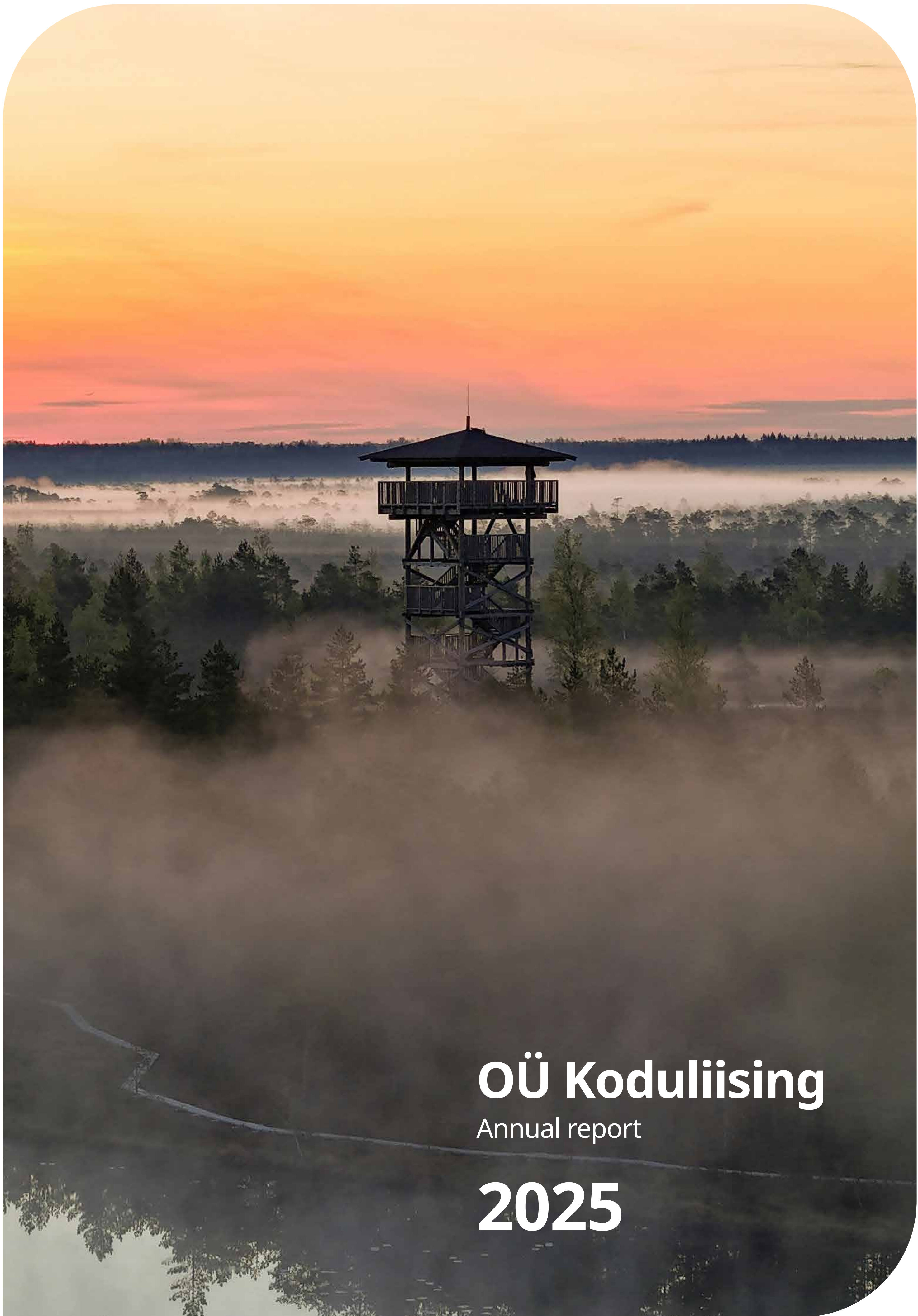

OÜ Koduliising

Annual report

2025

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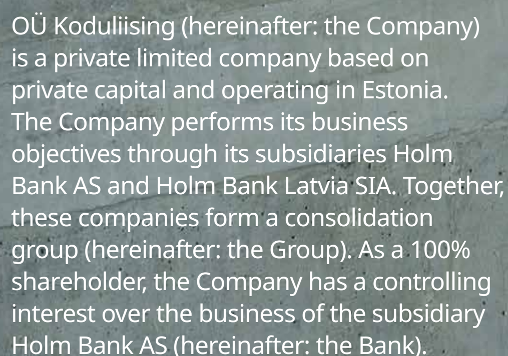
General information

Business name:	OÜ Koduliising
Registry code:	14571396
Activity field:	Holding company
OÜ Koduliising legal address:	Lääne county, Haapsalu city, Posti street 30, 90504
Holm Bank AS legal address: (subsidiary)	Lääne county, Haapsalu city, Posti street 30, 90504
Holm Bank Latvia SIA (Holm Bank AS subsidiary)	Dzelzavas iela 120G, Riga, LV-1021, the Republic of Latvia
Telephone:	+372 675 5055
E-mail:	info@holmbank.ee
Group website:	www.holmbank.ee
Reporting period:	01.01.2025 - 31.12.2025
Members of the Management Board:	Arne Veske
Owner and final beneficiary (100%):	Arne Veske
Reporting currency:	EUR
Presented units:	in thousands
Auditor:	KPMG Baltics OÜ

Abbreviations and explanations

The following styles of abbreviation are used in the current Annual Report:

BoE	Central Bank of Estonia
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
EIR	Effective Interest Rate
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
12mECL	12 month expected credit loss
LTECL	Lifetime expected credit loss
PD	Probability of default
LGD	Loss given default
EAD	Exposure at default
POCI	Purchased or originated credit impaired (financial assets)
NPL	Non-performing loans (defaulted)
NLP	Net loan portfolio (gross loan portfolio minus loan loss reserve)
Loan-to-deposit ratio	Ratio of net loan portfolio divided by total deposits
LCR	Liquidity coverage ratio



OÜ Koduliising (hereinafter: the Company) is a private limited company based on private capital and operating in Estonia. The Company performs its business objectives through its subsidiaries Holm Bank AS and Holm Bank Latvia SIA. Together, these companies form a consolidation group (hereinafter: the Group). As a 100% shareholder, the Company has a controlling interest over the business of the subsidiary Holm Bank AS (hereinafter: the Bank).

Statement of the CEO

The year 2025 marked the beginning of economic recovery in Estonia and Latvia. Although consumer and business confidence remained low and the ongoing Russian-Ukrainian conflict continued to have a negative impact on foreign investment, the prolonged economic downturn came to an end and was replaced by modest growth. Export volumes and property prices rose slightly, the decline in retail sales ended, and loan demand recovered. The labour market remained stable, with nominal wage growth outpacing inflation, which is expected to restore household purchasing power in the future. Economic growth is anticipated to accelerate in 2026.

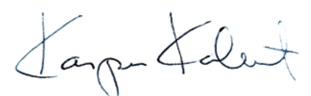
The dynamic economic environment in Estonia and Latvia continues to offer good opportunities for individuals and businesses to develop and implement new plans. The number and success of these initiatives will determine the long-term development and economic growth rate of our domestic markets.

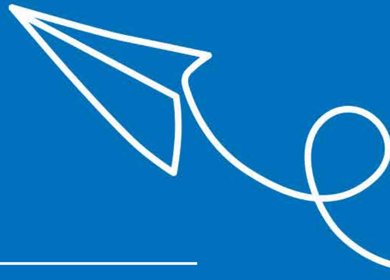
Accordingly, 2025 was the most successful year in the Group's history to date.

All strategic objectives were achieved – we significantly increased both loan and deposit portfolios, raising them to the highest levels in our history. We continued investing in business development and launched new products tailored to contemporary needs, which were positively received by customers. We issued a record volume of new loans, enabling our clients to realise a record number of successful plans. Both customer and employee satisfaction indicators were at a very high level. We concluded the year with the strongest net profit in our history. Our capital and liquidity position remained very strong throughout the year, staying well above all internal and regulatory requirements and providing sufficient buffers for future growth and coverage for potential risks.

We must all be prepared for the external environment to remain volatile for some time. However, with a strong plan and team, it is still possible to achieve success in such conditions. We will continue to make a growing contribution, and in 2026 we are once again ready to support our clients' new and promising plans in Estonia and Latvia at record levels. The Group is in excellent shape and on the right track, and we approach 2026 with optimism.

Kaspar Kalvet
Chairman of the Management Board of Holm Bank AS





Management report

Operating environment

In 2025, the operating environment in Estonia and Latvia improved somewhat compared to the previous year but remained challenging. The key themes continued to be low confidence among households and businesses, influenced, among other factors, by tax increases and negative geopolitical developments.

In 2025, the extended period of decline in the real economy came to an end, and overall economic growth for the year reached 0.6%. Economic performance was negatively affected by uncertainty among businesses and households operating in our domestic markets regarding the future and the resulting weaker demand, as well as a renewed acceleration in inflation.

Nevertheless, throughout 2025, several positive trends emerged and strengthened over time. Both manufacturing output and export volumes began to grow. The labour market remained stable -although the number of people employed decreased slightly, the unemployment rate did not rise. Wage growth remained robust, outpacing inflation and supporting the continued rise in household purchasing power. Real estate prices and demand for loans also showed modest growth.

In 2026, economic growth in Estonia will also be supported by fiscal measures, as changes to the rules for calculating tax-free income will increase household earnings. An increase in confidence among households and businesses may have a positive impact on investment activity and consumer confidence, which should help sustain and accelerate economic growth.

The Group's strategy for thriving in a challenging external environment is to offer flexible financial services tailored to the needs of every client. We believe that our organisation's smaller scale enables us to respond swiftly to changes and to emerge from a volatile environment with a stronger market position than when we entered it.

Strategy

The main focus of the Group is financing consumers and businesses through various financial services and credit products. The Group provides credit in the Estonian and Latvian markets and raises deposits from the Estonian, German, and Austrian markets.

In 2019, the European Central Bank approved the issuance of a credit institution license to the company. Since April 8, 2019, the bank's legal name is Holm Bank AS. As the sole shareholder, the Bank has control over the operations of its subsidiary, Holm Bank Latvia SIA.

The Group's history dates back to 1995 when its predecessor began operations in Haapsalu. The brand name Liisi has been in use since then.

The Bank is the legal successor of its predecessor and currently holds two trademarks – Liisi and Holm. The Holm trademark has been on the market since the Bank's establishment in 2019. Under the Holm brand, the Bank offers various loans to private and business clients, credit cards, leasing, and term deposits.

The name "Holm" is inspired by the small islands off the west coast of Estonia, which are referred to as holms by coastal residents, thus establishing a direct connection to the Bank's hometown, Haapsalu.

Key values of the Group

At the Group, we work to help individuals and businesses realise their positive plans, offering contemporary, user-friendly, and high-quality financial services with a forward-looking approach.

We value progress
We are constantly in pursuit of improvement and work towards better solutions for tomorrow.

We value time
We consider time a valuable asset and hence refine our services and processes for a time-efficient and seamless experience.

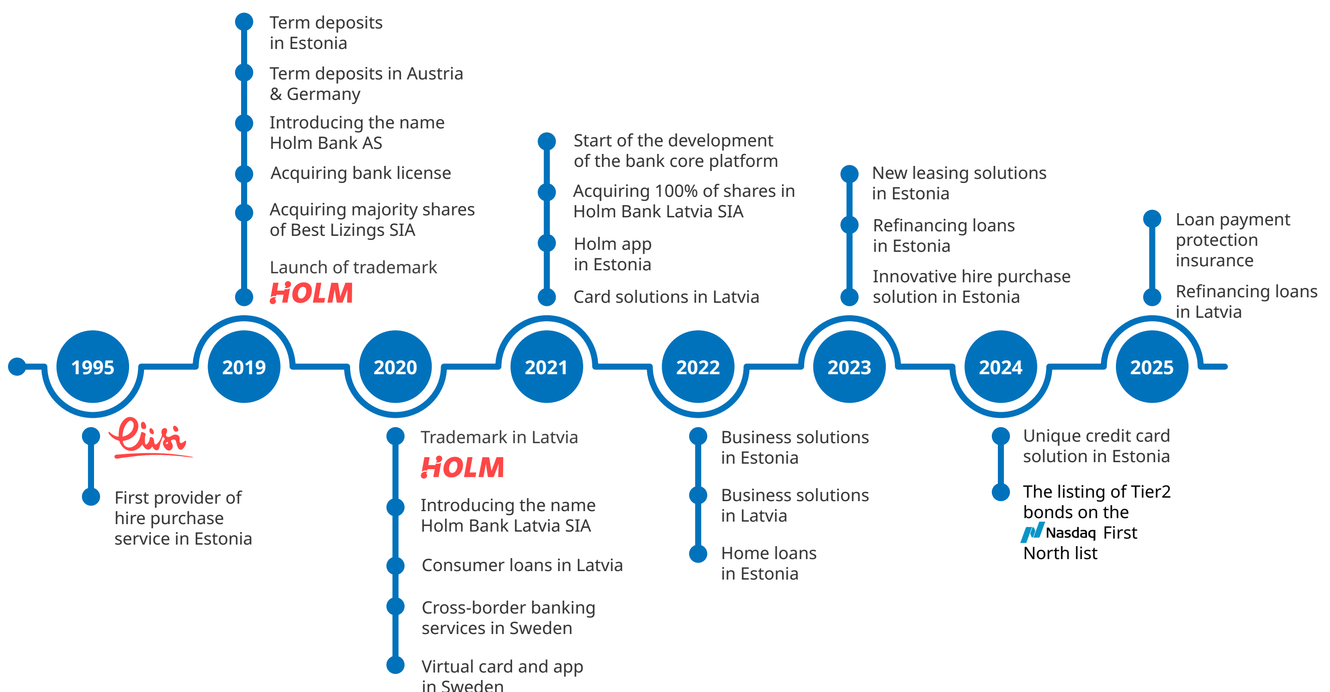
We value individuals
We hold respect for each individual and support them in achieving their goals.

The Group has developed a multi-year strategy and financial plan, setting forth the updated main objectives for the coming years, taking into account the main developments in the external environment as well as changes in the economic and competitive landscape.

Key points of the strategy include:

- Continued increase of business volumes in both the Estonian and Latvian markets
- Increasing brand awareness
- Development of existing capabilities, including continuously improving internal processes and offering high quality services to customers
- Maintaining and improving profitability

The activities foreseen in the strategy will serve as a foundation for additional ambitious plans in the future.



Products

Hire Purchase

Leasing

Small loans

Credit cards

Home loans

Term deposit

Business loans

During the reporting period, the Group continued to expand its portfolio of financial services and create new opportunities for its clients.

In July, we launched the Refinancing loan in Latvia. Loan refinancing, or consolidation, is a process in which several existing loan obligations are combined and replaced with a new loan, with terms tailored to the borrower's current financial situation. This often enables the borrower to reduce the interest rate or monthly payment and set a more suitable repayment period. Consolidating loan obligations is not merely a new agreement with the bank, but a deliberate step towards more thoughtful financial management.

In both Estonia and Latvia, developments were carried out in self-service channels with the aim of continuously improving the customer experience and journey. We also implemented updates in line with the requirements of the European Accessibility Act and added an overview to our website informing customers of ongoing developments that will further enhance the accessibility of our website and self-service environment in the future.

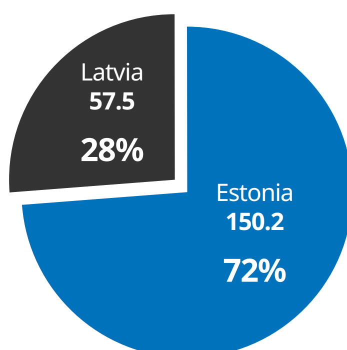
Financial performance

The financial results of 2025 were the strongest in the Group's history.

The Group's net loan portfolio grew by 22% in 2025, reaching its highest level to date. At the end of the year, the net loan portfolio stood at 207.7 million euros (31.12.2024: 170.4 million euros). The growth was broad-based, with increases across all major business segments in both countries where the Group operates. Estonia's net loan portfolio grew by 20%, reaching 150.2 million euros (31.12.2024: 125.1 million euros), while Latvia's net loan portfolio grew by 27%, reaching 57.5 million euros (31.12.2024: 45.3 million euros).

Portfolio distribution by countries

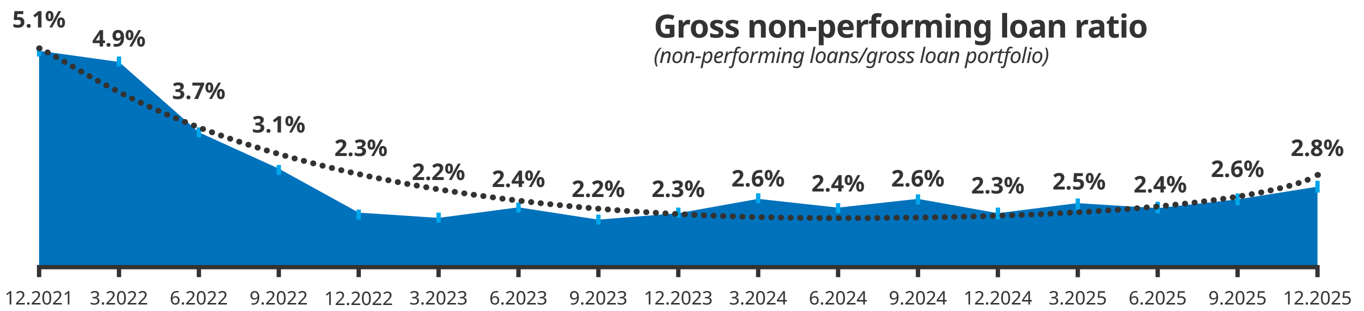
in millions euros



Despite the strong growth of the loan portfolio and the challenging economic environment, the quality of Group's loan portfolio remained strong.

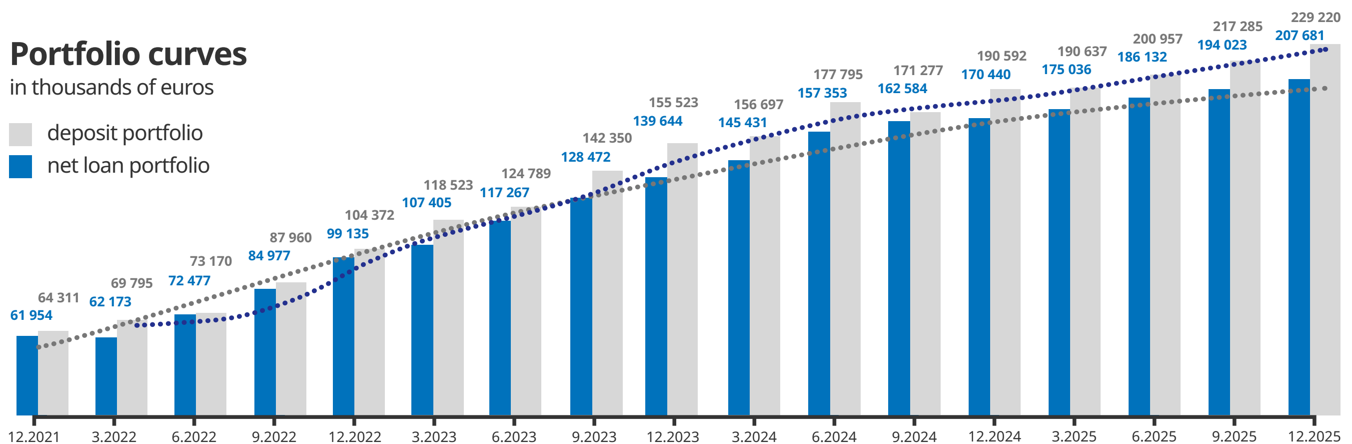
All key credit risk indicators, including the share of non-performing loans remained stable throughout the year. The share of non-performing loans in the total loan portfolio stood at 2.8% at the end of the year, slightly higher than the previous year (31.12.2024: 2.3%), yet remaining close to the Group's historically best levels.

The increase in share was largely driven by the Group's strategic decision to retain claims in default on the balance sheet to a greater extent, rather than selling these claims early. Additionally, this was affected by changes in Estonian court practice, where debt recovery now requires a more time-consuming action procedure instead of expedited payment order proceedings.



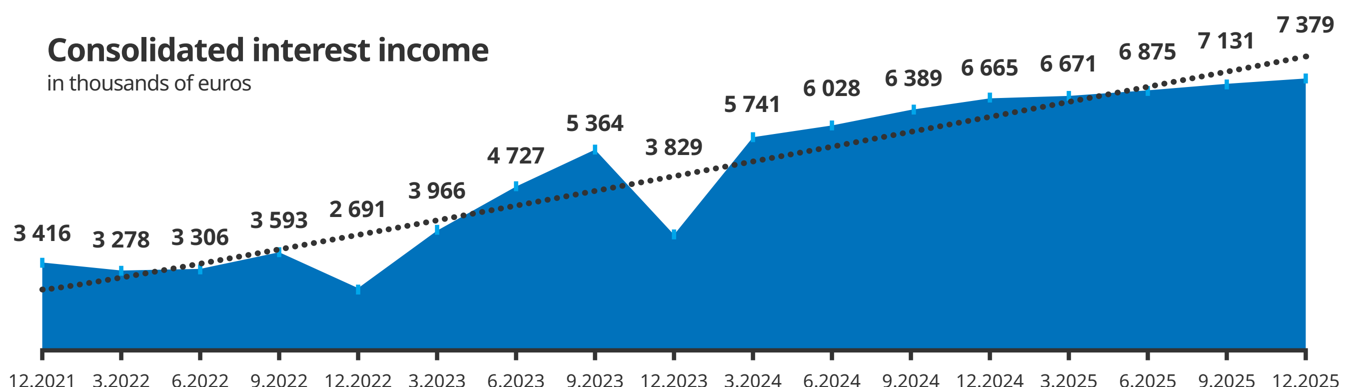
Along with the growth of the loan portfolio, the Group's total assets also increased significantly, reaching 270.5 million euros at the end of the year (31.12.2024: 226.5 million euros). In addition to the loan portfolio, the most important assets in terms of share of total assets were liquid assets in the central bank and high-rated credit institutions.

