a policy.

There are currently no plans to establish a separate policy for affected communities, as Bigbank believes that the existing operational principles and actions are sufficient. However, the bank has plans to review and, if necessary, improve its sustainability management processes by 2025, which may include the development of a separate policy.

ESRS S4 – consumers 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, meaning that for the first 2 years of preparing the sustainability statement, only the information contained in section 17 of disclosure requirement BP-2 of ESRS 2 will be disclosed.

A total of nine material IROs were identified under S4, and an overview of them has been presented on page 82 (Table 2).

All significant customer-related topics are addressed in the Group's strategy. Bigbank's vision is to be the most recommended digital financial service provider in the countries where the bank operates. The strategy covers the period from 2022 to 2026. The Bigbank Sustainability Policy stipulates that it avoids greenwashing, adopting best practices in the field and connecting its sustainability initiatives with a scientific approach. In addition, the Bigbank Sustainability Policy ensures that the bank's green products comply with the EU Taxonomy, significantly contribute to mitigating or adapting to climate change, provide clear environmental benefits, and do not significantly harm other environmental objectives.

All sustainability issues related to consumers and end-users are covered either in Bigbank's policies, the implementation of which is the responsibility of the bank's management and supervisory boards, or in the Group's strategy for 2022–2026:

- The negative potential impact of inadequate privacy and data protection, as well as the risk of violating data protection requirements, are addressed in the Group Procedure for Personal Data Protection. The Group's personal data protection rules have been described in more detail in section S1-1 "Policies related to own workforce".
- Bigbank Service Standard ensures responsible customer service and clear communication, which build quality customer relationships and have a positive impact on customers' financial behaviour.
- Credit Risk Policy and General Principles of Responsible Lending have a positive potential impact, enabling lower-income individuals and small businesses to access financing, reducing financial inequality and supporting their economic development, while responsible lending reduces credit risk and creates new financial opportunities. The implementation of irresponsible lending practices, however, increases the bank's credit risk, as the risk of late payments and non-repayment rises.
- The expansion and enhancement of Bigbank's digital channels have a positive potential impact, facilitating access to the bank's products and services as well as creating financial opportunities to increase customer satisfaction and loyalty, which 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 the Bigbank Sustainability Policy. The sustainability policy has been described in more detail in section GOV-1 "The role of the administrative, management and supervisory bodies".

Bigbank Service Standard aims to guide the Group in delivering the experience worthy of recommendation by the bank's customer. The standard applies to CRM, Marketing Area and 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.

General Principles of Responsible Lending aim to state general diligence measures to be taken prior to granting of credit to the customers, such as collection and verification of data required for the assessment of customer's creditworthiness, pre-contractual consulting and submission of credit related warnings, evaluation of collaterals in case of credit secured by mortgage etc. The provisions established in the principles must be followed by all employees and are applied to all transactions including granting of credit, the postponement of a due date for charge, refinancing or any other similar financial accommodation, including the entry into credit agreements and performance of acts needed for this purpose in the person's own name. The Group Head of Credit Risk is responsible for implementing the principles. The principles are accessible to all employees on Bigbank's intranet.

Overall objective of the Credit Risk Policy is to ensure management of the credit portfolio quality and managing the lending business within the set risk target levels. The policy must be followed by all Bigbank's employees involved in the management of credit risk, loan granting and loan administration functions. 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.

In the development and implementation of policies, Bigbank takes into account stakeholder interests through customer 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 where Bigbank operates.

Various actions have been taken to identify, monitor and prevent actual or potential adverse impacts. Regarding data protection and privacy, the bank requires their 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. In the area of responsible lending, the bank applies the principles of responsible lending and conducts credit risk analyses. Regarding customer centric digital solutions and accessibility, the bank takes customer feedback into account whenever possible in the development of new solutions.

The bank 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 in the Group, percentage of first line of defence employees who have completed responsible lending training, volume of corporate loans and leases, volume of the Group's home loan portfolio, 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 leasing issued outside major cities.

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

The number of data protection violations reflects violations that have been reported to the local supervisory authority in 2024 but may not capture all possible violations (e.g. if they are discovered with a delay). The number of violations has not been separately validated but is subject to internal control and reporting mechanisms. Bigbank has not set specific target values or interim targets, but the bank generally aims to reduce the number of data protection violations and thereby also minimize the number of mandatory notifications.

Fines related to data protection violations represent the total amount of fines imposed on the bank by supervisory authorities in 2024, expressed in euros, but may not capture all possible fines (e.g. if they are imposed with a delay). The total amount of fines has not been 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 2024 but 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 has not been 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 during 2024. Bigbank is considering changing this metric in future reporting periods. Bigbank's goal is to have the majority of the bank's employees complete the responsible lending training.

The volume of SME loans and leases and the volume of the Group's home loan portfolio reflect the total amount of SME loans and leases in millions of euros and the volume of the home loan portfolio in millions of euros as at 31 December 2024 respectively. Bigbank does not disclose the targets related to these metrics.

The NPS satisfaction with digital channels reflects the average rating given by the customers to their customer experience in 2024, the detailed calculation or targets of which the bank does not disclose. The bank's goal, however, is to provide the best possible customer experience for their customers.

The percentage of online banking users reflects the average number of customers who logged into the bank's online banking system each month during 2024, divided by the total number of customers as at 31 December 2024, but may not account for repeated 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, with their calculation methods, assumptions and limitations arising from applicable external accounting regulations and guidelines. These metrics are validated by auditors.

Data regarding the proportion of home and corporate loans and leasing issued outside major cities in 2024 is not available, and the methodology, assumptions and limitations for this metric are currently under validation.

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

Table 16. Overview of metrics regarding the IROs related to consumers and end-users (customers)

S4 IRO description	Metric: 2024 results (where data is available)
Inadequate privacy and data protection: If Bigbank fails to ensure the security of customers' personal and financial data, it may lead to data breaches along with potential financial losses for the customer and invasion of customer privacy	Number of mandatory notifications of data protection violations per year: Bigbank made a total of 4 notifications to the local data protection supervisory authority in 2024
Violation of data protection requirements: Violating data protection requirements can result in financial penalties and a decline in customer trust. Requirements arising from data protection regulations (GDPR) may increase data security management costs and employee training expenses	Fines related to data protection violations: Bigbank was not fined for data protection violations in 2024 Percentage of employees who have completed data protection training in the Group: as at the end of 2024, 87% of the Group's employees had completed data protection training
Responsible customer service and clear communication build quality customer relationships and have a positive impact on customers' financial behaviour: before signing a product agreement, Bigbank communicates proactively with customers, informing them of the associated obligations and potential risks. The quality of customer service is assessed, and customer experience systematically researched and analysed. Promises made to customers are kept and information is shared effectively, including providing sufficient information about loan products and proactively preventing potential payment difficulties by working with the customer	Number of employees who have completed responsible lending training: 115 in 2024

Potential positive impacts of lending practices on customers: Responsible credit services enable lower-income individuals and small businesses to access financing, reducing financial inequality and supporting their economic development. This increases access to resources and creates social stability. Bigbank provides small businesses with better access to financial resources	Volume of SME loans and leases in the Group: 764 million euros in 2024 Volume of the Group's home loan portfolio: 613 million euros in 2024
The expansion and enhancement of Bigbank's digital channels facilitate access to the bank's products and services: Developing digital channels provides customers with better opportunities and access to banking services (e.g. for those living far from service centres or individuals with mobility impairments), while also having a positive impact on employees, who can work more efficiently and provide a better service	NPS satisfaction with digital channels: NPS 59 in 2024 Percentage of online banking users, 42%
Development of customer-centric digital solutions: The expansion and enhancement of Bigbank's digital channels create financial opportunities to increase customer satisfaction and loyalty, which in turn boosts the frequency of service usage and may increase revenues. Offering customer-centric digital solutions helps expand the customer base and reduce operational costs, ensuring greater profitability and a competitive advantage in the long term	Software licensing and other information technology costs: financial statements, Note 29 Administrative expenses
Responsible lending reduces credit risk and creates new financial opportunities: Bigbank observes all lending-related rules, legal requirements and best practices in its operations, including the principles of responsible lending. This way, Bigbank ensures that the credit extended meets the customer's needs. Following the principles of responsible lending helps minimize the risks associated with the product portfolio, enhances customer trust, and may help to increase market share and revenue growth	Loss allowances for loans: financial statements, Note 10 Loss allowances for loans
Offering credit products to underserved market segments: Bigbank has the opportunity to increase revenue and market share by providing products based on responsible lending principles to previously underserved customers	Proportion of home and corporate loans and leasing issued outside major cities: data for 2024 not available
The implementation of irresponsible lending practices increases the bank's credit risk, as the risk of late payments and non repayment rises. This may also lead to reputational damage, as customers may perceive the bank as unreliable, which in turn reduces customer trust and harms the bank's market position	Loss allowances for loans: financial statements, Note 10 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 description of the legal structure and the management and responsibility of the supervisory board, management board and cross-border services, are regulated by the Group Governance Policy and the Group Governance Procedure, as well as the Branches' Management Procedure. According to Bigbank's Group Governance Policy, the bank adheres to and promotes high ethical and professional standards of internal governance arrangements, which are regulated in more details in the Code of Conduct and Prevention of Conflict of Interest Policy, the Procedure for Preventing of Conflict of Interest, and in the Rules on Reporting and Processing of Breaches, as also outlined in the Code of Conduct and Prevention of Conflict of Interest Policy.

According to the Procedure for Assessment of Suitability of Members of the Management Body and Key Function Holders, while conducting the suitability assessment, Bigbank must evaluate whether the 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. The suitability assessment also requires members of the management board to have an up-to-date understanding of the business of the bank and its risks at a level commensurate with their responsibilities, including an appropriate understanding of those areas for which the individual is collectively accountable together with other members of the management board and the bank. All members of the management board are required to have an understanding of the Group's governance framework and their respective roles and responsibilities therein, as well as the ability to contribute to the implementation of an appropriate corporate culture, values and conduct within both the management body and the bank. The bank is also required to ensure, that key function holders are of sufficient good repute, have honesty and integrity, and possess sufficient knowledge, skills and experience for their positions at all times. More specifically, roles related to the Code of Condact are 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 included additional entity-specific IROs that are deemed material for the bank under specific circumstances.

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

- Employees, supervisory board members, shareholders and other stakeholders (excluding customers) may become involved in cases of corruption and/or bribery, which can negatively impact the bank's financial position (risk): Code of Conduct and Prevention of Conflict of Interest Policy
- Information security and cybersecurity (negative potential impact, risk): Information and Communication Technology and Security Policy
- Anti-money laundering activities (positive actual impact): Anti-Money Laundering and Counter Financing Terrorism Policy
- Regulatory compliance and compliance risk: Risk and Capital Management Policy

All these policies have been established by the supervisory board at the Group level. The implementation of the policies is the responsibility of the supervisory board and the management board.

Code of Conduct and Prevention of Conflict of Interest Policy and related management orders reflect the Group's objectives of good governance and sustainable value creation for all the Group's main stakeholders including customers, employees and shareholders. The code is related to business conduct, specifically the risk of corruption and bribery. The policy applies to all employees of the Group, without exception, and provides guidelines for employee's behaviour, specifies how to identify, manage, mitigate and prevent conflict of interest, and provides guidance to persons, who want to report about the breaches or related suspicions (whistleblowing). The purpose of the policy is to establish general principals on conduct, compliance and ethical governance within the Group, which, among other things, regulate the following:

- Set forth minimum standard of ethical conduct and integrity for the employees of the Group to help decision making in appeared difficult situations when the Group's employees do not have any other guidance to follow.
- Ensure all reasonable measures to identify, assess, prevent, manage, mitigate and disclose actual or potential conflict of interest situations.
- Establish a framework for reporting and processing of breaches in the Group while ensuring legal protection of the person notifying of a concern as well as confidentiality of data.

The 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 the Code of Conduct and Prevention of Conflict of Interest Policy. The policy, which is primarily intended to be implemented with the help of the bank's employees, is accessible to all employees on Bigbank's intranet.

Bigbank's risk management and internal control framework is wide and complex, described in various internal procedures established by the bank's management and supervisory boards, including the Anti-Money Laundering and Counter Financing Terrorism Policy, Risk and Capital Management Policy, and the statutes of different structural units. The Anti-Money Laundering and Counter Financing Terrorism Policy is related to the entity-specific business conduct and has a positive actual impact on risk management. The Anti-Money Laundering and Counter Financing Terrorism Policy aims to establish minimum requirements for the anti-money laundering and counter financing terrorism framework and internal control system for protecting the bank from being used for purposes of money laundering and terrorist financing and for avoidance of international and national sanctions. It also aims to ensure accountability of money laundering, terrorist financing and international and national sanctions risk management within the bank and preservation of the bank's reputation with customers, business partners and the society as a whole. The policy defines governance and responsibilities of money laundering, terrorism financing and international and national sanctions risks; money laundering, terrorism financing and international and national sanctions risk assessment and mitigation procedures, KYC principles and activities, data processing and record keeping requirements, reporting requirements, outsourcing principles, employee awareness and training, and internal control measures. The policy applies to all Bigbank employees in all branches and business units.

The policy is in line with the relevant EU and local legislation in the field, as well as with the guidelines of the European Banking Authority. Regarding the Anti-Money Laundering and Counter Financing Terrorism Policy, the supervisory board and the management board of the bank are responsible for ensuring that adequate functions and control systems are in place and the bank's obligations are fulfilled regarding prevention of money laundering, terrorist financing and violation of international and national sanctions and preventing that the bank and the financial system, in the countries the bank operates, are not used for money laundering and terrorist financing or for violation of international and national sanctions. The policy is primarily intended to be implemented with the help of the bank's employees and is accessible to all employees on Bigbank's intranet.

The Information and Communication Technology and Security Policy aims to establish a framework to ensure 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 from it
- Implement digital operational resilience testing
- Implement a communication strategy in the event of ICT-related incidents

The policy is related to entity-specific business conduct, as well as the negative potential impact and risk of cybersecurity. Every employee in the bank, especially employees in the Technology Area and Product Management Area, Information Security Unit, Content Management System Unit, and Data Warehouse Unit are responsible for the ICT and security risk mitigation. It is the responsibility of the supervisory board to comprehend the risks involved in the activities of the Group and ensure that the management board identifies and monitors risks and controls the extent thereof; and bear the overall responsibility for setting and approving the digital operational resilience strategy, including the determination of the appropriate risk tolerance level of ICT risk. The management board bears the ultimate responsibility for managing the ICT risk, and sets clear roles and responsibilities for all ICT-related functions and establish appropriate governance arrangements in the form of procedures to ensure effective and timely communication, cooperation and coordination among those 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 primarily intended to be implemented with the help of the bank's employees, is accessible to all employees on Bigbank's intranet.

