

BluOr Bank

Group's Consolidated and Bank's Separate Annual Report for the year ended 31 December 2025

This is a translation in pdf format without the European Single Electronic Format (ESEF) markups of the digitally signed original which was prepared in Latvian and submitted in machine-readable .xhtml format to the Nasdaq Riga Stock Exchange (link: <https://nasdaqbaltic.com/>)

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Management report

BluOr Bank AS (Bank) is a joint-stock company established on 22 June 2001 and entered into the Register of Enterprises of the Republic of Latvia under uniform registration No. 40003551060. The bank's address is Smilšu iela 6, Rīga, LV-1050, Republic of Latvia. On 8 June 2001, the Bank received a license for conducting the activities of a credit institution, which was re-registered on 28 June 2011, on 14 September 2017 and on 22 March 2022 – license No. 06.01.05.002/543 at the license register of the Latvijas Banka. The Bank operates in accordance with the applicable legislation of the Republic of Latvia and the European Union.

The Group consists of the Bank, which is a Parent company of the Group and a number of subsidiaries. Those were set up to manage repossessed collaterals and real estate property.

BluOr Bank Delivers Sustainable Growth and Strong Performance

BluOr Bank's performance over the reporting period demonstrates its ability to operate successfully in a changing market environment, underpinned by stability and consistent growth. The financial results achieved reflect a sustainable business model, effective strategy execution, and a continued strengthening of the Bank's competitive position.

As evidenced by the audited financial results, the Bank recorded a profit of EUR 18.1 million during the reporting period. At the end of the reporting period, the Bank's equity amounted to EUR 131.1 million. During the period, the Bank also raised EUR 1 million in additional Tier 1 capital through the issuance of the Bank's bonds. At the same time, total assets increased by nearly 9%, reaching EUR 1.143 billion, confirming the expansion of the Bank's operations and the acceleration of its business growth.

As at 31 December 2025, the Bank reported a liquidity coverage ratio (LCR) of 145.34% and a capital adequacy ratio of 18.73%. Other key indicators of the Bank's financial performance also remained strong, with return on equity (ROE) at 18.68% and return on assets (ROA) at 1.65%.

Throughout the reporting period, the Bank maintained consistent implementation of its business strategy, ensuring stable growth of its client base. Over the last 12 months, the Bank recorded growth of 35% in the corporate client segment and 16% in the retail segment, confirming strong demand for the Bank's services and well-balanced development across customer segments.

Growing customer activity was also reflected in higher lending volumes. Over the past year, BluOr Bank significantly expanded its lending activities, providing active support for business financing across various sectors. The volume of newly issued loans amounted to EUR 325 million, representing an increase of approximately 28% compared with the previous period. This growth demonstrates both rising demand for the Bank's financing solutions and the Bank's capacity to meet this demand. Of the total financing granted, 87% was directed to small and medium-sized enterprises, supporting business growth both in the capital and across the regions.

As a result of these lending activities, the Bank's total portfolio of approved and issued loans increased by 30% in 2025, reaching EUR 781 million, reflecting the Bank's targeted growth and its solid position in corporate financing.

During the reporting period, the Bank provided clients with high-quality asset management solutions, driving both higher client interest and growth in assets under management. In 2025, this area of activity achieved solid growth, with total assets under management increasing by 113% and the client base expanding by 89%. At the same time, the value of investment portfolios increased by an average of 31%,

Management report

delivering strong returns for clients and demonstrating the Bank's professional expertise in this area. This rapid growth was driven by consistent strategy execution and the dedicated, professional efforts of the Bank's team, reinforcing the Bank's position among leading market participants in the Latvian asset management segment.

In 2025, the e-commerce segment also recorded substantial growth. Card acquiring turnover more than doubled, increasing by 134% to reach its highest level to date. By the end of the reporting period, monthly turnover amounted to EUR 22 million. At the same time, transaction activity also rose significantly, with the number of unique transactions rising by approximately 270% and reaching up to 800 thousand transactions per month by year-end.

The continued development of e-commerce services also contributed to the expansion of the client base. During the reporting period, the Bank recorded a significant increase in new clients in both POS terminal services and e-commerce solutions. The expansion of the Bank's international operations and service offering enhanced BluOr Bank's visibility and attracted new clients in the online payments segment. At the same time, the Bank expanded its presence across the Baltic region, making its services available outside Latvia.

Over the past year, the Bank continued to broaden its range of services, providing clients with enhanced opportunities to support international payments and business development. The geographical reach of payment services was significantly expanded to include Australia, Canada, Israel, and Japan.

To ensure secure and efficient payment solutions, BluOr Bank partners with a leading Northern European payment processing service provider that is part of a major European payment technology group. The cooperation covers card and payment transaction processing, the implementation of fraud prevention solutions and the 3D Secure protocol for e-commerce security, as well as customer support outside the Bank's business hours.

The Bank has incorporated sustainability goals into its operational strategy, taking into account environmental, social, and governance (ESG) criteria, and is actively implementing this commitment through practical measures. One such initiative is the signing of a guarantee agreement with the European Investment Fund (EIF) under the InvestEU programme, aimed at promoting green investment financing for SMEs in Latvia. With the support of the EIF guarantee, the Bank can offer financing of up to EUR 30 million for projects that contribute to achieving the European Union's green and sustainable economic development goals and help mitigate the impact of climate change.

As a bank founded by Latvian entrepreneurs, BluOr Bank builds its activities on long-term relationships with its clients, developing financial services tailored to the needs of both corporate and private customers. Through the gradual expansion of its service offering, the Bank strengthens its market position and supports balanced, sustainable growth.

In line with its strategic objectives, the Bank intends to substantially expand its mortgage and consumer lending activities in 2026, reinforcing its position in the retail financing segment and supporting sustainable, long-term development.

Risk management and regulatory compliance will remain a core component of the Bank's operations, supported by continuous monitoring of developments in international regulation and market dynamics.

Management report

As at issuance of the annual report the Board proposes to distribute part of the profit amounting to EUR 9 million as dividends and the rest to keep as retained earnings to strengthen the capital position of the Group.

Corporate Governance Statement can be found on the Bank's website in the section "information disclosure" (<https://www.bluorbank.lv/en/compliance>).

On behalf of the Bank's management,

Dmitrijs Latiševs

Chairman of the Board

Vadims Morozs

Member of the Board

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Council and Board of the Bank

Council as of 31 December 2025

Name, Surname	Position	Date of Appointment
Aleksandrs Peškovs	Chairman of the Council	22 June 2001
Sergejs Peškovs	Member of the Council	22 June 2001
	Deputy Chairman of the Council	25 July 2002
Andrejs Kočetkovs	Member of the Council	22 June 2001
Natalja Zolova	Member of the Council	25 August 2022
Regina Lubgane	Member of the Council	17 June 2024

Board as of 31 December 2025

Name, Surname	Position	Date of Appointment
Dmitrijs Latiševs	Member of the Board	1 July 2002
	Deputy Chairman of the Board	25 April 2003
	Chairman of the Board	27 April 2011
Inga Preimane	Member of the Board	11 January 2016
Vadims Morozs	Member of the Board	12 August 2019
Pāvels Orlovs	Member of the Board	2 July 2025

On behalf of the Bank's management,

Dmitrijs Latiševs
Chairman of the Board

Vadims Morozs
Member of the Board

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Statement of the Management's responsibility

The Management of BluOr Bank AS (hereinafter – the “Bank”) is responsible for the preparation of the consolidated financial statements of the Bank and its subsidiaries (hereinafter – the “Group”) as well as for the preparation of the financial statements of the Bank.

The Group's consolidated and the Bank's separate financial statements are prepared in accordance with IFRS Accounting standards as adopted by the European Union on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the Group's consolidated and the Bank's separate financial statements.

The Group's consolidated and the Bank's separate financial statements on pages 8 to 96 are prepared in accordance with the source documents and present fairly the financial position of the Group as at 31 December 2025 and the consolidated results of its operations and cash flows for the year then ended, as well as the financial position of the Bank as at 31 December 2025 and the results of its operations and cash flows for the year ended 31 December 2025.

The management of the Bank is responsible for the maintenance of a proper accounting system, safeguarding the Group's and the Bank's assets, and the detection and prevention of fraud and other irregularities in the Group and the Bank. Management is also responsible for operating the Group and the Bank in compliance with the Law on Credit Institutions and other legislation of the Republic of Latvia applicable to credit institutions.

On behalf of the Bank's management,

Dmitrijs Latiševs
Chairman of the Board

Vadims Morozs
Member of the Board

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The Group's Consolidated and the Bank's Separate Income Statements

	Note	2025		2024	
		Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income at effective interest rate		46 941	46 941	50 363	50 363
Other interest income		782	25	1 297	176
Interest expenses		(20 488)	(20 828)	(22 442)	(22 792)
Net interest income	6	27 235	26 138	29 218	27 747
Fee and commission income		18 449	18 449	16 369	16 370
Fee and commission expense		(2 850)	(2 850)	(2 235)	(2 234)
Net fee and commission income	7	15 599	15 599	14 134	14 136
Net profit/loss from trading and revaluation of financial instruments	8	201	201	(152)	(152)
Net foreign exchange trading and revaluation income	9	2 339	2 339	674	674
Other operating income	10	989	1 011	2 572	2 515
Total operating income		46 363	45 288	46 446	44 920
Administrative expenses	11	(21 971)	(21 305)	(19 524)	(18 558)
Other operating expenses	12	(696)	(701)	(2 016)	(2 024)
Credit loss allowances	16,17,18	(316)	(685)	(2 898)	(1 945)
Total operating expenses		(22 983)	(22 691)	(24 438)	(22 527)
Profit before taxation		23 380	22 597	22 008	22 393
Corporate income tax	13	(4 532)	(4 526)	(4 543)	(4 543)
Profit for the year		18 848	18 071	17 465	17 850

The accompanying notes on pages 15 to 96 form an integral part of these financial statements.

The Board of the Bank approved the issue of these financial statements as presented from page 8 to 96 on 6 March 2026. The financial statements are signed on behalf of the Board of the Bank by:

Dmitrijs Latiševs
Chairman of the Board

Vadims Morozs
Member of the Board/Chief accountant

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The Group's Consolidated and the Bank's Separate Statements of Other Comprehensive Income

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Profit for the year	18 848	18 071	17 465	17 850
Other comprehensive income				
Items that may be reclassified to profit or loss				
Foreign exchange revaluation gain	(1)	-	1	-
Revaluation gain – financial assets at fair value through other comprehensive income (debt instruments)	269	269	607	607
Total items that may be reclassified to profit or loss	268	269	608	607
Other comprehensive income	268	269	608	607
Total comprehensive income	19 116	18 340	18 073	18 457

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Member of the Board/Chief accountant

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The Group's Consolidated and the Bank's Separate Statements of Financial Position

Assets	Note	31.12.2025		31.12.2024	
		Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Cash and demand deposits with central bank	14	398 384	398 384	409 545	409 545
Loans and receivables from credit institutions	15	12 296	12 292	7 730	7 622
<i>Demand deposits with credit institutions</i>		12 296	12 292	7 730	7 622
Investment securities	16,18	53 260	53 260	69 506	69 506
<i>Fixed income securities</i>		52 692	52 692	68 940	68 940
<i>Non fixed income securities</i>		568	568	566	566
Loans and receivables	17	625 769	616 435	508 656	489 930
Investments in associates	19	827	-	827	-
Investments in subsidiary undertakings	19	-	38 416	-	47 715
Investment property	20	2 772	1 614	2 850	1 614
Property and equipment	21	21 348	2 748	22 470	3 011
Right-of-use assets	21	-	7 934	-	8 598
Intangible assets	22	252	242	203	193
Prepayments and accrued income	23	614	606	566	559
Other assets	24	10 744	10 720	10 876	10 854
Total assets		1 126 266	1 142 651	1 033 229	1 049 147

The Group's Consolidated and the Bank's Separate Statements of Financial Position

Liabilities and Equity	Note	31.12.2025		31.12.2024	
		Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Due to monetary financial institutions on demand	25	3 985	3 985	3 457	3 457
Financial liabilities carried at amortized cost		1 006 787	1 011 536	926 432	929 347
<i>Deposits</i>	26	965 826	970 575	886 537	889 452
<i>Deposits (subordinated)</i>	26	5 726	5 726	5 711	5 711
<i>Additional Tier 1 Debt securities (subordinated)</i>	27	9 864	9 864	8 813	8 813
<i>Debt securities (subordinated)</i>	27	25 371	25 371	25 371	25 371
<i>Lease liabilities</i>	21	-	8 730	-	9 330
Deferred income and accrued expenses		3 624	3 612	2 759	2 740
Provisions		243	243	121	121
Income tax liabilities	13	4 509	4 509	4 455	4 455
Other liabilities	28	6 607	6 550	5 610	5 551
Total liabilities		1 025 755	1 039 165	942 834	955 001
Shareholders' equity					
Share capital	29	44 493	44 493	44 493	44 493
Statutory reserves	29	24	24	24	24
Revaluation reserve – financial assets at fair value through other comprehensive income		(495)	(495)	(764)	(764)
Other reserves		(3 412)	(2 400)	(3 412)	(2 400)
Retained earnings		59 901	61 864	50 054	52 793
Total equity attributable to equity holders of the Bank		100 511	103 486	90 395	94 146
Total equity and liabilities		1 126 266	1 142 651	1 033 229	1 049 147

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Vadims Morozs
Member of the Board/Chief accountant

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The Group's Consolidated Statement of Changes in the Shareholders' Equity

Note	Share capital EUR`000	Statutory reserves EUR`000	Revaluation reserve – FVOCI EUR`000	Other reserves EUR`000	Retained earnings EUR`000	Total equity attributable to equity holders of the parent EUR`000	Total equity EUR`000
Balance as at 31 December 2023	44 493	24	(1 371)	(3 412)	41 588	81 322	81 322
Dividends paid	-	-	-	-	(9 000)	(9 000)	(9 000)
Other comprehensive income for the year:	-	-	607	-	1	608	608
Revaluation of financial assets	-	-	607	-	-	607	607
Foreign exchange revaluation	-	-	-	-	1	1	1
Profit for the year	-	-	-	-	17 465	17 465	17 465
Total comprehensive income for the year	-	-	607	-	17 466	18 073	18 073
Balance as at 31 December 2024	44 493	24	(764)	(3 412)	50 054	90 395	90 395
Dividends paid	-	-	-	-	(9 000)	(9 000)	(9 000)
Other comprehensive income for the year:	-	-	269	-	(1)	268	268
Revaluation of financial assets	-	-	269	-	-	269	269
Foreign exchange revaluation	-	-	-	-	(1)	(1)	(1)
Profit for the year	-	-	-	-	18 848	18 848	18 848
Total comprehensive income for the year	-	-	269	-	18 847	19 116	19 116
Balance as at 31 December 2025	44 493	24	(495)	(3 412)	59 901	100 511	100 511

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Chairman of the Board

Vadims Morozs
Member of the Board/Chief accountant

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The Bank's Separate Statement of Changes in the Shareholders' Equity