On the liabilities side, customer deposits saw a significant increase over the year, growing by 20% and reaching 229.2 million euros (31.12.2024: 190.6 million euros). This growth was broad-based, with increases in both domestic and foreign deposits. The Group's deposits continue to consist almost entirely of term deposits, which, while slightly increasing the Group's financing costs, significantly mitigate liquidity risks by providing more precise maturity dates and expected outflow times compared to demand deposits.



The Group concluded the year with a very strong capital and liquidity position, significantly exceeding all internal and regulatory requirements. The Group's consolidated total capital adequacy ratio at the parent level was 18.5% of risk-weighted assets at year-end (31.12.2024: 18.3%), and the Tier 1 capital adequacy ratio was 14.9% of risk-weighted assets (31.12.2024: 14.6%).

Among the key liquidity risk indicators, the loan-to-deposit ratio stood at 90.6% at the end of the year (31.12.2024: 89.4%), while the regulatory LCR ratio reached 334% (31.12.2024: 261%), consistently exceeding the regulatory minimum threshold of 100% by a significant margin. The liquidity buffer also saw substantial growth in absolute terms over the year.



Systematic efforts to increase operating volumes has also increased the Group's revenues and profitability. Net operating income increased by 9.7% compared to the previous year, reaching 21.9 million euros (2024: 19.9 million euros). The primary driver was the growth in net interest income, which aligned with the expansion of the loan portfolio.

At the same time operating expenses increased by 2.6%, amounting to 11.1 million euros (2024: 10.8 million euros). Despite a 10.1% increase in credit losses to 6.2 million euros (2024: 5.7 million euros), the Group's profit before tax for the period increased significantly to 4.6 million euros (2024: 3.5 million euros). Despite the increase in the advance income tax rate for credit institutions in 2025, the net profit was also the highest in the Group's history, reaching 4.1 million euros, an 36.1% increase from the previous year (2024: 3.0 million euros).

In summary, the financial results for 2025 were strong. The primary driver of positive results was the growth in operating volumes. Years of systematic work on product development and improving the offered financial services have led to continued growth in the loan portfolio, increasing the net interest income earned from the portfolio, despite intense competition and a volatile economic environment.

Continuously improved internal tools and processes have enabled the Group to increase operational volumes without significantly increasing the internal cost base or headcount, thus limiting the growth of operating expenses.

The continued growth of the portfolio, stable credit quality, and a conservative approach to provisions for credit losses provide a positive outlook for revenue and profitability improvements in 2026, while mitigating vulnerability to unforeseen risks.

Consolidated financial key parameters

Income statement *thousands of euros*	2025	2024	2023
Net interest income	20 733	17 929	14 193
Net fee expense	-767	-578	-560
Other income	1 898	2 576	1 796
Net operating income	**21 864**	**19 928**	**15 427**
Operating expenses	-11 070	-10 788	-9 622
Profit before credit losses	**10 794**	**9 140**	**5 806**
Net allowance for credit losses on financial instruments	-6 242	-5 671	-3 969
Profit before income tax	**4 552**	**3 469**	**1 837**
Income tax	-467	-467	-201
Profit for the year	**4 085**	**3 001**	**1 636**
Net profit attributable to owners of the parent	4 085	3 001	1 636

Business volumes *thousands of euros*	2025	2024	2023
Total assets	270 486	226 460	183 546
Net loan portfolio	207 681	170 440	139 644
Deposits from customers	229 220	190 592	155 523
Total equity	27 053	22 915	19 915

Ratios *thousands of euros*	2025	2024	2023
ROE %	17.8%	15.1%	9.0%
ROE, before income tax %	19.9%	17.4%	10.1%
AU %	9.7%	10.9%	11.9%
CIR %	50.6%	54.1%	62.4%
NIM %	12.2%	12.9%	14.6%
Loan to asset %	76.8%	75.3%	76.1%
Loan to deposits %	90.6%	89.4%	89.8%
Equity to loan portfolio ratio %	13.0%	13.4%	14.3%
Gross non-performing loan ratio %	2.8%	2.3%	2.3%
Equity ratio %	10.0%	10.1%	10.8%
LCR %	334.1%	261.2%	222.3%
NSFR %	155.9%	160.7%	164.2%
Leverage ratio %	8.7%	9.5%	10.5%

Explanations:

Net loan portfolio = gross loan portfolio – loan loss allowance

*Return on equity (ROE) = net profit (attributable to owners of the parent company) / equity at the beginning of the period (attributable to owners of the parent) * 100*

*Return on equity, before income tax (ROE) = profit before income tax (attributable to owners of the parent company) / equity at the beginning of the period (attributable to owners of the parent) * 100*

*Asset utilization (AU) = net operating income / assets at the beginning of the period * 100*

*Cost to income ratio (CIR) = total operating expenses / net operating income * 100*

*Net interest margin (NIM) = net interest income / interest bearing assets at the beginning of the period * 100*

*Loan to asset = net loan portfolio / total assets * 100*

*Loan to deposits = net loan portfolio / deposits * 100*

*Equity to loan portfolio ratio = total equity / net loan portfolio * 100*

*Gross non-performing loan ratio = gross non-performing loan portfolio / total gross loan portfolio * 100*

*Equity Ratio = shareholder's equity / total assets * 100*

*LCR (Liquidity Coverage Ratio) is calculated as reported in COREP report. LCR = total high-quality liquid assets / (total outflows – total inflows) * 100*

*NSFR (Net Stable Financing Ratio) is calculated as reported in COREP report. NSFR = total available stable funding / required stable funding * 100*

*Leverage ratio = total Tier 1 capital / leverage ratio risk exposure amount * 100*

Governing bodies

Arne Veske is a member of the Management Board of OÜ Koduliising, he is also the ultimate controlling party of the companies within the Group and the chairman of the Supervisory Board of the Bank.

The governing bodies of the Bank are the Supervisory Board and the Management Board of the Bank, which oversee the activities of the Group.

The Supervisory Board of the Bank consists of five members responsible for strategic decisions and oversight of the Management Board's activities. The members of the Supervisory Board are appointed for three years by the general meeting of shareholders. There were no changes in the Supervisory Board members or its chairman during the reporting period. Until December 31, 2025, Ruslan Mahhov served as a member of the Supervisory Board. As of January 1, 2026, Jüri Laur is a member of the Supervisory Board.

The Bank's Management Board consists of three members responsible for the day-to-day management of the Group's activities, in accordance with the strategies and general principles approved by the Supervisory Board. The members of the Management Board are appointed for a three-year term by the Bank's Supervisory Board. There were no changes in the composition of the Management Board during the reporting period. The Chairman of the Management Board of the Bank is Kaspar Kalvet. The second member of the Management Board is Monika Tomberg, Head of the Bank's Legal and Compliance Department who will be responsible for the Group's compliance, AML and legal areas from November 1, 2025. Monika Tomberg's area of responsibility also includes HR and office matters. Until 31 December 2025, the third member of the Management Board was Raavo Leiten, the Chief Risk Officer. Since 1 January 2026, the third member of the Management Board is Ivar Kallast, the Chief Risk Officer.

The Bank's Supervisory Board and Group companies' management board members are appointed in accordance with the requirements set forth in the Credit Institution Act, which includes having the necessary knowledge, skills, experience, education, professional qualifications, and an impeccable reputation in business. The Group aims to maintain a diverse composition within the governing body by including a range of knowledge, skills, experience, and education.

To ensure the honesty, reliability, and independence of the governing body members and to effectively control and manage the decision-making process of the governing body, it is assessed that all members of the governing body have the required personal qualities. It is also evaluated whether all members of the governing body have actual or potential conflicts of interest that may impede their ability to perform duties independently and objectively.

The Group strives to ensure diversity in terms of gender, professional expertise, education, and age within the governing body to enhance its performance and achieve a balanced composition. New appointments consider the specific skills and experience, independence, and knowledge. When appointing new members to the governing body, specific skills, experience, independence, and knowledge are taken into consideration. To promote gender diversity and increase the number of individuals from underrepresented genders, the Group aims to include at least one representative of an underrepresented gender in each governing body.

The Group has implemented an internal policy to assess the suitability of members of the Supervisory Board, Management Board, and Key Function Holders. This assessment is conducted before an individual's appointment, before extending their appointment period or regularly on an annual basis.

Group structure

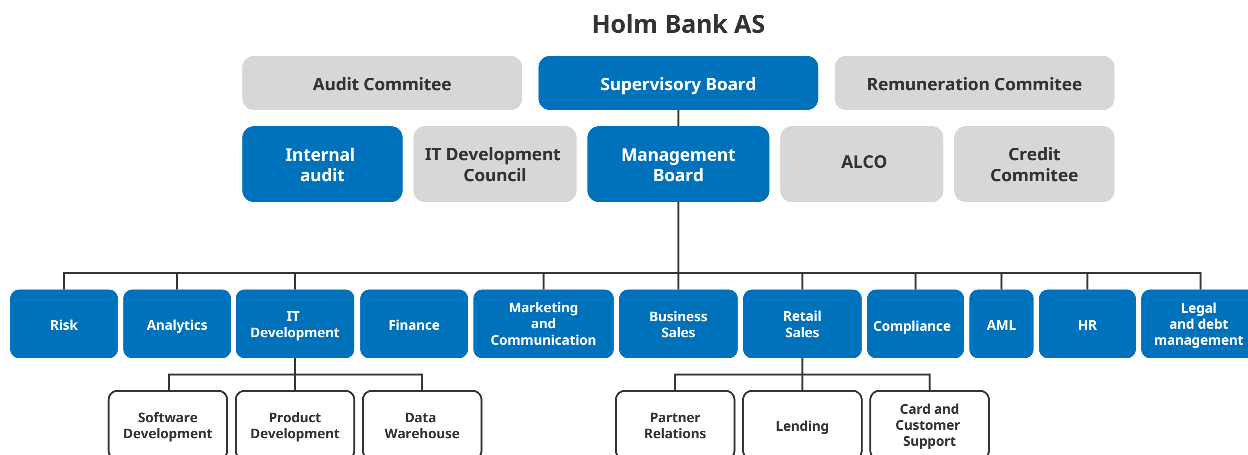
The legal and ownership structure of the Group as of 31.12.2025:

Parent company
OÜ Koduliising (14571396)

Holm Bank AS
(14080830)
100%

Holm Bank Latvia SIA
(54103053771)
100%

The organisational structure of the Group as of 31.12.2025 is presented in the figure below:



The Group's structure is designed and approved by the Management Board, following the guidelines provided by the Supervisory Board, and taking into account the Group's business activities and future development plans.

The Management Board ensures that the Group's organizational structure is transparent, responsibilities are clearly defined, and procedures for identifying, measuring, managing, continuously monitoring, and reporting risks are established. These procedures are proportionate to the nature, scope, and complexity of the Group's operations.

Committees

The Group's subsidiary Holm Bank AS has established the following committees:

Audit Committee, formed by the Supervisory Board and acts as an advisory body in respect to accounting, audit, internal controls, and internal audit topics, as well as fulfils the tasks of the Risk Committee.

Remuneration Committee, formed by the Supervisory Board, is a competent body that mainly monitors the remuneration of managers and employees and evaluates the implementation of the remuneration principles at least once a year.

Credit Committee, established by the Supervisory Board and operating in accordance with the guidelines approved by the Supervisory Board, is responsible for making decisions related to credit issuance

IT Development Council, formed by the Management Board, evaluates the Group's IT related development needs and coordinates IT development priorities.

Assets and Liabilities Committee (ALCO), formed by the Management Board. The main task of this committee is to ensure that the Group has sufficient capital and liquidity.

Proportionally to the nature, extent, and the level of complexity of the Group, there are no Risk Committee and Nomination Committee established in the Group. The tasks and the roles of the Risk Committee are executed by the Audit Committee and those of the Nomination Committee are executed by the Supervisory Board.

General management principles

The Group is governed by the Management Board and Supervisory Board of the Group. The Management Board is accountable to the Supervisory Board and makes decisions related to the Group's operational management. The Supervisory Board makes decisions regarding the Group's long-term strategic management and oversees the Management Board's activities.

The Group has established internal governance and control principles to ensure the creation of a transparent organizational structure, which allows for the clear division of competencies and responsibilities in managing and supervising the Group's business activities. The Group's management is guided by the following principles:

- **Proportionality Principle:** The Group applies the proportionality principle, meaning that internal governance and control principles are developed considering the Group's size, economic significance, internal organization, nature, risk profile, and the complexity of its activities. Due to the Group's size, some functions may be combined or shared. However,

the Group's organizational structure is designed to ensure a clear division of competencies and the segregation of duties and control to prevent conflicts of interest and ensure an effective control environment.

- **'Tone at the Top' Principle:** The Group implements the 'tone at the top' principle, meaning that the Supervisory Board and Management Board are responsible for setting and communicating the Group's core values and expectations. Members of the Group's management, including key function holders, contribute to communicating these core values and expectations to all employees. The Supervisory Board and Management Board continuously promote, monitor, and assess the Group's risk culture, considering its impact on financial stability, risk profile, and robust governance, and make changes as necessary. In 2024, the Group began measuring its risk culture to raise risk awareness within the Group and ensure a unified understanding among all employees about the risks associated with the Group's activities and each individual's role in managing those risks.

- **Clear Leadership Principle:** A clear leadership and administrative structure are fundamental for effective governance and control management. The Group is managed by the Management Board and Supervisory Board, where the Management Board is accountable to the Supervisory Board and responsible for operational and tactical decision-making. The Management Board is led by the Chairman of the Management Board, who is also the Group's CEO.

- **Three Lines of Defence Principle:** The Group applies the three lines of defense principle, meaning that in the Group's governance and control model, business areas and control functions have clear roles and responsibilities within the three lines of defense. The business units, as the first line of defense, take risks and are directly and continuously responsible for their operational management. The second line of defense consists of the independent risk management function and the compliance function. The third line of defense is the independent internal audit function.

- **Fair Compensation Principle:** The Group's compensation principles are appropriate and reflect the duties and responsibilities of managers and employees in meeting shareholder expectations and regulatory requirements. The Supervisory Board approves the Group's compensation policy based on the recommendations of the Remuneration Committee.

- **Disclosure and Transparency Principle:** The Group applies the disclosure and transparency principle, meaning that the Group's governance framework ensures timely and accurate disclosure of all material matters regarding the Group, including risk-related issues, within the Group as a whole and through reporting to the Management Board and Supervisory Board or, as applicable, to the Financial Supervision Authority. The Group's strategies and internal regulations are published on the intranet and accessible to all employees. A training and development program is in place to ensure employees are regularly updated and understand and comply with the requirements related to their duties and responsibilities.

- **Responsibility Principle:** The Group's governance framework and strategic management are organized to ensure the Management Board is accountable for its duties, effective oversight by the Supervisory Board of the Management Board's activities, and the Supervisory Board's accountability to the company and shareholders.

- **Accountability Principle:** The Group applies the accountability principle, meaning that relevant employees at all levels must know and understand the Group's core values, risk appetite, and risk tolerance, as necessary for performing their positions. Employees must be able to fulfil their roles and be aware that they are accountable for their actions according to the risk appetite.

- **Effective Communication and Debate Principle:** The Group adheres to the effective communication and debate principle, meaning that a reliable risk culture promotes an open communication and effective debate environment, where decision-making processes encourage the expression of diverse opinions. This allows for the testing of established practices, fosters constructive thinking among employees, and promotes an atmosphere of open and constructive participation throughout the organization.

- **Segregation of Duties Principle:** The Group applies the segregation of duties principle, meaning that the roles and responsibilities in the management process, decision-making, and oversight are as separated and independent as possible. Due to the Group's size and in line with the proportionality principle, some functions may be combined or shared.

Internal control system

The Group adheres to the 'three lines of defense' principle, which means that within the Group's governance and control model, business areas and functions have clearly defined roles and responsibilities from the 'three lines of defense' perspective.

To ensure effective operations, reliable financial reporting, and compliance with applicable laws and internal regulations approved by governing bodies, and to make decisions based on reliable and relevant information, the Group has established an internal control system that encompasses all operational and managerial levels.

1. The first line of defense consists of internal control within each business unit. This line takes on risks and is directly and continuously responsible for their operational management. To achieve this, business units must have appropriate processes and controls in place to ensure risks are identified, analyzed, measured, monitored, managed, reported, and kept within the Group's risk appetite, and that business activities comply with external and internal requirements.

2. The second line of defense includes the risk management and compliance and AML functions, which operate as autonomous and independent control units. The risk management function facilitates the implementation of a robust risk management framework throughout the Group and is responsible for further identifying, monitoring, analyzing, measuring, managing, and reporting on risks, forming a comprehensive view of all risks on both an individual and consolidated basis.

The risk management function assists business units in implementing risk management measures to ensure that the processes and controls established in the first line of defense are properly designed and effective.

The compliance and AML function monitors the Group's adherence to legal and regulatory requirements and established internal policies, provides compliance advice to management and relevant employees, and establishes policies and processes to manage compliance risks and ensure compliance.

3. The third line of defense is the internal audit function. This function conducts risk-based and general audits, reviewing the internal governance arrangements, processes, and mechanisms to ensure they are sound, effective, implemented, and consistently applied.
The internal audit function is also responsible for the independent review of the first two lines of defense. Where necessary, third parties are engaged to conduct internal audits if this enables more effective control over the Group's operations.

Remuneration policy

The Group has developed a unified remuneration policy that has been approved by the Remuneration Committee and the Supervisory Board. Adherence to objectives set by the remuneration policy is controlled by the internal auditor. The policy sets the main principles of remuneration that ensure the sustainable motivation and development of employees, clarity and transparency in determining remuneration and any related benefits, and the basis of payment of variable compensation.

The Group has established a Remuneration Committee that assesses the implementation of remuneration principles in the Group and the impact of decisions related to remuneration on compliance with the requirements for risk management, own funds, and liquidity based on input from the management board. The Remuneration Committee also monitors the remuneration of managerial staff and employees. At least once a year, it assesses the implementation of remuneration principles, and if necessary, proposes updates to the remuneration principles and prepares draft decisions regarding remuneration for the Supervisory Board of the Bank.

The Supervisory Board is responsible for the approval and management of the Remuneration Policy, for approval of the salary scale, the performance criteria on which performance pay is calculated, and the maximum amount of performance pay based on the proposal of the Remuneration Committee.

The compensation structure consists of two components: basic salary, which is the fixed pay agreed between the employee and the Group within the employment contract; and variable pay, which is additional pay that includes performance-based bonuses.

In addition to the basic salary, the Group may offer performance pay to employees if the economic results of the Group allow it. The prerequisite for paying the performance fee is the fulfilment of the main goals set in the current strategy and financial plan of the Group and calculated based on the performance criteria.

The quality and work discipline of each employee, as well as the employee's individual work results in combination with the work results of the business unit, are evaluated by the employee's direct manager. The manager monitors the employee's performance and gives feedback to the employee in regular meetings between the manager and the employee during the year. The manager makes a summary of the employee's work results, including the interaction with the work results of the business unit, and provides the employee with an overview during the annual employee development interview.

Performance metrics developed by the Management Board to monitor the implementation of the Group's strategy and financial plan are applied to monitor performance criteria. Performance metrics at the level of

the Group's departments, units, and each employee are developed by the head of each department or unit based on the principles stated in the Remuneration Policy.

Performance pay is based on the conditions set in the Remuneration Policy, with additional conditions set for important risk-takers who perform tasks that materially affect the Group's risk profile.

The basic salary and performance pay are reasonably balanced. The maximum rate of performance pay may not exceed 100% of the basic yearly salary of an employee or, in exceptional cases, up to 200%, if it is previously approved by the general meeting of shareholders.

The sum of performance pay paid out annually to employees is confirmed by the Remuneration Committee and the Supervisory Board. Performance pay is paid by the end of the month following the approval of the audited economic results of the accumulation period at the latest.

In 2025, the General Meeting approved the allocation of participation options as part of the Group's executive incentive package, and the Supervisory Board confirmed the conditions of the option program for the years 2025-2029.

In addition to financial incentives, employees are also motivated by non-monetary benefits such as flexible work schedules, remote work opportunities, various joint activities, and sports subsidies.

Sustainability goals

All Group companies are responsible in their lending policies and in society more broadly, helping to create value at both social and individual level, creating jobs, and improving the quality of life.

In 2024, the Group developed environmental, social, and governance (ESG) policies to further contribute and support sustainable objectives in society. We work to integrate the Group's sustainability goals and principles of sustainable and responsible operations into the Group's strategy and work processes.

The ESG policy established the Group's sustainability management framework and principles and outlined the Group's sustainability goals, supporting society in achieving sustainability objectives. The Group's ESG policy is closely tied to the Group's core values and mission to help individuals and businesses realize good plans by offering modern, user-friendly, and high-quality financial services through responsible business practices. The Group's ESG framework is based on global sustainable development goals and the 2030 Agenda adopted at the UN summit on September 25, 2015, considering long-term interests and potential changes in the external environment.

The Group focuses primarily on supporting the following global sustainable development goals (SDGs):

- **ELIMINATION OF POVERTY:** Contributing mainly by providing access to financial services and supporting financial education.

- **GOOD HEALTH AND WELL-BEING:** Prioritizing occupational health and safety by providing employees with better access to healthcare services. We aim for high employee satisfaction and loyalty, diversity, equity and inclusion, talent retention, and motivation, and valuing employee well-being through excellent management.