The Risk and Capital Management Policy aims to establish an internal control framework, general risk strategy, common risk definitions, target risk profile and risk appetite, risk governance and high-level principles for risk and capital management within the Group. The Compliance Area advises the management board and the supervisory board on measures to ensure compliance with applicable laws, rules, regulations and standards. It also assesses the potential impact of legal or regulatory changes on the Group's operations and compliance framework. Compliance monitoring is carried out on the basis of a structured and clearly defined compliance monitoring program, ensuring that risk management and internal procedures are followed and their implementation is monitored. It also monitors that new products and new procedures comply with the applicable legal framework and, where necessary, with legislative and regulatory changes. The Compliance Area, including the Chief Compliance Officer, should be independent of the business lines and internal units it controls and have sufficient authority, stature and resources.

To ensure centralised and holistic risk management in the Group, the supervisory board has established risk management function that is forming a part of internal control functions in the Group. The supervisory board approves the policy and other policies governing the risk management function for individual types of risks and defines the risk appetite based on the business strategy. The Compliance Area and risk management function are interal control functions of the bank. The supervisory board shall be responsible for establishing and monitoring the adequacy and effectiveness of the internal control framework and for overseeing internal control functions.

Bigbank establishes, develops, promotes and evaluates its corporate culture through policies and internal regulations, taking into account developments in external regulations and practices, as well as internal feedback and related incidents. Internal regulations are updated and trainings provided as needed.

According to the Group's Code of Conduct and Prevention of Conflict of Interest Policy, if an employee finds that a problem qualifies as a breach according to the principles of the policy and the problem cannot be solved according to other internal procedures, the employee should consider first discussing it with their direct superior. Such behaviour is the fastest way of solving misunderstandings and providing an open work environment in the organization.

It is also possible to report operational risk incidents in accordance with the Operational Risk Events Management Procedure.

Bigbank has not established a separate anti-corruption or anti-bribery policy consistent with the United Nations Convention against Corruption, but the principles addressed in the convention are 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 of Conflict of Interest. The Group is currently not planning to change this approach but may be considering it in the future.

According to the Code of Ethics, a whistleblower may also use an internal whistleblowing hotline. The internal whistleblowing hotline is managed by the Head of Internal Audit, who reports directly to the Bigbank's supervisory board and is therefore independent of the management board. The internal whistleblowing hotline can be used by sending an email, sending a letter by post or directly contacting the Head of Internal Audit. The channels are published on the intranet. External hotlines are managed by competent authorities and reported violations are handled in accordance with the procedure established by the relevant competent authority.

The Head of Internal Audit Unit conducts investigations into reports received on the internal whistleblowing hotline. If necessary, an investigation team is formed, and experts are involved. Evidence is collected and analyzed during the investigation, and the results are prepared as a report or notification to the supervisory board and/or management board. The reporting person is also obliged to be informed of the investigation if he or she wishes.

The protection of whistle-blowers is also regulated in the Group's Code of Conduct and Prevention of Conflict of Interest Policy. As a protective measure, reporting persons have the option to remain anonymous if they so wish. To do this, they must use the appropriate reporting method that ensures their anonymity. If the reporting person is identifiable, the report shall be processed confidentially, meaning, first and foremost, that the identity of the reporting person as well as the circumstances of reports shall not be disclosed to the alleged violator. As another protective measure, the bank prohibits unfair treatment of individuals who have reported breaches in good faith. All reporting persons are protected and will not be put in an unfavourable situation as a result of their report. If the reporting person is punished or treated unfairly by anyone, the person who punished the reporting person or treated them unfairly shall face consequences and be liable for damages and other compensation in accordance with the applicable legislation.

As part of the induction plan, new employees must familiarize themselves with the Group's Code of Conduct and Prevention of Conflict of Interest Policy, and the Procedure for Preventing of Conflict of Interest. Furthermore, each time the relevant internal regulations are reviewed and amended, a notification is sent to employees and training on the subject provided 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 bank's management and material risk takers (individuals in positions that have a material impact on the Group's risk profile) as well as customer service representatives.

[G1-2] Management of relationships with suppliers

Bigbank Group does not have a separate policy aimed at preventing late payment of invoices, especially for payments to SMEs, but in accordance with the Group's Accounting Principles, the accounting unit sets a deadline for approving an expense document that is sufficient to pay the invoice on time, i.e. by the date indicated on the document.

In selecting suppliers, social and environmental criteria are considered in accordance with the Procurement Procedure. The economically most advantageous offer is one that is based on different criteria, depending on the subject of the procurement, 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 of Conflict of Interest. Conflicts of interest are closely related to the topics of corruption and bribery, which is why the bank addresses them together – incidents of corruption and bribery are treated as a specific type of conflict of interest under the Procedure for Preventing of Conflict of Interest. Consequently, the policies regarding conflicts of interest also govern corruption and bribery, including the prevention, detection and addressing of allegations or incidents of corruption and bribery. Additionally, the process to report outcomes to the management and supervisory bodies described for conflicts of interest also includes the process to report outcomes to the management and supervisory bodies regarding corruption and bribery.

According to the Procedure for Preventing of Conflict of Interest, as a preventive measure, all material risk takers (including members of the management body, 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. These disclosures alert relevant persons of their own financial interests and potential areas of conflict of interest in relation to their official duties and allows for the Group to judge whether there is a risk that they could act in the conflict of interest.

In the case of management bodies and key function holders, the Procedure for Assessment of Suitability of Members of the Management Body and Key Function Holders should also be considered, according to which all actual and potential conflicts of interest at management body and key function holders level should be communicated to other members of management body and to the Head of Financial Crime Prevention Unit, discussed, documented, decided on and duly managed.

The Procedure for Preventing of Conflict of Interest also includes an action plan for situations where a potential or actual conflict of interest is discovered. The Head of Financial Crime Prevention Unit analyses the circumstances and decides the further actions and if needed starts investigation. It is important to keep in mind that when a relevant person discovers a possible or actual conflict of interest in the conduct of themselves or their co-workers, they should immediately notify their direct manager who shall then immediately notify the Head of Financial Crime Prevention Unit of the Group. The Head of Financial Crime Prevention Unit analyses the circumstances and decides the further actions and if needed starts investigation. Upon investigating, consulting and giving guidelines, the Head of the Financial Crime Prevention Unit of the Group evaluates the materiality and risk of the conflict of interests damaging the interests of the Group or customer, considering the nature of the relevant transaction or operation according to the Fraud Control Procedure. In case of identified conflict of interest and based on the materiality and risks involved, the Head of the Financial Crime Prevention Unit makes recommendations to the direct manager of the relevant person on starting or continuing employment or implementing other appropriate mitigating measures. In the case of members of the management body and key function holders, the Procedure for Assessment of Suitability of Members of the Management Body and Key Function Holders is followed for further actions.

The above internal regulations are accessible to all employees on Bigbank's intranet. Employees are also introduced to these internal regulations when starting their employment and are notified via email when a regulation is amended. Employees are required to undergo training on conflicts of interest upon starting their employment. The training covers what a conflict of interest is (including situations and examples), how to recognize a conflict of interest, how to act in a conflict of interest situation, and how to mitigate the risk of conflicts of interest. At the end of the training, employees are also required to complete a related test.

As described under G1-1, the Group's Code of Conduct and Prevention of Conflict of Interest Policy also provides the option to report violations through internal or external reporting lines when the problem cannot be solved according to other internal procedures. External reporting lines are maintained by competent authorities and reported breaches are handled according to the procedures established by the relevant competent authority.

The reports submitted through internal reporting lines are handled by the Head of Internal Audit Unit, who is responsible for receiving and assessing the report, investigating the report, if needed, informing the bank's supervisory and/or management board about the results of the investigations. Any further actions as a consequence of breaches, e.g. criminal proceedings, terminations of service agreements, recovery of losses or changes in the processes or similar will be decided by the management of the Group.

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 17. Trainings in prevention and detection of corruption and bribery in 2024

	At-risk functions	Managers	Administrative, management and supervisory bodies
Training coverage			
Total	560	93	11
Total receiving training	208	37	0
Delivery method and duration			
Classroom training	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
Topics covered			
Definition of corruption	x	x	
Policy	x	x	
Procedures on suspicion/ detection	x	x	

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

** Participation in training is mandatory as part of the new employee induction plan. In 2024, a total of 208 employees completed the training as part of the new employee induction plan, with the majority of employees having completed the training in 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, and consequently also no fines imposed for such violations.

The key actions taken in 2024 included employee training, the requirement to declare economic interests, and internal control activities. Specific actions included, for example, (regular) reporting and escalation – reporting ensures that necessary information reaches the relevant parties, and it has been agreed under what circumstances this information will be escalated to subsequent levels and how quickly.

The implementation of the action plan for preventing corruption and bribery does not require operational costs and/or capital expenditure to such an extent that they need to be highlighted in this statement.

G1 Entity-specific actions

The key actions taken by Bigbank in 2024 and planned for the future regarding information security and cybersecurity included employee training and internal control activities. Specific actions included, for example, (regular) reporting and escalation of information security and cybersecurity incidents – reporting ensures that necessary information reaches the relevant parties, 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 have no critical cyber incidents or data protection fines. Key actions include trainings to be conducted annually, which will include all the bank's employees. The implementation of the action plan is part of a broader data security framework, which is why no separate operational costs and/or capital expenditure for the entity-specific action are highlighted in this statement.

The key actions taken by Bigbank in 2024 and planned for the future regarding anti-money laundering activities included the implementation of Group Know Your Customer Procedure, employee training and internal control activities. According to the procedure, this includes the calculation and monitoring of customer risk levels, as well as monitoring the formula used for calculating risk levels. The implementation of the action plan is part of a broader anti-money laundering framework, which is why no separate operational costs and/or capital expenditure for the entity-specific action are highlighted in this statement.

The key actions taken by Bigbank in 2024 and planned for the future regarding regulatory compliance included continuous monitoring of external regulations and the assessment of the bank's processes, products and internal procedures. Specific actions included gap analyses and compliance risk assessments to ensure the Group's business complies with external regulations. The implementation of the action plan is part of a broader compliance framework, which is why no separate operational costs and/or capital expenditure for the entity-specific action are highlighted in this statement.

All actions apply in all countries where the Bigbank Group operates, encompassing all the bank's employees, customers, and operational processes and technology. The actions are annual, unless regulatory requirements or risk assessments necessitate additional changes.

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 to monitor their effectiveness. For IROs where the metrics include the number of incidents and/or fines (i.e. IROs related to corruption and bribery, cyber-security and compliance risk), the Group aims to maintain the results indicated in the metrics at zero. For IROs where the metrics include the percentage of those who have completed the training, the Group's goal is to achieve 100%. Regarding the IRO related to anti-money laundering, the aim is to keep the proportion of high-risk customers at a level that allows the bank to apply appropriate due diligence measures. The targets for the metrics are set separately for each year without 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, monitoring customer profiles and the application of due diligence measures, regular testing, statistics on training participants, and internal controls. If it appears that any target is unattainable or deviates from expected progress, the bank analyses the reasons, and enhances actions (e.g. additional training, stronger control mechanisms, 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, 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 is 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. In terms of calculation methods, it is important to note that the amount of fines reflects the total amount of fines received during the reporting year, the number of incidents indicates the number of reported incidents during the reporting year, the percentage of those who have completed the training shows the proportion of those who successfully completed training out of those who participated in the training in that specific reporting year, and the proportion of high-risk customers indicates the relative importance of high-risk customers in the total customer base as at 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 the availability of data (e.g. not all incidents may end with a court decision, meaning the actual rate of violations may be higher than the metric indicates), jurisdictional differences (in some countries, certain violations may result in administrative penalties rather than a conviction, which may distort international comparisons) and time factor (procedures may take years, so decisions and fines imposed during the reporting period may not reflect recent trends in actual activities). The measurement of the metrics has not been validated by any external entity other than the assurance provider.

G1 IRO description	Metric: 2024 results
Employees, supervisory board members, shareholders and other stakeholders (excluding customers) may become involved in cases of corruption and/or bribery, which can negatively impact the Group's financial position	The 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 incidents: Cyber incidents can have serious consequences for customers, such as data breaches, financial losses or identity theft. Cyber risks have a negative impact on the society at large and can also disrupt financial networks	Entity-specific metrics: Number of critical cyber incidents: 0 Amount of data protection fines: 0 euros
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 the bank's revenues, while increased costs for technology upgrades and employee training can create a long-term financial burden and elevate overall financial risks	Entity-specific metrics: Percentage of employees who have completed cybersecurity training: 100%
Anti-money laundering activities reduce systemic risks in the financial sector and support the stability of the financial sector: Bigbank prioritizes the prevention of money laundering and terrorist financing in its customer service, implementing all relevant requirements with a view to lowering the probability of the financial sectors of the countries where Bigbank operates being used for criminal purposes, reducing systemic risks and increasing the stability, reliability and transparency of the financial sector	Entity-specific metrics: Percentage of high-risk customers out of total customers*: 0.416% * Both retail and corporate customers across all countries where the bank operates
Regulatory compliance and compliance risk: The complex and constantly changing regulatory environment poses a risk to the bank, as there may be shortcomings in meeting (new) financial sector requirements, such as those concerning insider trading, market manipulation and other activities, that could lead to fines and/or costly litigation	Entity-specific metrics: Fines imposed by supervisory authorities during the financial year: 0 euros

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 management 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 management 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 2024. Six 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 bank and the 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 Põder – 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 2024, the members of the parent company's management board were represented in the management bodies of the Group's subsidiaries as follows:

Argo Kiltsmann – chairman of the supervisory board of Baltijas Izaudzmes Grupa AS
Martin Länts – member of the supervisory board of Baltijas Izaudzmes Grupa AS
Mart Veskimägi – member of the supervisory board of Baltijas Izaudzmes 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 2024, 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 35.

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 seven scheduled meetings in 2024 and on 14 occasions decisions were adopted electronically. All members of the supervisory board attended at least half of the meetings held in 2024.

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 35.

One of the six members of the supervisory board of Bigbank AS is a shareholder, holding 50% of the shares. Bigbank believes that these connections do 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

The audit committee is a specialized 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. Additionally, the committee supervises the statutory audit process for the company's annual report, sustainability report and consolidated financial statements, while ensuring the independence of the external auditor.

The audit committee also assumes the responsibilities of a risk committee. In this capacity, it advises the supervisory board on risk management principles, risk tolerance, and the implementation of the risk strategy. It also contributes to capital and liquidity management processes as well as recovery planning.

The audit committee has three members. From 1 January 2024, Jaan Liitmäe was appointed as the member of the audit committee. Since 1 January 2024, the audit committee consisted of Vahur Voll as chairman, Jaan Liitmäe and Sven Raba as members. From 6 March 2024 Vahur Voll was recalled from the position of chairman of the audit committee and Jaan Liitmäe was appointed as the chairman of audit committee. Since 6 March 2024, Vahur Voll and Sven Raba continued as members of the audit committee. The members of the audit committee receive remuneration for their responsibilities.

The audit committee held twelve meetings in 2024.

Bigbank AS does not disclose the committees set up by the supervisory board and their tasks, composition and place in the organisation on the corporate website (CGR article 3.1.3). Given that the audit committee is appointed by the supervisory board, whose members include the shareholders, and that the members of the audit committee are elected from among the members of the supervisory board, disclosure of the above information on the corporate website is not relevant to the interests of shareholders and investors.