Note	Share capital EUR' 000	Statutory reserves EUR' 000	Other reserves EUR' 000	Revaluation reserve – FVOCI EUR' 000	Retained Earnings EUR' 000	Total capital and reserves EUR' 000
Balance as at 31 December 2023	44 493	24	(2 400)	(1 371)	43 943	84 689
Dividends paid	-	-	-	-	(9 000)	(9 000)
Other comprehensive income for the year:	-	-	-	607	-	607
Revaluation of financial assets	-	-	-	607	-	607
Profit for the year	-	-	-	-	17 850	17 850
Total comprehensive income for the year	-	-	-	607	17 850	18 457
Balance at 31 December 2024	44 493	24	(2 400)	(764)	52 793	94 146
Dividends paid	-	-	-	-	(9 000)	(9 000)
Other comprehensive income for the year:	-	-	-	269	-	269
Revaluation of financial assets	-	-	-	269	-	269
Profit for the year	-	-	-	-	18 071	18 071
Total comprehensive income for the year	-	-	-	269	18 071	18 340
Balance as at 31 December 2025	44 493	24	(2 400)	(495)	61 864	103 486

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The Group's Consolidated and the Bank's Separate Statements of Cash Flows

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Cash flow from operating activities				
Profit before taxation	23 380	22 597	22 008	22 393
Amortisation of intangible assets	74	74	139	139
Depreciation of property, equipment and right-of-use assets	1 163	968	1 162	967
Revaluation of financial assets	(71)	(71)	(129)	(129)
Interest income	(47 723)	(46 966)	(51 660)	(50 539)
Interest expense	20 488	20 828	22 442	22 792
Impairment of assets (inc. expected credit loss)	316	685	2 898	1 945
Increase in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations	(2 373)	(1 885)	(3 140)	(2 432)
(Increase) decrease in loans and receivables	(117 543)	(127 304)	(98 487)	(78 808)
Decrease in investment securities	16 928	16 928	28 324	28 324
Decrease in prepayments and accrued income	(48)	(47)	288	285
(Increase)/decrease in other assets	132	135	9 752	9 723
Increase/(decrease) in deposits and due to banks	80 996	82 830	87 151	87 641
Interest received	47 495	46 738	51 421	50 300
Interest paid	(21 652)	(21 992)	(21 502)	(21 852)
Increase/(decrease) in other liabilities and current tax liabilities	1 119	1 121	3 250	3 291
Increase/(decrease) in deferred income and accrued expenses	865	872	496	497
Net cash from operating activities before tax	5 919	(2 604)	57 553	76 969
Corporate income tax paid	(4 478)	(4 472)	(3 149)	(3 149)
Net cash from operating activities	1 441	(7 076)	54 404	73 820
Cash flows from investment activities				
Purchase of fixed and intangible assets	(164)	(164)	(157)	(147)
Disposal of investment property	78	-	100	-
Capital increase in investment in subsidiaries	19	-	-	(19 944)
Capital decrease in investment in subsidiaries	19	9 299	-	1 100
Net cash (used in) investing activities	(86)	9 135	(57)	(18 991)
Cash flows from financing activities				
Lease liabilities repaid on right-of-use asset	-	(600)	-	(582)
Bonds issued	1 050	1 050	22 649	22 649
Dividends (paid)	29	(9 000)	(9 000)	(9 000)
Net cash (used in) financing activities	(7 950)	(8 550)	13 649	13 067
Net changes in cash and cash equivalents	(6 595)	(6 491)	67 996	67 896
Cash and cash equivalents at the beginning of the reporting year	417 275	417 167	349 279	349 271
Cash and cash equivalents at the end of the reporting year	30 410 680	410 676	417 275	417 167

The accompanying notes on pages 15 to 96 form an integral part of these financial statements.

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Dmitrijs Latiševs
Chairman of the Board

Vadims Morozs
Member of the Board/Chief accountant

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Notes to the Group's Consolidated and the Bank's Separate Financial Statements

1. GENERAL INFORMATION

BluOr Bank AS (previous name – AS BlueOrange Bank) (“the Bank”) is a Joint Stock Company registered with the Enterprise Register of the Republic of Latvia on 22 June 2001. The address of the Bank is Smilšu iela 6, Riga, LV 1050, Latvia. The Bank holds a banking license issued in Latvia and it acts in accordance with the legislation of Latvia and the European Union.

The primary lines of business of the Bank are servicing corporate customers and high net worth individuals, and managing investments and finances.

The sole shareholder of the Bank is Joint Stock Company BBG that holds 100% of the voting shares of the Bank. JSC BBG is a financial management company registered in Latvia and owned by four Latvian companies and two private individuals, none of the ultimate beneficial owners control the Group as at 31 December 2025. The consolidated financial statements of the parent company AS BBG can be obtained from the Enterprise Register of Latvia.

The Bank has a number of subsidiaries in Latvia and foreign countries as well as investments in associated company. Those entities form the Group and are shown in the following table:

Name of the company	Country of incorporation, address	Line of business	Holding 31.12.2025 %	Holding 31.12.2024 %
SIA BluOr International	Smilšu iela 6, Riga, Latvia	Real estate development	100	100
SIA Zapdvina Development	Kr. Valdemara iela 149, Riga, Latvia	Real estate development	100	100
Kamaly Development EOOD	Etiera k-s 1/2B – 18, Sveti Vlas, Burgas obl., Nesebier 8256, Bulgaria	Real estate development	100	100
UAB Kamaly Development	Klaipėdos m. sav. Klaipėdos m., Karklu g. 12, Lithuania	Management of collaterals overtaken by the bank	100	100
AS Pils Pakalpojumi	Smilšu iela 6, Riga, Latvia	Real estate development	100	100
Foxtran Management Ltd	Suite 102, Blake Building, Corner Eyre & Huston Str., Belize	Management of collaterals overtaken by the bank	100	100
SIA Jēkaba 2	Jēkaba iela 2, Riga, Latvia	Real estate development	100	100
Pulkarne Entity SIA	Kr. Valdemara 149-405, Riga, Latvia	Real estate development	-	100
Hazee Shipping Corp	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Republic of the Marshall Islands, MH96960	Financial services	100	100

BluOr Bank AS, as a parent company, is responsible for establishing the structure and corporate governance system of the Group with clearly defined duties and responsibilities and adequate supervision of subsidiaries. There is a Council (composed of two members of the Council) and a Board (composed of one member of the Board) established in AS Pils Pakalpojumi. The Boards of other subsidiaries of the Bank consist of one Board member or one elected director. No significant changes have occurred in the corporate governance structure and operations of the Group and its companies, compared to the previous reporting period.

Investments in associated companies (the Group):

Company	Country of incorporation, address	Line of business	Holding (%)	Holding (%)
			31.12.2025	31.12.2024
AS Termo biznesa Centrs	Kr. Valdemāra iela 149, Rīga, Latvia	Real estate development	26.15	26.15

2. BASIS OF PREPARATION

(1) Statement of Compliance

The financial statements of the Bank and the Group ("financial statements") have been prepared in accordance with IFRS Accounting standards as adopted by the European Union ("IFRS Accounting standards" or "IFRS"), and Latvijas Banka regulations in force as at 31 December 2025.

The Group's consolidated and the Bank's separate financial statements were authorized for issue by the Board on 6 March 2026. Shareholders have the power to reject the financial statements prepared and issued by the management and the right to request that new financial statements are issued.

(2) Functional and presentation currency

These consolidated and separate financial statements are presented in thousands of euros ('000 EUR), unless stated otherwise. Subsidiaries of the Group and the Bank operate in the functional currency of euro.

(3) Basis of measurement

The Group's consolidated financial statements and the Bank's separate financial statements are prepared on the historical cost basis, except for the following:

- financial instruments at fair value through profit or loss are stated at fair value;
- financial instruments at fair value through other comprehensive income (FVOCI) are valued at fair value;
- repossessed collaterals are recognised at lower of its carrying amount and fair value less cost to sell.

3. MATERIAL ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of these Group's Consolidated and the Bank's Separate Financial Statements. The accounting principles have been consistently applied in 2025 and 2024.

(1) Basis for consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are carried in the Bank's separate financial statements at cost less impairment, if any.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured by the Group at fair value when control is lost.

(iii) Interest in equity-accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for in the Group's consolidated financial statements using the equity method. The Bank ensures the appropriate adjustments are made in the associate's financial information to align the accounting policies with those used by the Group before equity method of accounting is applied. They are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI in equity-accounted investees, until the date on which significant influence ceases.

Investments in associates are carried in the Bank's separate financial statements at cost less impairment, if any.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Group's unified accounting policy

In the preparation of the consolidated financial statements, the financial statements of those Group entities that use different accounting policies are adjusted to conform with the Group's accounting policy.

(2) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Group companies at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the income statement.

The exchange rates for the most significant currencies as set by the European Central Bank at reporting date are as follows:

	31 December 2025	31 December 2024
USD	1.1750	1.0389

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EUR at exchange rates set by the European Central Bank at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates of transaction dates.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income and accumulated in the translation reserve.

(3) Financial instruments

a) Classification

Financial instruments are classified into the following categories:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL). IFRS 9 also allows entities to irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

On initial recognition, an equity instrument other than held for trading, may be irrevocably designated as FVOCI, with no subsequent reclassification of profit or losses to the income statement.

Financial liabilities carried at amortised cost represent financial liabilities of the Group and the Bank other than financial instruments designated at fair value through profit or loss. This category includes investment securities, deposits and balances due to credit institutions, customer deposits, issued debt securities and other financial liabilities.

Due from other credit institutions

Demand deposits with central banks, and placements with credit institutions are classified as financial assets measured at amortised cost, provided that the following criteria are met:

- they are held within the business model, which aim is achieved by collecting contractual cash flows ("Held to collect" business model);
- their contractual cash flows represent solely payments of principal and interest on outstanding principal;
- the Group does not designate them on initial recognition to fair value through profit or loss measurement category.

Business model assessment

The Group and the Bank made an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information that is considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Bank's and the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Solely payments of principal and interest (SPPI) assessment

Classification for debt instruments is driven by the group business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect cash flows and sells assets it may be classified as FVOCI.

Making SPPI assessment, the Group and the Bank 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 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.

b) Recognition

The Group and the Bank initially recognize loans and advances, deposits, debt securities issued and subordinated liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognized on the settlement date.

c) Measurement

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to acquisition of the financial asset or liability, in the case of a financial asset or liability other than measured at fair value through profit or loss.

Subsequent to initial recognition, all financial assets and liabilities measured at fair value through profit or loss and all financial assets measured at FVOCI are measured at fair value.

All financial liabilities other than those measured at fair value through profit or loss and financial assets other than those measured at FVTPL or FVOCI are measured at amortized cost using the effective interest rate method.

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows:

- a gain or loss on a financial asset classified as at fair value through profit or loss is recognised in profit or loss;
- a gain or loss on debt securities classified as at fair value through other comprehensive income is recognised in fair value reserve through other comprehensive income (except for impairment losses and foreign exchange gains or losses on monetary assets) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Interest in relation to debt securities classified as at fair value through other comprehensive income is recognised as earned in profit or loss (net interest income) calculated using the effective interest method.
- equity investments classified at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised including the instances where the terms change substantially or impaired.

d) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method, minus any reduction for impairment.

The effective interest rate is a method of calculating the amortized cost of a financial asset or liability, which is based on the recognition of interest income and expenses over a specific period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the management estimates cash flows considering all contractual terms of the financial instrument but does not consider future losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

e) Derecognition

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) **is derecognised** when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Bank have transferred the rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Group and the Bank either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Bank has transferred the rights to receive cash flows from an asset or has entered into a pass-through arrangement and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Bank could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's and the Bank's continuing involvement is the amount of the transferred asset that the Group and the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's and the Bank's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group and the Bank exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group and the Bank may write-off financial assets that are still subject to enforcement activity when the Group and the Bank seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – modification. The Group and the Bank sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group and the Bank assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially (if cash flows differs more than 10%) affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group and the Bank derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group and the Bank also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group and the Bank compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group and the Bank recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

When the contractual cash flows of a financial assets are substantially modified, such a modification is treated as a derecognition of the original assets and the recognition of a new financial asset, and the difference in respective carrying amounts is recognised in the income statement. In the case of financial asset modification, which does not lead to derecognition, the Group and the Bank recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or when 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, and the difference in the respective carrying amounts is recognised in the income statement.

f) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group and the Bank have a legal right to set off the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the trading activity.

(4) Identification and measurement of impairment of financial assets

Identification and measurement of impairment:

The Group and the Bank recognize an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts.

IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month expected credit losses (ECLs) or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date.

The Group and the Bank recognize loss allowances at an amount equal to lifetime ECLs (Stage 2 and Stage 3 instruments), except financial instruments for which credit risk has not increased significantly since initial recognition, for which the amount recognized will be the 12-month ECLs (Stage 1 instruments).

Accordingly, the Bank and the Group have established a policy to perform an assessment at the end of each reporting period as to whether a given asset's credit risk has increased significantly since initial recognition. When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank and the Group consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's and the Group's historical experience and forward-looking information. The Bank and the Group primarily identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date, with the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Significant assets are tested for impairment on an individual basis, while for insignificant assets a collective assessment is performed. The collective assessment is based on probabilities of default (PD) obtained from the statistical data for the different type of loans and borrowers, adjusted by several macro factors in order to include forward-looking information. For the individual assessment the Bank and the Group estimate ECLs based on a probability-weighted estimate of the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e. the difference between: the contractual cash flows that are due to the Bank and the Group under the contract, and the cash flows that they expect to receive, discounted at the effective interest rate of the loan.

The Bank and the Group have grouped their loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

- Stage 1 – Performing loans: when loans are first recognized, the Bank and the Group recognize an allowance based on twelve months expected credit losses.
- Stage 2 – Loans with a significant increase in credit risk: when a loan shows a significant increase in credit risk since initial recognition, the Bank and the Group recognize an allowance for the lifetime expected credit loss.

In addition, a significant increase in credit risk is assumed to have taken place, if an event is reported concerning the loan that indicates a significant increase in credit risk, the Bank and the Group expect to grant the borrower forbearance or when forbearance measures have already taken place, or the facility is included in the watch list, or if the borrower falls more than 30 days past due in making its contractual payments.

- Stage 3 – Impaired loans: Financial assets are recognized in Stage 3 when there is objective evidence that the loan is impaired. This category includes non-performing loans (also defaulted) and loans in the process of recovery. A loan is considered as defaulted, if it is clear that borrower will not be able to fulfil his obligations to the Bank without any additional measures like realisation of collateral, or if the borrower falls more than 90 days past due in making its contractual payments. The lifetime expected credit losses are recognized for these loans and in addition, the Bank and the Group accrue interest income on the amortised cost of the loan net of allowances.