  We value the balance between work and personal life. The Group implements flexible working arrangements and allows flexible working hours and remote work for all employees whose job nature permits.

In 2023, the Group was awarded the Remote Worker label, which recognises the company for promoting flexible working practices and serving as a role model for others. The label is issued by the Smart Work Association (Targa Töö Ühing).

We take care of our employees by continuously improving work processes and seeking ways to enhance employee well-being. Since 2023, we have used Moticheck software service for continuous employee satisfaction assessment. Moticheck is a modern and innovative solution to support managers and understand employees' work lives and needs.

In 2025, the Bank received the Family-Friendly Employer initial label, which is awarded to organisations that value work-life balance and have created a working environment that supports employees and their development.

The Group has held the "Supporter of National Defenders" label for many years, which recognises its contribution to the defence of Estonia. The bronze level signifies that, during training call-ups, the company has maintained employees' full monthly salaries and provided additional paid leave that is not deducted from their annual leave entitlement.

- **QUALITY EDUCATION:** Promoting education in society and supporting the lifelong learning of the Group's employees.

  We support the professional and personal development of our employees by providing opportunities for growth within the organization and offering trainings. The Group has developed a training and development program, which takes into account the specific needs of each employee, in addition to regular internal training to maintain and enhance employee competencies. In 2023, we launched a leadership development program aimed at training leaders in modern management techniques.

- **GENDER EQUALITY:** Ensuring equal treatment and career opportunities for all employees. We prioritize gender equality and adhere to a strict non-discrimination policy. The Group's remuneration policy is transparent and fair.

- **DECENT WORK AND ECONOMIC GROWTH:** Protecting the rights of our employees and ensuring a safe work environment. We provide additional health insurance to employees and support them during important family events.

  We also promote mental health by offering group-wide trainings to all employees, such as coping with stress, sleep, healthy eating, etc. If needed, we also support financially for professional assistance.

  We pay our employees competitive salaries in line with market conditions.

  The Group funds the economic growth by supporting micro-, small- and medium-sized enterprises.

- **SUSTAINABLE CITIES AND COMMUNITIES:** Allowing our employees to work remotely, creating opportunities for work throughout Estonia. The Group is a significant employer in Haapsalu.

  The Group has long prioritized charity and has been a long-term supporter of various cultural events, sports associations, and individuals.

- **RESPONSIBLE CONSUMPTION AND PRODUCTION:** Following responsible lending principles, implementing green office practices, and supporting activities that enable paperless offices.

  We offer products that help our clients reduce environmental impact (home energy loan) and support companies that operate with climate goals in mind and promote a sustainable economy.

Social responsibility and creation of economic value

As a local bank in Estonia, Holm takes pride in supporting the realization of good plans for the local community. Our Bank's motto, "The Bank of Good Plans," reflects our commitment as a responsible and development-oriented financial institution, supporting sustainable plans for businesses and individuals. Equally, our motto expresses the Group's social responsibility - we support proactive and inspiring individuals, future talents, and those who strive to improve the lives of the local communities, and we lend helping hand to those in need

For the fourth consecutive year, we have supported the Charity Foundation "My Dream Day," which helps fulfil the dreams of seriously ill children. We are grateful to be part of bringing joy to these children.

Holm has long supported the Christmas event at Haapsalu Viigi School. This year, we donated a Christmas tree to the school and filled the raffle wheel with items that brought joy and excitement to the children. Holm's employees have consistently donated items and assisted with the event each year. Caring and helpfulness are inherent qualities of our company and its employees.

Holm Park, located beside the Estonian National Museum in Tartu, has gained recognition and become a cherished

venue among Tartu sports enthusiasts. Holm Park hosts high-level football matches and conducts daily training sessions. We are thrilled to be part of bringing sports into people's everyday lives by providing opportunities to attend competitions and participate in training sessions.

The collaboration between JK Welco and Holm has continued for many years. The Holm logo on the club's jerseys motivates the athletes to strive for victory – in 2024, Welco advanced to the Estonian First League and in 2025, it headed towards the Premium League. Although this dream was out of reach in 2025, we believe that it will succeed next year.

The collaboration continued with top basketball player Siim-Sander Vene and Haapsalu Basketball Club Herilased. Siim-Sander has the ability to inspire young people and bring them to the basketball court. Sports offer youth opportunities for both physical activity and leisure.

We continued to support Olympic fencer Nelli Differt following the Olympic Games. We believe in her successful return to the sport and to the international stage after her maternity leave, and we wish her every success.

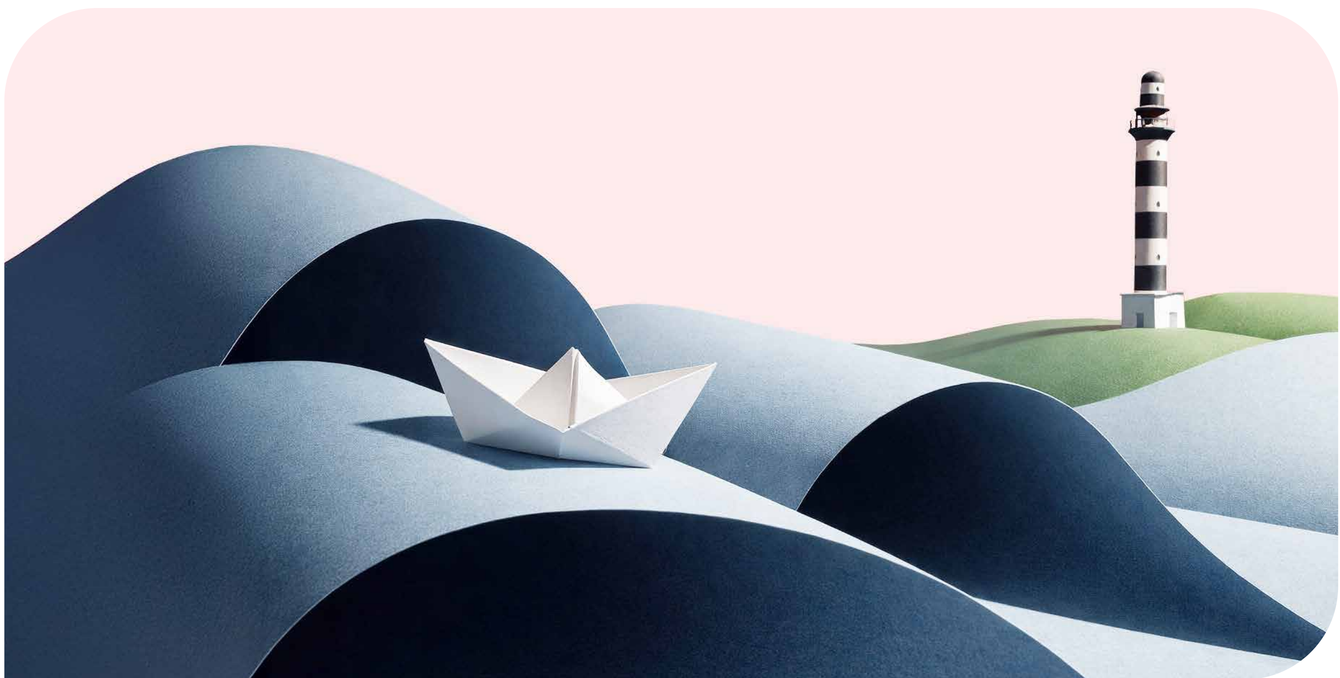
Throughout the year, Holm played a pivotal role in supporting the Haapsalu Yacht Club. The sailing school's first year was filled with activities, training sessions and competitions. Many young people from Läänemaa discovered a new hobby at the sailing school and found a place where they could spend their free time actively.

With the arrival of autumn, we supported the organization of Estonia's largest equestrian event, the Tallinn International Horse Show, and contributed to the competition class for young riders up to 25 years of age.

Just before the end of the year, we stepped in to assist table tennis enthusiasts by supporting the organization of the two-day Christmas tournament, Tallinn Holm Bank Open. The number of participants exceeded both our own and the organizers' expectations and hopes.

We value the continuation of traditions and take joy in bringing cultural events closer to people. Once again, we were proud supporters of both the TAFF:fest in Haapsalu and the Pärnu Harmonica Festival.

Initiative and active mindset are characteristics of Holm employees. Almost every employee has a hobby, whether it is a sports activity or something related to culture. Among us, there are dancers, musicians, singers, and amateur athletes. Each year, Holm organises its traditional step challenge, which involves employees from both Estonia and Latvia. In 2025, we also invited athletes whom we support — among them were footballers from Welco, basketball players from Herilased, and fencer Nelli Differt. Maintaining a balance between physical activity, work, and leisure is vital, as it fosters an environment conducive to achieving excellent results.



Economic value created by the Group

thousands of euros		2025	2024
Paid CIT		**646**	**496**
	Estonia	530	484
	Latvia	116	12
Paid labor taxes		**2 311**	**2 144**
	Estonia	2 154	1 985
	Latvia	157	147
Paid VAT		**373**	**106**
	Estonia	293	100
	Latvia	80	97
Total taxes paid		**3 329**	**2 746**
Paid salaries		**3 829**	**3 715**
	Estonia	3 177	3 077
	Latvia	652	638
Jobs created		**1**	**5**
	Estonia	1	4
	Latvia	0	1
Paid to suppliers		**3 713**	**3 964**
	Estonia	3 020	3 117
	Latvia	693	846
Investments made		**2 535**	**2 623**
	Estonia	2 535	2 595
	Latvia	0	28

Recognitions and awards

The year 2025 brought several recognitions to the Bank.

We received the Family-Friendly Employer initial label, which is awarded to organizations that value work-life balance and have created a supportive work environment for employee development. The Family-Friendly Employer label is part of a national program that evaluates organizational work arrangements, management practices, and the overall working environment. The program expects organizations to operate in a well-considered and sustainable manner, striving to be caring and responsible employers. The label is issued by the Smart Work Association (Targa Töö Ühing) on behalf of the Ministry of Social Affairs.

The Bank won the competition organized by SA Läänemaa, which aims to identify the most outstanding companies in Läänemaa and recognize their contribution to the county's development. "Läänemaa Entrepreneurship Award is the highest recognition given to an entrepreneur at the county level," states the organizer on its website. Holm had already reached the top three the previous year, taking third place. In 2025, we had the honor of winning first place.

We also succeeded in the Äripäev "Top Successful Companies" competition in Läänemaa county, winning the title for the second time — the first was in 2021.

Although we have now grown into a nationwide provider of digital financial services, Läänemaa still holds a significant role for us—our Bank's journey began in Läänemaa, our first team came from there, as did our first clients. Today, we have a beautiful, recently renovated office in Haapsalu, where a substantial part of our dedicated team works.

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

thousands of euros	Note	2025	2024
Interest revenue calculated using the effective interest method		28 056	24 823
Interest expense calculated using the effective interest method		-7 323	-6 894
Net interest income	5	**20 733**	**17 929**
Fee income		54	91
Fee expense		-821	-668
Net fee expense	6	**-767**	**-578**
Other income	7	1 898	2 576
Net operating income		**21 864**	**19 928**
Personnel expenses	8	-5 363	-5 151
Administrative and other operating expenses	8	-4 016	-3 929
Other expenses	8	-26	-7
Depreciation and amortisation expense	8,13-16	-1 665	-1 701
Credit loss expense on financial assets	8,11	-6 242	-5 671
Total operating expenses		**-17 312**	**-16 460**
Profit before income tax		**4 552**	**3 468**
Income tax	9	-467	-467
Profit for the year		**4 085**	**3 001**
Equity holders of the parent		*4 085*	*3 001*
Total other comprehensive income		**0**	**0**
Total comprehensive income for the year		**4 085**	**3 001**
Equity holders of the parent		*4 085*	*3 001*

Notes on pages 25 to 85 are an integral part of the consolidated financial statements.

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Consolidated statement of financial position

thousands of euros	Note	31.12.2025	31.12.2024
Assets			
Cash and balances with central bank	10	44 142	37 634
Amounts due from credit institutions	10	2 525	2 725
Loans and advances to customers	11	207 681	170 440
Other assets	12	840	1 205
Investment property	13	1 229	1 229
Property, plant and equipment	14	817	553
Right-of-use assets	15	455	608
Intangible assets	16	12 798	12 067
Total assets		**270 486**	**226 460**
Liabilities			
Deposits from customers	17	229 220	190 592
Loans received	17	24	61
Lease liabilities	15	481	635
Other liabilities	18	5 087	3 636
Subordinated bonds	17	8 621	8 621
Total liabilities		**243 433**	**203 545**
Equity			
Share capital	19	5	5
Share premium	19	20 995	20 995
Statutory reserve	19	0	0
Other reserves	19	53	0
Retained earnings	19	6 000	1 915
Total equity		**27 053**	**22 915**
Total equity attributable to parent		27 053	22 915
Total liabilities and equity		**270 486**	**226 460**

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Consolidated statement of cash flows

thousands of euros	Note	2025	2024
Received interests	15	28 731	24 392
Paid interests	15	-7 580	-5 898
Operating income and service fees received	6, 7	26	10
Operating expenses and service fees paid	6, 8	-302	-239
Other income received	7	1 747	2 227
Paid salaries	8	-5 314	-5 040
Paid administrative and other operating expenses	8	-3 835	-4 184
Loans paid out to customers	11	-118 108	-103 997
Loan principal repayments		77 455	71 411
Received deposits	17	151 226	124 942
Deposit repayments	17	-114 545	-94 411
Paid corporate income tax	9	-646	-496
Cash flows from operating activities		**8 855**	**8 717**
Additions of property, plant, equipment and intangible assets	13, 14, 16	-2 535	-2 623
Cash flows from investing activities		**-2 535**	**-2 623**
Repayment of principal portion of lease liabilities	15	-154	-85
Received from issuing bonds	17	0	4 070
Repayments of loans received		-37	-36
Cash flows from financing activities		**-191**	**3 949**
Change in cash and cash equivalents		**6 129**	**10 043**
Cash and cash equivalents at the beginning of the period		**38 588**	**28 544**
Net increase in cash and cash equivalents		6 129	10 043
Cash and cash equivalents at the end of the period	**10**	**44 717**	**38 588**

Cash and cash equivalents comprise	Note	31.12.2025	31.12.2024
Non-restricted current account	10	2 525	2 725
Cash and balances with central bank without statutory reserve	10	42 191	35 863

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Consolidated statement of changes in equity

thousands of euros	Note	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Equity
Balance as at 01.01.2024		**5**	**20 995**	**0**	**0**	**-1 085**	**19 915**	**0**	**19 915**
Profit for the year		0	0	0	0	3 001	**3 001**	0	**3 001**
Total comprehensive income	4	**0**	**0**	**0**	**0**	**3 001**	**3 001**	**0**	**3 001**
Balance as at 31.12.2024		**5**	**20 995**	**0**	**0**	**1 915**	**22 915**	**0**	**22 915**
Balance as at 01.01.2025		**5**	**20 995**	**0**	**0**	**1 915**	**22 915**	**0**	**22 915**
Profit for the year		0	0	0	0	4 085	**4 085**	0	**4 085**
Total comprehensive income	4	**0**	**0**	**0**	**0**	**4 085**	**4 085**	**0**	**4 085**
Share options	19	0	0	0	53	0	**53**	0	**53**
Balance as at 31.12.2025		**5**	**20 995**	**0**	**53**	**6 000**	**27 053**	**0**	**27 053**

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Notes to the group financial statements

Corporate information

The main area of activity is the issuance of small loans in the form of consumer loans, instalments, credit cards, home and mortgage loans, leasing, and business loans. The Group grants credits in Estonian and Latvian markets. Deposits are raised from Estonian, German, and Austrian markets.

OÜ Koduliising is holding the shares of the Bank and forms together with the Bank and its subsidiary Holm Bank Latvia SIA the consolidation group of the credit institution with a concentrated circle of owners. The shareholder and beneficial owner of OÜ Koduliising is Arne Veske. The registered address of the Bank is Posti tn 30, Haapsalu City, Estonia.

On April 2nd, 2019, the European Central Bank issued a credit institution license to Holm Bank AS (Decision No. 4.1-1 / 14 of the Management Board of the Financial Supervision Authority on 06.03.2017).

Since February 2021 the Group has been the owner of 100% of the shares in the Latvian entity Holm Bank Latvia SIA.

The consolidated financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of Management Board on 16th April 2026.

The shareholder of the Group has the right for compelling reasons not to approve the prepared report and to demand the preparation of a new report.

Basis of preparation

In addition to OÜ Koduliising, the consolidated financial results presented in the current 2025 report include also financial results of Holm Bank AS and Holm Bank Latvia SIA, in which Holm Bank AS holds a 100% ownership interest.

Current consolidated financial statements of 2025 have been prepared in accordance with International Financial Reporting Standards (IFRS EU) as issued by the International Accounting Standards Board (IASB) and their interpretations as adopted by the European Commission to be effective for the year 2025.

These statements have been prepared on a historical cost basis and on an on-going concern basis and are presented in euros and all values are rounded to the nearest thousands except when otherwise indicated.

The preparation of consolidated annual report in accordance with IFRS requires the Management Board to use important accounting estimates in certain areas (see Note 2).

The Group presents its statement of financial position in order of liquidity, based on the Group's intention and ability to settle the assets or liabilities reported in the financial statements.

An analysis regarding settlement of assets and liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 3.20.

The original consolidated financial statements of the Group have been prepared is Estonian. In case of any conflicts with the version translated into English, the Estonian version shall prevail.

Basis of consolidation

The consolidated financial statements comprise the financial statements of OÜ Koduliising, Holm Bank AS and its subsidiary Holm Bank Latvia SIA as of 31 December 2025 and 31 December 2024.

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or several elements of control.

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Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Intra-group receivables and liabilities, transactions and unrealized gains and losses on transactions between the Group entities are eliminated in full upon consolidation.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Subsidiary

Financial statements of subsidiaries are amended, where necessary, to bring its accounting principles into conformity with the accounting principles adopted by the Group. The financial year of subsidiaries coincides with the parent's financial year. Subsidiaries are consolidated in the financial statements from the date on which control is transferred to the Group.

In consolidated statement of comprehensive income non-controlling interest's share of profit or loss is presented separately from profit or loss attributed to owners of the parent. Also, non-controlling interest's share in subsidiary's results and equity is recognized in consolidated statement of financial position separately from the equity attributable to the owners of the parent.

Unconsolidated primary financial statements of the parent disclosed in the notes to the consolidated financial statements

The parent company's primary financial statements in Note 22 are prepared using the same accounting principles that have been used for preparing the consolidated financial statements, except for the investment in the subsidiary, which is measured at cost in the unconsolidated financial statements, and which is tested for impairment in case indications of impairment exist.

Material accounting policies

Recognition of interest income

According to IFRS 9, the Group calculates interest income on financial assets (except for assets that are credit-impaired or purchased or originated credit-impaired (POCI) financial assets) by applying the effective interest rate (EIR) to the gross carrying amount.

If a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3' (NPLs), the Group calculates interest income by applying the effective interest rate to the adjusted net amortized cost of the financial asset.

If such a financial asset recovers and is no longer credit-impaired, the Group reverts to calculating interest income in the usual manner. For financial assets that were purchased or originated as credit-impaired, the Group calculates interest income by applying the credit risk-adjusted effective interest rate to the asset's adjusted amortized cost.

The credit risk-adjusted effective interest rate is the rate used to discount estimated future cash flows (incl. credit losses) to the amortised acquisition cost of a financial asset that was purchased or originated as credit-impaired at the initial recognition. Accordingly, different interest rates and other product life cycle characteristics applicable at various stages are taken into account.

Foreign currency transactions, assets and liabilities

The functional currency of the Group and presentation currency of these consolidated financial statements is Euro. All the tables present information in thousands of euros. For each entity in the group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation.

Monetary assets and liabilities denominated in a foreign currency have been translated into euros based on the European Central Bank exchange rates prevailing on the reporting date.

Transactions conducted in foreign currencies are translated based on the European Central Bank exchange rates prevailing on the transaction date.

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Foreign exchange gains and losses resulting from revaluation are recognized in the statement of comprehensive income as finance income and expenses of that period.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of recognition.

Fair value measurement

Fair value is the amount for which an asset can be exchanged, or a liability settled, in a transaction between knowledgeable, willing and independent parties. Fair values of financial assets or liabilities, including derivative financial instruments, are based on quoted market prices in active markets.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** — Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable;
- **Level 3** — Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are not observable.

Fair value hierarchy for financial instruments is disclosed in Note 3.21.

Cash and balances with central banks and amounts due from credit institutions

Cash and balances with central banks and amounts due from credit institutions in the statements of financial position and the statement of cash flows comprise of deposits held at central banks and other banks with original maturities of three months or less, which are available for immediate and unrestricted use and subject to an insignificant risk of changes in value. Group's consolidated and unconsolidated cash flow statements are prepared by using the direct method for the reflection of operating activities.

Accounting policies of financial instruments

Initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., that is, the day when the Group becomes a contractual party to the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Group recognizes balances due to investors when funds are transferred to the bank accounts.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value (as described in Note 3.21) and, except in the case of financial assets and financial liabilities recognized at FVTPL, transaction costs are added to, or subtracted from, this amount.

The Group classifies its financial assets based on the asset's contractual terms, the chosen business model and the cash flows associated with the asset (depending on whether the cash flows relate solely to payments of principal and interest), as follows:

- Amortized cost
- FVOCI
- FVTPL

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading derivative instruments or the liability is designated to be measured at fair value.

Trading and derivative instruments have not been recognized in this report.

Financial assets - classification and subsequent measurement

Debt instruments

Debt instruments are those instruments which meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing financial assets; and
- the contractual cash flows of the financial asset.