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 2024, Bigbank AS enacted diversity policy according to which the bank 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 2024, 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 2024, 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 Bigbank's supervisory board carries out ultimate supervision of the Group's activities by establishing the general risk management principles and strategy required for the proper functioning of the Group's risk organisation and by providing a basis for 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 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 a 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.

The objectives and principles of risk management are described in more detail in note 5.

The internal audit unit is a structural unit of the Group, which is directly accountable to the Bigbank'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 Bigbank'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 Bigbank's supervisory board.

Credit committee

The credit committee is a functional body set up 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 and its aim is to support the enforcement of the Group's values and agreed code of conduct and to promote openness and consideration of other employees.

Bigbank's employees can notify of possible internal misconduct, which may include breaches of the general rules of conduct established by the Group, procedures regulating internal work arrangement, violations of legislation and neglect of 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 2024, the Group was not a large institution within the meaning of point (146) of Article 4(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and applied the derogation provided for in Article 94(3)(a) of Directive 2013/36/EU of the European Parliament and of the Council to the remuneration of all employees.

The establishment of a separate remuneration committee has not been considered to be necessary, and the role of the remuneration committee is fulfilled by Bigbank's supervisory board which is responsible for approving and supervising the group-wide remuneration policy and adopting decisions related to the remuneration of the members of the management board, the internal audit unit and material risk takers. The remuneration policy is reviewed by the supervisory board at least once a year. 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 Bigbank'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 2024, the list included 27 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 2024, the remuneration (excluding social security charges) provided to the material risk takers of the Group and its subsidiaries totalled 3.3 million euros, the figure consisting of fixed basic remuneration of 2.2 million euros and performance related pay of 1.1 million euros. No severance benefits were paid during the financial year. Performance related pay allocated for performance in 2024 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 2024 is sufficient. At the year-end, there was no performance related pay awarded but not paid for performance in 2024.

Result-oriented

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

Raul Eamets
Chief Economist

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

Consolidated financial statements

Consolidated statement of financial position

At 31 December (in millions of euros)	Note	2024	2023 restated*
Assets			
Cash balances at central banks	7	423.2	495.1
Due from other banks	7	25.4	23.6
Debt securities at FVOCI	8	22.3	15.4
Loans to customers	9, 10	2,196.5	1,662.0
Property, plant and equipment	11	8.9	9.4
Investment properties	12	66.4	49.1
Intangible assets	13	25.2	29.2
Current tax assets	31	0.4	0.4
Other assets	14	9.9	2.9
Assets held for sale	15	0.2	0.3
Total assets		**2,778.4**	**2,287.4**
Liabilities			
Loans from banks	16	8.4	8.9
Deposits from customers	17	2,393.3	1,937.4
Subordinated bonds	18	91.7	76.1
Current tax liabilities	31	2.9	2.5
Other liabilities	19	12.3	17.7
Total liabilities		**2,508.6**	**2,042.6**
Equity	21		
Paid-in share capital		8.0	8.0
Capital reserve		0.8	0.8
Other reserves		2.5	1.8
Retained earnings		258.5	234.2
Total equity		269.8	244.8
Total liabilities and equity		**2,778.4**	**2,287.4**

* Some prior period figures have been restated due to the correction of errors. For further information, please refer to note 4 to the consolidated financial statements.

The notes on pages 182 to 295 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in millions of euros)	Note	2024	2023 restated*
Continued operations			
Interest income	24	177.9	138.6
Interest expense	25	-75.5	-42.9
Net interest income		**102.4**	**95.7**
Fee and commission income		9.9	8.5
Fee and commission expense		-0.7	-0.3
Net fee and commission income		**9.2**	**8.2**
Loss on sale of debt instruments at FVOCI		-	-0.1
Net gain on financial assets at FVTPL		5.5	9.2
Net loss on foreign exchange differences		-0.3	0.1
Net income on financial assets		**5.2**	**9.2**
Net loss on derecognition of non-financial assets		-0.3	-1.4
Other operating income	26	5.0	4.6
Other operating expenses	27	-8.8	-6.8
Total net operating income		**112.7**	**109.5**
Salaries and associated charges	28	-27.9	-24.0
Administrative expenses	29	-11.5	-15.2
Depreciation, amortisation and impairment	11, 13	-8.3	-6.4
Total expenses		**-47.7**	**-45.6**
Provision expenses or reversal of provision		-0.2	0.4
Gain/-loss on change in the fair value of investment properties	12	-1.6	3.4
Profit before loss allowances		**63.2**	**67.7**
Net expected credit loss allowances	10	-23.9	-18.9
Profit before income tax		**39.3**	**48.8**
Income tax	31	-7.0	-7.6
Profit for the year from continuing operations		**32.3**	**41.2**
Loss from discontinued operations	15	-	-0.6
Profit for the year		**32.3**	**40.6**

The notes on pages 182 to 295 are an integral part of these consolidated financial statements.

(in millions of euros)	Note	2024	2023 restated*
Other comprehensive income	21	**0.7**	1.2
Other comprehensive income that may be reclassified subsequently to profit or loss:		0.5	0,5
Exchange differences on translating foreign operations		0.2	-0.1
Changes in the fair value of debt instruments at FVOCI		0.3	0.6
Other comprehensive income that will not be subsequently reclassified to profit or loss:		0.2	0,7
Revaluation of land and buildings		0.2	0.7
Total comprehensive income for the year		**33.0**	**41.8**
Basic earnings per share (EUR)	30	404	508
Diluted earnings per share (EUR)	30	404	508

* Some prior period figures have been restated due to the correction of errors. For further information, please refer to note 4 to the consolidated financial statements.

The notes on pages 182 to 295 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in millions of euros)	Note	2024	2023
Cash flows from operating activities			
Interest received		182.1	134.0
Interest paid		-25.5	-11.2
Salary, administrative, other expenses and fees paid		-61.5	-54.3
Other income and fees received		15.8	15.7
Recoveries of receivables previously written off and proceeds from the sale of portfolio items		1.7	10.1
Received for other assets		3.9	1.1
Loans provided		-1,118.8	-786.6
Repayments of loans provided		551.8	472.0
Change in mandatory reserves with central banks and related interest receivables	7	-6.0	-6.6
Proceeds from attracted deposits from customers		2,237.8	1,677.2
Paid on redemption of deposits		-1,820.5	-1,133.2
Income tax paid		-7.0	-4.8
Effect of movements in exchange rates		-0.3	-0.2
Net cash flows used in/from operating activities		-46.5	313.2
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	11, 13	-3.7	-4.0
Proceeds from sale of assets held for sale		-	1.4
Acquisition of investment properties	13	-19.3	-
Proceeds from sale of investment properties		0.4	-
Change in term deposits		-0.1	-
Paid in connection with business combinations		-	-0.5
Investment into financial instruments at FVOCI	8	-12.1	-
Proceeds from redemption of financial instruments at FVOCI	8	5.7	4.4
Net cash used in/from investing activities		-29.1	1.3
Cash flows from financing activities			
Proceeds from issue of subordinated bonds	18, 34	20.4	36.2
Interest paid on subordinated bonds	18, 34	-6.8	-5.3
Paid on redemption of subordinated bonds	18, 34	-5.0	-
Repayments of loans from banks	16	-0.5	-0.3
Payments of principal portion of lease liabilities	20, 34	-0.6	-0.6

(in millions of euros)	Note	2024	2023
Dividends paid	21, 30	-8.0	-6.0
Net cash used in/ from financing activities		**-0.5**	**24.0**
Effect of movements in foreign exchange rates		-0.1	0.1
Change in cash and cash equivalents		**-76.2**	**338.6**
Cash and cash equivalents at beginning of year	7	503.3	164.7
Cash and cash equivalents at end of year	**7**	**427.1**	**503.3**

The notes on pages 182 to 295 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(in millions of euros)	Attributable to equity holders of the parent				
	Share capital	Capital reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2023	8.0	0.8	3.4	199.8	212.0
Correction of an error (note 4)	-	-	-	-3.0	-3.0
Restated balance at 1 January 2023	8.0	0.8	3.4	196.8	209.0
Profit for the year	**-**	**-**	**-**	**40.6**	**40.6**
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	-0.1	-	-0.1
Changes in the fair value of debt instruments at FVOCI	-	-	0.6	-	0.6
Revaluation of land and buildings	-	-	-2.1	2.8	0.7
Total other comprehensive income	**-**	**-**	**-1.6**	**2.8**	**1.2**
Total comprehensive income for the year	**-**	**-**	**-1.6**	**43.4**	**41.8**
Dividend distribution	-	-	-	-6.0	-6.0
Restated balance at 31 December 2023	**8.0**	**0.8**	**1.8**	**234.2**	**244.8**
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**

For further information, please refer to note 21.

The notes on pages 182 to 295 are an integral part of these consolidated financial statements.

Courage

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

Kairi Tuulmägi
Chief Compliance Officer

Notes to the consolidated financial statements

Contents of notes to the consolidated financial statements

Basis of preparation

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 AS Baltijas Izaugsmes Grupa, OÜ Rüütli Majad and the subsidiaries of OÜ Rüütli Majad – OÜ Rüütli Property, OÜ Papiniidu Property, OÜ Pärnu mnt 153 Property and Balti Võlgade Sissenõudmise Keskus OÜ (together referred to as the 'Group').

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 38), which have to be presented in accordance with the Estonian Accounting Act, and capital ratios for regulatory purposes (see note 5), 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 AS Baltijas Izaugsmes Grupa, OÜ Rüütli 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 7 March 2025. 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 property, 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 deprecation 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 36.

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 38 *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.

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 36 (see the section *Financial assets*) and note 5 (see the section *Credit risk*), the sensitivity analysis is disclosed in note 5 (see the section *Sensitivity analysis of macroeconomic indicators*) and the loss allowances are disclosed in notes 9 and 10. 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 6, 9 and 36).

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 6). 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 0.6 million euros (31 December 2023: 4.6 million euros). At the reporting date, the market interest rate applied in the valuation technique was 4.88% (31 December 2023: 5.55%). If the market interest rate changed by +/- 1 percentage points, the resulting effect of the change in fair value would be -0.9 million/+1.0 million euros million euros (2023: -/+ 1.5 million euros).

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. 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 +0.5/-0.5 million euros (2023: +3.8/-3.5 million euros), respectively.

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 36). 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 6).

The fair values of land and buildings (see notes 6 and 36) are based on a valuation report issued by a real estate appraiser.

Investment property

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 36 and notes 6 and 12).

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 36), 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.

Note 4. Correction of errors

In 2024, the Group identified an error in the application of the effective interest method regarding the timing of the recognition of interest income calculated using the effective interest method. Namely, income and cost arising upon origination of loans to customers had not been correctly allocated across the expected maturity of the loans to which such income and cost are attributable. As a result of the correction, in the opening balances at 1 January 2023, loans to customers decreased by 3.4 million euros, current tax liabilities by 0.4 million euros and retained earnings by 3.0 million euros. In the closing balances at 31 December 2023, loans to customers decreased by 3.7 million euros, current tax liabilities by 0.5 million euros and retained earnings by 3.2 million euros. In total, profit for 2023 decreased by 0.2 million euros and profit for 2022 by 3.0 million euros. The effect of the corrections on prior periods was estimated to be immaterial.

In addition, in 2024 the Group identified that interest income attributable to the credit-impaired financial assets had been accrued on the gross exposure of the financial assets, rather than on net basis. There was no material effect on profit for the period ended 31 December 2023. The error was corrected by reducing the line item *Interest income* in the statement of comprehensive income by the excessively accrued interest income of 2.0 million euros and reclassifying it to *Net allowance for expected credit losses.*

The effect of the corrections on periods prior to 1 January 2023 was estimated to be immaterial as well as isolated. Therefore, the Group has not presented the restated opening balances for the prior period in its consolidated statement of financial position but has presented them below.

(in millions of euros)

The errors were corrected by restating line items in the consolidated financial statements as follows:

Consolidated statement of financial position at 1 January 2023

	As previously reported	Adjustments	1 January 2023 restated
Assets			
Loans to customers	1,359.4	-3.4	1,356.0
Total assets	**1,645.0**	**-3.4**	**1,641.6**
Liabilities			
Current tax liabilities	0.4	-0.4	-
Total liabilities	1,433.0	-0.4	1,432.6
Equity			
Retained earnings	199.8	-3.0	196.8
Total equity	**212.0**	**-3.0**	**209.0**
Total liabilities and equity	**1,645.0**	**-3.4**	**1,641.6**

Consolidated statement of financial position at 31 December 2023

	As previously reported	Adjustments	31 December 2023 restated
Assets			
Loans to customers	1,665.7	-3.7	1,662.0
Total assets	**2,291.1**	**-3.7**	**2,287.4**
Liabilities			
Current tax liabilities	3.0	-0.5	2.5
Total liabilities	2,043.1	-0.5	2,042.6
Equity			
Retained earnings	237.4	-3.2	234.2
Total equity	**248.0**	**-3.2**	**244.8**
Total liabilities and equity	**2,291.1**	**-3.7**	**2,287.4**

(in millions of euros)

Consolidated statement of comprehensive income

	Previously reported	Adjustments	2023 restated
Interest income	140.9	-2.3	138.6
Net allowance for expected credit losses	-20.9	2.0	-18.9
Income tax	-7.7	0.1	-7.6
Profit for the year	**40.8**	**-0.2**	**40.6**
Total comprehensive income for the year	**42.0**	**-0.2**	**41.8**
Basic earnings per share (EUR)	510	-2	508
Diluted earnings per share (EUR)	510	-2	508

Risk review and fair value

Note 5. 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 the 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.

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.

Figure. Risk management framework

- **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.

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.

Figure. The three lines of defence model

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. Due to the size of the Group, some of the above functions may be mixed. However, 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 audit 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 audit committee performs the tasks of the risk committee pursuant to subsection 62 (6) of the Estonian Credit Institutions Act.

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,

Figure. Elements of risk appetite

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.

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.

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.

Figure. Risk management process

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 bank 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. While the Group's overall credit risk appetite is moderate (ECL <1.3%), its risk appetite in the sub-profiles of the loan portfolio may be low to high, depending on the Group's strategic objectives.

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

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, but 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 its 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 and a substantial decrease in the customer's sources of income or an increase in its financial obligations.

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 corporate 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. In the case of lending larger amounts, the Group ensures that the loan is linked to several separate projects with independent sources of repayment. The Group does not extend irrevocable credit facilities to corporate customers. Before each additional loan disbursement, the Group verifies the borrower's compliance with the contractual terms and conditions, and 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 2024, the Group had such exposures to 4 customer groups in the total amount of 122.8 million euros (31 December 2023: 10 customer groups and 258.2 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 2024, the Group had the highest concentration in real estate activities, which accounted for 64.9% of total corporate loan portfolio, followed by agriculture, forestry and fishing with a combined exposure of 8.3%.

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 2024, the maximum share of any such single country was capped at 55% of the total loan portfolio, see note 9. 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 values are derived on a country basis from the historically observed loss rate. Home loans and the majority of corporate 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 corporate 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.