The Bank and the Group recognize impairment for FVOCI debt securities as applicable, depending on whether they are classified as Stage 1, 2 or 3, as explained above. However, the expected credit losses will not reduce the carrying amount of these financial assets in the statements of financial position, which shall remain to be stated at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost will be recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

For financial guarantee contracts, the Bank and the Group estimate their lifetime ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that is incurred less any amounts that the guarantor expect to recover from the holder, the debtor or any other party. For other off-balance sheet loan commitments (credit lines, overdrafts) ECL is estimated similarly to on-balance sheet instruments, applying the certain conversion factor, which is calculated based on historical data of usage of such facilities.

(5) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

The methods described below have been used for the determination of fair values.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions with the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in the profit and loss statement depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

When available, the Group and Bank measure the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If a market for a financial instrument is not active, the Group and the Bank determine fair value using a valuation technique. Valuation techniques include recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group and the Bank, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, the Group and the Bank assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- Verifying that equity broker or pricing service is approved by the Group and Bank for use in pricing the relevant type of financial instrument;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement.

Fair value is classified into different levels of the fair value hierarchy based on the inputs used in the measurement techniques:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Group's Consolidated and the Bank's Separate Financial Statements

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. For further analysis of the basis for fair value refer to Note 41.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Group and the Bank has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a quoted bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the provisions of the instrument. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group and the Bank believes a third-party market participant would take them into account in pricing a transaction.

Loans

The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received. The interest rate used to discount estimated cash flows are based on the prevailing money-market interest rates curve plus an adequate credit spread.

Shares and other non-fixed income securities

The fair value of shares and other non-fixed income securities is determined by reference to their quoted bid price at the reporting date, if available. For a number of non-listed shares where disposal was limited, it was assumed that it was not possible to make a reliable estimate of fair value.

Derivatives

The fair value of currency swaps is estimated by discounting the contractual cash flows to be received and to be paid in appropriate foreign currencies for the residual maturity, and translating the difference of the discounted cash flows into euro, applying the exchange rate published by the European Central Bank. EURIBOR interest rates are used for discounting purposes.

Liabilities to other credit institutions and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand, as they are largely due on demand. The estimated fair value of overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new deposits with similar remaining maturities.

(6) Derivatives

Derivatives include foreign currency swaps and forwards. As at 31 December 2025 and 31 December 2024 all derivatives of the Group and the Bank were classified as financial instruments held for trading.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in the income statement.

Although the Group and the Bank trades in derivative instruments for risk hedging purposes, the Group and the Bank does not apply hedge accounting.

(7) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

If the use of the property has been changed, investment properties are reclassified to property and equipment.

Investment property is initially measured at cost. Subsequently investment property is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

(8) Repossessed assets

In the normal course of business the Group and the Bank occasionally take title to property and other assets that originally were pledged as security for a loan. When the Group and the Bank acquires (i.e. gains a full title to) an asset in this way, the asset's classification follows the nature of its intended use by the Group and the Bank. When the Group or the Bank is uncertain of its intentions with respect to land and buildings that it has repossessed, those properties are classified as assets classified as held for sale.

(9) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Current repair and maintenance costs are charged to the income statement as incurred. Capital repairs of property and equipment are added to property and equipment at cost, and its useful life is extended. Upon increasing the carrying amount of an item of property and equipment by expenses incurred to replace a material component, the replaced component is derecognised according to the derecognition requirements.

Items of property and equipment are derecognised when disposed or when no economic benefits are expected from the use or disposal of these items in the future. Gains or losses from derecognition of items of property and equipment are determined as the difference between the proceeds from disposal and the net carrying amount of the asset at the date of disposal, and are recognised in the income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation is calculated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Depreciation methods, useful lives and residual amounts are reviewed at each reporting date.

Land and buildings

The cost of land and buildings disclosed in the financial statements is their assumed fair value measured at the date of acquisition. Subsequent measurement is carried out on a cost basis similar to other items of property and equipment. Land is not depreciated.

Construction in progress and capital repairs of real estate properties include costs directly attributable to construction in progress, including a corresponding proportion of direct overheads incurred during the establishment of the item of property and equipment. Depreciation of such assets is calculated from the date when the assets are put into operation.

Real estate properties are depreciated over the useful life which is determined to be 50 years.

Leasehold improvements

Depreciation of leasehold improvements is calculated over the remaining period of lease. Depreciation is calculated from the date when leasehold improvements are completed and ready for use.

Useful lives of vehicle and other property and equipment

The annual depreciation percentages are as follows:

Furniture and equipment	20%
Computers	25%
Mobile phones	50%
Others	20%
Vehicle (yacht)	10%

(10) Intangible assets

Intangible assets, except goodwill, are identifiable non-monetary assets without physical substance (licenses, software that is separately identifiable from electronic devices and others) held for rendering of services or other purposes if it is expected that an economic benefit attributable to these assets will flow to the Group and the Bank.

Intangible assets are recorded at cost less accumulated amortization and amortized to the profit or loss in equal amounts over the useful life of the intangible asset. The annual amortization rate for software is 20%.

(11) Recognition of income and expenses

All significant categories of income and expenses, including interest income and expenses, are recognized on an accrual basis.

Interest income and expenses are recognized in the income statement based on the effective interest rate of the asset/liability. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group and Bank estimate future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

Interest income and expenses include discount or premium amortization or other difference between the carrying amount of an interest bearing instrument and its value on the maturity date calculated based on the effective interest rate method.

Fee and commission income and expense are recognised on an accrual basis. Loan origination fees together with the related direct costs, are deferred and amortised to interest income over the estimated life of the financial instrument using the effective interest rate method. Fee and commission income is recognised over time on a straight line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's and the Bank's performance. Such income includes fees for loan, lease or other credit enhancement contracts administration.

Net trading income comprises gains less losses related to trading financial assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

(12) Off-balance sheet items

In the ordinary course of business, the Group and the Bank has off-balance sheet financial instruments consisting of commitments to extend loans and advances, financial guarantees and commercial letters of credit. Such financial instruments are recorded in the balance sheet when they are funded or related fees are incurred or received.

The Group and the Bank measures issued financial guarantees initially at their fair value, which is normally evidenced by the amount of fees received. This fee amount is then amortised on a straight-line basis over the life of the guarantee. At each balance sheet date, the guarantees are measured at the higher of (i) the unamortized balance of the amount at initial recognition and (ii) Expected credit loss.

Documentary and commercial letters of credit represent written undertakings by the Bank and the Group on behalf of a customer authorising a third party to draw drafts on the Bank and the Group up to a stipulated amount under specific terms and conditions.

(13) Taxes

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation. Corporate income tax is included in the profit and loss statement line item "Corporate income tax for the reporting year" in the year for which it is assessed and disclosed by the components in the notes to the financial statements.

Corporate income tax for the distributed profit is calculated as 20/80 of the net amount payable to shareholders. Corporate tax on distributed profit will be recognized when the shareholders of the Company make a decision about profit distribution.

The applicable tax rate in Latvia for undistributed profits earned till 2023 was 0%. For profits earned in 2023 or later periods, corporate income tax should be calculated and paid in the amount of 20% from annual profit after tax. Any amount of corporate income tax paid on undistributed profit will subsequently reduce the amount of tax payable for distribution of profit of the particular year.

(14) Cash and cash equivalents

Cash and cash equivalents are cash on hand and amounts due from the Latvijas Banka and other credit institutions with initial maturities of up to 3 months, except liabilities towards the Latvijas Banka and other credit institutions with initial maturities of up to 3 months.

(15) Leases

the Group and Bank as a lessee

Where the Bank acts as a lessee, right-of-use (RoU) assets and lease liabilities arising from most leases are recognised on the balance sheet.

Depreciation of the RoU assets and interest expenses related to lease liabilities are recognised in the income statement. In the cash flow statement payments for the principal portion of the lease liability are presented within financing activities and payments for the interest portion are presented within operating activities. The lease liability is initially measured as the present value of lease payments that are not paid at the commencement date. Over time, the liability will increase with interest expense accruals and decrease with lease payments. Lease payments are discounted using the incremental borrowing rate. The Bank applies a single discount rate to a portfolio of leases with reasonably similar characteristics. The RoU asset is initially measured at cost i.e. the same amount as the initial measurement of the lease liability plus certain other costs, for example lease payments made at or before commencement date. The RoU asset is thereafter depreciated over the lease term.

the Group as lessor

When acting as a lessor all leases shall be classified as either an operating lease or a finance lease. Operating leases are those leases where the lessor bears the economic risks and benefits.

(16) Provisions

Provisions are recognized in the statement of financial position when the Group and the Bank have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(17) Short-term employee benefits

Short term employee benefits, including salaries and social security contributions, bonuses and vacation benefits are included in net operation expenses on an accrual bases. The Group and the Bank pay fixed security contributions to the State Social Fund on behalf of its employees during the employment period in accordance with local legal requirements and the Group and the Bank will have no obligations to pay further contributions relating to retired employees.

(18) Loans and advances to customers

Loans and advances to customers are recorded when the Group and the Bank advance money to purchase or originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Group and the Bank classify loans and advances to customers into one of the following measurement categories: (i) AC: loans that are held for collection of contractual cash flows and those cash flows represent SPPI and loans that are not voluntarily designated at FVTPL, and (ii) FVTPL: loans that do not meet the SPPI test or other criteria for AC are measured at FVTPL.

(19) Assets under management

Assets managed by the Group and the Bank on behalf of customers are not treated as assets of the Bank and the Group. The Group and the Bank assume no risk in relation to these assets.

(20) Investments in debt securities and Investments in equity securities

Investment securities includes Investments in debt securities and Investments in equity securities.

Investments in debt securities. Based on the business model and the cash flow characteristics, the Group and the Bank classifies investments in debt securities as carried at AC, FVOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Investments in debt securities are carried at FVTPL if they do not meet the criteria for AC or FVOCI. The Group and the Bank may also irrevocably designate investments in debt securities at FVTPL on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

Investments in equity securities. Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Group. Investments in equity securities are measured at FVTPL, except where the Group elects at initial recognition to irrevocably designate an equity investments at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. When the FVOCI election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversals, if any, are not measured separately from other changes in fair value. Dividends continue to be recognised in profit or loss when the Group's right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

(21) New IFRS, amendments and interpretations

Standards or interpretations effective for the first time for the annual periods beginning 1 January 2025, but these did not have a material impact on the Bank and the Group:

- **Amendments to IAS 21 Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

Standards or interpretations effective for the first time for the annual periods beginning after 1 January 2026 or not yet endorsed by the EU:

- **Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:
 - (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
- **IFRS 18 Presentation and Disclosure in Financial Statements** (effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU).
- **Annual Improvements to IFRS Accounting Standards** (effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to

delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

- **Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2026).

The management of the Group is still evaluating new standards and amendments (effective after 2025) impact on the future financial statements of the Group and the Bank. At present it is not expected that any of these will have a significant impact on the financial statements of the Group and the Bank.

4. RISK MANAGEMENT

Within the framework of the internal control system, the Group and the Bank have developed and follow the risk management strategy and policies, approved by the Council, which in line with the volumes, complexity and specifics of the Group's and the Bank's operations, define the following:

- 1) General guidelines observed by the Group and the Bank in their activities aimed at decreasing risks associated with their activities which might lead to losses;
- 2) Description of risk transactions and other risks to which the Group and the Bank are exposed;
- 3) Identification and management of the significant risks, including measurement, evaluation, control, and preparation of risk reports;
- 4) The procedure for setting limits and restrictions for risk transactions together with regular control and development;
- 5) Measures for the regular assessment of capital adequacy and maintenance of sufficient capital to cover the inherent risks and risks to which the Bank might be exposed to;
- 6) Updating of normative documents regarding the risk management process according to market changes.

The risk management strategy and policies describe and determine the aggregate of measures to ensure that the possibility of suffering losses is minimized in the event the invested resources are not repaid in due time or the Bank or the Group suffers other losses.

The Board of the Bank ensures the development of the risk management system as described by the risk management normative documents; the Board, the Investment Committee, Credit Committee, Non-financial Risk Management Committee and Client Activity Compliance Control Committee make the key decisions according to their regulations. Risk Officer is responsible for the overall control and monitoring of the risk management system. Independent risk management departments ensure risk management on a daily basis. The risk management system is monitored by the Internal Audit Service on a regular basis is being continuously developed pursuant to the development of the Group and the Bank and activities on financial markets. The Board, the Council and the Risk Committee regularly receive and review the information on risk management, implementation of the strategies and policies approved by the Council. The Risk Committee advises and supports the Council in relation to the current and future risk strategy of the Bank and the Group, including changes to it, taking into account changes in the type of activity of the Bank and the Group, and changes in external factors, and assists the Council in monitoring its implementation. Risk management is carried out at both the Group and Bank levels.

(1) Credit risk

Credit risk is the risk of incurring losses if the Group's or the Bank's counterparty or debtor fails or refuses to fulfil its obligations towards the Group or the Bank in accordance with the contractual terms.

Credit risk is managed in accordance with the Risk Management Strategy and the Credit Risk Management Policy, approved by the Council of the Bank. This policy details the basic principles of credit risk management, identification, assessment, mitigation and control.

The management of risks associated with ordinary loans involves the assessment of the potential borrower's credit standing that is performed by the Financial Analysis and Risk Management Department. Decisions on granting of loans are made by the Credit Committee or the Board, based on the above analysis and evaluation of collateral. Subsequent to granting a loan, the Financial Analysis and Risk Management Department performs a regular analysis of the borrower's financial position, which enables the Bank and the Group to take prompt action in the case of deterioration of the borrower's financial position.

Following the Russian military invasion of Ukraine on 24 February 2022, the European Union, the United States and other countries have imposed a series of financial and other sanctions against Russian and Belarusian state institutions, companies and private individuals, resulting in a sharp collapse of Russian stock, debt and currency markets.

The Bank does not have any assets, loans, or other financial investments that could be significantly affected by the above events, except for one bond, for which a 100% provision has been recognised (see Note 18). Also, the Bank does not have significant financial cooperation with financial institutions in Russia, Belarus or Ukraine. In the light of foreseeable risks, the Group and the Bank have already taken the necessary steps to mitigate the potential impact associated with the initiated hostilities on the territory of Ukraine and the sanctions imposed by the international community on Russia. Therefore, the Bank does not see significant credit risks or other losses in the context of the geopolitical situation.

Changes in residential real estate prices and transaction volumes are not significant, and the market is considered relatively stable. However, in the new-build segment, apartment prices in Riga neighbourhoods have even increased from approximately EUR 2,500 per m² at the beginning of 2024 to around EUR 2,800 per m² in the fourth quarter of 2025. Taking into account the stabilisation trend of Euribor rates (the 6-month Euribor has declined from its peak of 4.14% to 2.16% and remains stable), market participants continue to maintain a positive outlook for the coming quarters. The Bank remains cautious and continues to closely monitor both market developments and the financial situation of the Bank's borrowers.

While rental rates remain fairly stable, the commercial real estate market in previous periods was primarily influenced by Euribor rates, the increase of which led to a deterioration in borrowers' DSCR indicators. In 2025, Euribor rates continued to decline. The industry participant confidence index in Latvia (CBRE research) has remained almost unchanged on a year-on-year basis.