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Business model: the business model reflects how the Group manages the financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of other business model and measured at fair value through profit or loss. Factors considered by the Group in determining the business model for management of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers of the Group are compensated.

The Group's business model for secured and unsecured private and business loans is to collect contractual cash flows. The Group might sell debt instruments to recover contractual cash flows in the event of a significant increase in credit risk.

Cash flows of the asset: where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell the assets, the Group assesses whether the financial instrument's contractual cash flows represent solely payments of principal and accrued interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to additional risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Based on these factors, the Group measures its debt instruments into one of the three measurement categories:

- Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss, are measured at amortized cost.
- Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income.
- Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

During the reporting period, the Group has measured all its debt instruments at amortized cost.

There were no changes in the classification and measurement of financial liabilities.

Amendment of contractual terms of financial assets

As per customer's request the Group may renegotiate the contractual terms. The Group regularly monitors the adequacy of the credit loss allowances for financial assets in relation to the expected credit loss over its lifetime and also takes these circumstances into account when changing the terms of the agreement, classifying the loan as distressed if necessary. The bases of such classifications are described in more detail below in the section of Definition of default.

Changes to contractual terms are often close to the terms of original agreement and therefore in many cases the renegotiation or modification does not result in contract derecognition.

The Group recalculates the gross carrying amount of the financial asset based on the revised cash flows discounted at the original effective interest rate and recognizes a modification gain or loss in the statement of comprehensive income. The Group also considers potential impact in deterioration in credit risk, depending on the terms of the contract amendment.

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss in the income statement. to the extent that an impairment loss has not already been recorded. The newly recognised loans is classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer the Group considers the following factors:

- Change in currency of the loan
- Change in loan maturity
- Change in the interest rates
- Change in expected contractual cash flows
- Linking contract terms to client equity
- Change in contractual counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

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If the modification does not result in cash flows that are substantially different from earlier the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss in the income statement, to the extent that an impairment loss has not already been recorded (see Note 5).

For financial liabilities, the Group considers a modification to be qualitatively significant if it results in a difference of more than 10% between the present value of the new and original financial liability. For financial assets, this assessment is based on qualitative factors.

Derecognition of financial assets

Financial assets are derecognised from the statement of financial position when a change in the contractual terms results in a material change in the contractual cash flows, as described in the previous paragraph. The Group also writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Based on the Group's previous practice regarding the decrease in the probability of receivables collection, automatic write-offs for receivables over 365 days past due have been systematically implemented (except for exceptions for receivables with strong collateral). Collection is not limited to write-offs and will be continued as off-balance sheet.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount, and after that derecognized. Any subsequent recoveries are credited to other income.

Impairment of financial assets

The Group's loan impairment model is based on the expected credit loss (ECL) concept, which means that a loss event does not have to occur before credit losses are recognized. As a result, all financial assets of the Group generally carry a loss allowance.

ECLs are a probability-weighted estimate of credit losses, that is the present value of future cash shortfalls, over the expected life of a financial asset. A cash shortfall is the difference between the cash flows that are due and the cash flows that the Group expects to receive. The measurement of expected credit losses must reflect an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money.

The assessment of ECLs is based on reasonable and supportable information – that is, information reasonably available without undue cost or effort at the reporting date.

Loss allowance is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

If a significant increase in credit risk of an instrument has occurred since initial recognition, then allowance is measured as lifetime ECLs. Lifetime ECL reflects losses expected to occur from default event over the remaining lifetime of the financial instrument. If the credit risk on financial assets, for which lifetime ECLs have been recognized, subsequently improves so that the requirement for recognizing lifetime ECLs is no longer met, then the loss allowance is measured at an amount equal to 12-month ECLs. The 12-month ECL reflects losses expected to occur from default within the next 12 months after the reporting date.

The loss allowance (or reversal) is recognized in the profit or loss is the amount required to adjust the loss allowance to the appropriate amount at the reporting date.

Details on how the Group determines if there has been a significant increase in credit risk are set out in Note 3.4 -3.15.

The methods used by the Group to measure ECL may vary depending on the type of financial instrument and the information available.

ECL measurement methods

The methods used by the Group to measure ECLs may vary based on the type of financial asset and the information available.

The Group may use following methods to calculate ECL:

- Individual assessment method;
- Collective assessment method;
- Expert judgement / management overlays

ECLs on individually large exposures are measured individually if the Group has reasonable and supportable information that is available without undue cost or effort to measure ECLs on an individual basis. Otherwise, collective basis of measurement is used.

The Group uses collective basis for ECL measurement.

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To measure ECLs on a collective basis, financial assets are grouped based on shared credit risk characteristics.

Shared credit risk characteristics considered in segmentation:

- Instrument type;
- Geographical location.

ECL measurement is performed for the following financial assets:

- Hire-purchases;
- Consumer loans;
- Credit cards;
- Home and mortgage loans;
- Leasings;
- Business loans.

More detailed segmentation may be applied for allowance purposes as appropriate for model development.

The Group has recorded the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL (hereinafter all such financial assets are referred to as 'financial instruments').

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. See note 3.4.

Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3, and POCI, as described below:

Stage 1 – Stage 1 represents loan exposures, for which the credit risk has not significantly increased since initial recognition. For Stage 1 exposures, 12-month PD is used as a basis to calculate expected credit losses.

Stage 2 – Stage 2 represents loan exposures, for which the credit risk has significantly increased since initial recognition but do not qualify for default or Stage 3 status. The Group uses Days Past Due (DPD), customer or client rating, loan payment holiday, significant changes in the value of collateral, increase in credit risk of other financial instruments of the same borrower, increase in credit risk of guarantor of exposure, variable info from borrower of difficulties, material breach of loan covenants, deterioration of financial forecast or other negative news about the borrower as SICR parameters for Stage 2 exposures. Additionally other information referring to increase in credit risk and increase compared to the initial PD rate is used as SICR parameters. For Stage 2 exposures, lifetime probability of default (PD) is used as a basis to calculate expected credit losses.

Stage 3 – Stage 3 represents loan exposures that are in default. The Group uses DPD, payment behaviour assessment, restructuring for payment difficulties, contract termination, bankruptcy, realization of collateral to identify Stage 3 exposures. For Stage 3 exposure, PD of 100% is used as a basis to calculate expected credit losses. The lifetime component for such positions is captured via the loss given default (LGD) component, where the LGD is calculated by discounting future cash flows with EIR.

Group didn't have POCI assets as of 31.12.2025 and 31.12.2024.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is decreased. This is considered a (partial) derecognition of the financial asset.

Impairment losses and releases are accounted for as an adjustment to the gross carrying amount of the financial assets.

The main parameters the Group uses in assessing credit risk are the exposure at default (EAD), probability of default (PD) and loss given default (LGD).

<u>Definition of default</u>

The Group has aligned its definition of credit impaired assets under IFRS 9 to the European Banking Authority (EBA) definition of non-performing loans (NPLs).

The Group considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments, which exceed absolute and relative materiality thresholds (for retail 1% relative and 100 euros absolute and for non-retail 1% relative and 500 euros absolute) or if the correspondent event should result in treating the customer as defaulted.

<u>Exposure at default</u>

Exposure at default (EAD) represents the gross carrying amount of financial instruments for the purpose of calculating expected credit losses, taking into account the customer's ability to increase their risk exposure as they approach default, as well as potential repayments.

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This is an estimated value of the risk exposure at the time of a future default, which incorporates expected changes in risk exposure after the reporting date, including principal and accrued interest payments (both contractual and other payments), anticipated drawdowns of committed lending facilities, and interest accrued on overdue payments.

To calculate the EAD for a Stage 1 loan, the Group assesses the probable development of those variables including likely repayments of principal over the 12 months time horizon.

For Stage 2 and 3 EAD is calculated by using gross carrying amount of financial instruments as well as additional exposure converted from undrawn committed credit lines.

The maximum period to consider for EAD estimation for expected credit losses calculation is the maximum contractual period of the loan. Any exception, for example for facilities that are expected to be prolonged at maturity, must be duly justified and documented and the perimeter for which the exception is applied clearly identified.

To convert undrawn committed credit lines to EAD, the following principles are used:

- For credit cards: In order to find the exposure value of the unused part of the credit limit, the Group calculates how many credit card contracts defaulted within 12 months and what percentage of the unused part of the limit was taken into use during that period. The resulting coefficient is multiplied by the unused part of the limit and added to the exposure value.
- For all other exposures: due to absence of internal data, caused by short operating history and lack of sizable portfolio of such products, as well as absence of reliable market information, the credit conversion factors defined by Article 166 of the CRR are applied.

Loss given default

Loss Given Default (LGD) reflects the economic loss that may occur if a borrower is unable to fulfill their contractual obligations in the event of default.

It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It must account for the time of such cash flows arriving and any debt collection or collateral realization costs. It is expressed as a percentage of the EAD.

The Group estimates LGDs separately for collateralized and uncollateralized exposures.

Probability of default (PD)

The definition of probability of default corresponds to the definition used in Group risk management. This is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time period, if the loan has not been previously derecognised, and is still in the portfolio. The probability of default reflects how high is the probability that the loan customer will experience a default event during a predetermined time horizon.

As a basis for probability of default estimates, the Group determines the respective 12-month default rates for each segment from historical data. In the historical default rate calculation, it is considered the number of defaults relative to the total size of performing non defaulted portfolio over a 12 month period. In total 12 this kind of 12-month periods are evaluated, and historical 12-month default rate is considered the weighted average of these periods. To calculate the weighted average, the Group may assign higher weights to the latter periods.

Forward looking information

In its ECL models, the Group relies on the following forward-looking information (Note 3.10-3.11):

- Unemployment rate
- Gross domestic product change

Forward looking effects are calculated for the 12-month period for 12-month ECL calculation and for 24-month period for lifetime ECL calculation.

Forward-looking component is calculated separately for three segments:

- Estonian retail customers;
- Estonian corporate customers;
- Latvian customers;

The forward-looking component does not take into account positive macroeconomic impact and therefore cannot decrease the total ECL value.

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Assessing significant increase in credit risk

For determining whether there has been a significant increase in credit risk since initial recognition, the Group considers a variety of information available. The information available is determined by the structure of the business and is different by segment and by product - wider for corporate loans and narrower for retail loans for which there is no routine credit risk information provided by the borrower.

The Group has considered all available information, as well as the market practice and provisions of section B5.5.17 of IFRS 9 in determining the appropriate information to be used for determining significant increase in credit risk in consideration of its business model (see Note 3.4-3.15 for more details).

Developing macroeconomic scenarios

Macroeconomic scenarios are developed internally, using external sources. Possible sources include (but are not limited to) European Central Bank, Bank of Estonia, Bank of Latvia, and local banks.

Group evaluates three possible macroeconomic scenarios:

- Baseline scenario is based on neutral forecasts and reflects the expectations of future economic conditions most likely to happen. Baseline scenario is based on average result of the external forecasts.
- Negative scenario is based on the expectations of economic conditions more negative than average. The negative scenario is based on the results of the EU-wide stress test published by the EBA.
- Positive scenario is based on the expectations of economic conditions more positive than average. Positive scenario is based on the most positive result of the external forecasts.

Each possible macroeconomic scenario receives a probability of occurring. This probability is a management estimate and is based on prevailing market consensus and sentiment, including both all available external and internal forward-looking information.

Macroeconomic scenarios are monitored and developments in macro-indicators are incorporated quarterly.

Macro indicators for the ECL model have been chosen based on statistical analysis of correlations between the macro indicators and the observed external proxies of default rates.

Data on overdue loan payments from Eesti Pank and the Bank of Latvia were used as indicators of default rates.

The following macro indicators were used for statistical analysis:

- Unemployment rate
- Gross domestic product change

Only variables that have at least a moderate or higher correlation been selected as appropriate macro indicators for macroeconomic scenario developments. Selected macro indicators used for macroeconomic scenarios are the following:

- Unemployment rate shows strong observed correlation and significance with the proxy default rate. Lower unemployment rate means borrowers are able to repay the loans. Higher unemployment rate reduces the borrower's ability to repay the loans.
- Gross domestic product is the indicator which is calculated as the ratio of real gross domestic product to the average population of a specific year. It is a limited measure (for example not including unpaid household work nor considering negative effects of economical environmental deterioration) but it gives input regarding general economic well-being and the development of a country's standard of living.

Expert judgement

The Group uses both models and expert judgement to determine ECLs. The degree of judgement that is required to estimate ECL depends on the model outcome, materiality, and the availability of detailed information. The model provides guidance and transparency as to how economic events could affect the impairment of financial assets. Model overlay may be applied to the modelled outcome to incorporate an estimated impact of factors not captured by the model. Model overlays are documented and approved in the Credit Committee. Such judgemental adjustment to the model generated ECLs may be applied to significant exposures at a counterparty level or at a portfolio level. See Note 3.12.

Financial liabilities

Financial liabilities are initially recognized in the statement of financial position at acquisition cost. After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized

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cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

A financial liability is derecognized when the obligation under the liability is fulfilled, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Subordinated bonds are measured in the statement of financial position at amortised cost using the effective interest method. A bond is classified as a subordinated bond if on the liquidation or bankruptcy of the credit institution the bond is to be satisfied after the justified claims of all other creditors have been satisfied.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Interest expense is recognized in the income statement line item "Interest expense calculated using the effective interest method".

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral value, where possible. The collateral comes in various forms of real estate and other leased assets. Collateral, unless repossessed, is not recorded on the Group's statement of financial position.

Cash flows expected from collateral which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL.

Collateral is assessed at least at contract inception and, as a general rule, is reassessed close to each reporting date. If the value of the collateral has decreased, the adjustment is made downwards. If the value has increased, no adjustments are made. Details of the impact of the Group's various credit enhancements are disclosed in Note 3.14.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral.

Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

Other collaterals (e.g. sureties, guarantees) are equated to zero.

Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

The Group considers a loan forborne when such concessions or modifications are made to the borrower's payment behavior or expected future cash flows, and the Group would not have agreed to grant the loan if such conditions had existed at the time of the original decision. Indicators of financial difficulties include significant concerns raised by the Risk Department.

Modifications to forbearance agreements may include extending the payment period, reducing interest rates, and establishing new loan terms.

It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

If modifications are substantial, the loan is derecognised and the loan is recognized by the modified terms.

The Group also reassesses whether there has been a significant increase in credit risk and whether the assets should be classified as Stage 3.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Once an asset has been classified as forborne, it will remain forborne for a probation period. For the loan to be reclassified out of the forborne category to Stage 2, the customer has to meet all of the following criteria:

- The contract is operating in accordance with the agreed terms;
- The probation period has passed since the date the contract was considered performing;
- No indicators suggest to consider the contract as defaulted.

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Property, plant and equipment and intangible assets

Property, equipment, cars and intangible assets are initially recognized at acquisition cost, consisting of the purchase price and costs directly related to the purchase.

The assets are then recognized at their acquisition cost less accumulated depreciation and accumulated losses from impairment. The straight-line method is used assuming that the expected residual value is zero.

Property, plant, equipment, and intangible assets are tested for impairment if there are any indicators of impairment (except for goodwill).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amount with their recoverable amount.

Property, plant and equipment

Property, plant and equipment are items with physical substance that have useful life of more than one year. Assets with a shorter useful life are expensed as incurred.

Assets with indefinite useful life are not depreciated. The estimated economic useful lives of assets are as follows:

- Buildings 30 years
- Plant and Equipment 5 years
- IT equipment and furniture 5 years
- Cars 5 years
- Land not amortized

Intangible assets

Intangible assets acquired separately are initially recognized at acquisition cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are recognized at their acquisition cost less accumulated depreciation and accumulated losses from impairment.

Computer software

Costs associated with the ongoing maintenance of computer software are recognized as an expense as incurred. Acquired computer software, which is not an integral part of the related hardware, is recognized as an intangible asset.

Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the Group intends to complete the software product and use it;
- the Group can use the software product;
- the Group can demonstrate how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources for completing the development and using the software product are available;
- the expenditure attributable to the software product during its development can be reliably measured.

Capitalized software development costs include payroll expenses and other expenses directly related to development. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Costs expensed before the capitalization criteria are met are not recognized as an asset in a subsequent period.

Computer software development costs are amortized over their estimated useful lives (up to 10 years) using the straight-line method.

Investment property

Investment property comprises of land or building or both held to earn rental income or for capital appreciation or both, rather than used in the Group own business activities.

Investment property is initially recognized at acquisition cost, comprising its purchase price and any costs directly attributable to its acquisition. Subsequently, investment properties are accounted in fair value. At each reporting date fair value (market value) will be reviewed. Profit/loss arising from the change in fair value will be accounted in the income statement. Investment properties that are accounted in fair value will not be amortized.

An investment property shall be derecognized on disposal or when the investment property is permanently

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withdrawn from use and no future economic benefits are expected from its disposal.

Gains and losses arising from derecognition of investment property are recognized in profit or loss for the period.

Rental income of the investment properties is disclosed in consolidated statement of comprehensive income under other income. Expenses related to investment properties are in the same statement under administrative and other operating expenses.

Lease accounting

IFRS 16: Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

The Group as lessee

Based on the IFRS 16 the lessees are required to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value (up to 5 thousand euros). In addition, the lessee recognizes the depreciation expense of leased assets separately from interest expense calculated on lease liabilities.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between reducing the lease liability and finance cost. The finance cost is charged over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has elected not to recognize right-of-use assets and lease liabilities for leases with a term of up to 12 months and leases for low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, taking into account extension and termination options.

See Note 2 and Note 15.

The Group as lessor

The Group classifies leases as operating leases and finance leases and recognises different types of leases differently.

The Group enters into leases in cooperation with asset leasing companies, but also directly with clients. The Group provides financing to the corporate clients found by asset leasing companies and acquires the assets to be leased on the basis of a lease agreement. Asset leasing companies are paid a commission at the time of acquisition.

Receivables arising from finance leases are recognised at the present value of the minimum lease payments less the principal payments received. Financial income is recognised so that the rate of return on the lessor's net investment remains the same over the lease term. The initial service charge received at the entry into the lease is taken into account in the calculation of the rate implicit in the lease and the lessor's net investment.

The lessor's direct costs associated with the lease form part of the effective interest rate and are recognised as a reduction of lease income over the lease term.

The write-offs formed for lease receivables are recognised in negative value in the respective line of the statement of financial position. A lease receivable is recognised in the statement of financial position when the leased asset is delivered to the customer for use.

When assets are leased out under an operating lease, the lease payments receivable is recognised as rental income on a straight-line basis over the lease term. The Group has entered into lease agreements for the rental of office premises.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the interest rate applied to borrowings that enables the Group to acquire assets with a similar term, similar collateral, and in a comparable economic environment. Therefore, the IBR reflects what the Group "would have to pay" when rates are not readily available or need to be adjusted to reflect the specific lease terms.

The Group assesses the IBR using available inputs (such as market interest rates) and applies certain entity-specific adjustments as needed.

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Taxes

Income tax

Current and prior year tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss.

Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is sufficient to cover the aforementioned differences.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted.

Corporate income tax in Estonia

Income tax is paid on fringe benefits, gifts, donations, costs of entertaining guests, dividends and payments not associated with business activities. There are no differences in Estonia between the tax bases and residual book values of assets that could entail deferred income tax, except for the temporary differences from certain investments in subsidiary, associates, and joint ventures. As the parent controls the dividend policy of the subsidiary, it is also able to control the timing of the reversal of temporary differences associated with that investment. Therefore, if the parent has decided not to distribute such profits in the near future, the parent does not recognize a deferred income tax liability. If the parent has decided that dividends will be paid, the deferred income tax liability is recognized to the extent of those payments.

Dividend is a disbursement made on the basis of the corresponding resolution of the shareholders of the Group from net profit or retained earnings, in accordance with the dividend recipient’s holding in the Group.

Pursuant to the Income Tax Act currently in effect, profit distributed as dividends is taxed at the rate of 20/80 in 2024 and 22/78 from 2025 on the amount paid out as net dividends. The corporate income tax arising from the payment of dividends is recognized as income tax expense in the income statement of the period in which dividends are declared, regardless of the day when the dividends are actually paid. The maximum amount of income tax payable, which would arise from paying out the retained earnings as dividends, is disclosed in Note 19 to the financial statements.

Advance income tax on profits is paid at an advance rate of 14 percent quarterly in 2024 and 18 percent from 2025. The advance income tax is non-refundable and is therefore recorded as an expense. However, credit institutions can reduce the amount of income tax payable on future dividend distributions by the amount of advance tax paid. Deferred tax liabilities related to the potential future tax expenses of dividends distributed from Estonia are not recognized.

Corporate income tax in Latvia

Legal entities have not been required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. Corporate income tax is paid on distributed profits and other profit distributions.

From 1 January 2024, amendments to the Enterprise Income Tax Law are in place in Latvia, for the introduction of an annual corporate income tax surcharge of 20% that is payable by credit institutions and consumer credit (loan) providers.

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Consequently, current and deferred tax assets and liabilities are measured at the tax rate applicable. Starting from 1 January 2024, previous year's profit will be subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense.

Corporate income tax is recognized in the profit or loss as an expense in the reporting period when respective dividends are declared; for other items, it is recognized at the time the expense is incurred during the reporting period.

Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, the Group is involved in various litigation, arbitration and regulatory investigations and proceedings both in Estonia and in other jurisdictions, arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is probable, but a reliable estimate of its size cannot be made, a contingent liability is disclosed.

However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group considers a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Reserves

Statutory reserve

According to the Estonian Business Law § 336 (3) during each financial year, at least 1/20 of the net profit shall be transferred to the statutory reserve, until the statutory reserve reaches 1/10 (§ 336 (2)) of share capital. Statutory reserve may be used to cover a loss (§ 337 (1), or to increase share capital. Payments to shareholders from statutory reserve is not allowed (§ 337 (2).