(in millions of euros)

Loans and loan collateral at 31 December 2024

	Overcollateralised loans		Undercollateralised 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	-	-	726.6	-	726.6	-	677.7
Loans secured by real estate	1,325.2	2,293.5	31.4	17.5	1,356.6	2,311.0	1,355.2
Loans secured by other collaterals	71.4	121.9	93.8	61.6	165.2	183.5	163.6
Total					**2,248.4**	**2,494.5**	**2,196.5**

Loans and loan collateral at 31 December 2023, restated

	Overcollateralised loans		Undercollateralised 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	-	-	675.2	-	675.2	-	639.1
Loans secured by real estate	906.3	1,570.3	2.1	1.5	908.4	1,571.8	908.0
Loans secured by other collaterals	58.1	98.3	57.8	39.8	115.9	138.1	114.9
Total					**1,699.5**	**1,709.9**	**1,662.0**

Credit risk policy and management

The Group's risk policy, including its risk appetite, credit risk limits and key risk indicators are approved by the bank's supervisory board, and country-specific 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 strategic objectives but also the expected quality of the loan portfolio and the results of stress tests.

The Group manages its credit risk in accordance with the provisions of the Credit Institutions Act, the regulations issued by the governor of the central bank of Estonia, the Financial Supervision and Resolution Authority and other regulatory bodies in Estonia and other countries where the Group operates, and its own credit policy.

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 Bigbank'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 Bigbank'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 authorities 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 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 approving higher loan limits for a single counterparty or related counterparties, the Group makes sure that the loans can be serviced independently of the financed projects, or that the loans are secured by low-risk assets (e.g. forest or agricultural land).
- Credit risk is managed centrally at Group level. In 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 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 management board and supervisory board.
- The Group has set a probability of default cap which cannot be exceeded in the issuance of loans.
- The Group's objective is to diversify the credit portfolio so that in the case of adverse events no part of the credit portfolio would jeopardise the sustainability of the entire Group.
- Credit limits above 500,000 euros are considered material and are subject to increased monitoring.

The Group manages its past due portfolio by selling past due items to third parties both under forward-flow agreements and through one-off transactions. The past due portfolio is sold only if the sale is economically beneficial to the Group. In 2024, the volume of the sold past due portfolio was 17.9 million euros (2023: 15.3 million euros). The unsold past due portfolio is managed in-house by the Group, with the necessary processes and team 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 total portfolio and by business lines;
- maximum share of non-performing loans, for total portfolio, by business lines and for 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 loan-to-value (LTV) ratio, for total portfolio of loans secured by real estate;
- concentration risk limits, per single country and for top 10 corporate loans;
- Herfindahl-Hirschman index limits to a counterparty and sector;
- maximum unsecured portion of corporate loans per customer or customer group;
- 12-month rolling unemployment rate.

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.

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 at the time the loan application is reviewed. The rating is revised when monitoring indicates that circumstances underlying the credit rating have changed. The frequency of changing a rating depends on the features of the group of loans and the loan class. The ratings of companies are updated at least annually or whenever events are identified that indicate a potential increase in the risk profile of the customer or group of customers.

(in millions of euros)

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 internal rating classes

At 31 December	2024	2023 restated
Loans to corporate customers		
Loans at amortised cost		
Very good	106.3	28.4
Satisfactory	408.5	192.4
Weak	194.5	0.5
Inadequate	40.3	1.9
Irrecoverable	0.3	-
Total	**749.9**	**223.2**
Loans at FVTPL		
Very good	5.1	9.6
Satisfactory	12.0	15.5
Weak	21.2	32.8
Total	**38.3**	**57.9**
Total loans to corporate customers	**788.2**	**281.1**

(in millions of euros)

At 31 December	2024	2023 restated
Loans to retail customers		
Loans at amortised cost		
Very good	1,190.0	927.5
Satisfactory	158.0	267.6
Weak	43.5	175.4
Inadequate	67.2	46.5
Irrecoverable	1.5	1.4
Total loans to retail customers	**1,460.2**	**1,418.4**
Total loans to customers (gross carrying value)	**2,248.4**	**1,699.5**
Loan commitments (note 33)	173.8	134.9

Corporate ratings are assigned based on multi-factor models capturing qualitative (estimates of experts) and quantitative (financial ratios) input. In 2024, the Group updated corporate rating models applicable to significant exposures. For private customers, the rating is assigned based on application score or days past due information.

Breakdown of loss allowances

The methodology for the recognition of loss allowances is described in more detail in note 36.

The Group recognises loss allowances to reflect the potential decline in the value (impairment) of its loan receivables. To cover expected credit losses, the Group has recognised loss allowances, which at 31 December 2024 totalled 51.9 million euros and accounted for 2.3% of the total loan portfolio at amortised cost (31 December 2023: 37.5 million euros, i.e. 2.3%). The Group's loans to customers grew the most in the corporate 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 corporate loans and which are past due for more than 90 days break down as follows:

(in millions of euros)

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	2,069.9	-16.70	2,053.20
Loans receivables past due	140.2	-35.20	105.00
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**

Loans to customers at FVTPL	Fair value	Risk position
Loans not past due	38.3	38.3
Total	**38.3**	**38.3**

Loans to customer by past due status at 31 December 2023, restated

Loans to customers at amortised cost	Gross carrying amount	Loss allowance	Risk position
Loans not past due	1,528.4	-12.1	1,516.3
Loans past due	113.2	-25.4	87.8
Total	**1,641.6**	**-37.5**	**1,604.1**
Past due loans according to days past due:			
Up to 30 days	55.5	-3.0	52.5
31–60 days	16.2	-3.5	12.7
61–90 days	6.4	-2.1	4.3
Over 90 days	35.1	-16.8	18.3
Total past due loans	**113,2**	**-25,4**	**87,8**

(in millions of euros)

Loans to customers at FVTPL

	Fair value	Risk position
Loans not past due	57.9	57.9
Total	**57.9**	**57.9**

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

	2024	2023
Baseline scenario	70%	70%
Adverse scenario	20%	15%
Mild scenario	10%	15%

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 2024 included the GDP growth rate, unemployment rate, 6-month and 12-month lagged 3-month Euribor rate and 12-month lagged unemployment 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 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%

(in millions of euros)

	2025	2026	2027
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%	-%	0.2%
Mild scenario	2.5%	3.0%	3.2%
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%

(in millions of euros)

	2025	2026	2027
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%

Forecast macroeconomic indicators at 31 December 2023*

	2023	2024	2025
Estonia – 6-month lagged GDP growth rate			
Baseline scenario	1.4%	-0.4%	2.7%
Adverse scenario	0.9%	-1.7%	0.5%
Mild scenario	1.6%	1.3%	5.6%
Latvia – Unemployment rate			
Baseline scenario	6.4%	6.2%	6.2%
Adverse scenario	6.8%	7.4%	7.4%
Mild scenario	6.0%	5.0%	5.0%
Lithuania – Unemployment rate			
Baseline scenario	6.7%	6.5%	6.9%
Adverse scenario	7.2%	7.8%	8.3%
Mild scenario	6.2%	5.2%	5.5%
Finland – GDP growth rate			
Baseline scenario	-0.4%	0.9%	1.5%
Adverse scenario	-1.3%	-0.9%	-1.2%
Mild scenario	0.1%	3.8%	4.4%
Sweden – GDP growth rate			
Baseline scenario	-0.6%	-0.1%	2.1%
Adverse scenario	-1.5%	-1.9%	-0.6%
Mild scenario	-0.1%	2.8%	5.0%

* The macroeconomic scenarios for Bulgaria have not been presented as the Bulgarian portfolio is not material.

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 2024 would decrease by 0.1%. On the realisation of the adverse scenario, expected credit loss allowances at 31 December 2024 would increase by 2.5% and on the realisation of the mild scenario, expected credit loss allowances would decrease by 4.1%.

(in millions of euros)

	2004		2003	
	ECL allowances resulting from 100% scenario	Difference from weighted ECL allowances, %	ECL allowances resulting from 100% scenario	Difference from weighted ECL allowances, %
Baseline scenario	52.3	-0.1%	37.8	0,0%
Adverse scenario	53.7	2.5%	38.7	2.4%
Mild scenario	50.2	-4.1%	36.9	-2.3%

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, corporate 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 corporate 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.

(in millions of euros)

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 2024 and 2023, 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	2024	2023
P-1	439.4	505.4
P-2	9.1	13.1
Without a rating	0.1	0.2
Total	**448.6**	**518.7**

Ratings are based on the ratings of the banks or their parent companies.

Cash balances with the central banks in the amount of 423.2 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 8), based on Moody's Investors Service ratings or their equivalents, are as follows:

At 31 December	2024	2023
Aaa–Aa3	3.6	5.4
A1–A3	14.1	8.7
Baa1–Baa3	4.6	1.3
Total	**22.3**	**15.4**

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 2024 and 2023.

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 2024 and 2023.

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 apply. 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 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 management board. The management 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.

(in millions of euros)

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	2024			2023		
	Assets bearing currency risk	Liabilities bearing currency risk	Net exposure	Assets bearing currency risk	Liabilities bearing currency risk	Net exposure
EUR (euro)	2,700.4	2,475.5	224.9	2,208.9	2,041.6	167.3
SEK (Swedish krona)	40.0	40.6	-0.6	41.5	40.6	0.9
BGN (Bulgarian lev)	9.6	27.4	-17.8	9.6	4.6	5.0

* 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 tables reflect the potential impact of positions exposed to currency risk on the Group's profit and equity. If the reporting-date exchange rates of the foreign currencies against the euro had strengthened/weakened by 10%, the impact would have been as follows.

Effect of a potential exchange rate change on profit and equity

At 31 December	2024			2023		
	Exposure	Monetary impact	% of equity	Exposure	Monetary impact	% of equity
SEK (Swedish krona)	0.6	-0.1	0.0%	0.9	-0.1	0.0%
BGN (Bulgarian lev)	17.8	-1.8	0.5%	5.0	-0.5	0.2%

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 consumer loans are frequently repaid before contractual maturity, the Group uses behavioural cash flows instead of contractual cash flows when calculating and analysing interest rate risk. Non-maturity deposits with no specific repricing date are recognised as deposits with a maturity of one day. Cash flow modelling takes into account the risk of early repayment of loans. 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 2024, the impact of the supervisory scenario (200 bps parallel increase) on 12-month net interest income (NII) was -0.6 million euros (31 December 2023: -1.0 million euros). The sensitivity of EVE to the interest rate increase by 200 bps was -9.0 million euros (31 December 2023: -12.2 million euros). If interest rates declined by 200 bps, the impact on 12-month NII would be 0.3 million euros (31 December 2023: 0.7 million euros) and the impact on EVE would be 0.7 million euros (31 December 2023: 3.0 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 2024, 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).

(in millions of euros)

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 2024, the total amount of the Group's subordinated bonds was 91.7 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	2024	2023
Liquidity coverage ratio (LCR)	195%	350%
Survival period (in days)	161	340
Net stable funding ratio (NSFR)	146%	157%
Liquidity reserve to assets ratio	17%	23%

* 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.

(in millions of euros)

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 2024

	Carrying amount	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Supplier payables	0.8	0.8	-	-	-	-	0.8
Deposits from customers (note 17)	2,393.3	1,034.3	450.8	541.7	365.5	41.9	2,434.2
Loans from banks (note 16)	8.4	0.1	0.1	0.6	8.9	-	9.7
Subordinated bonds (note 18)	91.7	-	1.7	6.0	30.5	112.8	151.0
Lease liabilities (note 20)	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 (note 33)	173.7	173.8	-	-	-	-	173.8

(in millions of euros)

Expected contractual undiscounted future cash flows of the Group's financial liabilities at 31 December 2023

	Carrying amount	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Supplier payables	1.3	1.3	-	-	-	-	1.3
Deposits from customers (note 17)	1,937.4	1,101.4	88.1	436.5	314.0	41.3	1,981.3
Loans from banks (note 16)	8.9	0.1	0.1	0.6	10.0	-	10.8
Subordinated bonds (note 18)	76.1	-	1.3	5.1	30.2	94.9	131.5
Lease liabilities (note 20)	1.8	0.1	0.1	0.4	1.1	0.2	1.9
Total liabilities	**2,025.5**	**1,102.9**	**89.6**	**442.6**	**355.3**	**136.4**	**2,126.8**
Loan commitments (note 33)	134.9	134.9	-	-	-	-	134.9

OPERATIONAL RISK

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. 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 an entitled party not being able to exercise its rights or expect the performance of obligations because of the failure of the obligated party to perform the obligations assumed by it.
- Compliance risk - the risk of impairment to the Group's business model, reputation and financial conditions, resulting from failure to fully meet laws, regulations, internal rules and obligations to customers, employees and other stakeholders.
- Money laundering and terrorist financing (ML/TF) risk (including international or national sanctions risk) as part of compliance risk - the risk of the Group being used for ML/TF due to weaknesses and non-compliances in internal processes.
- Information and communication technology (ICT) and security risk - the risk of loss due to breach of confidentiality, 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 with reasonable costs when the environment or business requirements change. This includes security risks resulting from inadequate or failed internal processes or external events, including cyber-attacks or inadequate physical security.

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 must comply with the principles, rules and limits which are established at Group level. However, every branch, function or country manager is responsible for operational risk management as the first line of defence at the level of the branch, function or country. The Group makes sure that its subsidiaries, country units, functions and branches 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 the incident and loss event handling process established at Group level. The Group has adopted a uniform methodology and developed a supporting information system to make sure that all structural units report and handle incidents and loss events in the same way. Incidents and loss events with an above-average impact (levels 3 and 4 on a scale of 1 to 4) are reported to the member of the management board in charge of the area and the manager of the relevant function and/or branch/country. Incidents and loss 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 incidents and loss events with an above-average or high impact (level 3 or 4 on a scale of 1 to 4) 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 based on a specific quantitative risk analysis method.

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 and money laundering prevention as well as other units. All employees are required to complete mandatory training before starting work.

A further risk mitigation measure is risk transfer through property and liability insurance.

Monitoring and reporting of operational risk

The purpose of the key operational risk limits and 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.

Additional key risk indicators and limits have been established for all major risk categories and their monitoring thresholds have been approved by the management 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 or inadequate implementation of decisions or changes in customer expectations or inadequate implementation of new technologies will result in loss or significantly reduce 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 (ECG) 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 *Consolidated sustainability statement report.*

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 24.7 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 67.0 million euros.

In 2024, the Group issued perpetual bonds belonging to Additional Tier 1 capital (AT1) for 8.4 million euros by way of private placements. In May and October, unsecured subordinated bonds were issued for 12.0 million euros in public offerings 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% and 7.0% per year and a maturity term of 10 years. The subordinated bonds are treated as Tier 2 capital. There are no other Tier 2 capital instruments outstanding.