As at the end of 2025, no significant increase in credit risk was identified among the Bank's loan customers. In accordance with the Borrower Credit Risk Assessment Methodology, the Bank continues to monitor the performance of loans in order to identify at an early stage any potential signs of deterioration in borrowers' financial condition; however, the overall quality of the loan portfolio is considered satisfactory. It should be noted that, as at 31 December 2025, the concentration of any single industry in the Bank's loan portfolio did not exceed 20%, and the majority of borrowers (by exposure size) are assessed on an individual basis.

Credit risk that is related to inter-bank operations (or operations with financial institutions), including the credit risk related to inter-bank settlements and the Bank's investments in debt securities, is controlled by the Bank's Investment Committee that sets limits for transactions with each counterparty and issuer.

The Bank and the Group monitor the concentration of significant assets, liabilities, as well as contingent liabilities and commitments' credit risk by geographical regions, customer groups and types (i.e., central governments, local authorities, state enterprises, private enterprises, private individuals, etc.) and industries.

Impairment policies

An important part of the credit risk management is the estimation of provisions under IFRS9, which mostly is based on the assessment of credit risk of financial instruments. As a result of the assessment, all assets are divided into stages according to the level of credit risk and changes thereof.

The Bank and the Group recognize an allowance for expected credit losses on all loans and other debt financial assets, except for financial assets measured at fair value through profit or loss (FVTPL), along with loan commitments and financial guarantee contracts.

The Bank's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered in accounting judgements and estimates include:

- the criteria for assessing the significance of an increase in credit risk and the criteria for granting the Stage 1, Stage 2 or Stage 3 loans that meet the requirements of IFRS9;
- assessing the accounting interpretations and modelling assumptions used to build the ECL calculation models, including various formulas and choice of inputs;
- modelling and calculation of key parameters of ECL model, including probability of default (PD), loss given default (LGD) and exposure at default (EAD);
- determining the macro-economic indicators and incorporating forward-looking information into the ECL model, as described below;
- estimating the above-mentioned indicators for individually assessed loans for a credible future period and calculation of ECL based on cash flow.

In order to estimate ECL for debt securities, inter-bank deposits, letters of credit and financing against securities portfolio, the statistics of historical defaults and recovery rates by Moody's is used. Historical PD data is accordingly applied to the external credit ratings of instruments or issuers. If an instrument does not have an external rating, it is conservatively assumed to apply historical data corresponding to a B- rating. For instruments with prime grades, where historical PD is equal to 0%, it is assumed to take PD=0.005%. According to this scenario, PD ranges from 0.005% for prime grade instruments to 6.93% for instruments with the lowest ratings. Significant increase in credit risk for such instruments is recognized, for example, if the instrument is downgraded and PD corresponding to the new rating increases by at least 100bp or if the issuer of the security proposed to revise the prospectus of the asset issue.

The approach for ECL calculations for a loan portfolio is based on both a collective and individual assessment. Loans not classified as Stage 3 assets are assessed individually if they meet at least one of the following criteria:

- The balance of the principal amount of loans granted to one customer or a group of related customers is not less than 3 million EUR;
- The balance of the principal amount of loans issued to one customer or a group of related customers exceeds 500 thousand EUR and the total risk rating set in accordance with the "Methodology for assessing the credit risk of borrowers" is 4 or lower;
- The risk profile of a customer (a group of related customers) is quite different from the groups for which impairments are calculated collectively.

The calculation of collective impairments is carried out by applying a statistical model based on historical data of the Bank's credit portfolio for the calculation of PD rates. The Bank calculates PD rates using the Weibull approach, which is widely used in credit institutions of various sizes, both in the domestic and foreign markets. The Weibull approach is particularly well suited for calculating PD rates for portfolios with a low number of historically observed defaults.

The Weibull approach is a PD calculation method that is often used in the industry when other methods based on a larger volume of historical data cannot be applied. For example, if the homogeneous Markov chain approach is not applicable due to insufficient historical data or few default events, the Weibull approach can be applied. With the Weibull approach, historically observed defaults are adjusted (interpolated) to the function curve, resulting in PD rates with relatively small amounts of data.

To calculate PD in accordance with this approach, historical transaction data on the number of new and unique defaults are collected, aggregating the data into homogeneous groups.

For calculations of ECL at 31 December 2025 these parameters were as follows:

Indicator	Scenario	Weight	1Y	2Y	3Y
Inflation rate, %	Baseline	60%	3.4	2.1	2.8
	Optimistic	15%	3.4	2.1	2.8
	Pessimistic	25%	3.4	2.4	2.8
Unemployment rate, %	Baseline	60%	6.9	6.7	6.5
	Optimistic	15%	6.9	6.7	6.5
	Pessimistic	25%	7.2	7	6.8

For calculations of ECL at 31 December 2024 these parameters were as follows:

Indicator	Scenario	Weight	1Y	2Y	3Y
Inflation rate, %	Baseline	60%	1.3	1.5	1.6
	Optimistic	15%	1.3	2.1	1.8
	Pessimistic	25%	1.3	2.0	2.1
Unemployment rate, %	Baseline	60%	7.1	6.7	6.5
	Optimistic	15%	7.1	7.8	6.1
	Pessimistic	25%	7.1	7.1	7.0

Dividing the number of defaults by the total number of transactions in the relevant period, the default rate (DR) and its cumulative values are calculated.

With the Weibull function, historical default data is replicated for each future period and PD cumulative rates are calculated based on the interpolated Weibull curve. The Bank's loan portfolio is divided into five homogeneous groups based on historical default rates by performing various statistical tests.

PD rates are calculated for each homogeneous group separately, based on the historical data of the Bank's credit portfolio at the end of each month for at least 36 months, covering data on the Stage classification of each transaction and covering data on exposures assessed both individually and in homogeneous groups and on the number of observed defaults of exposures. If the data does not reflect current market conditions or if historical data is available for a shorter historical period, data for a shorter period of time is used, which is representative of exposures as of the date of ECL calculation.

The Bank models the exposure at default (EAD) every time ECL is calculated based on the payment schedule specified in the agreement and the use of unused credit limits (off-balance sheet obligations).

Loss given default (LGD) is determined at the level of the type of asset pledged in the portfolio by applying historical statistical data on the results of recovery processes.

To adjust the ECL with macroeconomic forecasts, the Bank performs statistical calculations that take into account historical correlations between macroeconomic indicators and the observed probability of default, and, based on forecasts of macroeconomic indicators, determines the applicable adjustments for future PD rates. As the most relevant forward looking indicators were identified the changes in unemployment rate and inflation rate.

For the calculations of ECL and forward looking adjustments of PD rates for the next 3 years, the base scenario, one pessimistic scenario and one optimistic scenario are used. The scenarios were developed based on macroeconomic forecasts published by the Latvijas Banka and Latvia's Stability Program for 2024-2028.

PD and LGD rates are adjusted taking into account the weighted value of all scenarios, using the probability distribution of scenarios as weights.

For ECL calculation, the Bank applies the PD*EAD*LGD approach. Under this approach, the PD, EAD and LGD parameters are modelled separately and applied to each exposure on a monthly cash-flow basis in order to determine the projected ECL amounts over the remaining lifetime of the loan up to its final maturity.

By applying the individual calculation approach, the Bank calculates the ECL over the loan's term as the difference between the future cash flows the Bank is entitled to under the loan agreement (the gross carrying amount) and the future cash flows it expects to receive from the loan (the recoverable amount), incorporating the probability of various scenarios occurring.

For Stage 1 and Stage 2 loans, in cases where the future expected cash flows from core operations are significant and can be reliably estimated, the Bank applies the going concern principle in the base scenario.

Applying the going concern principle, the recoverable amount of the loan is calculated in accordance with the Latvijas Banka Regulation No. 265, "Credit Risk Management Regulations", using one of the following methods:

- Detailed cash flow analysis;
- Steady state approach;
- Two step cash flow approach.

For Stage 1 and Stage 2 loans in the negative scenario, and for Stage 3 loans in the base scenario, the gone concern principle is applied, which assumes that the borrower's future cash flow from the principal activity is either not predictable or insufficient to meet most of the credit obligations and the collateral will be realised or taken over.

The future cash flows from each pledged property are calculated on an individual basis. The Bank considers multiple sub-scenarios for the sale of the collateral and applies the expected solution to each pledged property, i.e., the collateral will be sold.

For Stage 3 loans, the Bank assumes that the debtor will not fulfil obligations in accordance with the repayment schedule specified in the loan agreement, and the future cash flow could result from the sale of the collateral, minus the related expenses, discounted by applying the effective interest rate or its estimate based on the interest rate applicable to the loan at the time of analysis, as well as on commissions for granting and servicing the corresponding loan.

For Stage 1 and Stage 2 loans in the negative scenario, the probability of occurrence is determined based on the PD rate for a comparable sub-portfolio evaluated in homogeneous groups. If the relevant loan has a sufficiently different risk profile from the established homogeneous groups, the PD rates are applied based on expert assumptions, with the rationale provided and documented in the calculation file. If the calculation includes multiple contracts, the total PD is calculated as the weighted average based on the exposure of each contract.

To calculate the resulting provision ratio, the provision amount calculated in each scenario is multiplied by the probability applicable to that scenario, and the results for all scenarios are summed.

For Stage 1 and Stage 2 loans in the negative scenario, and Stage 3 loans in the base scenario, it is assumed that cash flows are only generated as a result of collateral sale. In this case, sub-scenarios may be applied, providing for different collateral sale timelines and haircuts. The provision calculation assumes that if the recoverable amount is greater than the loan balance, a 0.5% loss ratio is applied, assuming that the sale of the collateral may not occur as a result of unlikely events.

Impairments for different financial instruments are recognized based on calculated ECL coefficients and these coefficients change dynamically depending on the outstanding amount for each instrument.

(2) Currency risk

Foreign exchange risk is the risk of potential loss as a result of the revaluation of loans, liabilities, as well as contingent liabilities and commitments denominated in foreign currencies due to change in exchange rates.

The Bank and the Group continuously monitor open positions of foreign currencies and regularly assesses the structure of loans and liabilities by currency.

The analysis of sensitivity of the Bank's net profit or loss for the year and comprehensive income to changes in foreign currency exchange rates, based on the positions as of 31 December 2025 and 31 December 2024, and a simplified scenario of a 5% change in the USD to EUR exchange rates is as follows:

EUR'000	2025		2024	
	Profit or loss	Shareholders' equity	Profit or loss	Shareholders' equity
5% appreciation of USD against EUR	(14)	(14)	(639)	(639)
5% depreciation of USD against EUR	14	14	639	639

An analysis of the foreign currency position is presented in Note 37.

(3) Interest rate risk

Interest rate risk is related to potential losses incurred by the Group and the Bank due to movements in interest rates.

For controlling the interest rate risk, the Investment Committee performs regular analyses of assets and liabilities by maturity and type of interest. A change of interest rates by 100 basis points would result in the following changes in profit or loss and capital and reserves:

	2025 EUR'000	2024 EUR'000
EUR	590	894
USD	100	58

The interest reprising analysis is disclosed in Note 38.

(4) Debt securities price risk

Debt securities price risk is the potential loss that may arise to the debt securities included in the trading portfolio due to the decline in market prices as a result of changes in market factors.

The debt securities price risk is managed by the Bank by setting limits on the total amount of the trading portfolio, as well as purchasing debt securities with relatively short maturities that are less sensitive to price risk.

EUR'000	2025		2024	
	Profit or loss	OCI	Profit or loss	OCI
10% increase in securities prices	-	1 032	-	1 431
10% decrease in securities prices	-	(1 032)	-	(1 431)

(5) Liquidity risk

Liquidity risk is the risk of potential loss as a result of sales of assets or acquisition of resources at unfavourable prices in order for the Group and the Bank to fulfil its liabilities to creditors and depositors.

The Bank focuses on a conservative approach to liquidity management. By placing funds raised (through deposits) in loans, the Bank provides such a credit structure as to be able to ensure its operations (execution of customer payments) and compliance with regulatory requirements concerning the liquidity ratio even in case of a significant outflow of customer deposits or a significant decrease in liquidity on the securities market.

The Bank's liquidity risk management procedure is defined in the Liquidity Management Policy and consists of several components: liquidity risk indicator system, balance sheet planning, stress testing, and limits on investments in loans with limited liquidity.

The purpose of liquidity risk indicators is to reflect the actual level of the Bank's liquidity risk and quickly identify any increase in liquidity risk. The Bank's Liquidity Risk Management Policy determines specific actions to improve the Bank's liquidity position when liquidity risk indicators reach certain levels.

Liquidity risk stress testing is aimed at measuring the deficit or surplus of the Bank's liquid loans that may occur due to significant outflows of customer deposits or a significant decrease in liquidity on the securities market. Based on the results of stress testing, the Bank's Investment Committee sets limits on investments in loans with limited liquidity.

Liquidity Coverage Ratio (LCR) at the end date of the reporting period was as follows:

	2025	2024
As at December 31	145.34%	156.28%

Liquidity analysis is presented in Note 35.

(6) Country risk

Country risk is the risk of potential losses arising from transactions with residents of foreign countries (or their securities) due to changes in the economic, political, and legal environment of the respective countries.

Before entering into transactions with residents of foreign countries, the Group and the Bank perform an assessment of the influence of economic, social, political and legal circumstances on the residents' ability to fulfil their obligations.

The Group and the Bank, pursuant to the State risk management policy, set the limits for placing loans in a particular country.

(7) Operational risk

Operational risk is the risk of losses arising from inadequate or failed internal processes, people and systems, or from external events, and includes, inter alia, legal risk, model risk, or information and communication technology (ICT) risk, but excludes strategic and reputational risk.

The principles of the operational risk management at the Group and the Bank are established in the internal regulations of the Bank, by setting:

- Organizational structure, division of powers and the principles of delegation, functional duties, procedure for the exchange of information among the structural units and employees;
- Rules, regulations and procedures for operations and other transactions, the accounting procedure and the organisation of internal processes;
- Control over the compliance with the limits set for bank operations and other transactions;
- Rules, regulations and procedures for the functioning of information systems (technical, informational, etc.);
- Procedure for granting rights of access to information and material assets;
- Procedure for preparing and issuing reports and other information;
- Procedure for motivating employees, and other matters.

To ensure efficient conditions for the identification and assessment of the operational risk at the Group and the Bank, the Bank has established the Operational Risk Management Department, responsible for personnel training on the matters of operational risk. The Operational Risk Management Department has an operational event database in place, which ensures receiving information about operational risk events, thus enabling proper recording, management and addressing of risks.

A systemic approach is applied in the identification and management of risks characteristic to new financial services and products as part of the approval process of the new services and products. This process involves all the structural units providing control and support functions together with structural units of the relevant business lines in order to ensure the assessment of the new financial services or products.