Related parties

In the Group's financial statements, parties related to the Group are defined as those individuals specified in accordance with IAS 24.

Consequently, the related parties are the managers of the credit institution, the sole shareholder of the group or persons with an equivalent interest (spouses, children, parents and business entities).

Offset of the financial assets and financial liabilities

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

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Note 1

Adoption of new or revised standards and interpretations

New accounting pronouncements

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

Settlement of liabilities through electronic payment systems

There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they have been settled using electronic payment system. The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised.

Under the amendments, a company generally derecognises its financial liability on the settlement date. Normally this is the date, on which payment is completed.

The amendments also provide an exception, which allows the company to derecognise its financial liability before the settlement date, i.e. on the date when payment is initiated and cannot be cancelled. The exception is available when the company uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Companies can choose to apply the exception to electronic payments on a system-by-system basis.

Classification of financial assets with ESG-linked features

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented solely payments of principal and interest (SPPI), which is a condition for measurement at amortised cost. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- not measured at fair value through profit or loss.

Contractually linked instruments (CLIs) and non-recourse features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test).

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value through other comprehensive income (FVOCI).

The Group has applied the amendments from 1 January 2026. The Management has assessed that the changes do not currently have a significant impact on the Group’s consolidated financial statements. The impact on future reports will be evaluated continuously as such situations arise.

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Annual Improvements to IFRS Standards – Volume 11

In this volume of improvements, the IASB makes minor amendments to IFRS 9 Financial Instruments and to a further four accounting standards. The amendments to IFRS 9 address:

- a conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables; and
- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9.

The amendments to IFRS 9 require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. They also clarify that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The Group has applied the improvements from 1 January 2026. The initial application of the developments doesn't have a significant impact on the Group's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- nature;
- function; or
- using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures ("MPMs"), requiring them to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Greater disaggregation of information

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a separate line item on the face of the balance sheet.

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Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- the restated amounts presented applying IFRS 18; and
- the amounts previously presented applying IAS 1.

The Group plans to apply the new standard from 1 January 2027.

The Group expects that the new standard, when initially applied, could have a material impact on its financial statements. The Group is in the process of assessment of the potential impact on its financial statements resulting from the application of IFRS 18.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability;
- its parent produces consolidated financial statements under IFRS Accounting Standards available for public use.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

The Group plans to apply the new standard from 1 January 2027.

The Management has assessed that the changes will not have a significant impact on the Group's financial statements.

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Note 2

Significant accounting judgements, estimates, and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates, and decisions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management's estimates are based on past experience and their best knowledge, which is considered reasonable under current circumstances. Forward-looking estimates can be based on known and past events and their consequences. Management regularly reviews such decisions and updates them when there exist indications that would require such changes in the estimates.

Estimates include impairment losses on financial assets, going concern, provisions and other contingent assets and liabilities, capitalization of intangible assets, determination of the terms of lease contracts and termination conditions of such contracts. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if they occur. Items with the most significant impact on management's judgement in this report are summarized below.

Impairment losses on financial assets

The expected credit loss model follows a "three-stage" approach based on changes in the credit quality of the financial instruments since their initial recognition. The Group continuously monitors all financial assets subject to ECL. To determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

In PD calculations, average of 12x12 months period actual data is used. In LGD data, the model uses 24 months data.

The Group also applies a secondary qualitative method for identifying a significant increase in credit risk of an asset, for example by restructuring the contract. In certain cases, the Group may also consider that events are a significant increase in credit risk as opposed to a default. Regardless of changes in credit quality, if contractual payments are overdue by more than 30 days, credit risk is deemed to have significantly increased since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as unemployment rate and GDP growth. For LTECL, macroeconomic forecasts take into account 24 months period, and for 12mECL, 12 months period is used.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The forward-looking component adjustment is performed by comparing the forecasted economic inputs change for one year from reporting date, with the latest growth and rate changes available. The Group regularly reviews its ECL models and makes adjustments when necessary.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. See Notes 3.11, 3.12, 3.13 and 12.

Capitalization of intangible assets

Intangible assets meeting the relevant IAS 38 recognition criteria are initially measured at cost, subsequently measured at cost, or using the revaluation model, and amortized on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortized).

An asset is a resource that is controlled by the entity as a result of past events (for example, a purchase or selfcreation) and from in which future economic benefits (inflows of cash or other assets) are expected.

The critical attributes of an intangible asset are: 1. Identifiability 2. control (power to obtain benefits from the asset) 3. future economic benefits generation (such as revenues or reduced future costs) 4. technical and commercial feasibility of selling or using the asset has been established.

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Asset will be removed from the balance sheet once it does not fulfil these criteria.

Amortization of intangible assets at Holm Bank AS is done by using a linear amortization method. Amortization is started after an asset is confirmed to be ready to use. An asset will be removed from the balance sheet once it is removed or sold or there is no expectation of future benefits to be received from an asset.

For capitalization of expenses in process of developing Group's new core system and other IT systems, the Management uses certain assumptions. Capitalization of salary expenses of IT personnel in the development phase is based on employee time sheets and personnel involved in development dedicate from 50% to 100% of their time on developing new functionality. Therefore, from 50% to 100% of salary expenses of involved personnel are capitalized under intangible assets. The Management reviews annually capitalization rates and amounts of intangible assets. The status of intangible assets development is monitored on a quarterly basis.

When an asset is ready for its intended use, its useful life is determined and considered whether the asset is impaired (as certain assets will be abandoned soon). The Group uses useful lives of up to 10 years for its intangible assets.

When the asset is considered impaired, the value of the asset is reduced accordingly through the impairment of the asset in the statement of profit and loss. See Note 16.

Determination of the lease term for lease contracts with renewal and termination options

(group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset). See Note 15.

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Note 3

Risk management

Note 3.1 General information

Risk management is the processes established to ensure that all material risks and associated risk concentrations are identified, measured, limited, controlled, mitigated, and reported on a timely and comprehensive basis.

The objective of the risk management framework is to ensure that whenever the Group takes reasonable risks that are required to generate reasonable returns, or whenever we put capital at risk, the Group does it in an objective, documented and transparent fashion which must be understood and considered by all Group employees and within all activities. All material risk types shall be managed via established risk management processes and communication lines with clear responsibilities assigned.

The main risks categories that the Group has identified in its operations are credit risk, market risk, liquidity risk, operational risk, compliance risk, business risks, and capital related risks. The Group shall continuously, as part of ICAAP/ILAAP process, re-assess and re-identify the Group´s risks and shall update main risk categories list accordingly.

The main principle of the Group's risk management is to maintain financial strength, adequate capitalization and a strong liquidity position. The Group shall possess a well-diversified and balanced risk exposure, over-reliant risk-taking and concentrations shall be avoided.

The Group shall maintain all the time strong and rather conservative capitalization and capital adequacy level. The Group shall all the time maintain adequate capital level to cover risks and shall ensure compliance with ICAAP/SREP capital requirements as well as internal target capital level set by internal policies.

Sound risk culture is one of the core priorities of the Group. Risk culture is a term describing shared views, values and beliefs across the organization as well as individual attitude to risks, knowledge and understanding about risk and perception of risk culture. Risk culture is behaviour towards taking risk (for example conservative, rational, aggressive) and behaviour towards policy compliance. The risk culture is a set of common values and principles for managing risk and return.

The Group risk management is risk appetite driven. The Group takes risks only within its risk tolerance and shall ensure risk taking activities are within the limits of Group risk tolerance. The Group's capital shall be all times adequate for covering all of risks and must exceed its total risk exposure. The Group must not accept a certain risk, if its capital is inadequate for covering future losses resulting from the materialization of this risk or the risk may affect the conservative liquidity position.

Maximum level and types of risk the Group is willing to take within its risk tolerance, to achieve its strategic objectives are defined in Risk Appetite Statement established by the Supervisory Board. This document forms the basis for the Group's risk management, and all activities and business decisions must adhere to it. The Group takes risks only within its risk tolerance and the risk appetite metrics that have been established.

The Group's main business activities are offering financing for individuals and SMEs (small and medium-sized enterprises). The most significant risk in the Group's risk profile is credit risk in the loan portfolio, for which an above-average risk level is accepted.

However, the Group shall avoid taking unreasonably high credit risk, using a diversified loan portfolio, a low average loan amount, a higher-than-average interest rate and constant monitoring of the loan portfolio quality for excessive credit risk mitigation.

The Group's risk appetite in all other risk categories is rather conservative, falling below average, and risks can only be taken to support core activities. The risk exposures to any such other risks where uncertain changes in any individual position may seriously affect the Group's overall risk position shall be avoided, mitigated or properly controlled.

The Group applies the so-called three lines of defense model to identify the units responsible for risk management.

The first line of defense consists of business units that take risks and are directly and continuously responsible for managing them on a day-to-day basis. To support this, necessary processes and control measures are established for business units to ensure that risks are identified, analyzed, measured, monitored, managed, reported, kept within risk appetite, and that business activities comply with regulatory requirements and internal policies.

The second line of defence comprises independent risk management and compliance functions. The risk management function facilitates the implementation of a sound risk management framework throughout the Group and is responsible for further identifying, monitoring, analysing, measuring, managing and reporting, as well as forming a comprehensive approach to all risks at both entity and consolidated levels. The

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compliance unit oversees adherence to legal and regulatory requirements and internal policies, advises the management board and employees on compliance matters as needed, and establishes policies and processes to manage compliance risks and to ensure regulatory compliance.

The third line of defence consists of the independent internal audit unit, which performs auditing duties within the Group and is responsible for independently auditing the first two lines of defence.

Note 3.2 Own funds

The Group reports the compliance to capital requirements on consolidated level. Group's subsidiary Holm Bank AS reports capital also on solo level.

Both, Holm Bank AS and its consolidated figures on parent level have been in compliance with externally imposed capital requirements throughout the period.

Note 3.3 Capital management

For the evaluation of the ICAAP capital requirement the Group compares aggregated risks with its capital, in order to evaluate capital adequacy.

The main elements of the Group's capital management are:

- regular and continuous assessment of capital requirements;
- continuous assessment and planning of possible future capital requirements;
- continuous monitoring of SREP capital requirements;
- continuous monitoring of the internal capital buffer.

If the internal capital adequacy for aggregated risks exceeds the regulatory capital, the Group maintains capital at least at the level of internal capital adequacy.

If the assessment of ICAAP capital adequacy for aggregated risks is lower than regulatory capital requirements, the Group holds capital to at least the level of regulatory capital requirements.

As part of ICAAP the Group analyses the extent of each material risk that can be mitigated through capital, and other measures that should be implemented as part of risk management.

The Group is compliant with Estonian Credit Institution Act § 35 (2) and the initial capital requirement referred to in Article 26 (1) (a)-(e) of Regulation (EU) No. 575/2013 of the European Parliament and Council.

Capital base

thousands of euros	**31.12.2025**	**31.12.2024**
Tier 1 Capital	23 145	21 775
Tier 2 Capital	5 540	5 540
Net own funds for calculating capital adequacy	**28 685**	**27 315**
Risk-weighted assets		
Credit risk and counterparty credit risk	145 143	122 682
Operational risk under standard method	9 756	26 256
Foreign currency risk	0	0
Total risk-weighted assets	**154 899**	**148 938**
Tier 1 Capital Ratio (%)	14.9%	14.6%
Total Capital Ratio (%)	**18.5%**	**18.3%**
Tier 1 Capital Requirement (%)	12.5%	12.5%
Total Capital Requirement (%)	**15.3%**	**15.3%**

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Note 3.4 Credit risk

Credit risk refers to the possibility that a counterparty will be unable or unwilling to meet its contractual obligations. Within this category, the Group has identified several subtypes of credit risk, including loan portfolio credit risk, counterparty credit risk, credit risk associated with other assets, country risk, concentration risk, and collateral risk. Credit risk arises from the Group's direct lending activities, payment services, liquidity management, and investment operations, where counterparties have repayment or other obligations towards the Group.

Credit risk in the loan portfolio represents the most significant risk in the Group's risk profile and has the greatest impact on its overall risk position.

The Group knowingly accept moderate, above average credit risk in loan portfolio.

Based on the credit policy, the Group's customer base consists of clients with a higher level of credit risk, which results in a higher rate of payment delays. This increased risk is offset by charging higher interest rates. Nevertheless, the Group aims to avoid taking on unreasonably high risks within its loan portfolio. In the credit risk category, the Group's risk appetite is driven by the objective to avoid excessive risk levels and to mitigate risks through the following measures:

- optimal risk and return balance;
- above average interest rates;
- below average contract maturities;
- below average contract amounts;
- well diversified loan portfolio, avoiding risk concentration;
- above average proportion of overdue loans and loan losses, which is sufficiently taken into account when pricing products;
- adequate and conservative provisioning;
- constant monitoring of off-balance items;
- well-controlled credit risk taking and risk profile;
- constant monitoring of the loan portfolio quality.

Responsible lending is critical part of loan portfolio risk appetite.

The Group targets to hold the credit risk of other assets (investments, fixed assets) at a minimal level and the Group's target risk appetite is rather conservative.

The counterparty credit risk arises from payment services necessary to support the Group's core activities and from money market transactions related to the holding and management of liquid assets (primarily risk positions towards credit institutions). Payment services are not considered as Group's core business but are services that support the Group's core services.

Country risk is a specific form of risk that the Group cannot directly influence, but which can severely impact credit quality. To mitigate country risk, the Group continuously monitors and assesses economic, social, and political developments, as well as the overall macroeconomic situation and changes in the regulatory environment. As of the reporting date, the Group's target markets are Estonia and Latvia.

The Group's concentration risk strategy aims to avoid significant impact from a single counterparty's payment default by maintaining a well-diversified loan portfolio, where most concentrations of a single client or interconnected clients do not exceed 0.1% of the loan portfolio. Large risk positions related to a single counterparty should be avoided or appropriately mitigated within the loan portfolio.

The risk of the collateral arises from the type, value, form and possibility of realising the collateral in a changing environment of market values. The Group regularly monitors and assesses developments in the real estate market and their potential impact on the value of collateral placed on loans. Market trends are also taken into account when determining the terms and conditions of products in order to hedge the growth of possible future risks.

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Inter-stage transfers in 2025 (gross)

thousands of euros	1->2	1->3	2->1	2->3	3->1	3->2	Total
Estonia							
Private customers	19 708	10	13 205	4 841	7	822	**38 592**
Corporate customers	2 969	0	2 060	349	0	203	**5 581**
Leasing	5 473	69	4 270	711	0	84	**10 606**
Total	**28 150**	**79**	**19 535**	**5 901**	**7**	**1 108**	**54 780**
Latvia							
Private customers	6 505	87	3 869	2 238	11	210	**12 920**
Corporate customers	133	0	128	66	0	26	**352**
Leasing	34	0	43	0	0	0	**77**
Total	**6 672**	**87**	**4 039**	**2 304**	**11**	**235**	**13 349**

Inter-stage transfers in 2024 (gross)

thousands of euros	1->2	1->3	2->1	2->3	3->1	3->2	Total
Estonia							
Private customers	14 163	30	9 219	4 033	14	702	**28 160**
Corporate customers	6 673	128	5 125	654	0	103	**12 682**
Leasing	4 065	21	2 351	893	0	240	**7 571**
Total	**24 901**	**178**	**16 695**	**5 579**	**14**	**1 045**	**48 413**
Latvia							
Private customers	5 250	81	2 225	2 670	23	272	**10 521**
Corporate customers	100	0	17	128	0	35	**279**
Leasing	13	0	0	0	0	0	**13**
Total	**5 362**	**81**	**2 242**	**2 798**	**23**	**307**	**10 814**

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Inter-stage transfers in 2025 (provision)							
thousands of euros	1->2	1->3	2->1	2->3	3->1	3->2	Total
Estonia							
Private customers	-1 177	-3	-218	-1 846	0	-53	**-3 297**
Corporate customers	-58	0	-3	-8	0	0	**-70**
Leasing	-231	-2	-8	-148	0	-19	**-407**
Total	**-1 466**	**-6**	**-229**	**-2 002**	**0**	**-71**	**-3 774**
Latvia							
Private customers	-718	-34	-48	-989	0	-21	**-1 810**
Corporate customers	-3	0	-1	-28	0	-11	**-42**
Leasing	0	0	0	0	0	0	**0**
Total	**-721**	**-34**	**-49**	**-1 016**	**0**	**-32**	**-1 852**

Inter-stage transfers in 2024 (provision)							
thousands of euros	1->2	1->3	2->1	2->3	3->1	3->2	Total
Estonia							
Private customers	-686	-10	-140	-1 456	0	-37	**-2 328**
Corporate customers	-45	-13	-9	-15	0	0	**-82**
Leasing	-200	0	-3	-152	0	-29	**-383**
Total	**-931**	**-23**	**-152**	**-1 622**	**0**	**-65**	**-2 794**
Latvia							
Private customers	-474	-32	-26	-1 228	0	-19	**-1 780**
Corporate customers	-5	0	0	-33	0	0	**-38**
Leasing	0	0	0	0	0	0	**0**
Total	**-479**	**-32**	**-26**	**-1 262**	**0**	**-18**	**-1 818**

Note 3.5 Maximum exposure to credit risk

Note 3.5 Maximum exposure to credit risk			
thousands of euros	Notes	31.12.2025	31.12.2024
Cash and balances with central bank	10	44 142	37 634
Amounts due from credit institutions	10	2 525	2 725
Loans and advances to customers	11	207 681	170 440
Guarantee deposits of credit cards	12	325	388
Total financial assets		**254 673**	**211 187**
Exposures related to off-balance sheet items	20	7 947	8 624
Total maximum exposure to credit risk		**262 620**	**219 811**

Note 3.6 Credit products

Instalment

The Group offers instalment products under the Liisi brand to customers through cooperation partners both in their stores and in online stores. The purpose of the instalment payment is to pay for the purchased goods and services according to the repayment schedule. The loan amount specified in the agreement between the Group and the customer is paid by the Group to the merchant for the goods or services selected by the

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customer. The maximum loan amount is 25 thousand euros and the contract period is 120 months.

The Group has also launched the innovative Liisi Pluss instalment product, which differs from standard instalment plans in that the customer receives the instalment amount directly into their current account. This allows the customer to pay for purchases at any store or service provider worldwide.

Credit card

In the case of a credit card the customer will get a personal credit limit, to which extent the customer can make payments in all stores and e-shops with card payment facilities around the world and pay service providers. The means of payment is a physical credit card issued to the customer which is registered under the VISA trademark. In Estonia the Group offers virtual card services as well.

A credit card allows to pay for purchased goods and services according to and agreed payment plan.

The Group offers a 15-day-interest-free period in Estonia, and the card has no monthly fee. The maximum credit limit is 5 thousand euros, and the maximum repayment period is 60 months.

The Group has also introduced a fee-free credit card in Estonia, called Krediitkaart100 (CreditCard100). This card does not have a monthly fee or interest, and features a monthly limit of 100 euros, which must be repaid in full by the tenth day of the following month. All credit cards automatically include complimentary purchase insurance.

Small Loan

In the case of a small loan there are no restrictions to the customer's specific purchase, place of purchase or purpose of the loan. The loan amount will be transferred to the customer's current account after the loan agreement came into force. The loan limit is up to 30 thousand euros and the maximum repayment schedule is 120 months.

Optional loan payment insurance is offered for small loans.

Home Loan

In the case of a home loan the purpose must be the acquisition of residential property (purchase and/or construction). The loan limit is up to 400 thousand euros and the maximum repayment schedule is 360 months.

Mortgage Loan

A mortgage loan is offered to customers seeking credit secured by real estate.

The loan limit is up to 400 thousand euros and the maximum repayment schedule is 360 months.

Leasing

The purpose of a leasing is to pay for the purchased goods or asset according to the agreed payment schedule. The Group acquires the property selected by the Customer from the Seller and leases it to the Customer during an agreed period of time. The Group offers leasing to both private and corporate customers. The maximum lease amount is 1 million euros and maximum period is up to 84 months.

In the end of the lease period the Seller has an obligation to purchase the property back or the Customer has option to buy out the property.

Business loan

Product called business loan offers a flexible and personal financing option to our small and medium sized business customers. Business loan can be used either to complete necessary stock reserves, for different investments or for other business developments. The maximum amount of business loans arises from the purpose of the credit application, the creditworthiness of the applicant and other possible circumstances affecting the loan application.

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Note 3.7 Rating of cash and balances with central bank and amounts due from credit institutions

Note 3.7 Rating

thousands of euros	Notes	Rating agency	31.12.2025
Central bank (The Bank of Estonia)		N/A	44 142
A- to A+		S&P, Moody's	1 186
Baa2		Moody’s	1 339
Total	**10**		**46 667**

thousands of euros	Notes	Rating agency	31.12.2024
Central bank (The Bank of Estonia)		N/A	37 634
A- to A+		S&P, Moody's	1 535
Baa1		Moody’s	1 190
Total	**10**		**40 358**

The funds of the Group are represented on the table above according to ratings given by Standard & Poor’s (S&P) and Moody’s (group level rating is used) and central bank is not rated. As of the reporting date, Estonia’s country ratings are the following: Fitch A+, S&P A+, Moody’s A1.