(in millions of euros)

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 329.3 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	2024	2023 restated
Paid-in share capital	8.0	8.0
Capital reserve	0.8	0.8
Prior years retained earnings	226.2	193.5
Other accumulated comprehensive income	2.5	1.8
Other intangible assets	-19.5	-21.7
Profit eligible	20.7	22.0
Adjustments to CET1	-1.1	-0.5
Common equity Tier 1 capital	**237.6**	**203.9**
Tier 1 capital	**262.3**	**220.1**
Tier 2 capital	**67.0**	**59.0**
Total own funds	**329.3**	**279.1**

Total risk exposure

The methods used by the Group to calculate the total risk exposure and single risk exposures are stipulated in CRR. The Group uses the standardised approach in calculating capital requirements for credit risk, market risk and operational risk.

At 31 December	2024	2023 restated
Risk weighted exposure amounts for credit and counterparty credit risks (standardised approach)		
Receivables from central governments and central banks	3.4	3.1
Receivables from credit institutions and investment firms	5.7	3.6
Receivables from corporates	29.3	33.3
Retail	577.6	525.9
Secured by mortgages on immovable property	682.3	433.9
Exposures in default	93.7	29.9

(in millions of euros)

At 31 December	2024	2023 restated
Items associated with particular high risk	179.0	258.9
Claims on institutions and corporates with a short-term credit assessment	1.5	0.3
Equity	36.3	20.5
Other items	34.3	29.7
Total risk weighted exposure amounts for credit and counterparty credit risks (standardised approach)	**1,643.1**	**1,339.1**
Total risk exposure amount for position, foreign exchange and commodities risks	**18.4**	**5.9**
Total risk exposure amount for operational risk (standardised approach)	**149.5**	**126.3**
Total risk exposure amount	**1,811.0**	**1,471.3**

Capital ratios

At 31 December	2024	2023 restated
CET1 Capital ratio	13,1%	13,9%
T1 Capital ratio	14,5%	15,0%
Total capital ratio	18,2%	19,0%
Leverage ratio	9,5%	9,6%
Own funds and eligible liabilities to total risk exposure amount (TREA)	18,2%	19,0%
Own funds and eligible liabilities to total leverage ratio exposure (LRE)	11,9%	12,2%

The total capital ratio has been calculated for Bigbank AS supervisory reporting group. At 31 December 2024, total capital ratio at the level of the parent company was 18.0% (31 December 2023: 19.9%). The composition of the Group's own funds, their treatment and the calculation of capital ratios are in accordance with the CRR.

The Estonian Financial Supervision and Resolution Authority has set the Group's minimum requirement for own funds and eligible liabilities (MREL) at the level of 12.5% of the total risk exposure amount and at 3.0% of the total leverage ratio exposure measure.

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 Bigbank'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 2024, the additional Pillar 2 capital requirement established as a result of the 2023 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 2024.

(in millions of euros)

Minimum regulatory capital requirement at 31 December 2024

	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%
Systemic risk buffer	0,1%	0,1%	0,1%
Countercyclical risk buffer	1,1%	1,1%	1,1%
Overall capital requirement (OCR)	**10,0%**	**12,1%**	**14,9%**
Pillar 2 Guidance (P2G)	**1,5%**	**1,5%**	**1,5%**
Total of Overall capital requirement and Pillar 2 Guidance	**11,5%**	**13,6%**	**16,4%**

At 31 December 2024, 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, 2.5% for credit exposures in Norway and Denmark, 1% for credit exposures in Lithuania and 0.5% for credit exposures in Latvia and Luxembourg. The systemic risk buffer rate for retail exposures secured by residential real estate to residents of Lithuania was 2%.

The Group's target was to maintain the total capital ratio at 31 December 2024 at or above 16.4% plus the internal capital buffer ratio at 0.75%.

The Group's total capital ratio at the reporting date was 18.2%, which exceeds the regulatory requirement. The Group's CET1 capital ratio was 13.1% and Tier 1 capital ratio was 14.5%. At the reporting date, the Group was in compliance with the overall regulatory capital requirement.

In December 2024, 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 millions of euros)

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 the bank is required to maintain an Other Systemically Important Institution (O-SII) buffer of 0.5%, effective from 1 January 2025.

Note 6. 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 2024 and 2023 do not differ significantly from their carrying amounts.

	Carrying amount		Fair value	
Financial assets at 31 December	**2024**	**2023 restated**	**2024**	**2023 restated**
Cash balances at central banks (note 7)	423.2	495.1	423.2	495.1
Due from other banks (note 7)	25.4	23.6	25.4	23.4
Debt securities at FVOCI (note 8)	22.3	15.4	22.3	15.4
Loans to customers (note 9, 10)	2,196.5	1,662.0	2,196.5	1,662.0
Other financial receivables (note 14)	8.7	1.4	8.7	1.4
Total financial assets	**2,676.1**	**2,197.5**	**2,676.1**	**2,197.5**

	Carrying amount		Fair value	
Financial liabilities at 31 December	**2024**	**2023**	**2024**	**2023**
Loans from banks (note 16)	8.4	8.9	8.4	8.9
Deposits from customers (note 17)	2,393.3	1,937.4	2,332.9	1,919.9
Subordinated bonds (note 18)	91.7	76.1	104.9	87.4
Other financial liabilities (note 19)	5.1	11.5	5.1	11.5
Total	**2,498.5**	**2,033.9**	**2,451.3**	**2,027.7**

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

(in millions of euros)

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 2024

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at FVOCI (note 8)	22.3	-	-	22.3
Loans to customers at FVTPL (notes 9 and 10)	-	-	38.3	38.3
Land and buildings (note 11)	-	-	6.2	6.2
- Office premises	-	-	6.2	6.2
Investment properties (note 12)	-	-	66.4	66.4
- Commercial buildings	-	-	24.2	24.2
- Forest and agricultural land	-	-	42.2	42.2
Assets held for sale (note 15)	-	-	0.2	0.2
Assets for which fair values are disclosed				
Loans to customers at amortised cost (notes 9 and 10)	-	-	2,158.2	2,158.2
Other financial receivables (note 14)	-	-	8.7	8.7
Total assets	**22.3**	**-**	**2,278.0**	**2,300.3**
Liabilities for which fair values are disclosed				
Loans from banks (note 16)	-	-	8.4	8.4
Deposits from customers (note 17)	-	-	2,393.3	2,393.3
Subordinated bonds (note 18)	-	51.9	39.8	91.7
Lease liabilities (note 20)	-	-	1.6	1.6
Other financial liabilities (note 19)	-	-	3.5	3.5
Total liabilities	**-**	**51.9**	2,446.6	**2,498.5**

(in millions of euros)

Fair value hierarchy at 31 December 2023, restated

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at FVOCI (note 8)	15.4	-	-	15.4
Loans to customers at FVTPL (notes 9 and 10)	-	-	57.9	57.9
Land and buildings (note 11)	-	-	6.3	6.3
- Office premises	-	-	6.3	6.3
Investment properties (note 12)	-	-	49.1	49.1
- Commercial buildings	-	-	24.4	24.4
- Forest and agricultural land	-	-	24.7	24.7
Assets held for sale (note 15)	-	-	0.3	0.3
Assets for which fair values are disclosed				
Loans to customers at amortised cost (notes 9 and 10)	-	-	1,604.1	1,604.1
Other financial receivables (note 14)	-	-	1.4	1.4
Total assets	**15.4**	**-**	**1,719.1**	**1,734.5**
Liabilities for which fair values are disclosed				
Loans from banks (note 16)	-	-	8.9	8.9
Deposits from customers (note 17)	-	-	1,937.4	1,937.4
Subordinated bonds (note 18)	-	34.9	41.2	76.1
Lease liabilities (note 20)	-	-	1.8	1.8
Other financial liabilities (note 19)	-	-	9.7	9.7
Total liabilities	**-**	**34.9**	**1,999.0**	**2,033.9**

There were no movements between levels 1, 2 and 3 in 2024 and 2023.

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 36, 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 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 property, 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 6.2 million euros used by the Group as office premises in Tallinn (see note 11).

The office premises in Tallinn were valued using the income approach and the following inputs: the estimated rental income per square metre per month for commercial space in Tallinn is 12–13 euros, the rental growth rate is 2.0%, the long-term vacancy rate is 5–10% and the discount rate is 9.5%. Part of the office premises have been rebuilt from residential space and they were valued using the market comparison approach, whereby the valuation was based on the prices per square metre of residential space in Tallinn city centre of 4,161–4,623 euros less the costs of transforming the office space back into apartments.

(in millions of euros)

Investment properties

Investment properties of 66.4 million euros consist of office buildings in Tallinn, Tartu and Pärnu and agricultural land leased to farmers (see note 12). Investment properties are measured at their fair value in the statement of financial position.

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 apartment building. The following inputs were used in the valuation of the property: the sales price per square metre for flats in Tartu old town of 4,100 euros and development costs per square metre of 1,754 euros.

The fair values of other office buildings in Tallinn and Pärnu were estimated using the income approach based on rental prices of 9–14 euros per square metre in Tallinn and 4–12 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 4,000–10,000 euros.

Valuations

The Group engaged independent valuation experts to assess the fair values of its investment properties and land and buildings at 31 December 2024, 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

	Fair values at 31 Dec					
Asset	**2024**	**2023**	**Valuation technique**	**Used estimates**	**2024**	**2023**
Office premises	6,2	6,3	Comparison approach	Price per square meter	4161-4623	4001-4446
			Income approach	Rental income per square meter	12-13	12
				Rental growth rate	2.0%	2.0%
				Expected vacancy rate	5.0%	5.0%
				Discount rate	9.5%	9.5%
				Market value per unit of leased	1,570	1600-1656

(in millions of euros)

Investment property

	Fair values at 31 Dec					
Asset	**2024**	**2023**	**Valuation technique**	**Used estimates**	**2024**	**2023**
Commercial buildings	**24.2**	24.4	Residual method	Average market price of similar premises (EUR/m^2)	4,100	4,200
				Ratio of the asset value* and closed net area (EUR/m^2)	1,247	1,220
			Income approach	Rental income per square meter	4-14	4-14
				Rental growth rate	1.5-2%	2.0%
				Expected vacancy rate	5.0%	5.0%
				Discount rate	9.5%-10.5%	9.5%-10.5%
				Market value per unit of leased	984-1570	966-1600
Forest and agri-cultural land*	**42.2**	24.7	Comparison approach	Price per hectare	4,000-10,000	3700-9900

* The value of the asset to be reconstructed (post-development value less development costs and developer's profit) per closed net internal area (m^2).

The following table sets out the relationship between key unobservable inputs and fair value measurement:

- Price per square metre (EUR/m^2)
- Rental income per square metre per month
- Rental growth rate
- Market value per unit of leased space
- Weighted average price per hectare
- Average market price of similar premises (EUR/m^2)

The higher the figure, the higher the fair value

- Expected vacancy rate
- Discount rate

The higher the figure, the lower the fair value

(in millions of euros)

Loans to customers at FVTPL

As described in notes 3 and 36, 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

	2024	2023
Balance at beginning of year	57.9	49.8
New transactions (provision of loans or modification of loan terms)	2.7	-
Day 1 gain at initial recognition	0.4	-
Interest received	-3.7	-1.1
Amounts recognised in profit or loss for the period	5.5	9.2
Contract terminations (including partial early repayment)	**-24.5**	**-**
Balance at end of year	**38.3**	**57.9**

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 9, 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.

	2024	2023
Balance of deferred day 1 gain at beginning of year	4.6	7.3
Gain deferred on new transactions	-0.4	-
Amounts recognised in profit or loss for the period	-3.6	-2.7
Balance of deferred day 1 gain at end of year	**0.6**	**4.6**

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 4.88% (31 December

2023: 5.55%). 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.

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 11 and 12.

Financial instruments not measured at fair value

Loans to customers (level 3), which amount to 2,158.2 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 36 (the section *Financial assets)* and 5. 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 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 4.88% (31 December 2023: 5.55%).

(in millions of euros)

Assets

Note 7. Cash balances at banks

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**
Of which mandatory reserve deposits*	15.7	0.2	0.4	1.6	-	3.3	21.2
Of which surplus on mandatory reserves	-	-	-	-	-	3.5	3.5
Of which overnight deposits	398.5	-	-	-	-	-	398.5
Due from other banks	**13.6**	**1.7**	**2.9**	**0.6**	**6.5**	**0.1**	**25.4**
Of which demand deposits	13.3	1.7	2.9	0.6	6.5	0.1	25.1
Of which term deposits	0.3	-	-	-	-	-	0.3
Total	**427.8**	**1.9**	**3.3**	**2.2**	**6.5**	**6.9**	**448.6**
of which cash and cash equivalents	**411.8**	**1.7**	**2.9**	**0.6**	**6.5**	**3.6**	**427.1**

Cash balances at banks at 31 December 2023

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Cash balances at central banks	**488.4**	**-**	**-**	**0.6**	**-**	**6.1**	**495.1**
Of which mandatory reserve deposits*	13.2	-	-	0.5	-	1.5	15.2
Of which surplus on mandatory reserves	-	-	-	0.1	-	4.6	4.7
Of which overnight deposits	475.2	-	-	-	-	-	475.2
Due from other banks	**16.8**	**1.5**	**1.3**	**1.4**	**2.4**	**0.2**	**23.6**
Of which demand deposits	16.6	1.5	1.3	1.4	2.4	0.2	23.4
Of which term deposits	0.2	-	-	-	-	-	0.2
Total	**505.2**	**1.5**	**1.3**	**2.0**	**2.4**	**6.3**	**518.7**
of which cash and cash equivalents	**491.8**	**1.5**	**1.3**	**1.5**	**2.4**	**4.8**	**503.3**

* 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.

(in millions of euros)

Cash and cash equivalents

At 31 December	2024	2023
Demand and overnight deposits with credit institutions	24.8	23.4
Term deposits with credit institutions with maturity of less than 3 months	0.3	-
Demand and overnight deposits with central banks	398.5	475.2
Surplus on the mandatory reserves with central banks	3.5	4.7
Total cash and cash equivalents	**427.1**	**503.3**

Note 8. Debt instruments

At 31 December	2024	2023
Debt instruments by issuer		
Government bonds	15.1	9.9
Credit institutions' bonds	4.7	-
Non-financial corporations' bonds	2.5	5.5
Total debt instruments	**22.3**	**15.4**
Debt instruments by currency		
EUR (euro)	20.8	12.0
SEK (Swedish krona)	1.5	3.4

The effect of expected credit losses on debt instruments is immaterial.

Changes in the fair value of debt instruments measured at FVOCI:

	2024	2023
Opening balance	15.4	19.2
Cash flow items:		
Acquisition of new financial instruments	12.1	-
Redemption of financial instruments	-5.7	-4.4
Non-cash flow items:		
Changes in fair value	0.3	0.4
Accrued interest	0.3	0.2
Foreign exchange adjustments	-0.1	-
Balance at 31 December	**22.3**	**15.4**

(in millions of euros)

Note 9. 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	2024	2023 restated
Measured at amortised cost	2,158.2	1,604.1
Measured mandatorily at FVTPL	38.3	57.9
Loans to customers	**2,196.5**	**1,662.0**

For loans to customers at fair value through profit or loss, see note 3, subsection *Loans to customers at FVTPL,* and note 6.