The Bank's Business Continuity Plan (BCP) includes actions and measures to be taken in various crisis situations and related operational risks, including possible events related to disruption of IT and support services, unavailability of critical resources or suppliers. Having assessed the Bank's BCP and operational risks that may arise as a result of the development of the geopolitical situation, we have concluded that the BCP includes the main risks of a possible crisis of the geopolitical situation. The Bank has its own Client Service Centre, which also provides the Bank's clients with cash and settlement operations, as well as, if necessary, the Bank can quickly increase the volumes of on-site customer service. The Bank and the Group has assessed and tested the existing ICT infrastructure capacity and defence capacity, especially taking into account the potential of cyber-attacks and concluded that the ICT infrastructure capabilities are sufficient to repel the most likely cyber-attacks with acceptable impact. The general testing of the BCP is provided on a regular basis, and within its framework the Bank ensures the provision of critical operational functions.

The Group and the Bank have also developed Action plans for various crisis situations. The Group and the Bank have set up an independent structural unit – Internal Audit Service (IAS), the main functions of which also include evaluation of the activities of the Group and the Bank in accordance with the applicable laws and regulations, approved plans, policies and other internal documents of the Bank, and compliance with the internal control procedures of the Group and the Bank's structural units.

(8) Money laundering and terrorism and proliferation financing and sanctions risk management

The existing operating model of the Group and the Bank is based on the objective of providing high-quality financial services to clients while ensuring an effective internal control system, thereby mitigating the risk of the Bank becoming involved in money laundering, terrorist financing, and proliferation financing (hereinafter – ML/TF/PF) or in the circumvention of international, OFAC, or national sanctions. The Group and the Bank regularly enhance the internal control system with the aim of ensuring high compliance standards in the areas of ML/TF/PF and sanctions risk management, in accordance with the requirements set out in the laws and regulations of the Republic of Latvia, as well as international guidelines and recommendations of good practice.

The Bank has approved the “Strategy for Managing the Risk of Money Laundering, Financing of Terrorism and Proliferation, and the Sanctions Risk”, the “Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing Policy”, and the “Sanctions Risk Management Policy”. These documents define the fundamental principles for the establishment of the Bank’s internal control system for ML/TF/PF and sanctions risk management, the allocation of responsibilities, as well as the general requirements and approach to customer due diligence and ongoing monitoring of customer activities.

The “Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing Policy” establishes fundamental principles at least in the following areas:

- Customer due diligence prior to the establishment of a business relationship and throughout the duration of the business relationship, including client identification, determination of the beneficial owner, and transaction monitoring, in accordance with a risk-based approach;
- Assessment, identification and effective management of the customer’s ML/TF/PF and sanctions risk, including the determination of risk-mitigation measures;
- Regular updating of client files;
- Monitoring of clients’ online transactions;
- Identification of suspicious transactions in the areas of ML/TF/PF and sanctions, and timely reporting thereof to the Financial Intelligence Unit of the Republic of Latvia;
- Termination of business relationship with clients whose activities involve disproportionate or difficult-to-manage ML/TF/PF or sanctions risks.

The Bank’s Strategy for Managing the ML/TF/PF and Sanctions Risk sets out the fundamental principles for the prevention of ML/TF/PF and the management of sanctions risk, the establishment of the internal control system, as well as measures for risk identification and the related risk-mitigation and control mechanisms. The Strategy defines ML/TF/PF risk exposure indicators and maximum permissible thresholds in order to effectively identify, understand, and monitor the inherent and client-activity-related ML/TF/PF and sanctions risks, ensuring that the Bank assumes only those risks that it is capable of managing effectively.

The Strategy for Managing the ML/TF/PF and Sanctions Risk, the AML/CFT/CPF Policy, and the Sanctions Risk Management Policy establish requirements for organisational structure elements that are based on the three lines of defence and control principles:

- Tier 1 control — employees of the Bank’s business units responsible for client acquisition and servicing, ensuring compliance with the Know Your Customer (KYC) and Know Your Customer’s Customer (KYCC) principles both at the establishment of a business relationship and throughout the duration of the business relationship. Each employee of the Bank’s business units is responsible for understanding and complying with ML/TF/PF and sanctions risk requirements in client interactions, as well as for promoting and adhering to a professional internal culture in accordance with the Corporate Ethics Standards Code.
- Tier 2 control — customer due diligence prior to the establishment of a business relationship and during the business relationship, as well as monitoring of clients’ online transactions, ensuring independent customer due diligence, analysis of client transactions, issuance of opinions on planned client transactions, and identification and reporting of suspicious transactions to the Financial Intelligence Unit of the Republic of Latvia. Tier 2 control also includes risk management staff and heads of structural units responsible for supervision.
- Tier 3 control — ensured by the Internal Audit Service, which performs independent and regular assessments of ML/TF/PF and sanctions risk management framework and internal controls, including their effectiveness.

The Bank has appointed a Board member in charge of the ML/TF/PF and sanctions risk management, as well as has approved employees responsible for meeting the requirements for ML/TF/PF and sanctions risk management.

The Bank has established a Client Activity Compliance Control Committee whose competence and responsibility include decision-making on the establishment or continuation of business relationships with specific categories of clients and/or on transactions associated with elevated or high ML/TF/PF and sanctions risk. The Client Activity Compliance Control Committee ensures the effective functioning of the internal control system and decides on the implementation and ongoing enhancement of risk management measures.

Overall, the Bank's internal control system in the area of ML/TF/PF and sanctions risk management is based on a clearly defined allocation of duties and responsibilities among structural units and employees, establishing decision-making procedures as well as specific responsibilities for the monitoring, understanding, and due diligence of client activities.

(9) Compliance risk management

Compliance risk is a risk that the Group or the Bank may incur losses or may be subject to legal obligations or sanctions, or its reputation may be damaged because the Group or the Bank fails to comply with or violates compliance requirements.

The Bank has introduced the compliance control system, which is based on the principle that the function of compliance control in the Bank is provided by an organisationally separated unit – the Compliance Control Department. For the purposes of ensuring the effective performance of the compliance control function, the Bank has appointed designated compliance experts – employees of the Bank's structural units, experts in the field concerned.

The Bank has appointed a personal data protection officer in charge of organising, controlling and supervising the compliance of personal data processing at the Bank with the requirements of the regulatory enactments of the European Union and the Republic of Latvia. The main goal of the compliance control function is to ensure the identification, assessment and management of the compliance risk. The purpose of the compliance control function is to ensure the identification, documentation, and assessment of the compliance risk, by ensuring that prior to the initiation of any new activity, the compliance risk associated with the respective activity is identified, and assessing whether the Bank will comply with the compliance requirements when performing this activity.

Operational compliance describes the Bank's ability to operate in accordance with binding compliance requirements, which can further be subdivided in 2 levels:

- Compliance with external requirements in general (requirements integrated in the internal regulatory documents and processes);
- Appropriate internal control system capable of ensuring continued compliance with the relevant requirements.

The Group and the Bank have introduced an internal whistleblowing system providing for reporting on deficiencies and other violations of the internal control system and ensuring the protection guarantees for whistleblowers pursuant to the Whistleblowing Law.

Within the framework of corporate governance, the process of identifying and managing conflict of interest situations, as well as preventing corruption, is constantly being improved, the approach to obtaining information about situations that may cause conflicts of interest or corruption cases for the Bank is systematized.

The system for reporting and providing information to internal and external information requests is continuously reviewed and updated.

Unified principles and terms for receiving outsourcing services have been established, including the conditions for outsourcing providers, control over the execution of the outsourcing agreement and supervision of outsourcing providers, as well as the procedures by which the Bank manages and minimizes the risks associated with outsourcing.

(10) Sustainability, ESG risk

The Group and the Bank define ESG (Environmental, Social, and Governance) risk as the risk arising from any negative impact on the Group's or the Bank's finances or reputation, resulting from the current or anticipated impact of ESG factors on the Group or the Bank, or on the Group's or the Bank's business partners, invested assets, or the Group's or the Bank's negative impact on ESG factors. ESG risks can manifest in traditional financial and non-financial risk types, such as credit risk, market risk, operational risk, reputational risk, liquidity risk, and related funding risks.

ESG factors can impact the Bank's and the Group's operations in the short, medium, and long term, specifically affecting the value of the loan portfolio, investment portfolios, and other assets of the Bank and of the commercial companies of the Group.

ESG risk management is based on the assessment of ESG factors while managing other types of risks inherent to the Bank and the Group, such as credit risk, market risks, operational risk, reputational risk, liquidity risk, and funding risk. ESG risk includes both environmental and climate physical risk, transition risk, social and governance risks.

The Bank has identified the following key principles in assessing and managing the impact of ESG factors in its daily activities:

- Setting short-term, medium-term, and long-term ESG goals in the Bank's strategy, while simultaneously determining the risk appetite and the level of risk tolerance;
- Incorporating the assessment of ESG factors into the credit risk evaluation process, by assessing the risks associated with the credit project and considering them when making a decision on granting a loan;
- Creating portfolios of financial instruments – evaluating publicly available information on the issuer's ESG rating upon making a decision to include a new financial instrument in the Bank's investment portfolio;
- Creating an overall ESG risk management mechanism within the Bank, i.e., identifying and assessing risks, determining employee responsibilities, improving regulatory documents, providing employee information and training, and regular reporting to the Board and Council on the progress of achieving the goals set in the Bank's strategy;
- Disclosing information and reporting on ESG risks in accordance with regulatory requirements.

(11) Capital management

The Bank's Capital Adequacy Management Policy requires maintenance of a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business as well as to ensure the Bank's capital at an adequate level for covering the inherent and potential risks arising from its current and future operations.

As at 31 December 2025, the Bank's capital adequacy ratio was 18.86% (2024:18.46 %) which corresponds to the requirements set in the Basel Capital Accord and the regulations of the Latvijas Banka. Under the capital requirements introduced by Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Latvijas Banka, banks need to maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. Although the minimum required level as at 31 December 2025 was 8%, according to a special request by the Latvijas Banka the Bank was required to ensure a higher capital adequacy of 11.9% during the period from 1 January 2025 (additional capital requirement - 1.9% and capital reserve requirement - 1%). In addition to the above capital requirement for the overall risk coverage, the Bank is required to maintain compliance with the total capital reserve requirement calculated in accordance with Section 35²², 35²³, 35²⁴ or 35²⁵ of the Credit Institution Law -3.37% (Capital conservation buffer – 2.50%, institution-specific countercyclical capital buffer – 0.87%). The requirements of the total capital reserve should be met using Tier 1 capital.

As at 31 December 2025 and 31 December 2024, the Group and the Bank were in compliance with the capital adequacy and the minimum capital requirements set out in the Credit Institutions Law and the LB regulations, as well as in compliance with the highest indicator set by LB. The capital adequacy calculation is included in Note 40.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS as adopted by EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, the actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period, in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group's and the Bank's management makes significant estimates and judgements in respect of expected credit losses on loans and receivables (see note "Risk management – Credit risk").

As at 31 December 2025, the Bank is a defendant in a litigation case in Lithuania related to transactions with a former client. Management applies significant judgement in assessing the probability of an outflow of economic benefits and in determining whether a provision should be recognised. Based on management's assessment, supported by internal and external legal opinions, no provision has been recognised, as an outflow of economic benefits is not considered probable.

The ultimate outcome of the litigation is subject to uncertainty and depends on future court decisions. Further information on this matter is disclosed in Note 32 – Litigation.

6. NET INTEREST INCOME

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income				
Interest income from financial assets at amortized cost (loans):	46 257	45 500	49 875	48 754
<i>Deposits with credit institutions</i>	9 034	9 034	13 935	13 935
<i>Loans and receivables</i>	37 223	36 466	35 940	34 819
<i>including interest income on impaired loans</i>	288	288	470	470
Interest income from financial assets measured at fair value through other comprehensive income	473	473	447	447
Interest income from financial assets measured at amortised cost (fixed income securities)	889	889	1 158	1 158
Other interest income	104	104	180	180
Total interest income	47 723	46 966	51 660	50 539
Interest expense				
Interest expense from liabilities measured at amortized cost:	14 735	14 795	18 615	18 668
<i>Deposits</i>	14 735	14 795	18 615	18 668
Interest expense on issued bonds	3 446	3 446	1 773	1 773
Payments to the Deposit Guarantee Fund and other funds	1 255	1 255	1 299	1 299
Other interest expense	1 052	1 332	755	1 052
Total interest expense	20 488	20 828	22 442	22 792
Net interest income	27 235	26 138	29 218	27 747

7. NET FEE AND COMMISSION INCOME

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Fee and commission income				
Money transfers	1 417	1 417	1 150	1 151
Commissions on loans monitoring and service	1 365	1 365	833	833
Securities transactions	1 466	1 466	1 500	1 500
Assets management	2 724	2 724	1 538	1 538
Client service	8 407	8 407	9 134	9 134
Payment card service	3 070	3 070	2 214	2 214
Total fee and commission income	18 449	18 449	16 369	16 370
Fee and commission expense				
Money transfers	131	131	78	77
Payment card service	2 247	2 247	1 618	1 618
Securities transactions	451	451	535	535
Other commission expense	21	21	4	4
Total fee and commission expenses	2 850	2 850	2 235	2 234
Net fee and commission income	15 599	15 599	14 134	14 136

Fee and commission income and expense is accounted according to the point in time principles. The Group and the Bank did not have any agreements with multiple performance obligations.

8. NET (LOSS) / PROFIT FROM TRADING AND REVALUATION OF FINANCIAL INSTRUMENTS

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Net (loss) / profit from trading with financial assets at fair value through profit or loss	130	130	(281)	(281)
Net profit from revaluation of financial assets and liabilities at fair value through profit or loss	71	71	129	129
Net (loss) / profit from trading and revaluation of financial instruments	201	201	(152)	(152)

9. NET FOREIGN EXCHANGE TRADING AND REVALUATION INCOME

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Net profit from foreign exchange transactions	2 449	2 449	783	783
Net (loss) from revaluation of foreign exchange	(110)	(110)	(109)	(109)
Net foreign exchange income	2 339	2 339	674	674

10. OTHER OPERATING INCOME

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Income from the sale of non-current assets classified as held for sale	-	-	1 250	1 250
Fines received	224	224	208	208
Dividends received	19	19	15	15
Rental income from POS terminals	80	80	72	72
Rental income from safe boxes	64	64	51	51
Rental income from non-current assets classified as held for sale	-	-	462	462
Income from insurance companies (bank as agent)	98	98	109	109
Other	504	526	1 655	1 598
Total other operating income	989	1 011	2 572	2 515

11. ADMINISTRATIVE EXPENSES

		2025		2024	
		Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Salaries to the members of the Board and Council		1 498	1 498	1 368	1 368
Staff remuneration		11 636	11 480	10 107	9 896
Compulsory state social security contributions (Board and Council)		340	340	315	315
Compulsory state social security contributions (staff)		2 736	2 700	2 265	2 215
Other staff costs		53	51	65	63
Communications and transport		272	264	262	255
Professional services		1 358	1 329	1 037	803
Public utilities and maintenance		861	831	732	666
Depreciation costs	21	1 163	968	1 162	967
Amortization costs	22	74	74	139	139
Computer network		474	474	420	420
Advertisement and marketing expenses		210	210	265	265
Other taxes		685	487	823	631
Insurance		141	136	126	122
Audit fee		183	183	162	162
Other		287	280	276	271
Total administrative expenses		21 971	21 305	19 524	18 558

The average number of employees in the Group in 2025 was 263 (2024 – 241) and in the Bank was 258 (2024 – 236).