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Note 3.8 Distribution of financial assets and liabilities by geographic region

Note 3.8 Distribution of financial assets and liabilities by geographic region

31.12.2025 *thousands of euros*	Notes	Estonia	Latvia	Germany	Austria	Total
Cash and balances with central bank	10	44 142	0	0	0	**44 142**
Amounts due from credit institutions	10	1 356	1 170	0	0	**2 525**
Other financial assets	12	317	8	0	0	**325**
Loans and advances to customers	11	150 225	57 456	0	0	**207 681**
Total financial assets		**196 039**	**58 634**	**0**	**0**	**254 673**
Deposits from customers	17	90 416	0	125 839	12 965	**229 220**
Loans from other institutions	17	24	0	0	0	**24**
Other financial liabilities	18	3 429	334	0	0	**3 764**
Right-of-use liabilities	15	448	34	0	0	**481**
Subordinated bonds	17	8 621	0	0	0	**8 621**
Total financial liabilities		**102 938**	**368**	**125 839**	**12 965**	**242 109**

31.12.2024 *thousands of euros*	Notes	Estonia	Latvia	Germany	Austria	Total
Cash and balances with central bank	10	37 634	0	0	0	**37 634**
Amounts due from credit institutions	10	1 305	1 420	0	0	**2 725**
Other financial assets	12	378	10	0	0	**388**
Loans and advances to customers	11	125 126	45 314	0	0	**170 440**
Total financial assets		**164 443**	**46 744**	**0**	**0**	**211 187**
Deposits from customers	17	62 717	0	118 146	9 729	**190 592**
Loans from other institutions	17	61	0	0	0	**61**
Other financial liabilities	18	2 047	232	0	0	**2 279**
Right-of-use liabilities	15	577	58	0	0	**635**
Subordinated bonds	17	8 621	0	0	0	**8 621**
Total financial liabilities		**74 023**	**290**	**118 146**	**9 729**	**202 188**

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Note 3.9 Distribution of net loans granted by industry

Note 3.9 Distribution of net loans granted by industry					
thousands of euros	**Notes**	**31.12.2025**	**%**	**31.12.2024**	**%**
Private customers		168 606	81.19%	137 448	80.64%
Wholesale and retail		4 071	1.96%	2 418	1.42%
Professional, scientific and technical activities		2 645	1.27%	2 736	1.61%
Manufacturing		2 456	1.18%	1 700	1.00%
Transport and logistics		3 010	1.45%	2 240	1.31%
Administrative activities		1 136	0.55%	833	0.49%
Accommodation and food service activities		758	0.37%	694	0.41%
Construction		3 727	1.79%	2 750	1.61%
Agriculture		5 700	2.74%	5 524	3.24%
Human health and social work activities		318	0.15%	700	0.41%
Other servicing activities		275	0.13%	2 081	1.22%
Activities of households as employers		102	0.05%	165	0.10%
Art and entertainment		590	0.28%	205	0.12%
Information and communication		53	0.03%	54	0.03%
Real estate activities		13 301	6.40%	9 769	5.73%
Other activity areas		931	0.45%	1 121	0.66%
Total	**11**	**207 681**	**100.0%**	**170 440**	**100.0%**

Note 3.10 Selected macro-financial indicators

The most significant period-end assumptions, as outlined in the tables below are used for the ECL calculations as of 31 December 2025. The scenarios "base", "upside" and "downside" were used for all portfolios. To find the macroeconomic indicators in each scenario and customer group actual 2025 third quarter values and forecasted values for 2026 is used. To assess the forward-looking impact of the ECL model the corresponding changes have been adjusted using regression coefficients based on historical data, and the final result is weighted according to the scenario weights shown in the table below.

31.12.2025		Base scenario		Downside scenario		Upside scenario	
General macroeconomic indicators	Actual 2025	2026E	2027E	2026E	2027E	2026E	2027E
Retail customers in Estonia							
Unemployment rate, %	7.8%	7.2%	6.7%	12.8%	13.3%	7.1%	6.2%
Gross domestic product (change), %	0.9%	2.5%	2.7%	-4.4%	0.9%	3.2%	3.5%
Corporate customers in Estonia							
Gross domestic product (change), %	0.9%	2.5%	2.7%	-4.4%	0.9%	3.2%	3.5%
Retail customers in Latvia							
Unemployment rate, %	6.8%	6.6%	6.4%	11.4%	12.4%	6.4%	6.2%

31.12.2024		Base scenario		Downside scenario		Upside scenario	
General macroeconomic indicators	Actual 2024	2025E	2026E	2025E	2026E	2025E	2026E
Retail customers in Estonia							
Unemployment rate, %	7.6%	7.4%	6.9%	7.8%	6.5%	7.2%	7.2%
Gross domestic product (change), %	-0.7%	2.3%	2.8%	1.1%	2.5%	3.6%	3.2%
Corporate customers in Estonia							
Gross domestic product (change), %	-0.7%	2.3%	2.8%	1.1%	2.8%	3.6%	2.8%
Retail customers in Latvia							
Unemployment rate, %	6.9%	6.6%	6.3%	6.8%	6.0%	6.4%	6.5%

31.12.2025	Base scenario	Downside scenario	Upside scenario
Weights of economic scenarios in Estonia	75.0%	20.0%	5.0%
Weights of economic scenarios in Latvia	75.0%	20.0%	5.0%

31.12.2024	Base scenario	Downside scenario	Upside scenario
Weights of economic scenarios in Estonia	75.0%	20.0%	5.0%
Weights of economic scenarios in Latvia	75.0%	20.0%	5.0%

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Note 3.11 Sensitivity analysis

The table below presents the impact on ECL as of December 31, 2025, that would result if the relevant input parameters changed by the specified amounts compared to the macroeconomic assumptions actually used by the Group (for example, the effect of an increase in the projected unemployment rate on ECL under the base, upside, and downside scenarios):

31.12.2025

thousands of euros	Impact of increase	Impact of decrease
Unemployment rate +1%/-1%	45	-4
Gross domestic product change, +1%/-1%	0	24

31.12.2024

thousands of euros	Impact of increase	Impact of decrease
Unemployment rate +1%/-1%	4	-4
Gross domestic product change, +1%/-1%	-32	32

The Group has performed stress test scenarios when PD and LGD estimations will both increase by 1%. The impact of the described stress test to ECL is given in the table below. The table includes loans, which have collective allowance, and which have material balances and potential impact.

2025

thousands of euros	Impact on ECL
LGD 1% increase	103
LGD 1% decrease	-103
PD 1% increase	503
PD 1% decrease	-504

2024

thousands of euros	Impact on ECL
LGD 1% increase	75
LGD 1% decrease	-75
PD 1% increase	520
PD 1% decrease	-425

Note 3.12 Expert judgement

The Group uses models and expert judgement for calculating ECL. The degree of expert judgement depends on model outcome, materiality, and information available. Expert judgement may be applied to incorporate factors not captured by the models, either on counterparty or portfolio level. Due to macroeconomic uncertainty and various analyses, including model back-testing, portfolio-level overlays have been made based on expert judgement.

As of 31 December 2025, model overlays based on expert judgement amounted to 90 thousand euros (2024: 10 thousand). The model overlays are re-evaluated regularly in connection with the assessment of ECL allowances.

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Note 3.13 Loan quality by product and stage

Note 3.13 Loan quality by product and stage				
Private customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
thousands of euros	12-month ECL	Lifetime ECL	Lifetime ECL	
31.12.2025				
0-3 DPD	155 861	5 110	97	**161 068**
4-30 DPD	3 757	529	13	**4 299**
31-89 DPD	0	2 553	89	**2 642**
90-179 DPD	0	0	1 840	**1 840**
180+ DPD	0	0	2 430	**2 430**
Gross carrying amount	**159 618**	**8 192**	**4 468**	**172 279**
Loss allowances	-2 040	-610	-1 857	**-4 507**
Carrying amount	**157 578**	**7 582**	**2 611**	**167 771**

Corporate customers	Stage 1	Stage 2	Stage 3	Total
thousands of euros	12-month ECL	Lifetime ECL	Lifetime ECL	
31.12.2025				
0-3 DPD	22 070	1 057	0	**23 127**
4-30 DPD	180	84	0	**264**
31-89 DPD	0	3	142	**144**
90-179 DPD	0	0	545	**545**
180+ DPD	0	0	119	**119**
Gross carrying amount	**22 250**	**1 143**	**805**	**24 198**
Loss allowances	-30	-3	-75	**-107**
Carrying amount	**22 220**	**1 141**	**730**	**24 091**

Leasing	Stage 1	Stage 2	Stage 3	Total
thousands of euros	12-month ECL	Lifetime ECL	Lifetime ECL	
31.12.2025				
0-3 DPD	13 282	587	3	**13 872**
4-30 DPD	478	132	0	**610**
31-89 DPD	0	771	0	**771**
90-179 DPD	0	0	397	**397**
180+ DPD	0	0	221	**221**
Gross carrying amount	**13 760**	**1 491**	**622**	**15 872**
Loss allowances	-14	-20	-19	**-53**
Carrying amount	**13 746**	**1 471**	**603**	**15 819**

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Private customers	Stage 1	Stage 2	Stage 3	Total
thousands of euros	12-month ECL	Lifetime ECL	Lifetime ECL	
31.12.2024				
0-3 DPD	127 743	4 070	85	**131 898**
4-30 DPD	2 572	569	32	**3 173**
31-89 DPD	0	1 984	66	**2 050**
90-179 DPD	0	0	1 182	**1 182**
180+ DPD	0	0	1 418	**1 418**
Gross carrying amount	**130 314**	**6 623**	**2 784**	**139 721**
Loss allowances	-1 121	-369	-1 248	**-2 738**
Carrying amount	**129 193**	**6 254**	**1 536**	**136 983**

Corporate customers	Stage 1	Stage 2	Stage 3	Total
thousands of euros	12-month ECL	Lifetime ECL	Lifetime ECL	
31.12.2024				
0-3 DPD	18 143	973	1	**19 116**
4-30 DPD	77	355	1	**433**
31-89 DPD	0	223	34	**257**
90-179 DPD	0	0	373	**373**
180+ DPD	0	0	193	**193**
Gross carrying amount	**18 220**	**1 551**	**602**	**20 372**
Loss allowances	-3	-9	-77	**-90**
Carrying amount	**18 216**	**1 541**	**525**	**20 282**

Leasing	Stage 1	Stage 2	Stage 3	Total
thousands of euros	12-month ECL	Lifetime ECL	Lifetime ECL	
31.12.2024				
0-3 DPD	11 017	184	0	**11 201**
4-30 DPD	545	151	0	**696**
31-89 DPD	0	968	0	**968**
90-179 DPD	0	0	61	**61**
180+ DPD	0	0	481	**481**
Gross carrying amount	**11 562**	**1 304**	**542**	**13 408**
Loss allowances	-3	-107	-123	**-233**
Carrying amount	**11 559**	**1 197**	**419**	**13 175**

Undrawn commitments of loan limits are included in the private customers segment (2025: a total of 7.9 million euros in undrawn card limits and 77 thousand euros in undrawn limit loans, with total ECL amounting to 38 thousand euros).

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Note 3.14 Credit-impaired assets and collateral held

Note 3.14 Credit-impaired assets and collateral held **Estonia** *Thousands of euros*	Note	Gross carrying amount	Credit loss allowances	Carrying amount	Fair value of collateral held
31.12.2025					
Credit-impaired assets					
Private customers		3 076	-1 226	1 850	232
Corporate customers		762	-61	701	2 005
Leasing		622	-19	603	941
Total credit-impaired assets		**4 459**	**-1 306**	**3 153**	**3 178**
Latvia					
Private customers		1 393	-631	762	0
Corporate customers		43	-14	30	0
Leasing		0	0	0	0
Total credit-impaired assets		**1 436**	**-644**	**791**	**0**
Credit-impaired assets by country					
Estonia		4 459	-1 306	3 153	3 178
Latvia		1 436	-644	791	0
Total	11	**5 895**	**-1 951**	**3 944**	**3 178**

Estonia *thousands of euros*	Note	Gross carrying amount	Credit loss allowances	Carrying amount	Fair value of collateral held
31.12.2024					
Credit-impaired assets					
Private customers		2 103	-924	1 179	101
Corporate customers		514	-27	487	707
Leasing		542	-123	419	744
Total credit-impaired assets		**3 159**	**-1 074**	**2 085**	**1 552**
Latvia					
Private customers		680	-324	357	0
Corporate customers		88	-50	37	0
Leasing		0	0	0	0
Total credit-impaired assets		**768**	**-374**	**394**	**0**
Credit-impaired assets by country					
Estonia		3 159	-1 074	2 085	1 552
Latvia		768	-374	394	0
Total	11	**3 927**	**-1 448**	**2 479**	**1 552**

Above are given financial assets that are credit-impaired and related collateral held in order to mitigate potential losses. In case of loan products – instalment, credit card, small loan, business loan - and to increase customer`s credit worthiness, the Group is asking from customers an extra guarantee. The fair value of the collateral held has been considered as a reducing factor in ECL models.

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Loans against collateral as at 31.12.2025

thousands of euros	Others	Real estate secured loans	Unsecured loans	Total
Estonia	**13 944**	**35 138**	**104 310**	**153 392**
Private customers	0	11 965	101 648	**113 613**
Corporate customers	0	22 704	1 207	**23 911**
Leasing	13 944	469	1 455	**15 868**
Latvia	**5**	**0**	**58 953**	**58 958**
Private customers	0	0	58 666	**58 666**
Corporate customers	0	0	287	**287**
Leasing	5	0	0	**5**
Total	**13 948**	**35 138**	**163 263**	**212 349**

Loans against collateral as at 31.12.2024

thousands of euros	Others	Real estate secured loans	Unsecured loans	Total
Estonia	**13 151**	**29 734**	**84 561**	**127 446**
Private customers	0	11 060	83 116	**94 176**
Corporate customers	0	18 443	1 445	**19 888**
Leasing	13 151	231	0	**13 382**
Latvia	**26**	**0**	**46 028**	**46 054**
Private customers	0	0	45 545	**45 545**
Corporate customers	0	0	484	**484**
Leasing	26	0	0	**26**
Total	**13 177**	**29 734**	**130 589**	**173 500**

In the table above, collateral information of loans is disclosed based on the collateral type and the lower of carrying amount or fair value.

The Group does not consider additional guarantee requested from customer as collateral.

All such loans are presented in the table above as unsecured loans and are therefore not revalued.

Note 3.15 Loss allowances for undrawn loan commitments

The Group constitutes provisions for unused credit card limit among loss allowances of loan portfolio. It is assumed that the additional impact on credit losses resulting from unused credit card limits is 20% of the existing credit card claim in use. See also Note 20.

Note 3.16 Market risk

Market risk is the risk of loss from changes in market prices and rates on unfavourable direction (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them, and their levels of volatility. The Group has identified the following types of market risk: currency risk, trading portfolio risk (position risk), equity risk, commodity risk, and interest rate risk in the banking book (IRRBB)). The Group does not have exposure to commodity risk.

Market risks predominantly arise from the Group's business activities in financial markets, taking market risk is not the Group main activity.

Based on the overall strategy, the market risk strategy is conservative. Preferred are activities necessary for supporting the Group core activities. Speculative market risk positions shall be avoided. The Group does not have trading portfolio risk. Interest rate risk in banking book arises naturally in the course of business (mainly due to different maturities of customers' loans and deposits).

The Group's risk appetite in its treasury operations is driven by the objective of maintaining a strong liquidity and funding position to support the lending activities and shall be set by Risk Appetite Statement.

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Note 3.17 Currency risk

Currency risk is the risk of loss due to changes in spot and forward prices, and the volatility of currency exchange rates. The Group strategy is conservative. The objective of currency risk management is to minimize open net currency positions so that the Group would not be too sensitive to foreign currency exchange movements and potential risk to profit will be minimal. Speculative positions shall be avoided, the Group shall mitigate open currency position if considered necessary. The Group does not provide currency related services to customers and does not accept any other forms of currency trading.

As of reporting date majority of assets and liabilities of the Group are nominated in Euro. Open net position of currency risk in 2025 was 0 euros (2024: 5 thousand euros).

Note 3.18 Trading portfolio position risk

Trading portfolio position risk is a risk to the earnings or market value of a portfolio due to uncertain future interest rates. The trading portfolio position risks are broken down into general risk and specific risk. General risk is intended for potential losses caused by general market fluctuations, specific risk is caused by issuer-specific risks. Taking the trading portfolio positions is not the Group´s core activity. The Group's risk appetite in its treasury operations is driven by the objective of maintaining a strong liquidity and funding position to support the lending activities and shall be set by Risk Appetite Statement. The Group risk appetite is below average level. The Group does not take speculative trading positions. The Group does not provide customer focused trading activities.

As of reporting date the Group does not have a trading portfolio.

Note 3.19 Interest rate risk

Interest rate risk in the banking book (IRRBB) is the current or prospective risk to the institution's earnings and own funds arising from adverse movements in interest rates caused by banking book assets and liabilities. This is a significant risk for the Group. The main sources of structural interest rate risk are adverse changes in loan and/or deposits interest rates. The interest rate risk management is closely inter-related with credit- and liquidity risk management and is also considered as part of loan portfolio credit risk management and funding risk management. The Group IRRBB risk appetite is closely inter-related to and driven by credit risk and liquidity risk appetite.

In 2022 the Group started to offer products related to EURIBOR. Since the portfolio that is dependent to EURIBOR rate differences is 13%, the possible effect from interest rate changes is analysed in total portfolio level. As of 31.12.2025 the banking book interest rate risk (IRRBB) is on low level and the Group's interest rate sensitive assets and liabilities are cumulatively well balanced, both in terms of potential changes in the economic value of equity and from the perspective of expected net interest income.

The table below shows the structure of the interest-bearing assets and liabilities grouped by the recalculation dates of interest rates at the principal amounts of receivables and liabilities.

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31.12.2025 *thousands of euros*	**Note**	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Subtotal**	**Loss allowances**	**Total**
Financial assets								
Cash and balances with central banks	10	42 191	0	0	0	**42 191**	0	**42 191**
Amounts due from credit institutions	10	2 525	0	0	0	**2 525**	0	**2 525**
Loans and advances to customers	11	5 951	21 648	0	0	**27 599**	-65	**27 534**
Total		**50 667**	**21 648**	**0**	**0**	**72 315**	**-65**	**72 250**
Financial liabilities								
Deposits from customers	17	1 537	0	0	0	**1 537**	0	**1 537**
Lease liabilities	15	0	0	0	0	**0**	0	**0**
Total		**1 537**	**0**	**0**	**0**	**1 537**	**0**	**1 537**
Net interest sensitivity gap		**49 130**	**21 648**	**0**	**0**	**70 778**	**-65**	**70 713**
Cumulative net interest sensitivity gap		**49 130**	**70 778**	**70 778**	**70 778**			

31.12.2024 *thousands of euros*	**Note**	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Subtotal**	**Loss allowances**	**Total**
Financial assets								
Cash and balances with central banks	10	35 863	0	0	0	**35 863**	0	**35 863**
Amounts due from credit institutions	10	2 725	0	0	0	**2 725**	0	**2 725**
Loans and advances to customers	11	5 111	19 149	0	0	**24 260**	-248	**24 012**
Total		**43 699**	**19 149**	**0**	**0**	**62 848**	**-248**	**62 600**
Financial liabilities								
Deposits from customers	17	3 220	0	0	0	**3 220**	0	**3 220**
Lease liabilities	15	0	0	0	0	**0**	0	**0**
Total		**3 220**	**0**	**0**	**0**	**3 220**	**0**	**3 220**
Net interest sensitivity gap		**40 478**	**19 149**	**0**	**0**	**59 627**	**-248**	**59 380**
Cumulative net interest sensitivity gap		**40 478**	**59 627**	**59 627**	**59 627**			

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Note 3.20 Liquidity risk

Liquidity risk is the risk that the Group cannot meet its obligations in a timely or complete manner without incurring significant costs. This includes both funding risk and market liquidity risk.

Funding risk is the risk that the Group cannot obtain the necessary resources to support its daily business operations or financial position without negatively impacting them.

Market liquidity risk is the risk that, due to low trading activity or market disruptions, a financial instrument cannot be liquidated without incurring substantial losses. The Group does not face market liquidity risk as it does not hold such instruments.

The objective of liquidity risk management is to ensure that the Group can meet its obligations fully and on time, and that it is able to withstand a liquidity crisis for as long as possible. The Group aims to maintain sufficient liquidity so that it can fulfil its obligations at any time. The primary objective of the liquidity management is to maximize shareholders value and support the Group main activities through a proactive and well-functioning asset-liability management and through minimizing liquidity and funding risks by conservative liquidity management. The profit expectations shall not override liquidity requirements. The liquidity management shall contribute to the profitability of the Group, but there shall be clear distinction between liquidity needs and profit targets. The Group is clearly identifying the liquidity reserves management as a non-profit center.

Liquidity risk is one of most significant risks in the Group risk profile. The Group liquidity risk strategy is to maintain low and conservative liquidity risk profile and reasonable liquidity reserves. The Group shall avoid taking significant liquidity risks by maintaining rather larger liquidity reserves. The strong liquidity and funding position are one of the first priorities of the Group.

Important components of the Group liquidity risk appetite are:

- conservative and highly liquid liquidity reserves;
- optimal liquidity reserves structure in the statement of financial position to ensure that less-liquid assets are matched with stable funding;
- to keep survival horizon to ensure the Group has sufficient liquidity to withstand a severely stressed scenario;
- contingency planning, which defines the actions and sources to be taken should the Group encounter a liquidity shortfall in a stressed situation;
- regular stress testing to ensure the liquid reserves are sufficient.

Any other risk, that may seriously affect the Group liquidity position, shall be avoided. The Group's appetite for liquidity risk is based on cautiousness - the Group prefers secure solutions and tends to hold larger liquidity reserves.

The main objective of the Group´s funding risk appetite is to ensure reasonable and stable funding of the Group lending activities. Secondary objective of the funding management is optimization of the costs, size and composition of external resources involved, but cost-effectiveness and cost-competitiveness shall never override, stable and conservative funding requirements. Important components of the Group funding risk appetite are:

- primary source of funding are retail deposits;
- appropriate maturity structure of funding;
- very well diversified funding portfolio;
- concentrations by customers, maturities etc. shall be avoided;
- diversification of funding sources by countries and channels;
- flexible and attractive funding strategy, pricing above market average;
- balanced growth of funding and lending portfolios.