Loans to customers at 31 December 2024

	Estonia	Lithuania	Latvia	Finland	Sweden	Bulgaria	Total
Loans to customers at amortised cost							
Loan receivables from customers	899.4	773.8	344.8	134.2	23.2	5.3	2,180.7
Loss allowance for loan receivables	-16.5	-9.2	-13.0	-4.6	-2.8	-1.8	-47.9
Interest receivable from customers	7.5	17.2	3.2	0.9	0.2	0.4	29.4
Loss allowances for interest receivables	-1.8	-0.8	-1.0	-0.1	-0.1	-0.2	-4.0
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	**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%

(in millions of euros)

Loans to customers at 31 December 2023, restated

	Estonia	Lithuania	Latvia	Finland	Sweden	Bulgaria	Total
Loans to customers at amortised cost							
Loan receivables from customers	651.1	557.7	249.7	114.6	38.4	5.4	1,616.9
Loss allowance for loan receivables	-9.9	-6.0	-7.1	-5.6	-5.0	-1.3	-34.9
Interest receivable from customers	4.8	15.9	2.2	0.9	0.6	0.3	24.7
Loss allowances for interest receivables	-0.9	-0.6	-0.5	-0.1	-0.3	-0.2	-2.6
Total	**645.1**	**567.0**	**244.3**	**109.8**	**33.7**	**4.2**	**1,604.1**
Loans to customers at FVTPL							
Loan receivables from customers	57.9	-	-	-	-	-	57.9
Total	**57.9**	**-**	**-**	**-**	**-**	**-**	**57.9**
Total loans to customers	**703.0**	**567.0**	**244.3**	**109.8**	**33.7**	**4.2**	**1,662.0**
Share of region	42.3%	34.1%	14.7%	6.6%	2.0%	0.3%	100.0%

Loans to customers by loan type

At 31 December	2024	2023 restated
Loans to customers at amortised cost		
Unsecured loan	726.6	675.2
Loans secured by real estate	1,318.3	850.5
Loans secured by other collaterals	165.2	115.9
Loans to customers at FVTPL		
Loans secured by real estate	38.3	57.9
Total at gross carrying amount	**2,248.4**	**1,699.5**

(in millions of euros)

Loans to customers by contractual currency

At 31 December	2024	2023 restated
Loans to customers at amortised cost		
EUR (euro)	2,181.0	1,596.9
SEK (Swedish krona)	23.4	39.0
BGN (Bulgarian lev)	5.7	5.7
Loans to customers at FVTPL		
EUR (euro)	38.3	57.9
Total at gross carrying amount	**2,248.4**	**1,699.5**

Ageing analysis at 31 December 2024

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans to customers at amortised cost						
Unsecured loans						
Gross carrying amount	640.1	29.0	7.8	4.1	45.6	726.6
Loss allowance	-14.9	-3.9	-2.7	-1.7	-25.7	-48.9
Loans secured by real estate						
Gross carrying amount	1.283.8	21.8	6.0	1.2	5.5	1.318.3
Loss allowance	-1.1	-0.1	-	-	-0.1	-1.3
Loans secured by other collaterals						
Gross carrying amount	145.9	12.6	2.6	1.1	3.0	165.2
Loss allowance	-0.7	-0.4	-0.2	-0.1	-0.3	-1.7
Loans to customers at FVTPL	38,3	-	-	-		38,3
Total at gross carrying amount	**2.108.1**	**63.4**	**16.4**	**6.4**	**54.1**	**2.248.4**
Total loss allowance	**-16.7**	**-4.4**	**-2.9**	**-1.8**	**-26.1**	**-51.9**
Total loans to customers						**2,196.5**

(in millions of euros)

Ageing analysis at 31 December 2023, restated

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans to customers at amortised cost						
Unsecured loans						
Gross carrying amount	599.9	28.9	8.8	4.7	32.9	675.2
Loss allowance	-11.4	-2.9	-3.3	-2.0	-16.5	-36.1
Loans secured by real estate						
Gross carrying amount	825.4	18.4	5.0	1.0	0.7	850.5
Loss allowance	-0.3	-	-	-	-0.1	-0.4
Loans secured by other collaterals						
Gross carrying amount	103.1	8.2	2.4	0.7	1.5	115.9
Loss allowance	-0.4	-0.1	-0.2	-0.1	-0.2	-1.0
Loans to customers at FVTPL	57.9	-	-	-	-	57.9
Total at gross carrying amount	**1,586.3**	**55.5**	**16.2**	**6.4**	**35.1**	**1,699.5**
Total loss allowance	**-12.1**	**-3.0**	**-3.5**	**-2.1**	**-16.8**	**-37.5**
Total loans to customers						**1,662.0**

Note 10. Loss allowances for loans

This note provides an overview of loss allowances for loans measured at amortised cost.

Classification of loans to customers into stages at 31 December 2024

Loan receivables by age	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost				
Not past due	1,976.3	57.8	35.7	2,069.8
Up to 30 days past due	33.1	19.1	11.2	63.4
31–60 days past due	-	11.7	4.7	16.4
61–90 days past due	-	2.8	3.6	6.4
Over 90 days past due	-	-	54.1	54.1
Gross amount of loan receivables	2,009.4	91.4	109.3	2,210.1
Loss allowance	-13.2	-8.0	-30.7	-51.9
Total	**1,996.2**	**83.4**	**78.6**	**2,158.2**

(in millions of euros)

Classification of loans to customers into stages at 31 December 2023, restated

Loan receivables by age	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost				
Not past due	1,506.1	18.2	4.0	1,528.3
Up to 30 days past due	31.5	20.7	3.3	55.5
31–60 days past due	-	12.4	3.8	16.2
61–90 days past due	-	2.9	3.5	6.4
Over 90 days past due	-	-	35.2	35.2
Gross amount of loan receivables	1,537.6	54.2	49.8	1,641.6
Loss allowance	-9.9	-6.1	-21.5	-37.5
Total	**1,527.7**	**48.1**	**28.3**	**1,604.1**

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**

Loss allowances at 31 December 2023, restated

	Loan principal receivables	Loan interest receivables	Total loan receivables subject to impairment	Total loss allowances
Stage 1	1,519.5	18.2	1,537.7	-9.9
Stage 2	53.0	1.2	54.2	-6.1
Stage 3	44.4	5.3	49.7	-21.5
Total	**1,616.9**	**24.7**	**1,641.6**	**-37.5**

(in millions of euros)

Development of allowances in 2024

	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	-9.9	-5.8	1.1	1.3	0.1	-13.2	-0.7
Stage 2	-6.1	-	0.2	-3.1	1.0	-8.0	
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 2024, the Group implemented new LGD models for substantial unsecured consumer loans, which reduced loss allowances by 1.4 million euros, and an LGD floor for secured loans, which increased loss allowances by 0.8 million euros.

Development of allowances in 2023

	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	-8.6	-4.6	1.2	2.0	0.1	-9.9	-1.3
Stage 2	-6.1	-	0.3	-2.0	1.7	-6.1	
Stage 3	-12.4	-	0.7	-14.6	4.8	-21.5	-
Total	**-27.1**	**-4.6**	**2.2**	**-14.6**	**6.6**	**-37.5**	**-1.3**

Loss allowances by loan assessment category at 31 December 2024

	Loan receivablesd	IInterest 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	**2,180.7**	**29.4**	**2,210.1**	**-51.9**

(in millions of euros)

Loss allowances by loan assessment category at 31 December 2023, adjusted

	Loan receivablesd	IInterest receivables	Total receivables subject to impairment	Total loss allowances
Collectively assessed items	712.1	20.7	732.8	-36.9
Individually assessed items	904.8	4.0	908.8	-0.6
Total	**1,616.9**	**24.7**	**1,641.6**	**-37.5**

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 11. Property, plant and equipment

At 31 December	2024	2023
Buildings	6.2	6.3
Right-of-use assets: office premises	1.5	1.7
Other items	1.2	1.4
Total	**8.9**	**9.4**

Land, buildings and other items

	Buildings	Other items*	Total
Cost			
Balance at 1 January 2023	6.2	5.1	11.3
Purchases	-	2.0	2.0
Sales	-	-0.2	-0.2
Write-off	-	-1.7	-1.7
Revaluation recognised in other comprehensive income	0.5	-	0.5
Transfer to investment property (note 12)	-0.4	-	-0.4
Balance at 31 December 2023	**6.3**	**5.2**	**11.5**

(in millions of euros)

	Buildings	Other items*	Total
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**
Depreciation			
Balance at 1 January 2023	-	-3.7	-3.7
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 2023	**-**	**-3.8**	**-3.8**
Balance at 1 January 2024	-	-3.8	-3.8
Depreciation charge for the period	-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**
Carrying amount			
Balance at 1 January 2023	6.2	1.4	17.2
Balance at 31 December 2023	6.3	1.4	7.7
Balance at 31 December 2024	**6.2**	**1.2**	**7.4**

* 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 6.

In addition to the assets shown in the table, land of 9.6 million euros was included in the opening balance in 2023, which was transferred to investment property in 2023, see note 12.

If buildings had been measured using the cost model, the carrying amounts would have been as follows:

(in millions of euros)

At 31 December	2024	2023
Cost	5.5	5.5
Depreciation	-1.9	-1.7
Net carrying amount	**3.6**	**3.8**

Right-of-use assets

The Group recognises leased office premises as right-of-use assets.

	2024	2023
Carrying amount at 1 January	1.7	1.1
Additions	0.3	1.2
Depreciation charge	-0.6	-0.6
Price adjustment	0.1	-
Carrying amount at end of year	**1.5**	**1.7**

For lease payments for right-of-use assets, see note 20, and for depreciation expense, see note 32.

Note 12. Investment properties

	2024	2023
Opening balance at 1 January	**49.1**	**35.5**
Additions	19.3	-
Sales	-0.4	-
Transfer from office premise to investment property	-	0.4
Transfer from land to investment property*	-	9.8
Net gain on fair value adjustments (note 6)	**-1.6**	**3.4**
Closing balance at 31 December	**66.4**	**49.1**

* A part of agricultural land, which previously was classified as property, plant and equipment, was leased out to third parties and was therefore reclassified to investment property.

The Group's rental income from investment properties was 3.5 million euros in 2024 (2023: 3.5 million euros). Property management expenses were 1.3 million euros (2023: 1.5 million euros) (see notes 26, 27 and 32). The Group made a net gain of 34 thousand euros on the sale of investment properties.

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 32.

(in millions of euros)

Note 13. Intangible assets

	2024	2023
Cost at beginning of year	**41.7**	**38.6**
Purchased and developed software*	3.1	4.1
Of which purchases	0.2	0.4
Of which capitalised payroll costs	2.9	3.7
Write-off	-0.5	-1.0
Cost at end of year	**44.3**	**41.7**
Amortisation at beginning of year	**-12.4**	**-8.6**
Amortisation charge for the year	-6.9	-4.9
Write-off	0.2	1.0
Amortisation at end of year	**-19.1**	**-12.5**
Carrying amount at beginning of year	29.3	30.0
Carrying amount at end of year	**25.2**	**29.2**

* The Group's intangible assets comprise various software.

In recent years, the Group has made substantial investments in the information and banking technology solution Nest. Purchased and developed software also includes capitalised payroll costs and associated taxes for employees who were directly involved in the development of Nest (see note 28).

Note 14. Other assets

At 31 December	2024	2023
Financial assets		
Customer receivables (incl. for loan portfolios sold) and other miscellaneous receivables	8.0	1.0
Collection, recovery and other charges receivable	1.1	0.7
Impairment allowance for other receivables	-0.4	-0.3
Total financial assets	**8.7**	**1.4**
Non-financial assets		
Other tax prepayments	0.1	0.1
Prepayments to suppliers and prepaid expenses	1.1	1.4
Total non-financial assets	**1.2**	**1.5**
Total other assets	**9.9**	**2.9**

(in millions of euros)

Note 15. Disposal groups and discontinued operations

At the end of 2022, the Group began the liquidation of two subsidiaries: Palupera Põllud OÜ and Abja Põld OÜ, and consequently the assets and liabilities of these subsidiaries were classified as held for sale in the consolidated statement of financial position. The subsidiary Abja Põld OÜ was sold in April 2023. Palupera Põllud OÜ had discontinued active operations by the end of 2023: the company had no employees and most of its assets had been disposed of. At the beginning of 2024 Palupera Põllud OÜ (the acquiree) was merged with the Group's subsidiary OÜ Rüütli Property (the acquirer). In segment reporting (see note 23), the operations of the companies were reported in the segment of other activities.

Assets and liabilities of disposal groups classified as held for sale

Assets held for sale have to be measured at the lower of their carrying amount and fair value less cost to sell. Disposal groups held for sale comprised the following assets:

At 31 December	2024	2023
Other items	0.2	0.2
Other receivables	-	0.1
Total assets held for sale	**0.2**	**0.3**

Fair value measurement

The one-off fair value of the disposal group was 0.2 million euros (31 December 2023: 0.3 million euros). Based on the valuation techniques applied, the measurement was categorised to level 3 in the fair value hierarchy. The fair value of the assets of the disposal group was measured using the market comparison approach (see note 6).

Discontinued operations

An operation is classified as discontinued either at disposal or on meeting the criteria for being classified as held for sale, whichever is earlier.

(in millions of euros)

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

Loss from discontinued operations

	2023
Other operating income	2.2
Other operating expenses	-2.0
Net operating income	**0.2**
Salaries and associated charges	-0.4
Depreciation, amortisation and impairment losses	-0.4
Total expenses	**-0.8**
Loss before income tax	**-0.6**
Income tax	-
Loss from discontinued operations	**-0.6**
Basic loss per share (EUR)	-7
Diluted loss per share (EUR)	-7

In the reporting period, assets were sold for 36 thousand euros, which resulted in a gain of 29 thousand euros for the Group on the sale of discontinued operations.

Cash flows from discontinued operations

	2023
Cash flows from operating activities	1.4
Cash flows from in investing activities	0.9
Cash flows used in financing activities	-0.2
Increase in cash and cash equivalents of subsidiaries	**2.1**

Consolidated statement of cash flows' line item *Paid in connection with business combinations* comprises the last instalment payment of 0.5 million euros for an acquisition through a business combination, which was to be paid after an 18-month closing period in 2023.

Liabilities and equity

Note 16. Loans from banks

At 31 December	2024	2023
Loans from other credit institutions	8.4	8.9

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 in the amount of 9.3 million euros. Interest expense for the year was 0.6 million euros (2023: 0.6 million euros), see note 25.