The line-item "Staff remuneration" includes also share-based compensation to employees. Share-based compensation is allotted in the form of so-called performance rights and accrued over the duration of each program. In 2025, the total amount of expenses related to share-based compensation was 93 thousand EUR. In 2024 performance rights were not granted. Delivery of shares is conditional on continued employment.

The reported cost of each programme can change during the period until the delivery date if the performance amount changes or because the performance rights are forfeited.

In 2025, performance rights to members of the Council and the Board members were not granted.

Salaries to the members of the Board and Council comprise only short-term employee benefits, no other benefits were awarded to key management personnel during 2024 and 2025.

In 2025, the remuneration of the sworn auditor was 183 thousand EUR, including 169 thousand EUR for the audit of financial statements (consolidated financial statements), 7 thousand EUR for the certification task related to the conclusion whether the Bank has complied with the requirements of the Financial Instruments Market Law with respect to its obligations regarding the separation of financial instruments, the separate holding of financial instruments and funds of clients, and 7 thousand EUR for the certification task related to the conclusion whether the Bank has complied with the requirements of the Deposit Guarantee Law in preparing its report on covered deposits and payments to the Deposit Guarantee Fund.

In 2024, the remuneration of the sworn auditor was 161.8 thousand EUR, including 149.8 thousand EUR for the audit of financial statements (consolidated financial statements), 6 thousand EUR for the certification task related to the conclusion whether the Bank has complied with the requirements of the Financial Instruments Market Law with respect to its obligations regarding the separation of financial instruments, the separate holding of financial instruments and funds of clients, and 6 thousand EUR for the certification task related to the conclusion whether the Bank has complied with the requirements of the Deposit Guarantee Law in preparing its report on covered deposits and payments to the Deposit Guarantee Fund.

12. OTHER OPERATING EXPENSES

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Membership fees	429	429	380	380
Royalties for the use of a trademark	-	-	1 162	1 162
Other	267	272	474	482
Total other operating expenses	696	701	2 016	2 024

In 2024, as part of its operating activities the Bank made payments of EUR 1 162 thousand for the use of the registered trademark BluOr to the owner of this trademark (licensor). In 2025, the Bank acquired the 'BluOr' trademark from its prior owner. 2024 was the last year when the Bank made payments for the use of the licensed 'BluOr' trademark.

13. CORPORATE INCOME TAX

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Profit before taxation	23 380	22 597	22 008	22 393
Corporate income tax for additional payment for credit institutions	(4 518)	(4 518)	(4 462)	(4 462)
Corporate income tax for the conditionally distributed profit	(14)	(8)	(81)	(81)
Total corporate income tax	(4 532)	(4 526)	(4 543)	(4 543)
Effective tax rate	19%	20%	21%	20%

Income tax liabilities

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Corporate income tax for additional payment for credit institutions	(4 518)	(4 518)	(4 462)	(4 462)
Corporate income tax for the conditionally distributed profit	9	9	7	7
Total income tax liabilities	(4 509)	(4 509)	(4 455)	(4 455)

From 1 January 2024, a change in corporate income tax (CIT) legislation was adopted in Latvia stipulating an advance CIT payable at 20% rate on profit after tax. The CIT advance is applicable to banks and leasing entities. Advance corporate income tax paid is eligible to fully offset dividend distribution tax with no expiry date.

In 2025, a solidarity contribution was introduced for credit institutions for a three year period. The law provides a rebate mechanism of up to 100%, conditional on achieving a required lending growth rate. During the reporting year, the Bank qualified for a 100% rebate.

14. CASH AND DEMAND DEPOSITS WITH CENTRAL BANK

	31.12.2025.		31.12.2024.	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Cash	542	542	391	391
Balance with the Latvijas Banka (including the minimum reserve deposit)	397 842	397 842	409 154	409 154
Total	398 384	398 384	409 545	409 545

According to the regulations of the Latvijas Banka the total amount of funds on the account with the Central Bank should not be less than the amount of the obligatory reserves calculated from the average amount of customer deposits during the month. The obligatory reserve as at 31 December 2025 was EUR 9 829 thousand (2024: EUR 8 415 thousand).

Cash and balances with the Latvijas Banka are available on demand, thus, taking into account very low probabilities of default of these balances, expected credit loss is immaterial.

15. LOANS AND RECEIVABLES FROM CREDIT INSTITUTIONS

	31.12.2025		31.12.2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Demand deposits with credit institutions				
Credit institutions registered in OECD countries	8 748	8 744	5 029	4 921
Credit institutions of other countries	3 548	3 548	2 701	2 701
Total demand deposits with credit institutions	12 296	12 292	7 730	7 622

The Group and the Bank did not have significant exposures on the credit institutions in Russia or Ukraine.

Deposits with credit institutions 2025

Group, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Net	12 296	-	-	12 296

Deposits with credit institutions 2025

Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Net	12 292	-	-	12 292

Deposits with credit institutions 2024

Group, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Net	7 730	-	-	7 730

Deposits with credit institutions 2024

Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Net	7 622	-	-	7 622

The Bank's demand deposits with credit institutions based on rating agency ratings are as follows:

	31.12.2025 EUR'000	31.12.2024 EUR'000
Rated from AAA to A-	6 248	3 819
Rated from BB+ to BB-	2 809	8
Rated below BB-	-	718
Not rated	3 235	3 077
Total deposits with credit institutions	12 292	7 622

The Bank has established its own methodologies for assessment of creditworthiness for credit institutions with no external rating assigned. The Bank maintains a system of limits, where maximum exposure limits are assigned for each counterparty based on the external rating assigned by a rating agency or internal individual credit risk assessment performed by the Bank.

As at 31 December 2025, the Bank had correspondent accounts with 14 banks (2024: 15). The largest account balances exceeding 10% of total deposits with credit institutions were with EUROCLEAR BANK – 3 273 thousand EUR (2024 – 2 200 thousand EUR).

16. INVESTMENT SECURITIES

Investment securities

	31.12.2025		31.12.2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Non- fixed income securities				
SWIFT	28	28	23	23
VISA INC	540	540	543	543
Non- fixed income securities	568	568	566	566
Fixed income securities				
At fair value through other comprehensive income	10 320	10 320	14 314	14 314
At amortised cost (see Note 18)	42 372	42 372	54 626	54 626
Fixed income securities	52 692	52 692	68 940	68 940
Investment securities total	53 260	53 260	69 506	69 506

Investment securities measured at fair value through other comprehensive income based on rating agency ratings are as follows (Group and Bank):

Fixed income securities	2025 EUR'000	2024 EUR'000
Fixed income securities issued by credit institutions of Latvia		
Rated from BBB+ to BBB-	-	1 903
Total fixed income securities issued by credit institutions of Latvia	-	1 903
Fixed income securities issued by corporates of Latvia		
Not rated	1 601	676
Total fixed income securities issued by corporates of Latvia	1 601	676
Fixed income securities issued by central governments of OECD countries		
Rated from AAA to A-	4 810	4 879
Total fixed income securities issued by central governments of OECD countries	4 810	4 879
Fixed income securities issued by credit institutions of OECD countries		
Rated from BBB+ to BB-	1 093	1 054
Total fixed income securities issued by credit institutions of OECD countries	1 093	1 054
Fixed income securities issued by corporates of OECD countries		
Rated from BBB+ to BB-	2 816	5 802
Total fixed income securities issued by corporates of OECD countries	2 816	5 802
Total fixed income securities	10 320	14 314
Expected credit loss allowance	(70)	(74)

In order to conservatively calculate ECL for not rated securities, PD which corresponds to B- rating is applied.

Financial assets measured at fair value through profit and loss

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Shares and other non-fixed income securities				
Shares in VISA INC	540	540	543	543
Total of shares and other securities with non-fixed income	540	540	543	543

Financial assets measured at fair value through other comprehensive income (fixed income securities), 2025

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Gross	9 266	1 054	-	10 320
Expected credit loss allowance	(57)	(13)	-	(70)
Net	9 209	1 041	-	10 250

Financial assets measured at fair value through other comprehensive income (fixed income securities), 2024

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Gross	14 314	-	-	14 314
Expected credit loss allowance	(74)	-	-	(74)
Net	14 240			14 240

Information about credit loss allowances, 2025

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2025	74	-	-	74
Transfers due to change in credit risk:				
-to lifetime (from Stage 1 to Stage 2)	(13)	13	-	-
-remaining credit risk changes	-	-	-	-
New originated or purchased	(4)	-	-	(4)
Derecognised	-	-	-	-
Change for the year				
FX and other movements	-	-	-	-
Closing balance at 31 December 2025	57	13	-	70

Information about credit loss allowances, 2024

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2024	53	-	-	53
Transfers due to change in credit risk:				
-remaining credit risk changes	-	-	-	-
New originated or purchased	21	-	-	21
Derecognised	-	-	-	-
Change for the year				
FX and other movements	-	-	-	-
Closing balance at 31 December 2024	74	-	-	74

17. LOANS AND RECEIVABLES

(a) Loans

	31.12.2025		31.12.2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Financial institutions	29 518	29 518	29 712	29 712
Corporates	577 686	568 313	470 378	450 699
Individuals	23 863	23 863	13 881	13 881
Total loans and receivables	631 067	621 694	513 971	494 292
Expected credit loss allowance				
Financial institutions	(410)	(410)	(437)	(437)
Corporates	(4 629)	(4 590)	(4 574)	(3 621)
Individuals	(259)	(259)	(304)	(304)
Total expected credit loss allowance	(5 298)	(5 259)	(5 315)	(4 362)
Net loans and receivables	625 769	616 435	508 656	489 930

b) Analysis of loans by type

	31.12.2025		31.12.2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Loan portfolio				
Corporate loans	474 455	474 455	306 738	306 738
Payment cards loans	558	558	523	523
Loans secured by real estate collateral	129 981	129 981	165 540	165 540
Finance lease	12 257	2 884	23 921	4 242
Trade finance	11 637	11 637	11 266	11 266
Other loans	-	-	2 740	2 740
Total loan portfolio	628 888	619 515	510 728	491 049
Securities-backed loans				
Securities-backed financing	2 179	2 179	3 243	3 243
Total securities-backed loans	2 179	2 179	3 243	3 243
Total loans and receivables	631 067	621 694	513 971	494 292
Total expected credit loss allowance	(5 298)	(5 259)	(5 315)	(4 362)
Net loans and receivables	625 769	616 435	508 656	489 930

(c) Geographical segmentation of loans

	31.12.2025		31.12.2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Loans to residents of Latvia	455 790	455 790	355 221	355 221
Loans to residents of OECD countries	62 187	62 187	56 374	56 374
Loans to residents of non-OECD countries	113 090	103 717	102 376	82 697
Total loans and receivables	631 067	621 694	513 971	494 292
Total expected credit loss allowance	(5 298)	(5 259)	(5 315)	(4 362)
Net loans and receivables	625 769	616 435	508 656	489 930

The Group and the Bank has no exposures (loans) on entities or individuals in Russia or in Ukraine.

(d) Ageing structure of the loan portfolio

Bank

	Total EUR'000	Of which not past due on the reporting date	Of which past due by the following terms				Net carrying amount of overdue loans
			Less than 30 days	31-90 days	91-180 days	More than 180 days	
As at 31 December 2025							
Net carrying amount	616 435	597 755	16 299	2	-	2 379	18 680
Out of which impaired	4 437	1 955	103	-	-	2 379	2 482
As at 31 December 2024							
Net carrying amount	489 930	476 597	10 598	105	777	1 853	13 333
Out of which impaired	4 853	2 091	41	91	777	1 853	2 762

Group

	Total EUR'000	Of which not past due on the reporting date	Of which past due by the following terms				Net carrying amount of overdue loans
			Less than 30 days	31-90 days	91-180 days	More than 180 days	
As at 31 December 2025							
Net carrying amount	625 769	607 089	16 299	2	-	2 379	18 680
Out of which impaired	4 437	1 955	103	-	-	2 379	2 482
As at 31 December 2024							
Net carrying amount	508 656	486 868	10 598	8 560	777	1 853	21 788
Out of which impaired	13 308	2 091	41	8 546	777	1 853	11 217

The Bank's ageing structure.

Expected credit loss allowance, 2025

	Stage 1	Stage 2	Stage 3	Total
Gross	589 760	23 739	8 195	621 694
(Less) expected credit loss allowance	(402)	(1 099)	(3 758)	(5 259)
Net	589 358	22 640	4 437	616 435

Expected credit loss allowance, 2024

	Stage 1	Stage 2	Stage 3	Total
Gross	472 528	13 064	8 700	494 292
(Less) expected credit loss allowance	(502)	(13)	(3 847)	(4 362)
Net	472 026	13 051	4 853	489 930

The Group's ageing structure.

Expected credit loss allowance, 2025

	Stage 1	Stage 2	Stage 3	Total
Gross	599 133	23 739	8 195	631 067
(Less) expected credit loss allowance	(441)	(1 099)	(3 758)	(5 298)
Net	598 692	22 640	4 437	625 769

Expected credit loss allowance, 2024

	Stage 1	Stage 2	Stage 3	Total
Gross	482 842	13 064	18 065	513 971
(Less) expected credit loss allowance	(545)	(13)	(4 757)	(5 315)
Net	482 297	13 051	13 308	508 656

(e) Impaired loans

	31.12.2025 EUR '000		31.12.2024 EUR '000	
	Group	Bank	Group	Bank
Impaired loans, gross	8 195	8 195	18 065	8 700
Expected credit loss allowance	(3 758)	(3 758)	(4 757)	(3 847)
Net loans and receivables	4 437	4 437	13 308	4 853

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets").

The effect of collateral on credit impaired assets at 31 December 2025 is as follows.