The liquidity risk management principles, framework and accountability must ensure sufficient capability to adequately assess and manage liquidity and funding risk as part of general risk management framework within the Group and its consolidated entities set by Liquidity Risk Policy established by the Supervisory Board.

The following tables present the distribution of financial assets and liabilities (except derivative instruments) by due dates and by future contractual undiscounted cash flows, with a separate column showing the carrying amount of the assets and liabilities.

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31.12.2025								
thousands of euros	Note	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying value
Assets held for managing liquidity risk by contractual maturity dates								
Cash and balances with central banks	10	44 142	0	0	0	0	**44 142**	44 142
Amounts due from credit institutions	10	2 525	0	0	0	0	**2 525**	2 525
Loans and advances to customers	11	0	33 008	47 183	158 838	72 302	**311 331**	207 681
Other financial assets	12	0	325	0	0	0	**325**	325
Total assets held for managing liquidity risk		**46 667**	**33 333**	**47 183**	**158 838**	**72 302**	**358 323**	**254 673**
Liabilities by contractual maturity dates								
Deposits from customers	17	0	49 144	137 318	48 037	0	**234 498**	229 220
Subordinated bonds	17	0	162	676	3 353	10 596	**14 787**	8 621
Loans from other institutions	17	0	3	21	0	0	**24**	24
Other financial liabilities	18	0	5 087	0	0	0	**5 087**	5 087
Total liabilities		**0**	**54 396**	**138 015**	**51 390**	**10 596**	**254 397**	**242 952**
Undrawn loan commitments	20	7 947	0	0	0	0	**7 947**	0
Maturity gap from assets and liabilities		**38 720**	**-21 063**	**-90 832**	**107 448**	**61 706**	**95 979**	**11 721**
Cumulative maturity gap from assets and liabilities		**38 720**	**17 657**	**-73 175**	**34 274**	**95 979**		

31.12.2024								
thousands of euros	Note	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying value
Assets held for managing liquidity risk by contractual maturity dates								
Cash and balances with central banks	10	37 634	0	0	0	0	**37 634**	37 634
Amounts due from credit institutions	10	2 725	0	0	0	0	**2 725**	2 725
Loans and advances to customers	11	0	33 188	38 156	130 452	54 879	**256 675**	170 440
Other financial assets	12	0	388	0	0	0	**388**	388
Total assets held for managing liquidity risk		**40 358**	**33 577**	**38 156**	**130 452**	**54 879**	**297 422**	**211 187**
Liabilities by contractual maturity dates								
Deposits from customers	17	0	42 837	117 330	35 533	0	**195 700**	190 592
Subordinated bonds	17	0	162	676	3 352	11 339	**15 530**	8 621
Loans from other institutions	17	0	3	35	24	0	**62**	61
Other financial liabilities	18	0	3 636	0	0	0	**3 636**	3 636
Total liabilities		**0**	**46 639**	**118 040**	**38 909**	**11 339**	**214 927**	**202 910**
Undrawn loan commitments	20	8 624	0	0	0	0	**8 624**	0
Maturity gap from assets and liabilities		**31 734**	**-13 062**	**-79 884**	**91 543**	**43 540**	**73 871**	**8 277**
Cumulative maturity gap from assets and liabilities		**31 734**	**18 673**	**-61 212**	**30 331**	**73 871**		

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The Group's AT1 bonds are with perpetual term.

The Group shall all times hold appropriate amount on liquidity reserves (liquidity buffer) with the aim of securing the ability of the Group to meet its obligations in the event of a liquidity crisis as defined by the legislation, by the Risk Appetite Statement and by the Liquidity Risk Policy. The liquidity reserves shall allow the Group to continue business as usual, at least during the tolerance period (both with and without corrections in business activities).

The size and composition of the liquidity buffer shall take into account the results of the liquidity risk stress tests. The general requirements for the size and composition of the liquidity buffer are set out in the Liquidity Risk Policy.

The Group´s liquidity and funding management and control has three levels. The first level (CFO) has primary responsibility for liquidity and funding risk identification, management, monitoring and risk reporting throughout the Group. The second level (risk management function) is responsible for upholding principles and framework and ensuring independent monitoring, reporting, assessment and control. The third level of assurance is provided by the Internal Audit.

Management of the Group´s liquidity and funding are centralized on the group level. The following table presents the distribution of assets and liabilities by classification of current and non-current:

thousands of euros	Note	31.12.2025	31.12.2024
Current assets			
Cash and balances with central bank	10	44 142	37 634
Amounts due from credit institutions	10	2 525	2 725
Loans and advances to customers	11	80 191	71 344
Other assets	12	840	1 205
Total current assets		**127 698**	**112 907**
Non-current assets			
Loans and advances to customers	11	127 490	99 096
Investment property	13	1 229	1 229
Property, plant and equipment	14	817	553
Right-of-use assets	15	455	608
Intangible assets	16	12 798	12 067
Total non-current assets		**142 789**	**113 553**
Total assets		**270 486**	**226 460**
Liabilities			
Current liabilities			
Deposits from customers	17	186 462	157 320
Loans received	17	24	38
Lease liabilities	15	164	161
Other liabilities	18	5 087	3 636
Subordinated bonds	17	838	838
Total current liabilities		**192 575**	**161 993**
Non-current liabilities			
Deposits from customers	17	42 759	33 272
Loans received	17	0	24
Lease liabilities	15	317	474
Subordinated bonds	17	7 783	7 783
Total non-current liabilities		**50 858**	**41 552**
Total liabilities		**243 433**	**203 545**

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Note 3.21 Fair value of financial assets and financial liabilities

The fair value of financial instruments is the price at which an asset can be exchanged or a liability settled between knowledgeable, interested, and independent parties in an orderly transaction on the measurement date under market conditions (i.e., exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Below are the methodologies and assumptions used to determine fair values for the financial instruments which are not recorded and measured at fair value in the Group's financial statements.

These fair values were calculated for disclosure purposes only. These methodologies and assumptions relate only to the instruments in the tables and, as such, may differ from the techniques and assumptions explained in the referred notes.

For financial assets and financial liabilities that have a short-term maturity (less than three months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances with central banks, due to and from credit institutions, demand deposits, and term deposits. Such amounts have been classified as Level 1 on the basis that no adjustments have been made to the balances in the statement of financial position. Under Level 1 the Group has disclosed cash and cash equivalents.

As at 31.12.2025 and 31.12.2024 the Group did not have any financial derivatives or actively traded assets. The fair values of these instruments are estimated by a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Level 3 financial instruments are less liquid, and the Group requires significant unobservable inputs to determine their fair value. The fair value for these assets cannot be determined by using easily observable inputs or measures, such as market prices. Instead, they are calculated using estimates by risk-adjusted value ranges, e.g. mathematical (credit loss) models and subjective assumptions.

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, foreign exchange risk, probability of default and loss given default estimates. Where appropriate, credit risk for large and small businesses is derived from market-observable data, such as changes in credit risk or comparable transactions. Where such information is not available, the Group uses historical experience and other information used in its collective impairment models. Fair values of consumer lending and mortgage portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Group then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Credit risk is adjusted based on the collective impairment model, which incorporates the probability of default and the resulting credit loss.

Estimated fair values of off-balance sheet positions are based on market prices for similar instruments or on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

Most loans granted to customers are either sufficiently short-term or have a floating interest rate, and their fair value does not differ significantly from the carrying amount. Most deposits from customers are short-term and made in the second part of 2025. The difference between fair value and carrying value is not material.

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31.12.2025 *thousands of euros*	Note	Level 1	Level 2	Level 3	Total fair value	Carrying value	Difference
Financial assets at amortized cost							
Cash and balances with central banks	10	44 142	0	0	**44 142**	44 142	0
Amounts due from credit institutions	10	2 525	0	0	**2 525**	2 525	0
Loans and advances to customers	11	0	0	209 564	**209 564**	207 681	1 883
Other financial assets	12	0	0	325	**325**	325	0
Total financial assets at amortized cost		**46 667**	**0**	**209 889**	**256 557**	**254 673**	**1 883**
Financial liabilities at amortized cost							
Deposits from customers	17	0	0	229 449	**229 449**	229 220	229
Loans from other institutions	17	0	0	24	**24**	24	0
Subordinated bonds	17	0	0	9 936	**9 936**	8 621	1 315
Other financial liabilities	18	0	0	3 764	**3 764**	3 764	0
Total financial liabilities at amortized cost		**0**	**0**	**243 172**	**243 172**	**241 628**	**1 544**

31.12.2024 *thousands of euros*	Note	Level 1	Level 2	Level 3	Total fair value	Carrying value	Difference
Financial assets at amortized cost							
Cash and balances with central banks	10	37 634	0	0	**37 634**	37 634	0
Amounts due from credit institutions	10	2 725	0	0	**2 725**	2 725	0
Loans and advances to customers	11	0	0	177 906	**177 906**	170 440	7 466
Other financial assets	12	0	0	388	**388**	388	0
Total financial assets at amortized cost		**40 358**	**0**	**178 294**	**218 653**	**211 187**	**7 466**
Financial liabilities at amortized cost							
Deposits from customers	17	0	0	190 334	**190 334**	190 592	-258
Loans from other institutions	17	0	0	61	**61**	61	0
Subordinated bonds	17	0	0	9 053	**9 053**	8 621	432
Other financial liabilities	18	0	0	2 279	**2 279**	2 279	0
Total financial liabilities at amortized cost		**0**	**0**	**201 727**	**201 727**	**201 553**	**174**

Note 3.22 Operational risk

Operational risk is the risk of incurring losses due to inadequate or failed internal processes, actions of personnel, systems or as a result of external events. Operational risk also includes fraud, compliance and legal risk, but excludes strategic and reputational risks.

The Group has established operational risk management principles, framework and responsibilities at the Group level. Operational risk management holds an important place within the Group's general management and risk management framework. The Group's general requirements for operational risk management are as follows:

- all material operational risk areas shall be identified, assessed, monitored and treated in effective and consistent manner;
- appropriate and reliable risk management tools shall be implemented to support operational risk analysis and decision making;

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- every employee is primarily responsible for managing and controlling the operational risks generated in their sphere of action in both personal and business conduct;
- internal controls shall be designed to provide reasonable assurance that the Group has efficient and effective operations, assets are safeguarded, reports are reliable.

Operational risk is inherent part of business. It is neither possible nor cost effective to eliminate all operational risks. Therefore, smaller losses are normal part of the operations. The Group operational risk appetite has been determined to keep a minimal and reasonable operational risk level to reduce the level of operational risk and potential losses, considering strategic objectives and principle of economic efficiency. The Group objective is to ensure that operational risks are controlled and well managed.

Legal risk is the risk resulting from non-conformity with or misinterpretation of legislation, contracts, good practice and standards of ethics. Legal risk may materialize in any of the above risk types, as the Group may be subject of claim or proceedings due to the contractual or other legal responsibilities.

Compliance risk arises 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.

Fraud and criminality monitoring and avoidance is important part of the Group operational risk management. The Group shall have ability to readily identify losses caused by internal and external fraud and criminality, including cybercrime, and to take appropriate measures.

Anti-money laundering and terrorist financing preventing is a very important objective of the Group target operational risk profile. The Group must have the capacity, a clear organizational structure and appropriate resources to detect and take appropriate action in relation to the prevention of money laundering and terrorist financing.

Additionally, the Group follows the requirements for applying financial sanctions.

The inseparable part of the Group risk appetite is reliability and quality of the outsourcing partners, the correctness of the performance of their duties, and the ability by partners to comply with relevant legislation and business standards in the conclusion of consumer credit agreements.

Business Continuity Management is the risk of incurring losses resulting from the interruption of normal business activities. Interruptions in Group's infrastructure as well as in the infrastructure that supports Group's businesses (including third party vendors) and the communities in which the Group is located (including public infrastructure like electricity, communications etc.).

Business Continuity plans for all identified critical processes and for IT systems supporting these processes are established by respective units.

In accordance with the framework of the Credit Institutions Recovery and Resolution Directive and the Financial Crisis Prevention and Resolution Act, a group-level Recovery Plan has been established, which is complemented by guidelines and technical standards. The Recovery Plan describes a set of measures that can be applied in distress to restore the sound financial position of the Group and to ensure the continuity of critical financial services provided.

The Group has a clear objective to not have any appetite for this type of risk to minimize the occurrence of any economic, regulatory or reputational impact on the Group. The Group does not intentionally engage in activity that results in violation of the requirements set forth in legal acts or other regulations.

Accountability, reporting, and management notification requirements are established according to operational risk categories, areas, activities, countries, and lines of defense, as specified in the Operational Risk Policy approved by the Supervisory Board.

Note 3.23 Business risks

According to the Group internal definition business risks are reputational risk and strategic risk.

Reputation risk refers to the risk that negative public perception, a decrease in customer trust, or reputational damage will harm the company's operations, financial performance, or competitiveness. This can result from internal factors (such as unethical behaviour, poor customer service experiences) or external factors (such as media coverage, regulatory issues).

Strategic risk arises when the business and competitive environment or impact of regulatory actions to the Group activities and achievement of business goals, inadequate strategy or inadequate implementation of strategy or changes in customer expectations or inadequate implementation new technologies will result in loss or will significantly reduce revenues.

The reputation risk and strategic risk are essential part of the business model and shall be analysed as part of the

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strategic and operational planning. The Group strategy on reputational risk management is to avoid reputational risks and to avoid situations that could potentially lead to a negative impact on the reputation and the accompanying drop in revenue or loss of confidence.

Strategic risk strategy is to control and reduce risk by implementing a strategy that is adequate and suitable to the current economic environment, based on comprehensive planning process, as well as to respond adequately and in a timely manner to changes. The Group strategic risk target risk profile is to be open - ready to consider all options, be proactive, and make decisions on a risk-return balance basis.

According to the Risk Appetite Statement the Group does not have any risk appetite for reputational risk and that it has the clear objective of minimizing the occurrence of any economic, regulatory or reputational impact caused by reputational risk. The Group shall avoid situations that could potentially lead to a negative impact on the reputation. The strategic and reputational risk are managed by Management Board based on strategic plans approved by the Supervisory Board.

Note 4

Investments in subsidiaries and affiliated companies

The financial results of the Group’s subsidiaries, Holm Bank AS and Holm Bank Latvia SIA, are consolidated together with those of the parent company. Holm Bank Latvia SIA is a credit provider operating in the Latvian market since 2008, which offers credit to Latvian companies and consumers through its cooperation partners.

As of 31.12.2025 and 31.12.2024 the Bank was the sole shareholder of the Latvian subsidiary.

As at 31.12.2025 and 31.12.2024 the Group had no affiliated companies.

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Note 5

Net interest income

Interest income using effective interest calculation method

thousands of euros	2025	2024
Interest income using effective interest calculation method		
Estonia		
Private customers	16 727	13 830
Corporate customers	2 210	1 659
Total interest income using effective interest calculation method	**18 938**	**15 489**
Leasing	1 345	1 241
Amounts due from credit institutions	866	1 156
Total interest income in Estonia	**21 149**	**17 885**
Latvia		
Private customers	6 874	6 876
Corporate customers	32	58
Total interest income using effective interest calculation method	**6 906**	**6 934**
Leasing	1	3
Amounts due from credit institutions	2	5
Total interest income in Latvia	**6 907**	**6 938**
Total interest income	**28 056**	**24 823**

Interest expenses using effective interest calculation method

thousands of euros	2025	2024
Deposits from customers	-6 477	-6 224
Loans received	0	-1
Subordinated bonds	-838	-660
Interest expense from lease liabilities	-8	-9
Total	**-7 323**	**-6 894**
Net interest income	**20 734**	**17 929**

Interest income of loans by customer location

thousands of euros	2025	2024
Estonia	21 147	17 885
Latvia	6 908	6 938
Total	**28 056**	**24 823**

The Group recognises the difference in significant cash flows arising from modifications in the terms of loan agreements under interest income, either by reducing or increasing it, except to the extent that credit losses have already been recognized.

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Note 6
Net fee income

Fee income *thousands of euros*	2025	2024
Other fee income	54	91
Total fee income	**54**	**91**

Fee expense *thousands of euros*	2025	2024
Financial intermediation services	-465	-368
Expenses related to cards	-199	-192
Settlement fees	-55	-45
Other fee expense	-102	-64
Total fee expense	**-821**	**-668**
Net fee expense	**-767**	**-578**

Note 7
Other income

Other income *thousands of euros*	Note	2025	2024
Sales of off-balance sheet loans	11	958	1 291
Received off-balance sheet claims	11	816	814
Rental income	13	124	121
Profit from revaluation of investment property	13	0	349
Other income in total		**1 898**	**2 576**

Note 8

Operating expenses

Operating expenses *thousands of euros*	Note	2025	2024
Wages, salaries and bonuses		-3 835	-3 694
Social security and other taxes		-1 175	-1 153
Fringe benefits and related taxes		-146	-150
Other staff costs		-207	-154
Personnel expenses		**-5 363**	**-5 151**
IT expenses		-961	-979
Marketing expenses		-1 062	-885
Consultation and legal expenses		-251	-223
Debt collection services		-137	-149
Audit fees		-174	-312
Supervisory fees from regulators		-144	-136
Office expenses		-168	-141
Expenses relating to low-value assets or short-term leases		-43	-28
Transportation and communication costs		-87	-83
Other administrative expenses		-187	-179
Information inquiry cost		-399	-370
Other operating expenses		-404	-446
Operating expenses		**-4 016**	**-3 929**
Other expenses		-26	-7
Depreciation and amortization		-1 665	-1 701
Other expenses		**-1 691**	**-1 709**
Credit loss expense on financial assets	11	-6 242	-5 671
Total operating expenses		**-17 312**	**-16 460**

Average number of employees working in the Group in 2025 was 117 (2024: 116).

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Note 9

Income tax

Income tax *thousands of euros*	**2025**	**2024**
Current tax		
Advance corporate income tax (14%)	0	-348
Advance corporate income tax (18%)	-442	0
Advance corporate income tax (20%)	0	-119
Corporate income tax (20%)	-25	0
Total income tax expense	**-467**	**-467**

Taxation with income tax in 2025 is based on the following rates: Estonia applies an 18% advance income tax and Latvia applies a 20% income tax. The basis for calculating advance income tax is the unconsolidated profit, and the income tax expenses are recognized in the income statement when they are incurred.

No temporary differences have arisen in connection with tax refunds in the reporting period or the preceding period. Deferred income tax liabilities have also not arisen, as the subsidiary ended the reporting period with a loss and no profit distribution is planned.

Note 10

Cash and cash equivalents

Cash and cash equivalents *thousands of euros*	**31.12.2025**	**31.12.2024**
Overnight deposit in central bank	42 191	35 863
Demand and term deposits with maturity of less than 3 months	2 525	2 725
Total cash and cash equivalents	**44 716**	**38 588**

Due amounts with central bank with original maturity exceeding 3 months are not considered among the cash and cash equivalents in the statement of cash flows. The Group keeps overnight deposit in the central bank.

The mandatory reserve requirement as of 31.12.2025 and 31.12.2024 was 1% of all financial resources collected with maturities up to 2 years (customer deposits and loans received), minus 100,000 euros.

The reserve requirement is to be fulfilled as a monthly average in euros or in the foreign securities preapproved by the central bank.

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Note 11

Loans and advances to customers

Distribution by customer type *thousands of euros*	31.12.2025	31.12.2024
Estonia	**150 225**	**125 126**
Private customers	113 613	94 176
Corporate customers	23 911	19 888
Leasing	15 868	13 382
Loss allowances	-3 167	-2 320
Latvia	**57 456**	**45 314**
Private customers	58 666	45 545
Corporate customers	287	484
Leasing	5	26
Loss allowances	-1 501	-740
Total net loan portfolio	**207 681**	**170 440**

Distribution by countries and components *thousands of euros*		31.12.2025	31.12.2024
Receivables		**212 349**	**173 500**
	Estonia	153 392	127 446
	Latvia	58 958	46 054
Loss allowances related to receivables		**-4 668**	**-3 060**
	Estonia	-3 167	-2 320
	Latvia	-1 501	-740
Gross portfolio in total		**212 349**	**173 500**
Net portfolio in total		**207 681**	**170 440**
	Estonia	150 225	125 126
	Latvia	57 456	45 314
	incl. loss allowances	-4 668	-3 060

Allowance for impairment of loans to customers *thousands of euros*		Note	2025	2024
Balance at the beginning			**-3 060**	**-2 756**
Arising during the period	Stage 1		-1 556	-643
Arising during the period	Stage 2		-609	-440
Arising during the period	Stage 3		-5 539	-4 868
Written off	Stage 3		3 510	2 991
Sold	Stage 2		533	149
Sold	Stage 3		591	442
Recoveries	Stage 1		599	531
Recoveries	Stage 2		407	345
Recoveries	Stage 3		456	1 190
Balance at the end			**-4 668**	**-3 060**
Net impairment charges in total			**-6 242**	**-3 885**
Received amounts from uncollectible claims among other income		7	383	492

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Credit quality by product

thousands of euros		31.12.2025	31.12.2024
Estonia			
Private customers		**110 590**	**92 123**
	Stage 1	102 693	86 202
	Stage 2	6 048	4 742
	Stage 3	1 850	1 179
Corporate customers		**23 820**	**19 854**
	Stage 1	22 008	17 884
	Stage 2	1 111	1 483
	Stage 3	701	487
Leasing		**15 814**	**13 149**
	Stage 1	13 741	11 545
	Stage 2	1 471	1 185
	Stage 3	603	419
Latvia			
Private customers		**57 181**	**44 860**
	Stage 1	54 885	42 991
	Stage 2	1 534	1 512
	Stage 3	762	357
Corporate customers		**271**	**428**
	Stage 1	212	332
	Stage 2	30	59
	Stage 3	30	37
Leasing		**5**	**26**
	Stage 1	5	14
	Stage 2	0	12
	Stage 3	0	0
Total		**207 681**	**170 440**

thousands of euros	By risk class	31.12.2025	31.12.2024
	Stage 1	193 543	158 968
	Stage 2	10 193	8 993
	Stage 3	3 944	2 479
Net portfolio in total		**207 681**	**170 440**

Restaging of loans and SICR identification is done monthly.