(in millions of euros)

Note 17. Deposits from customers

At 31 December	2024	2023
Deposits from customers	**2,393.3**	**1,937.4**
Deposits by customer type		
Individuals	2,334.3	1,919.6
Legal persons	59.0	17.8
Deposits by currency		
EUR (euro)	2,325.5	1,892.8
SEK (Swedish krona)	40.4	40.1
BGN (Bulgarian lev)	27.4	4.5
Deposits by maturity		
On demand	1,029.0	1,021.6
Maturing within 1 month	199.3	77.1
Maturing between 1 and 6 months	525.0	243.1
Maturing between 6 and 12 months	255.3	261.4
Maturing between 12 and 18 months	121.8	114.6
Maturing between 18 and 24 months	73.5	64.8
Maturing between 24 and 36 months	86.2	67.1
Maturing between 36 and 48 months	40.7	25.3
Maturing between 48 and 60 months	23.8	24.5
Maturing in over 60 months	38.7	37.9
Deposits by country		
Estonia	101.8	51.1
Latvia	43.8	26.9
Lithuania	61.0	0.8
Finland	187.0	131.1
Sweden	40.4	40.1
Bulgaria	27.4	4.5
Austria	84.8	76.9
Germany	857.5	609.5
Netherlands	989.6	996.5

Annual interest rates of deposits offered to customers at 31 December 2024

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, which the customer can start using at short notice. In December 2024, the Group started to offer current accounts to existing customers in Estonia.

(in millions of euros)

During the reporting period, the interest rates of deposits started to decrease together with ECB key interest rates decreases. At 31 December 2024, the annual interest rates ranged from 1.4% to 3.9% (2023: from 0.9% to 4.7%): for term deposits from 1.4% to 3.9% (2023: 0.9% to 4.7%) and for savings deposits from 2.2% to 3.3% (2023: 2.5% to 3.9%). Deposits with the shortest term of 1 day are offered in Estonia, Latvia, and (to corporate customers) in Lithuania. In Finland, Germany, Austria and Bulgaria, the shortest term for deposits is 1 month, in Sweden 6 months and in the Netherlands 3 months. Savings deposits are offered in Germany, Austria, the Netherlands, Estonia, Latvia and Lithuania. Current accounts are offered in Estonia. The minimum amount for a term deposit is 500 euros, 10,000 Swedish kronas or 1,000 Bulgarian levs.

Note 18. Subordinated bonds

In 2024, Bigbank carried out four issues of subordinated bonds, including subordinated bonds publicly traded on the Nasdaq Tallinn stock exchange that qualify as Tier 2 capital of 12.0 million euros and subordinated bonds which qualify as Additional Tier 1 capital of 8.4 million euros. Subject to approval by the Estonian Financial Supervision and Resolution Authority, the bonds can be called early after five years have passed.

In July 2024, Bigbank redeemed early subordinated bonds of 5.0 million euros that had the original maturity date in December 2027. The bonds bore an annual interest of 6.5%.

Changes in bonds

At 31 December	2024	2023
Balance at beginning of period	76.1	40.1
Cash items:		
Receipts	20.4	36.2
Payments	-11.8	-5.3
Non-cash items:		
Movement in accrued interest	7.0	5.1
Balance at end of period	**91.7**	**76.1**

(in millions of euros)

Bonds at 31 December 2024

	Nominal price	Interest rate	Date of issue	Maturing 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	3.5	9.0%	29 November 2024	Perpetual

Note 19. Other liabilities

At 31 December	2024	2023
Financial liabilities		
Payments in transit*	2.7	8.4
Supplier payables	0.8	1.3
Lease liabilities (note 20)	1.6	1.8
Total financial liabilities	**5.1**	**11.5**
Non-financial liabilities		
Payables to employees	3.7	3.6
Other taxes payable	2.2	1.4
Provisions	0.2	-
Other payables and deferred income	1.1	1.2
Total non-financial liabilities	**7.2**	**6.2**
Total other liabilities	**12.3**	**17.7**

* In 2023, the amount included received surplus payments, i.e. amounts received from customers that had been paid before the due date and not yet matched to particular loan contracts due to the uncertain nature of these payments. In 2024, the Group started offering current accounts to existing customers and the customers' surplus payments were started to be considered deposits from customers.

(in millions of euros)

Note 20. Lease liabilities

The carrying amounts of lease liabilities and movements during the period were as follows:

	2024	2023
Balance at 1 January	1.8	1.2
Additions	0.4	1.2
Payments	-0.6	-0.6
Carrying amount at end of year	**1.6**	**1.8**

For right-of-use assets related to the lease liabilities, see note 11, and for expenses on short-term leases, see note 29. In the reporting period, interest expense on lease liabilities amounted to 34 thousand euros (2023: 30 thousand euros).

Note 21. 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 2024 and 2023 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.

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.

(in millions of euros)

At 31 December	2024	Change	2023	Change	2022
Exchange differences on translating foreign operations	1.2	0.2	1.0	-0.1	1.1
Asset revaluation reserve	1.7	0.2	1.5	-2.1	3.6
Fair value changes of debt instruments measured at FVOCI	-0.4	0.3	-0.7	0.6	-1.3
Total other reserves	**2.5**	**0.7**	**1.8**	**-1.6**	**3.4**

Unrestricted equity

At 31 December 2024, the Group's unrestricted equity amounted to 233.4 million euros (31 December 2023 (restated): 205.0 million euros).

Dividends

The company has made the following dividend distributions:

- 2024: 100.00 euros per share, i.e. 8.0 million euros in total; and
- 2023: 75.00 euros per share, i.e. 6.0 million euros in total.

Group composition

Note 22. Subsidiaries

The table below contains information about the Group's subsidiaries.

			Ownership interest	
Subsidiary	Country of incorporation	Equity	2024	2023
OÜ Rüütli Majad	Estonia	20.6	100%	100%
OÜ Rüütli Property	Estonia	30.2	100%	100%
OÜ Papiniidu Property	Estonia	2.7	100%	100%
OÜ Pärnu mnt 153	Estonia	0.9	100%	100%
Balti Võlgade Sissenõudmise Keskus OÜ	Estonia	2.5	100%	100%
AS Baltijas Izaugsmes Grupa	Latvia	2.5	100%	100%

Note 23. 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.

(in millions of euros)

Segment profit 2024

	Retail banking	Corporate banking	Other activities	Elimina-tion	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 property	-	-	-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 from continuing operations	**11.0**	**22.4**	**-1.1**	**-**	**32.3**

Segment assets and liabilities at 31 December 2024

	Retail banking	Corporate banking	Other activities	Elimina-tion	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

(in millions of euros)

Segment profit 2023, restated

	Retail banking	Corporate banking	Other activities	Elimina-tion	Total
Interest income	99.3	41.4	0.2	-2.3	138.6
Interest expense	-30.0	-12.4	-2.9	2.4	-42.9
Net interest income/expense	**69.3**	**29.0**	**-2.7**	**0.1**	**95.7**
Net fee and commission income/expense	8.3	-0.1	-	-	8.2
Net gain on financial assets and loss on derecognition of non-financial assets	-	8.9	-1.1	-	7.8
Net other operating income and expenses	-4.1	-0.1	2.7	-0.7	-2.2
Net operating income	**73.5**	**37.7**	**-1.1**	**-0.6**	**109.5**
Expenses and expenses on provisions	-33.7	-11.8	-0.3	0.6	-45.2
Gain on change in the fair value of investment property	-	-	3.4	-	3.4
Profit before loss allowances	**39.8**	**25.9**	**2.0**	**-**	**67.7**
Net allowance for expected credit losses	-18.7	-0.2	-	-	-18.9
Profit before income tax	**21.1**	**25.7**	**2.0**	**-**	**48.8**
Income tax	-4.5	-3.1	-	-	-7.6
Profit for the year from continuing operations	**16.6**	**22.6**	**2.0**	**-**	**41.2**

Segment assets and liabilities at 31 December 2023, restated

	Retail banking	Corporate banking	Other activities	Elimina-tion	Total
Total assets	1,480.8	761.6	89.1	-44.1	2,287.4
Total liabilities	1,986.0	52.7	45.9	-42.0	2,042.6

(in millions of euros)

Note 24. Interest income

	2024	2023 restated
Interest income calculated using the effective interest method		
Interest income on loans to customers at amortised cost	153.9	125.2
Interest income on debt securities at FVOCI	0.3	0.2
Interest income on banks and central banks deposits	19.7	10.2
Other income		
Interest income on lease portfolio	4.0	3.0
Total interest income	**177.9**	**138.6**

Note 25. Interest expense

	2024	2023
Interest expense calculated using the effective interest method		
Interest expense on deposits from customers	67.9	37.1
Interest expense on loans from banks	0.6	0.6
Interest expense on subordinated bonds	7.0	5.2
Total interest expense	**75.5**	**42.9**

Note 26. Other operating income

	2024	2023
Rental income (note 32)	3.5	3.5
Income from debt recovery proceedings*	1.2	0.8
Miscellaneous income	0.3	0.3
Total other income	**5.0**	**4.6**

* Income from debt recovery proceedings and reimbursements of related costs.

(in millions of euros)

Note 27. Other operating expenses

	2024	2023
Legal regulation charges	4.5	3.1
Expenses from investment properties	1.3	1.5
Expenses related to registry inquires	0.6	0.6
Expenses related to enforcement proceedings	0.8	0.5
Levies*	0.5	-
Miscellaneous expenses	1.1	1.1
Total other expenses	**8.8**	**6.8**

* In 2024 amendments to Consumer Rights Protection Law entered into force in Latvia, providing a mechanism for the targeted compensation of interest on credits for mortgage credit borrowers for the purchase or construction of housing in accordance with the principle of a socially responsible state. Amendments establish an obligation for credit institutions in Latvia to pay a mortgage borrower protection fee. The mortgage borrower protection fee is determined on a quarterly basis in the amount of 0.5% of the total outstanding mortgage loans issued by the credit institution as at 31 October 2023. The fee is not calculated and paid for mortgage loans that have at a fixed interest rate throughout the entire repayment period. Total mortgage borrower protection fee recognised by the Group for the reporting period amounted 0.5 million euros.

Note 28. Salaries and associated charges

	2024	2023
Salaries	21.8	18.8
Social security costs*	5.6	4.8
Employee health costs and fringe benefits including associated taxes	0.5	0.4
Total salaries and associated charges	**27.9**	**24.0**

* In accordance with the local labour tax legislation, the social security costs of some branches are marginal and are therefore included in salaries.

Capitalised payroll costs related to the development of Nest (see note 13) for the reporting period were 2.9 million euros (2023: 3.7 million euros).

The annual average number of full-time employees was 521 (2023: 479).

(in millions of euros)

Note 29. Administrative expenses

	2024	2023
Marketing expenses	4.8	8.6
Short-term leases	0.1	0.2
Office and other similar administrative expenses	0.6	0.7
Other personnel-related expenses	1.3	1.4
Software licensing and other information technology costs	2.0	1.7
Other services	1.3	1.3
Postal supplies and charges	0.1	0.2
Telephone and other communications expenses	1.0	0.9
Miscellaneous operating expenses	0.3	0.2
Total other operating expenses	**11.5**	**15.2**
Of which audit fees	0.4	0.3

Note 30. Earnings per share

	2024	2023 restated
Profit from continuing operations (EUR million)	32.3	41.2
Profit from discontinued operations (EUR million)	-	-0.6
Net profit for the year (EUR million)	**32.3**	**40.6**
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 from continuing operations (EUR)	404	515
Earnings per share from discontinued operations (EUR)	-	-7
Earnings per share (EUR)*	**404**	**508**

* See note 4.

At the end of 2024 and 2023 the Group did not have any potential dilutive ordinary shares. Therefore, diluted earnings per share equal basic earnings per share.

(in millions of euros)

Dividend distributions

	Amount per share (EUR)	Total amount (EUR million)
Declared and paid in 2024	100	8.0
Declared and paid in 2023	75	6.0

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 2024.

Income tax

Note 31. Income tax

Income tax expense

	2024	2023 adjusted
Profit before tax	39.3	48.2
Income tax (standard tax rate 20% in Estonia)	7.9	9.6
Effect of reduced tax rates (including 0%)	-0.8	-2.0
Effective tax	**7.1**	**7.6**
Of which the parent company's domestic tax	1.3	2.7
Of which income tax in foreign jurisdictions	5.7	4.9

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.

Dividend distributions to shareholders had no income tax consequences in 2024 and 2023.

The applicable tax rates and principles for calculating income tax are described in note 36 *Material accounting policies.*

Dividend distributions to shareholders had no income tax consequences in 2024 and 2023.

Contingent income tax liabilities

At 31 December 2024, the Group's retained earnings totalled 258.5 million euros (31 December 2023 (restated): 234.2 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 51.3 million euros. Thus, the maximum amount that could be distributed as the net dividend is 182.1 million euros.

(in millions of 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 16.0 million euros and the maximum amount that could be distributed as the net dividend is 217.5 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 2024.

Other information

Note 32. Leases

The Group as a lessee – operating leases

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 2024 and 31 December 2023 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 0.2 million euros in 2024 (2023: 0.2 million euros).

The Group recognised depreciation expense on the right-of-use assets of office premises of 0.6 million euros (2023: 0.6 million euros). See notes 11 and 34. For changes in lease liabilities, see note 20.

The Group as a lessor

The Group leases out commercial premises and agricultural land.

Minimum non-cancellable operating lease rentals receivable in subsequent periods

At 31 December	2024	2023
Up to 1 year	2.8	2.6
1 to 5 years	3.7	4.4
Over 5 years	0.8	0.9

For rental income and property management expenses, see note 12.

(in millions of euros)

Note 33. Contingent liabilities

At 31 December 2024, the unused portions of credit lines and loans totalled 173.8 million euros (31 December 2023: 134.9 million euros). The expected credit losses allowances have not been recognized for 2024 and 2023 on loan commitments due to being immaterial.

Note 34. Additional cash flow information

Changes in liabilities arising from financing activities in 2024

	Subordi-nated bonds	Loans from banks	Lease liability
Opening balance	76.1	8.9	1.8
Cash flow items:			
Receipts	20.4	-	-
Payments	-11.8	-1.1	-0.6
Non-cash flow items:			
Movement in accrued interest, revaluation and increase in liabilities	6.9	0.6	0.4
Transaction costs related to issue of bonds	0.1	-	-
Balance at 31 December 2024	**91.7**	**8.4**	**1.6**

Changes in liabilities arising from financing activities in 2023

	Subordi-nated bonds	Loans from banks	Lease liability
Opening balance	40.1	9.2	1.2
Cash flow items:			
Receipts	36.2	-	-
Payments	-5.3	-0.8	-0.6
Non-cash flow items:			
Accrued interest, revaluation and increase in liabilities	5.1	0.5	1.2
Balance at 31 December 2023	**76.1**	**8.9**	**1.8**

(in millions of euros)

Note 35. 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 2024, the remuneration of the members of Group companies' management boards and supervisory board including taxes amounted to 2.1 million euros (2023: 1.8 million euros) and 124 thousand euros (2023: 95 thousand euros), respectively.

At 31 December 2024, the Group had receivables from related parties (*Loans to customers*) of 10.6 million euros (31 December 2023: 10.4 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 0.8 million euros (2023: 0.6 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 3,397 Bigbank bonds with a total nominal value of 3.4 million euros (31 December 2023: 748 thousand euros). Interest expense on deposits and subordinated bonds was 0.2 million euros (2023: 50 thousand euros).