Bank	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
EUR'000				
Loans to corporate customers	4 062	10 321	-	-
Loans to SME	4 062	10 321	-	-
Loans to individuals	375	1 037	-	-
Consumer loans	375	1 037	-	-

The effect of collateral on credit impaired assets at 31 December 2024 is as follows:

Bank	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
EUR'000				
Loans to corporate customers	4 462	13 266	-	-
Loans to SME	4 462	13 266	-	-
Loans to individuals	391	1 046	-	-
Consumer loans	391	1 046	-	-

The effect of collateral on credit impaired assets at 31 December 2025 is as follows:

Group	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
EUR'000				
Loans to corporate customers	4 062	10 321	-	-
Loans to SME	4 062	10 321	-	-
Loans to individuals	375	1 037	-	-
Consumer loans	375	1 037	-	-

The effect of collateral on credit impaired assets at 31 December 2024 is as follows:

Group	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
EUR'000				
Loans to corporate customers	12 917	28 098	-	-
Loans to SME	12 917	28 098	-	-
Loans to individuals	391	1 046	-	-
Consumer loans	391	1 046	-	-

(f) Movements in the expected credit loss allowance

Movements in the loan impairment allowance for the year ended 31 December 2025 are as follows:

Bank, EUR'000

Corporates and financial institutions

	Credit loss allowance				Gross carrying amount of loans			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2025	416	10	3 632	4 058	460 995	11 322	8 094	480 411
Transfers due to change in credit risk:								
-to lifetime (from Stage 1 and Stage 3 to Stage 2)	(92)	92	-	-	(28 431)	28 431	-	-
-to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(25)	-	25	-	(25)	-	25	-
-to Stage 1 from Stage 2	9	(9)	-	-	3 627	(3 627)	-	-
-remaining credit risk changes	-	1 009	-	1 009	-	-	-	-
New originated or purchased	87	-	-	87	247 498	-	-	247 498
Derecognised	(82)	(5)	(66)	(153)	(116 403)	(13 209)	(466)	(130 078)
Change for the year	(103)	1 087	(41)	943	106 266	11 595	(441)	117 420
FX and other movements	-	-	-	-	-	-	-	-
Closing balance at 31 December 2025	313	1 097	3 591	5 001	567 261	22 917	7 653	597 831

The amount of new originated or purchased loans represents loans in the portfolio as at 31 December 2025 while the amount of derecognised loans represent loans in the portfolio as at 1 January 2025 and derecognised during 2025.

The Group's expected credit loss allowance and gross value of loans as of 31.12.2025 differ significantly from the Bank's data only for loans (stage 1 - EUR 9 373 thousand) and provisions (stage 1 - EUR 39 thousand) in the balance sheet of the Bank's subsidiary.

Group and Bank, EUR'000

Individuals

	Credit loss allowance				Gross carrying amount of loans			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2025	86	3	215	304	11 532	1 742	607	13 881
Transfers due to change in credit risk:								
-to lifetime (from Stage 1 and Stage 3 to Stage 2)	(1)	1	-	-	(3)	3	-	-
-to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1)	(2)	3	-	(4)	(37)	41	-
- from Stage 2 to Stage 1								
-remaining credit risk changes	-	-	-	-	-	-	-	-
New originated or purchased	87	-	-	87	16 530	-	-	16 530
Derecognised	(82)	-	(51)	(133)	(5 556)	(886)	(106)	(6 548)
Change for the year	3	(1)	(48)	(46)	10 967	(920)	(65)	9 982
FX and other movements	-	-	-	-	-	-	-	-
Closing balance at 31 December 2025	89	2	167	258	22 499	822	542	23 863

The amount of new originated or purchased loans represents loans in the portfolio as at 31 December 2025 while the amount of derecognised loans represent loans in the portfolio as at 1 January 2025 and derecognised during 2025.

Movements in the loan impairment allowance for the year ended 31 December 2024 are as follows:

Bank, EUR'000

Corporates and financial institutions

	Credit loss allowance				Gross carrying amount of loans			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2024	746	166	2 564	3 476	373 572	18 559	8 995	401 126
Transfers due to change in credit risk:								
-to lifetime (from Stage 1 and Stage 3 to Stage 2)	(307)	307	-	-	(2 778)	2 778	-	-
-to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(124)	-	124	-	(968)	-	968	-
-to Stage 1 from Stage 2	32	(32)	-	-	7 456	(7 456)	-	-
-remaining credit risk changes	60	(428)	1 716	1 348	(660)	-	(671)	(1 331)
New originated or purchased	65	-	-	65	190 351	-	-	190 351
Derecognised	(56)	(3)	(772)	(831)	(105 978)	(2 559)	(1 198)	(109 735)
Change for the year	(330)	(156)	1 068	582	87 423	(7 237)	(901)	79 285
FX and other movements	-	-	-	-	-	-	-	-
Closing balance at 31 December 2024	416	10	3 632	4 058	460 995	11 322	8 094	480 411

The amount of new originated or purchased loans represents loans in the portfolio as at 31 December 2024 while the amount of derecognised loans represent loans in the portfolio as at 1 January 2024 and derecognised during 2024.

The Group's expected credit loss allowance and gross value of loans as of 31.12.2024 differ significantly from the Bank's data only for loans (stage 1 - EUR 10,315 thousand, stage 3 - EUR 9,365 thousand) and provisions (stage 1 - EUR 43 thousand, stage 3 - EUR 910 thousand) in the balance sheet of the Bank's subsidiary (differences between the Group's and the Bank's data as of 31.12.2023 none).

Group and Bank, EUR'000

Individuals	Credit loss allowance				Gross carrying amount of loans			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2024	33	3	157	193	11 851	2 581	198	14 630
Transfers due to change in credit risk:								
-to lifetime (from Stage 1 and Stage 3 to Stage 2)	(1)	1	-	-	(43)	43	-	-
-to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1)	(1)	2	-	(52)	(458)	510	-
-from Stage 2 to Stage 1	20	(20)	-	-	220	(220)	-	-
-remaining credit risk changes	(17)	21	81	85	(948)	-	-	(948)
New originated or purchased	67	-	-	67	3 846	-	-	3 846
Derecognised	(15)	(1)	(25)	(41)	(3 342)	(204)	(101)	(3 647)
Change for the year	53	-	58	111	(319)	(839)	409	(749)
FX and other movements	-	-	-	-	-	-	-	-
Closing balance at 31 December 2024	86	3	215	304	11 532	1 742	607	13 881

The amount of new originated or purchased loans represents loans in the portfolio as at 31 December 2024 while the amount of derecognised loans represent loans in the portfolio as at 1 January 2024 and derecognised during 2024.

(g) Analysis of loans by type of collateral (Bank)

EUR'000	31 December 2025	% of loan portfolio	31 December 2024	% of loan portfolio
Commercial buildings	176 916	29	197 234	40
Real estate – first mortgage	134 892	22	88 152	18
Commercial assets pledge	140 774	23	69 124	14
Commercial assets: ships/vessels	100 980	16	87 120	18
Trading securities	2 124	-	3 178	1
Deposit	2 612	1	2 962	-
Inventories	33 849	5	27 482	6
Other, no collateral	24 288	4	14 678	3
Net loans and receivables	616 435	100	489 930	100

EUR'000	2025		2024	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Stage 1	589 358	1 518 935	472 026	1 216 944
Stage 2	22 640	55 187	13 051	22 806
Stage 3	4 437	11 358	4 853	14 312
Total	616 435	1 585 480	489 930	1 254 062

Analysis of loans by type of collateral (Group)

EUR'000	31 December 2025	% of loan portfolio	31 December 2024	% of loan portfolio
Commercial buildings	176 916	28	197 234	39
Real estate – first mortgage	134 892	22	88 152	17
Commercial assets pledge	140 774	22	69 124	14
Commercial assets: ships/vessels	110 314	18	105 846	20
Trading securities	2 124	-	3 178	1
Deposit	2 612	1	2 962	1
Inventories	33 849	5	27 482	5
Other, no collateral	24 288	4	14 678	3
Net loans and receivables	625 769	100	508 656	100

EUR'000	2025		2024	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Stage 1	598 692	1 535 099	482 297	1 233 109
Stage 2	22 640	55 187	13 051	22 806
Stage 3	4 437	11 358	13 308	29 144
Total	625 769	1 601 644	508 656	1 285 059

(h) Restructured loans

As at 31 December 2025 and 2024, the loans restructured by the Group and the Bank possessed the following signs of restructuring:

EUR'000	31.12.2025 EUR '000	31.12.2024 EUR '000
Grace period/payment moratorium	10 239	9 649
Extension of maturity/term	1 294	1 081
Other	225	756
Total restructured loans	11 758	11 486

(i) Significant credit exposures

As at 31 December 2025 the Bank had no borrowers or groups of related borrowers, respectively, whose total loan balances exceeded 10% of loans and receivables from customers.

As at 31 December 2024 the Bank had no borrowers or groups of related borrowers, respectively, whose total loan balances exceeded 10% of loans and receivables from customers.

According to regulatory requirements, the Bank is not allowed to have a credit exposure to one customer or group of related customers of more than 25% of Bank's equity. As at 31 December 2025 and 2024, the Bank was in compliance with this requirement.

(j) Analysis of loans by internal risk ratings

EUR'000	31.12.2025		31.12.2024	
	Group	Bank	Group	Bank
Internal risk rating				
10	45 061	45 061	18 588	18 588
9	32 698	32 698	13 745	3 473
8	97 689	97 689	107 615	107 615
7	217 329	217 329	188 355	188 355
6	111 888	111 888	116 485	116 485
5	60 781	60 781	33 204	33 204
4	17 702	8 368	9 340	885
3	2 915	2 915	2 673	2 673
2	1 055	1 055	1 045	1 046
Not rated*	38 651	38 651	17 606	17 606
Net loans and receivables	625 769	616 435	508 656	489 930

In order to determine internal rating, an individual assessment of credit risk is performed for each loan by a credit risk analyst in accordance with internally developed "Methodology for assessing the credit risk of borrowers". In general, the overall rating is based both on creditworthiness assessment on a scale from 1 to 10, where 1 is the lowest rating and 10 is the highest rating, i.e. 1 is the highest risk and 10 is the lowest risk. For example, ratings from 1 to 4 represent loans with weak – relatively weak creditworthiness, ratings from 5 to 7 – relatively weak and rather good, and from 8-10 – rather good and good creditworthiness. The internal rating is assigned during the credit granting process and is reviewed quarterly as part of monitoring. According to the historical PD data, applied PD ranges from 0.07% to 9.80%.

*Includes financial institutions balances with the following external ratings:

EUR'000	31.12.2025		31.12.2024	
	Group	Bank	Group	Bank
External credit risk rating				
Rated from AAA to A-	2 178	2 178	-	-
Rated from BBB+ to BBB-	3 547	3 547	3 682	3 682
Rated from BB+ to BB-	-	-	-	-
Rated below BB-	-	-	-	-
Not rated	5 936	5 936	7 575	7 575
Net loans and receivables	11 661	11 661	11 257	11 257

(k) Industry analysis of the loan portfolio

EUR'000	31.12.2025		31.12.2024	
	Group	Bank	Group	Bank
Shipping	104 549	95 215	105 846	87 120
Financial services	15 807	15 807	14 033	14 033
Wholesale	74 120	74 120	66 839	66 839
Real Estate	184 751	184 751	154 626	154 626
Working capital loans	48 014	48 014	29 922	29 922
Transport and storage	15 338	15 338	5 615	5 615
Private customers – mortgage loans and consumer loans	22 357	22 357	5 523	5 523
Manufacture of food products	22 200	22 200	17 800	17 800
Processing factory	17 535	17 535	13 309	13 309
Forestry	7 825	7 825	-	-
Other services	113 273	113 273	95 143	95 143
Net loans and receivables	625 769	616 435	508 656	489 930

18. INVESTMENT SECURITIES AT AMORTISED COST

Financial assets measured at amortised cost

	31.12.2025		31.12.2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Fixed income securities				
Fixed income securities issued by the government of LR	-	-	1 028	1 028
Fixed income securities issued by companies and credit institutions of LR	2 226	2 226	1 725	1 725
Fixed income securities issued by the government of OECD countries	26 038	26 038	31 142	31 142
Fixed income securities issued by companies and credit institutions of OECD countries	13 566	13 566	21 891	21 891
Fixed income securities issued by companies and credit institutions of other countries	3 094	3 094	2 093	2 093
Expected credit loss allowance	(2 552)	(2 552)	(3 253)	(3 253)
Total fixed income securities	42 372	42 372	54 626	54 626

Financial assets measured at amortised cost 2025

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Gross	42 516	-	2 408	44 924
(Less) expected credit loss allowance	(144)	-	(2 408)	(2 552)
Net	42 372	-	-	42 372

Financial assets measured at amortised cost 2024

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Gross	54 003	816	3 060	57 879
(Less) expected credit loss allowance	(158)	(35)	(3 060)	(3 253)
Net	53 845	781	-	54 626

Movements in expected credit loss allowances, 2025

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Opening ECL balance at 1 January 2025	158	35	3 060	3 253
Transfers due to change in credit risk:				
-from Stage 1 to Stage 2	-	-	-	-
-remaining credit risk changes	-	-	-	-
-from Stage 2 to Stage 3	-	-	-	-
New originated or purchased	-	-	-	-
Derecognised	(14)	(35)	(652)	(701)
Change for the year				
FX and other movements	-	-	-	-
Closing ECL balance at 31 December 2025	144	-	2 408	2 552

Movements in expected credit loss allowances, 2024

Group and Bank, EUR'000

	Stage 1	Stage 2	Stage 3	Total
Opening ECL balance at 1 January 2024	204	278	1 875	2 357
Transfers due to change in credit risk:				
-from Stage 1 to Stage 2				
-remaining credit risk changes	(46)	-	1 185	1 139
-from Stage 2 to Stage 3				
New originated or purchased				
Derecognised	-	(243)	-	(243)
Change for the year				
FX and other movements	-	-	-	-
Closing ECL balance at 31 December 2024	158	35	3 060	3 253

Quality analysis of investment securities at amortised cost, based on rating agency ratings, is as follows:

Debt securities and other fixed income securities	2025 EUR'000	2024 EUR'000
Central governments		
Rated from AAA to A-	23 987	26 073
Rated from BBB+ to BBB-	2 051	6 097
Total central governments	26 038	32 170
Credit institutions		
Rated from BBB+ to BB-	1 422	3 599
Total credit institutions	1 422	3 599
Corporates		
Rated from AAA to A-	5 964	5 577
Rated from BBB+ to BBB-	2 016	487
Rated from BB+ to BB-	3 002	8 898
Below BB-	1 179	1 863
No rating*	5 303	5 285
Total corporate bonds	17 464	22 110
Expected credit loss allowance	(2 552)	(3 253)
Debt securities and other fixed income securities	42 372	54 626

* Not-rated exposures includes securities with no rating assigned as well as securities with rating withdrawn.

In order to calculate ECL for not rated securities, PD which corresponds to B- rating is applied, while securities with rating withdrawn are assessed individually.