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Credit quality by components

thousands of euros		31.12.2025	31.12.2024
Receivables		**212 349**	**173 500**
	Stage 1	195 628	160 095
	Stage 2	10 826	9 478
	Stage 3	5 895	3 927
Loss allowances		**-4 668**	**-3 060**
	Stage 1	-2 085	-1 127
	Stage 2	-633	-485
	Stage 3	-1 951	-1 448
Total		**207 681**	**170 440**

Credit quality by stages

thousands of euros		31.12.2025	31.12.2024	Change	%
Net receivables					
	Stage 1	193 543	158 968	34 575	21.7%
	Stage 2	10 193	8 993	1 201	13.3%
	Stage 3	3 944	2 479	1 465	59.1%
Total		**207 681**	**170 440**	**37 241**	**21.8%**
Proportion					
	Stage 1	93.2%	93.3%		-0.1%
	Stage 2	4.9%	5.3%		-0.4%
	Stage 3	1.9%	1.5%		0.4%
Total		**100.0%**	**100.0%**		**0.0%**
Gross receivables					
	Stage 1	195 628	160 095	35 533	22.2%
	Stage 2	10 826	9 478	1 348	14.2%
	Stage 3	5 895	3 927	1 968	50.1%
		212 349	**173 500**	**38 849**	**22.4%**
Expected credit losses					
	Stage 1	-2 085	-1 127	-957	85.0%
	Stage 2	-633	-485	-148	30.5%
	Stage 3	-1 951	-1 448	-503	34.7%
		-4 668	**-3 060**	**-1 608**	**52.5%**
Provision coverage					
	Stage 1	1.1%	0.7%		0.4%
	Stage 2	5.8%	5.1%		0.7%
	Stage 3	33.1%	36.9%		-3.8%
		2.2%	**1.8%**		**0.4%**

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Credit loss expense

thousands of euros		2025	2024
Loans and advances to customers			
	Stage 1	-957	-112
	Stage 2	-202	-95
	Stage 3	-5 083	-5 464
Net impairment charges		**-6 242**	**-5 671**

Cession transactions

thousands of euros	Note	2025	2024
Total gross value at the moment of sales		798	2 116
Net allowances for credit losses		-472	-1 305
Total carrying amount		326	810
Transaction price in total		360	830
Net gains from cession transactions	**7**	**34**	**20**

The Group has transferred all risks and rewards and has retained no control over or continuing involvement in the assets sold.

Lease payments

Undiscounted lease payments expected after reporting date and within	2025	2024
Up to 3 months	2 061	1 588
3-12 months	4 057	3 364
1-5 years	11 533	10 466
Over 5 years	582	246
Total	**18 233**	**15 664**

Interest income from leases reached 1 449 thousand euros in 2025 (2024: 1 242 thousand euros).

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Note 12

Other assets

Other assets *thousands of euros*	31.12.2025	31.12.2024
Financial assets		
Guarantee deposits of credit cards	205	268
Security deposits	120	120
Total financial assets	**325**	**388**
Non-financial assets		
Prepayments expected to be used within 12 months	238	232
Other claims	277	584
Total non-financial assets	**515**	**816**
Total	**840**	**1 205**

Short-term prepayments include payments for insurance, periodicals and payment intermediation services. These prepayments are expected to be utilized within 12 months after the end of the reporting period.

Note 13

Investment property

Investment property *thousands of euros*	31.12.2025	31.12.2024
Fair value		
At the beginning of the period	**1 229**	**884**
Additions	0	0
Profit/loss from the change in fair value	0	345
At the end of the period	**1 229**	**1 229**

Minimum non-cancellable operating lease rentals receivable in subsequent periods At 31 December	2025	2024
Up to 1 year	93	124
1 to 5 years	33	148
Over 5 years	57	72

Total lease income amounted to 124 thousand euros the reporting year (2024: 121 thousand euros), any direct expenses related to investment property were immaterial (see note 15).

Investment properties are recognized at fair value.

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Note 14

Property, plant and equipment

thousands of euros	31.12.2025	31.12.2024
Land and buildings		
Acquisition cost		
At the beginning of the period	**699**	**699**
Additions	303	0
At the end of the period	**1 002**	**699**
Depreciation and impairment		
At the beginning of the period	**-179**	**-154**
Depreciation charge for the period	-27	-25
At the end of the period	**-206**	**-179**
Net book value at the beginning of the period	**520**	**544**
Net book value at the end of the period	**796**	**520**

thousands of euros	31.12.2025	31.12.2024
Office equipment and other tangible assets		
Acquisition cost		
At the beginning of the period	**114**	**102**
Additions	0	12
At the end of the period	**114**	**114**
Depreciation and impairment		
At the beginning of the period	**-81**	**-69**
Disposals and write-offs (depreciation)	0	0
Depreciation charge for the period	-12	-12
At the end of the period	**-93**	**-81**
Net book value at the beginning of the period	**34**	**34**
Net book value at the end of the period	**21**	**34**
Total net book value at the end of the period	**817**	**553**

Fair values of real estate and equipment may differ from their carrying amounts only in an immaterial way.

As of 31.12.2025, fully depreciated assets in use had an acquisition cost of 232 thousand euros (31.12.2024: 200 thousand euros).

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Note 15

Right of use assets and lease liabilities

thousands of euros		31.12.2025			31.12.2024	
Right of use assets	*offices*	*cars*	**Total**	*offices*	*cars*	**Total**
Acquisition cost						
At the beginning of the period	**1 426**	**124**	**1 550**	**1 353**	**124**	**1 477**
Additions	0	0	**0**	0	0	**0**
Other changes	0	0	**0**	73	0	**73**
At the end of the period	**1 426**	**124**	**1 550**	**1 426**	**124**	**1 550**
Depreciation and impairment						
At the beginning of the period	**-819**	**-124**	**-943**	**-666**	**-124**	**-790**
Depreciation charge for the period	-153	0	**-153**	-152	0	**-152**
At the end of the period	**-972**	**-124**	**-1 096**	**-819**	**-124**	**-943**
Net book value at the beginning of the period	**608**	**0**	**608**	**687**	**0**	**687**
Net book value at the end of the period	**455**	**0**	**455**	**608**	**0**	**608**

thousands of euros		31.12.2025			31.12.2024	
Lease liabilities	*offices*	*cars*	**Total**	*offices*	*cars*	**Total**
Current						
At the beginning of the period	**154**	**0**	**154**	**110**	**7**	**117**
Additions	0	0	**0**	73	0	**73**
Accrual of interests	8	0	**8**	9	0	**9**
Repayments	-153	0	**-153**	-145	-7	**-152**
Reclassifications and periodization	159	0	**159**	119	0	**119**
Other changes	-8	0	**-8**	-9	0	**-9**
At the end of the period	**159**	**0**	**159**	**154**	**0**	**154**
Non-current						
At the beginning of the period	**481**	**0**	**481**	**600**	**0**	**600**
Reclassifications and periodization	-159	0	**-159**	-119	0	**-119**
At the end of the period	**322**	**0**	**322**	**481**	**0**	**481**
Lease liabilities at the beginning of the period	**635**	**0**	**635**	**710**	**7**	**717**
Lease liabilities at the end of the period	**481**	**0**	**481**	**635**	**0**	**635**

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Finance lease		
Lease liabilities by contractual maturity dates	**2025**	**2024**
Up to 3 months	41	40
3-12 months	123	121
1-5 years	326	490
Over 5 years	0	0
Total	**490**	**651**

Interest expense from lease liabilities for the reporting year was 9 thousand euros (2024: 9 thousand euros) and lease payments totalled 161 thousand euros (2024: 152 thousand euros). Rental expenses related to short-term leases are recognised under operating expenses and were 43 thousand euros in 2025 (2024: 24 thousand euros).

Note 16

Intangible assets

thousands of euros	**31.12.2025**	**31.12.2024**
Acquisition cost		
At the beginning of the period	**15 359**	**12 738**
Additions	2 203	2 621
At the end of the period	**17 563**	**15 359**
Amortisation and impairment		
At the beginning of the period	**-3 293**	**-1 795**
Depreciation charge	-1 473	-1 498
At the end of the period	**-4 765**	**-3 293**
Net book value at the beginning of the period	**12 067**	**10 943**
Net book value at the end of the period	**12 798**	**12 067**

During 2025, the Group capitalized as intangible assets in the new core system in amount of 2 063 thousand euros (2024: 2 422 thousand euros), including personnel expenses in the amount of 1 244 thousand euros (2024: 1 061 thousand euros). The impairment value of intangible assets exceeds the carrying amount of the assets in 2025 and 2024.

Depreciation of assets starts from the moment when the life cycle of the product under development is fully covered in the system, and the asset is finally ready for use. Generally, the useful lives of internally developed assets are in the range of 5-10 years.

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Note 17

Deposits from customers and subordinated bonds

Distribution by customer type

thousands of euros	Private customers	Corporate customers	Total
31.12.2025			
Deposits to customers	207 907	21 313	**229 220**
Subordinated bonds	1 427	7 194	**8 621**
Loans from other institutions	0	24	**24**
Total	**209 334**	**28 531**	**237 865**

thousands of euros	Private customers	Corporate customers	Total
31.12.2024			
Deposits to customers	175 957	14 635	**190 592**
Subordinated bonds	1 466	7 155	**8 621**
Loans from other institutions	0	61	**61**
Total	**177 422**	**21 852**	**199 274**

Loans from other institutions include a special-purpose loan received from the Maaelu Edendamise Sihtasutus (MES) as collateral for a customer loan.

Distribution by countries

thousands of euros	Estonia	Germany	Austria	Total
31.12.2025				
Deposits to customers	90 416	125 839	12 965	**229 220**
Subordinated bonds	8 621	0	0	**8 621**
Loans from other institutions	24	0	0	**24**
Total	**99 061**	**125 839**	**12 965**	**237 865**

thousands of euros	Estonia	Germany	Austria	Total
31.12.2024				
Deposits to customers	62 717	118 146	9 729	**190 592**
Subordinated bonds	8 621	0	0	**8 621**
Loans from other institutions	61	0	0	**61**
Total	**71 400**	**118 146**	**9 729**	**199 274**

*Above is given total amount of term deposits, including principal and accrued interest liabilities.

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Subordinated bonds *thousands of euros*	Year of issue	Interest rate	Maturity date	Amount
Subordinated bond (Tier 2)	2 021	7%	26.02.2031	1 500
Subordinated bond (Tier 2)	2 021	7%	26.02.2031	2 000
Subordinated bond (Tier 2)	2 024	9.5%	30.05.2034	2 000
Subordinated bond (Tier 1)	2 023	14%	perpetual	500
Subordinated bond (Tier 1)	2 024	14%	perpetual	500
Subordinated bond (Tier 1)	2 024	14%	perpetual	800
Subordinated bond (Tier 1)	2 024	12%	perpetual	1 270
Subordinated bonds as at 31.12.2025				**8 570**

In 2024, 2 070 thousand euros were received from the AT1 bond issue and 2 000 thousand euros from Tier2 bond issue. No bond issuances took place in 2025.

Note 18
Other liabilities

thousands of euros	31.12.2025	31.12.2024
Financial liabilities		
Debts to partners	411	409
Other short-term financial liabilities	3 352	1 869
Total financial liabilities	**3 764**	**2 279**
Non-financial liabilities		
Tax liabilities	167	315
Payables to employees	659	552
Other short-term liabilities	498	490
Total non-financial liabilities	**1 324**	**1 357**
Total	**5 087**	**3 636**

Other short-term financial liabilities consist mostly of deposit agreements which have not yet been activated or have expired.

Payables to employees consist of vacation pay accrual for the reporting period.

All liabilities are payable within 12 months and are therefore recognized as current liabilities.

Note 19
Equity

Equity *thousands of euros*	Number of shares, pcs	Share capital	Share premium
Share capital and reserves as of 31.12.2025	1	5	20 995
Share capital and reserves as of 31.12.2024	1	5	20 995

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Shares are fully paid by non-monetary contribution of 100% shares of Holm Bank AS. From the moment the contribution was done, the consolidation group was formed. No profit allocations were made during the reporting and the prior period. The Group did not pay dividends during the reporting period; in the previous period dividends were not paid as well.

As of 31.12.2025, the retained profit of the Group totalled 6 000 thousand euros (31.12.2024: 1 915 thousand euros).

As of 31.12.2025 it is possible to pay out net dividends in maximum amount of 4 680 thousand euros (31.12.2024: 1 494 thousand euros). The amount of possible payable net dividends has increased because of the profit in 2024.

Potential dividends would be taxed at a 22/78 tax rate. The related income tax charge would be 1 320 thousand euros (31.12.2024: 421 thousand euros).

Other reserves	31.12.2025	31.12.2024
Reserve of share options granted to staff	53	0

In 2025, the Group issued share options for the first time. The vesting period for the share options is 3 years. The right to subscribe for shares arises on the first day of the exercise period.

The Group grants share options to the management board members and equivalent employees of companies within the Group, as well as to department heads and employees equivalent to them.

Number of share options	Number of share options in 2025
Number of share options as at 01.01.2025	**0**
Granted during the period	6 272
Exercised during the period	0
Number of share options as at 31.12.2025	**6 272**

The Black-Scholes model is used to calculate the option exercise price.

The input data for the share options are as follows:

	Share options issued in 2025
Issue date	April 1, 2025
Expiration date	March 31, 2028
Fair value at grant date	33.87
Exercise price (weighted-average)	0.1
Expected volatility	0.26
Expected life (weighted-average)	3 years
Expected dividends	0%
Risk-free interest rate	3.35%
Number of people to whom options were issued	10

At the end of the reporting period, the weighted average remaining contractual term of the outstanding options was approximately 2.3 years (01.04.2025–31.03.2028).

The model inputs were the share price obtained in the first quarter of 2025 for calculating the Group's market value, the expected volatility, and the interest rates of Estonian government bonds as a proxy for risk-free instruments. Price volatility is based on historical daily price changes from OMXBBGI.

Members of the Management Board and employees cannot receive a cash payout in place of stock options. Stock options may not be exchanged, transferred, pledged, or otherwise encumbered. Stock options are inheritable. The stock option agreement will terminate prematurely if the employment contract or the Management Board member's service contract ends early at the initiative of the employee or the Management Board member. The agreement will also become void in the event of extraordinary termination by the employer, where the grounds for termination are attributable to the

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employee or the Management Board member. According to the Credit Institutions Act, the Group's Supervisory Board has the right to reduce the number of issued stock options or to cancel them if the company's overall financial results have significantly deteriorated compared to the previous period, a Management Board member or employee no longer meets established performance targets, the company no longer meets prudential requirements, the company's risks are not sufficiently covered by own funds, or if the determination of the performance bonus was based on data that turned out to be significantly inaccurate or incorrect.

Total expenses arising from share-based payment transactions amounted to 53 thousand euros in 2025.

Note 20

Contingent assets and liabilities

Undrawn loan commitments from non-cancellable agreements

thousands of euros	31.12.2025	31.12.2024
Contingent liability arising from contracts	7 947	8 624

Undrawn loan commitments represent off-balance sheet liability. See also Note 3.15.

Tax authorities have the right to review the Group's tax records for up to 5 years after submitting the tax declaration and upon finding errors to impose additional taxes, interest, and fines.

The tax authorities have not performed any tax audits at the Group during 2024-2025.

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Note 21

Transactions and balances with related parties

Related parties include the sole owner of OÜ Koduliising (ultimate beneficial owner), the Group's executive and higher management and their relatives. Also, companies that are controlled by or under the significant influence of the ultimate beneficial owner, or the Group's executive and higher management and their close relatives. In 2025, remuneration paid to Group's executive and higher management totalled 533 thousand euros (2024: 518 thousand euros), including all taxes.

Transactions *thousands of euros*	**2025**	**2024**
Interest income on given loans	**122**	**122**
Executive and higher management (including the ultimate controlling party)	122	122
Interest expense on subordinated bonds received	**63**	**60**
Executive and higher management (including the ultimate controlling party)	63	60
Interest expense on deposits	**51**	**56**
Executive and higher management (including the ultimate controlling party)	51	56
Other income	**22**	**21**
Executive and higher management (including the ultimate controlling party)	22	21
Other expenses	**308**	**315**
Executive and higher management (including the ultimate controlling party)	308	315
Loans given	**51**	**0**
Executive and higher management (including the ultimate controlling party)	51	0
Repayments on given loans, incl. interests	**180**	**122**
Executive and higher management (including the ultimate controlling party)	180	122

Balances *thousands of euros*	**31.12.2025**	**31.12.2024**
Loans and advances to customers	**1 950**	**1 999**
Executive and higher management (including the ultimate controlling party)	1 950	1 999
Loss allowances	**2**	**0**
Executive and higher management (including the ultimate controlling party)	2	0
Subordinated bonds	**450**	**450**
Executive and higher management (including the ultimate controlling party)	450	450
Deposits from customers	**1 417**	**1 633**
Executive and higher management (including the ultimate controlling party)	1 417	1 633
Other liabilities	**16**	**18**
Executive and higher management (including the ultimate controlling party)	16	18

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Note 22

Unconsolidated financial statements of parent company

In accordance with the Accounting Act of the Republic of Estonia, the primary financial statements of the parent company of the consolidation group are disclosed in the notes to the consolidated annual financial statements. The Group's parent company's primary financial statements do not constitute unconsolidated financial statements as defined in IAS 27 "Separate Financial Statements."

Primary statements of the parent have been prepared using the same accounting policies that have been used for the preparation of the consolidated financial statements, except for investments in subsidiary, which are measured at cost in the parent's primary financial statements.

Statement of profit or loss and other comprehensive income

thousands of euros	2025	2024
Other income	4	7
Net operating income	**4**	**7**
Administrative and other operating expenses	-4	-7
Total operating expenses	**-4**	**-7**
Profit before income tax	**0**	**0**
Income tax	0	0
Profit for the year	**0**	**0**
Other comprehensive income	0	0
Total comprehensive income for the year	**0**	**0**

Statement of financial position

thousands of euros	Note	31.12.2025	31.12.2024
Assets			
Investments in subsidiaries	4	21 000	21 000
Total assets		**21 000**	**21 000**
Equity			
Share capital	19	5	5
Share premium	19	20 995	20 995
Retained earnings		0	0
Total equity		**21 000**	**21 000**
Total liabilities and equity		**21 000**	**21 000**

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Statement of cash flows

thousands of euros	Note	2025	2024
Operating income received		4	7
Paid administrative and other operating expenses		-4	-7
Cash flows from operating activities		**0**	**0**
Change in cash and cash equivalents		**0**	**0**
Cash and cash equivalents at the beginning of the period		**0**	**0**
Net increase in cash and cash equivalents		0	0
Cash and cash equivalents at the end of the period		**0**	**0**

Cash and cash equivalents comprise	31.12.2025	31.12.2024
Non-restricted current account	0	0
Cash and balances with central bank without statutory reserve	0	0

Statement of changes in equity

thousands of euros	Share capital	Share premium	Retained earnings	Total
Balance as at 01.01.2024	**5**	**20 995**	**0**	**21 000**
Profit for the year	0	0	0	**0**
Total comprehensive income	**0**	**0**	**0**	**0**
Balance as at 31.12.2024	**5**	**20 995**	**0**	**21 000**
Balance as at 01.01.2025	**5**	**20 995**	**0**	**21 000**
Profit for the year	0	0	0	**0**
Total comprehensive income	**0**	**0**	**0**	**0**
Balance as at 31.12.2025	**5**	**20 995**	**0**	**21 000**

Adjusted unconcolidated equity	Note	31.12.2025	31.12.2024
Investments in subsidiaries	4	-21 000	-21 000
Carrying value of investments under the equity method		*27 053*	*22 915*
Adjusted unconsolidated equity at the end of period		**27 053**	**22 915**

Note 23

Subsequent events

In January 2026, the Group issued AT1 bonds totalling 1.4 million euros. In addition, in March 2026, the Group redeemed Tier 2 bonds worth 3.5 million euros ahead of schedule and replaced them with new subordinated Tier 2 bonds in the same amount.

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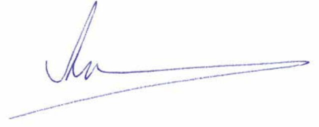
Signatures of the Management Board

The annual report consists of the management report, financial statements, profit allocation proposal and independent auditor's report. Hereby the Management Board of OÜ Koduliising approves current consolidated annual report 2025.

Arne Veske
Chairman of the Management Board



Tallinn, 16th April 2026

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Independent Auditors’ Report

(Translation of the Estonian original)

To the Shareholder of OÜ Koduliising

Opinion

We have audited the consolidated financial statements of OÜ Koduliising and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements presented on pages 21 to 85, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the management report, but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

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 and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

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.

KPMG Baltics OÜ, an Estonian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. Reg no 10096082.

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

Auditors’ 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 auditors’ 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 auditors’ 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 auditors’ 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

KPMG Baltics OÜ
Licence No 17

Eero Kaup

Certified Public Accountant, Licence No 459

Tallinn, 17 April 2026

Profit allocation proposal

The Group has finished the reporting period with consolidated retained profit of 6 000 thousand euros.

The Management Board of OÜ Koduliising has proposed to the General Meeting of Shareholders not to allocate the retained profit.

Arne Veske
Chairman of the Management Board

OÜ Koduliising