At 31 December	2024	2023
Loans to customers	**10.6**	**10.4**
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	8.8	8.6
Subordinated bonds	**3.4**	**0.7**
Of which the members of management and supervisory boards	1.1	0.7
Of which the companies and persons connected related parties	2.3	-
Deposits from customers	**0.6**	**-**
Of which the shareholders	0.1	-
Of which the companies and persons connected related parties	0.5	-

The Group finances subsidiaries and branches with long-term loans. Such loans are eliminated from the consolidated financial statements.

Accounting policies

Note 36. 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 policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which became effective for annual periods beginning on 1 January 2024:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

While the adoption of the amendments did not result in any changes in accounting policies, in some cases it affected the accounting policy disclosures presented in this note.

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 remining 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. In 2024, the Group implemented new LGD models for substantial unsecured consumer loan portfolios and up-dated LGD estimates of secured loans.

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. In 2024, the Group changed write-off conditions extending maximum period from 500 days to three years when a contract shall be latest written off if the repayments fall below threshold level. The write-off represents a derecognition event. 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 POCI 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 30 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:

Expected credit loss (ECL) = probability of default (PD) * loss given default (LGD)* exposure at default (EAD).

In 2024, ECL models were updated in the second and the fourth quarter. As a result of the revisions, expected credit loss allowances increased by 2.2 million euros in the second quarter, mainly due to updating PD estimates, and by 0.7 million euros in the fourth quarter, due to the impacts of implementing new LGD models for substantial unsecured consumer loans (a decrease of 1.4 million euros in expected credit loss allowances), applying LGD floor to secured loans (an increase of 0.8 million euros) and updating PD estimates (an increase of 1.3 million euros). In the fourth quarter the Group also updated debt components and threshold levels for identifying a significant increase in credit risk and classifying contracts into stage 2, which resulted in additional loss allowances in the amount of 1.4 million euros.

Default on meeting obligations and write-off

A contract is classified as non-performing in the following situations, which indicate that a customer will not meet their financial obligations and has or may become insolvent:

- past due payments: when both the relative materiality threshold (the ratio of the past due amount to the total outstanding amount is 1%) and the absolute materiality threshold (100 euros for the principal and/or interest receivables of retail loans and 500 euros for the principal and/or interest receivables of corporate loans) are more than 90 days past due;
- collection of payments has become doubtful: the loan (agreement) is performing but there is objective evidence that makes it reasonable to assume that the customer will be unable to meet the existing financial obligations (loan principal, interest and contract fee) in full and the situation cannot be resolved in a satisfactory manner. Collection of payments is considered unlikely if a) a letter of contract termination, including a claim for payment, has been sent to the customer; b) the customer is, or recently was, in financial difficulty and is now being restructured that is likely to result in reducing the financial obligation or there are other indicators identified that reflect distressed restructuring; c) the customer is bankrupt or deceased or bankruptcy, liquidation or debt restructuring proceedings have been initiated in respect of the customer; d) identity theft, i.e. misuse of the credit receiver's identity has been identified; e) indicators

are identified that refer to the customer's future inability to meet its financial obligations in a timely manner.

If a receivable from a customer that has been classified as non-performing accounts for over 20% of the total amount of receivables from the customer, other loans to the customer are also classified as non-performing even if they are not non-performing according to the above criteria.

For the classification of a loan as performing, the following rules apply:

- Contracts which have been classified as non-performing because the contract of a customer that is having or recently had payment difficulties is restructured are subject to a one-year monitoring period. If no contractual payment is over 30 days past due during the one-year period and there is no other indication of insolvency, monitoring ceases. If a contractual payment is over 30 days past due or there are other indications of insolvency, the monitoring period is renewed for another year.
- Contracts with past due payments or other indications that collection of the receivables may be doubtful are subject to a three-month monitoring period – at least three months have to pass since the contract was 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 6.

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 Bank 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 11 *Property, plant and equipment* and assessed for impairment consistent with the Group's policy which is described in note 36 *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 also leases agricultural equipment with a lease term of five years.

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 among *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 millions of euros)

In accordance with the Estonian Income Tax Act, corporate income tax is not levied on profit earned but on profit distributed as dividends. The standard tax rate until 2024 was 20% and since 2025 it is 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 have the obligation to pay advance income tax on their quarterly profit, which is recognised as an expense. The tax rate was 14% and from 2025 was increased to 18% on profit before tax. 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 has been similar to the Estonian one: profit is taxed when it is distributed and deferred tax assets and liabilities do not arise. The tax rate is 20% (the rate is applied to the gross taxable amount). 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.

The 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 income tax rate is 15% but the taxable profits of credit institutions that exceed the threshold of 2 million euros are taxed at 20%.

Corporate income tax rates

	2025	2024	2023
Estonia*	18.0%	14.0%	14.0%
Bulgaria	10.0%	10.0%	10.0%
Lithuania	16.0–21.0%	15.0–20.0%	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 20% and the amount of tax payable is calculated as 20/80 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 14%.

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 May 2023, Lithuania enacted a temporary tax on certain income of banks earned within their jurisdiction by Law on Temporary Solidarity Contribution. The tax is levied at a rate of 60% on the amount of net interest income generated in 2023 and 2024 on loans to customers advanced before 31 December 2022 which exceeds the average net interest income of the preceding four financial years by more than 50%. According to the Group's calculations, interest income earned 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 30 to the financial statements is voluntary.

Note 37. 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 material impact on its consolidated financial statements when they become effective.

- IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued the IFRS 18 which replaces IAS 1 – *Presentation of Financial Statements* and it becomes effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. 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 2024 are not expected to have a material effect on the Group's financial statements. The Group plans to adopt them when they become effective.

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Note 38. 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)	**2024**	**2023 restated**
Assets		
Cash and balances at central banks	423.2	495.1
Due from other banks	23.4	18.8
Debt instruments at FVOCI	22.3	15.4
Loans to customers	2 191.3	1,652.4
Receivables from subsidiaries	30.7	36.4
Investments in subsidiaries	17.4	0.8
Property, plant and equipment	6.2	6.9
Investment properties	0.5	0.5
Intangible assets	25.2	29.2
Current tax assets	0.4	0.4
Other assets	9.5	2.4
Total assets	**2 750.1**	**2,258.3**
Liabilities		
Deposits from customers	2 393.3	1,937.4
Liabilities to subsidiaries	1.8	1.8
Subordinated bonds	91.7	76.1
Current tax liabilities	2.8	2.5
Other liabilities	15.5	20.9
Total liabilities	**2 505.1**	**2,038.7**
Equity		
Paid-in share capital	8.0	8.0
Capital reserve	0.8	0.8
Other reserves	0.8	0.3
Retained earnings	235.4	210.5
Total equity	**245.0**	**219.6**
Total liabilities and equity	**2 750.1**	**2,258.3**

Statement of comprehensive income

At 31 December (in millions of euros)	2024	2023 restated
Interest income	180.2	140.9
Interest expense	-75.1	-42.5
Net interest income	**105.1**	**98.4**
Net fee and commission income	9.2	8.3
Loss on sale of debt instruments at FVOCI	-	-0.1
Net gain on financial assets at FVTPL	4.4	8.9
Net loss on exchange differences	-0.3	0.1
Net income on financial assets	4.1	8.9
Net loss on derecognition of a non-financial assets	-0.3	-1.4
Other operating income	1.5	1.1
Other operating expenses	-7.5	-5.4
Total net operating income	**112.1**	**109.9**
Salaries and associated charges	-27.8	-24.0
Administrative expenses	-11.7	-15.5
Depreciation, amortisation and impairment	-8.5	-6.4
Total operating expenses	**-48.0**	**-45.9**
Provision expenses or reversal of provision	-0.2	0.4
Profit before loss allowances	**63.9**	**64.4**
Net allowance for expected credit losses	-24.0	-18.9
Profit before income tax	**39.9**	**45.5**
Income tax	-7.0	-7.5
Profit for the year	**32.9**	**38.0**
Other comprehensive income/-expense	**0.5**	**0.4**
Other comprehensive income that may be reclassified subsequently to profit or loss:	0.5	0.4
Exchange differences on translating foreign operations	0.2	-0.1
Changes in the fair value of debt instruments at FVOCI	0.3	0.5
Total comprehensive income for the year	**33.4**	**38.4**

Statement of cash flows

At 31 December (in millions of euros)	2024	2023
Cash flows from operating activities		
Interest received	184.0	136.3
Interest paid	-25.1	-10.8
Salary, administrative, other expenses and fees paid	-59.7	-49.3
Other income and fees received	11.7	9.5
Recoveries of receivables previously written off and proceeds from the sale of portfolio items	1.6	10.1
Received for other assets	3.8	1.0
Loans granted	-1,122.1	-787.4
Repayment of loans provided	555.7	472.7
Change in mandatory reserves with central banks and related interest receivables	-6.0	-6.6
Proceeds from attracted deposits from customers	2,237.9	1,677.2
Paid on redemption of deposits from customers	-1,820.5	-1,133.2
Income tax paid	-7.0	-4.8
Effect of movements in exchange rates	-0.3	-0.2
Net cash used in/from operating activities	**-46.0**	**314.5**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	-3.7	-5.4
Paid for investment in a subsidiary	-16.7	-0.2
Investment into debt securities at FVOCI	-12.1	-
Proceeds from redemption of financial instruments at FVOCI	5.7	4.4
Net cash used in investing activities	**-26.8**	**-1.2**
Cash flows from financing activities		
Proceeds from issue of subordinated bonds	20.4	36.2
Interest paid on subordinated bonds	-6.8	-5.3
Paid on redemption of subordinated bonds	-5.0	-
Payments of principal lease liabilities	-1.0	-0.9
Dividends paid	-8.0	-6.0
Net cash used in/from financing activities	**-0.4**	**24.0**
Effect of movements in foreign exchange rates	-0.1	-
Change in cash and cash equivalents	**-73.3**	**337.3**
Cash and cash equivalents at beginning of period	498.7	161.4
Cash and cash equivalents at end of period	**425.4**	**498.7**

Cash and cash equivalents

At 31 December (in millions of euros)	**2024**	**2023**
Demand and overnight deposits with other banks	23.4	18.8
Demand and overnight deposits with central banks	398.5	475.2
Surplus on mandatory reserves with central banks	3.5	4.7
Total	**425.4**	**498.7**

Statement of changes in equity

(in millions of euros)	Share capital	Capital reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2023	**8.0**	**0.8**	**0.2**	**181.3**	**190.3**
Correction of an error	-	-	-	-3.1	-3.1
Restated balance at 1 January 2023	8.0	0.8	0.2	178.2	187.2
Profit for the year	-	-	-	38.0	38.0
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	-0.1	-	-0.1
Net change in fair value of debt instruments at fair value through other comprehensive income	-	-	0.5	-	0.5
Revaluation of land and buildings	-	-	-0.3	0.3	-
Total other comprehensive income	**-**	**-**	**0.1**	**0.3**	**0.4**
Total comprehensive income for the year	**-**	**-**	**0.1**	**38.3**	**38.4**
Dividend distribution	-	-	-	-6.0	-6.0
Balance at 31 December 2023	**8.0**	**0.8**	**0.3**	**210.5**	**219.6**
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
Total transactions with shareholders	**-**	**-**	**-**	**-8.0**	**-8.0**
Balance at 31 December 2024	**8.0**	**0.8**	**0.8**	**235.4**	**245.0**

(in millions of euros)

At 31 December	2024	2023 restated
Unconsolidated equity at end of year	**245.0**	**219.6**
Investments in subsidiaries:		
Carrying value (cost)	-17.4	-0.8
Carrying value under the equity method	42.2	26.0
Adjusted unconsolidated equity at end of year	**269.8**	**244.8**

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

Signatures

The management board has prepared the management report and the financial statements of Bigbank AS for the financial year that ended on 31 December 2024.

Martin Länts
Chairman of the Management Board

Mart Veskimägi
Member of the Management Board

Argo Kiltsmann
Member of the Management Board

Ingo Põder
Member of the Management Board

Ken Kanarik
Member of the Management Board

Signed digitally on 7 March 2025

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with confidence

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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 2024, 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 2024, 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.

Key audit matter	*How our audit addressed the key audit matter*
Loss allowance for impairment of loans to customers As disclosed in Note 9 Loans to customers to the consolidated financial statements, the carrying amount of loan receivables as at 31 December 2024 is EUR 2 158.2 million that corresponds to 78% of the Group's total assets. Expected credit loss allowances (further ECL) for impairment of loans to customers amounted to EUR 51.9 million as at 31 December 2024 and net credit losses for the year then ended amounted to EUR 23.9 million in the Group's consolidated financial statements. Management has provided further information on policies applied for calculation of loss allowance for impairment to customers in Notes 36 and 5 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 5 of the Group's consolidated financial statements. 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. 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. 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.	***Our audit procedures included, amongst others, the following:*** We gained understanding and tested the key controls over the loan issuance, recording and monitoring over loan impairment process. 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. 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. 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. 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. We involved valuation and IFRS 9 specialist to assist us with recalculations of ECL for a sample of loans and model outputs. 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. Finally, we also assessed the adequacy of the related disclosures in Notes 3, 5, 9, 10 and 36 of the Group's consolidated financial statements.

Other information

Other information consists of Bigbank Group at a glance, Letter from the CEO, Management report, Sustainability report, 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;

- 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 2024 (the Single Electronic Reporting Format of the consolidated financial statements) contained in the file 5493007SWCCN9S3J2748-2024-12-31-et.zip (SHA-256 checksum: 3687b660cda6113df74fe015726f766a172dad5cc5561f482ed9cda18abb91ef).

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.

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 2024 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 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 1 year, covering the period ended 31 December 2024 only.

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, 07 March 2025

/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 2024 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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Shape the future
with confidence

- 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 inquires 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.

Other matter

The comparative information included in the Consolidated Sustainability Statement of the Group as at 31 December 2023 and for the year then ended was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Tallinn, 07 March 2025

/signed digitally/

Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58

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Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn stock exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300004977/reports)

Profit allocation proposal

Total consolidated retained earnings of Bigbank AS at 31 December 2024 comprise:

Earnings retained in prior years at 31 December 2024	226.2 million euros
Net profit for 2024	32.3 million euros
Total retained earnings at 31 December 2024	**258.5 million euros**

The management board of Bigbank AS proposes that the general meeting distribute the profit for the year ended 31 December 2024 as follows:

1. Dividend distribution (100.00 euros per share)	8.0 million euros
2. Transfer to retained earnings	24.3 million euros
Balance of retained earnings after allocations	250.5 million euros.

on 7 March 2025

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Revenue by EMTAK

Area of activity	EMTAK code	2024 (in millions of euros)
Consolidated revenue		
Credit institutions (banks)	64191	189.3
Rental and operating of own or leased real estate	68201	3.5
Total consolidated revenue		**192.8**
Unconsolidated		
Credit institutions (banks)	64191	191.6
Total unconsolidated revenue		**191.6**

EMTAK – Estonian classification of economic activities