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(a) Investments in subsidiaries (Bank)

Company	Ownership share	Carrying amount at 31.12.2025 EUR'000	Carrying amount at 31.12.2024 EUR'000
SIA BluOr International	100%	16 609	25 709
<i>Impairment allowance</i>		(3 649)	(3 649)
SIA Zapdvina Development	100%	10 124	10 124
<i>Impairment allowance</i>		(964)	(964)
UAB Kamaly Development	100%	20	20
AS Pils Pakalpojumi	100%	15 281	15 281
<i>Impairment allowance</i>		(548)	(548)
<i>Non-reciprocal capital contribution by a parent into subsidiary</i>		(2 400)	(2 400)
SIA Jēkaba 2	100%	4 049	4 049
<i>Impairment allowance</i>		(106)	(106)
SIA Pulkarne Entity	100%	-	199
		38 416	47 715

Investments in subsidiaries (Bank)

	31.12.2025 EUR'000	31.12.2024 EUR'000
Investments in subsidiaries	46 083	55 382
Non-reciprocal capital contribution by a parent into subsidiary according to IFRS 10 (AS „Pils pakalpojumi“)	(2 400)	(2 400)
Impairment allowance	(5 267)	(5 267)
Investments in subsidiaries net	38 416	47 715

The share capital of SIA Zapdvina Development consisted of 8 848 018 shares with nominal value of EUR 1 amounting to EUR 8 848 018. In 2024, the Bank decreased the share capital of its subsidiary SIA Zapdvina Development by 1 100 000 shares with nominal value of EUR 1 for a total of EUR 1 100 000. In previous years the Bank recognised an impairment allowance for its investment in SIA Zapdvina Development in the amount of EUR 806 thousand triggered by impairment of this subsidiary's assets. In 2024, based on the appraisal, no additional impairment allowances were recognised. SIA Zapdvina Development owns a land plot in Daugavpils.

In 2024, the bank's subsidiaries SIA "Mazirbe Estate", SIA "Lielie Zaķi" and SIA "CityCap Service" were merged to SIA "ZapDvina Development".

The share capital of SIA BluOr International consisted of 16 586 658 shares with nominal value of EUR 1 amounting to EUR 16 586 658. In 2025, the Bank decreased the share capital of its subsidiary SIA BluOr International by 9 100 000 shares with nominal value of EUR 1 for a total of EUR 9 100 000. In 2024, the Bank increased the share capital of its subsidiary SIA BluOr International by 20 000 000 shares with nominal value of EUR 1 for a total of EUR 20 000 000.

In previous years, the Bank recognised an impairment allowance for its investment in SIA BluOr International in the amount of EUR 3 649 thousand EUR triggered by impairment of this investment in subsidiaries.

SIA BluOr International has three subsidiaries (Kamaly Development EOOD, Foxtran Management Ltd. and Hazee Shipping Corp) and an associate AS „Termo biznesa Centrs”). In the previous years, an impairment allowance for the investment in Foxtran Management Ltd. was recognised by SIA BluOr International in the amount of EUR 1 959 thousand. Allowances were recognised since the investment in SIA BluOr International exceeded net assets of Foxtran Management Ltd. In the previous years, SIA BluOr International recognised impairment allowances for the investment in KamalyDevelopment EOOD in the amount of EUR 364 thousand.

In previous years, the Bank recognised an impairment allowance for its investment in SIA Jēkaba 2 in the amount of EUR 106 thousand.

In previous years, the Bank recognised an impairment allowance for its investment in AS Pils Pakalpojumi in the amount of EUR 2 948 thousand.

SIA Pulkarne Entity was liquidated and excluded from the commercial register in 2025.

The share capital of the bank's subsidiary UAB Kamaly Development consists of 20,909 shares with a nominal value of EUR 1 for a total amount of 20,909. In 2024, the Bank increased the share capital of the subsidiary UAB "Kamaly Development" by 18,013 shares with a nominal value of EUR 1 for a total amount of EUR 18,013.

(b) Equity-accounted investments in associates (Group)

Company	Capital contribution	Carrying amount at 31.12.2025 EUR'000 Group	Carrying amount at 31.12.2024 EUR'000 Group
AS Termo biznesa Centrs	26.15%	1 848	1 848
Impairment allowance		(1 021)	(1 021)
Total		827	827

SIA BluOr International has an associate AS Termo biznesa Centrs. Along with 26,15% of share ownership, the Group also has the right to collect rental income from part of the premises owned by the associate. Rental income is recognised in the Group's profit and loss statement. Rental income amounted to EUR 60 thousand in 2025 (EUR 62 thousand in 2024).

Financial information of the associate AS Termo biznesa centrs:

	Current assets EUR'000	Long-term investments EUR'000	Total assets EUR'000	Current liabilities EUR'000	Non- current liabilities EUR'000	Total liabilities EUR'000	Net assets EUR'000	Income EUR'000	Expenses EUR'000	Net profit (loss) EUR'000	Group's share in net assets 26.15% EUR'000	Group's share in profit 26.15% EUR'000
31 December 2025												
AS „Termo biznesa Centrs”	103	311	414	(28)	-	(28)	386	265	(258)	7	100	2
31 December 2024												
AS „Termo biznesa Centrs”	94	314	408	(29)	-	(29)	379	274	(257)	17	93	4

As result for 2025 is insignificant they have no impact on the Group results.

20. INVESTMENT PROPERTY

Investment property of the Group and the Bank represents the following:

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Real estate in Latvia	2 349	414	2 362	414
Real estate in Lithuania	2 807	2 807	2 807	2 807
Real estate in Bulgaria	356	-	421	-
Impairment allowance	(2 740)	(1 607)	(2 740)	(1 607)
	2 772	1 614	2 850	1 614

Investment property is recognized at cost. Investment property consists of land, commercial properties and apartments.

Direct operating expenses (including repairs and maintenance costs) incurred by the Group in connection with the investment property which has not earned a rental income during the reporting year amounted to EUR 5 thousand (2024: EUR 4 thousand).

Rental income on investment property during the reporting year (the Group and the Bank) amounted to EUR 10 thousand (2024: EUR 8 thousand).

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

Group's investment properties

Type	Carrying amount, EUR '000	Valuation method	Significant unobservable inputs		Fair value, EUR '000
			2025	2024	
Buildings and land plot, Kungu iela, Liepāja, Latvia	93 (2024: 93)	Comparison approach	Sales price* varies from EUR to EUR per m ² 20-25,0	20-25,0	108 (2024: 113)
Buildings and a land plot, Jurģu iela, Jūrmala, Latvia	95 (2024: 95)	Comparison approach	Sales price* varies from EUR to EUR per m ² 92-112	92-112	175 (2024: 175)
Land plot, Klaipēda, Lithuania	1 200 (2024: 1 200)	Comparison approach	Sales price* varies from EUR to EUR per m ² for each land plot separately based on footage 0,37-0,57 for land plot over 8,2 ha 5-5,8 for land plot over 1 ha 2,42-6,41 for land plots till 300 m ²	0,37-0,57 for land plot over 8,2 ha 5-5,8 for land plot over 1 ha 2,42-6,41 for land plots till 300 m ²	1 203 (2024: 1 203)
Apartments, Bulgaria	160 (2024: 226)	Comparison approach	Sales price* varies from EUR to EUR per m ² 1 124-1 400	1 124-1 337	161 (2024: 227)
Land plot, Mūku purvs, Latvia	387 (2024: 387)	Comparison approach	Sales price* varies from EUR to EUR per m ² 80-130	82-129	389 (2024: 433)
Land plot, Akācījas iela, Daugavpils, Latvia	443 (2024: 443)	Comparison approach	Sales price* varies from EUR to EUR per m ² 12-23	12-23	487 (2024: 443)
Land plot in Ķekavas pagasts, Ķekavas novads, Latvia	- (2024: 12)	Comparison approach	Sales price* varies from EUR to EUR per m ² -	5,5-8,0	- (2024: 13)
Zemes gabals, Dzirciema iela, Rīga, Latvija	226 (2024: 226)	Comparison approach	Sales price* varies from EUR to EUR per m ² 9,0-18,0	9,0-18,0	226 (2024: 226)
Land plot in Kolkas pagasts, Dundaga novads, Latvia	86 (2024: 86)	Comparison approach	Sales price* varies from EUR to EUR per m ² 4,4-5,0	4,4-5,0	86 (2024: 128)
Land plot in Lejas akmeņi, Ķekavas novads, Latvia	82 (2024: 82)	Comparison approach	Sales price* varies from EUR to EUR per m ² 0,6-2,7	0,6-2,7	82 (2024: 82)
Total	2 772				

Bank's investment properties

Type	Carrying amount, EUR '000	Valuation method	Significant unobservable inputs		Fair value, EUR '000
			2025	2024	
Buildings and land plot, Kungu iela, Liepāja, Latvia	93 (2024: 93)	Comparison approach	Sales price* varies from EUR to EUR per m ² 20-25,0	20-25,0	108 (2024: 113)
Land plot, Dzirciema iela, Rīga, Latvija	226 (2024: 226)	Comparison approach	Sales price* varies from EUR to EUR per m ² 9,0-18,0	9,0-18,0	226 (2024: 226)
Buildings and land plot, Jūrģu iela, Jūrmala, Latvia	95 (2024: 95)	Comparison approach	Sales price* varies from EUR to EUR per m ² 92-112	92-112	175 (2024: 175)
Land plot, Klaipeda, Lithuania	1 200 (2024: 1 200)	Comparison approach	Sales price* varies from EUR to EUR per m ² for each land plot separately based on footage 5-5.8 for land plot 1 ha 2.42-6.41 for land plots till 300 m ²	0.37-0.57 for land plot over 8.2 ha 5-5.8 for land plot 1 ha 2.42-6.41 for land plots till 300 m ²	1 203 (2024: 1 203)
Total	1 614				

* sales prices are market prices for similar properties adjusted for certain criteria such as land plot footage adjustment, location area adjustment, property condition, offer price adjustment, resulting in the significant unobservable inputs.

21. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

Property and equipment

	Land and buildings EUR'000		Leasehold improvements EUR'000		Vehicles EUR'000		Office equipment EUR'000		Total EUR'000	
	Group	Bank	Group	Bank	Group	Bank	Group	Bank	Group	Bank
Cost										
31 December 2023	29 321	-	-	4 603	1 510	67	2 606	1 963	33 437	6 633
Additions	-	-	-	-	-	-	83	83	83	83
Disposals	-	-	-	-	-	-	(26)	(26)	(26)	(26)
31 December 2024	29 321	-	-	4 603	1 510	67	2 663	2 020	33 494	6 690
Additions	-	-	-	-	-	-	41	41	41	41
Disposals	-	-	-	-	-	-	-	-	-	-
31 December 2025	29 321	-	-	4 603	1 510	67	2 704	2 061	33 535	6 731
Depreciation										
31 December 2023	6 547	-	-	1 547	923	67	2 418	1 787	9 888	3 401
Depreciation	943	-	-	230	144	-	75	74	1 162	304
Disposals	-	-	-	-	-	-	(26)	(26)	(26)	(26)
31 December 2024	7 490	-	-	1 777	1 067	67	2 467	1 835	11 024	3 679
Depreciation	943	-	-	230	144	-	76	74	1 163	304
Disposals	-	-	-	-	-	-	-	-	-	-
31 December 2025	8 433	-	-	2 007	1 211	67	2 543	1 909	12 187	3 983
Net carrying amount										
31 December 2024	21 831	-	-	2 826	443	-	196	185	22 470	3 011
31 December 2025	20 888	-	-	2 596	299	-	161	152	21 348	2 748

The two buildings that the Bank rents from its subsidiaries at Smilšu street and Jēkaba street are used as the Head office of the Bank. From the Group's perspective, these buildings are considered to be corporate assets and are classified as property and equipment. In 2025 and 2024, the management believes that there are no indications that these sites may be impaired.

Right-of-use assets

Bank

	Right-of-use assets EUR'000
Cost	
31 December 2023	12 576
31 December 2024	12 576
31 December 2025	12 576
Depreciation	
31 December 2023	3 315
Depreciation	663
31 December 2024	3 978
Depreciation	664
31 December 2025	4 642
Net carrying amount	
31 December 2024	8 598
31 December 2025	7 934

Lease liability

31 December 2023	9 912
Lease payments	(582)
Interest accrued	297
Interest paid	(297)
31 December 2024	9 330
Lease payments	(600)
Interest accrued	280
Interest paid	(280)
31 December 2025	8 730

The Bank leases a number of premises under operating lease. The leases typically run for 20 years, with an option to renew the lease after that date. All property leases are intragroup agreements.

22. INTANGIBLE ASSETS

Group

	Software EUR'000
Acquisition cost	
31 December 2023	2 941
Acquired in the reporting period	74
Disposed in the reporting period	(30)
31 December 2024	2 985
Acquired in the reporting period	123
Disposed in the reporting period	-
31 December 2025	3 108
Amortization	
31 December 2023	2 674
Amortization for the reporting period	139
Amortization of assets disposed in the reporting period	(31)
31 December 2024	2 782
Amortization for the reporting period	74
Amortization of assets disposed in the reporting period	-
31 December 2025	2 856
Net carrying amount	
31 December 2024	203
31 December 2025	252

Bank

	Software EUR'000
Acquisition cost	
31 December 2023	2 922
Acquired in the reporting period	64
Disposed in the reporting period	(30)
31 December 2024	2 956
Acquired in the reporting period	123
Disposed in the reporting period	-
31 December 2025	3 079
Amortization	
31 December 2023	2 655
Amortization for the reporting period	139
Amortization of assets disposed in the reporting period	(31)
31 December 2024	2 763
Amortization for the reporting period	74
Amortization of assets disposed in the reporting period	-
31 December 2025	2 837
Net carrying amount	
31 December 2024	193
31 December 2025	242

23. PREPAYMENTS AND ACCRUED INCOME

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Next period expense – Resident	189	181	81	74
Next period expense – Non Resident	232	232	180	180
Accrued income	161	161	274	274
Insurance premium	32	32	31	31
Prepayments and accrued income total	614	606	566	559

24. OTHER ASSETS

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Guarantee deposits for credit card operations	3 898	3 898	5 798	5 798
Credit card claims and other payment services	3 206	3 206	3 187	3 187
Prepayments and receivables	3 646	3 622	1 899	1 877
Total other assets	10 750	10 726	10 884	10 862
Allowances for other assets	(6)	(6)	(8)	(8)
Other assets, net	10 744	10 720	10 876	10 854

In 2025 security deposits of EUR 3 898 thousand (2024: 5 798 EUR thousand) were reserved for potential transactions connected with MasterCard Europe and VISA Card systems.

25. DUE TO MONETARY FINANCIAL INSTITUTIONS ON DEMAND

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Monetary financial institutions registered in Latvia	3 985	3 985	3 457	3 457
Total due to monetary financial institutions on demand	3 985	3 985	3 457	3 457

26. FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST:

DEPOSITS

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Current accounts:				
Financial institutions	224 221	224 221	197 523	197 523
Corporate entities	216 522	221 271	275 862	278 777
Individuals	72 816	72 816	71 703	71 703
	513 559	518 308	545 088	548 003
Term deposits:				
Subordinate liabilities	5 726	5 726	5 711	5 711
Other financial institutions	93 228	93 228	99 577	99 577
Corporate entities	23 744	23 744	15 178	15 178
Individuals	335 295	335 295	226 694	226 694
	457 993	457 993	347 160	347 160
Total deposits	971 552	976 301	892 248	895 163

Geographical segmentation of the deposits

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Deposits of residents registered in Latvia	282 893	285 928	270 302	271 931
Deposits of residents registered in OECD countries	622 214	622 214	583 899	583 899
Deposits of residents registered in other countries (non-OECD)	66 445	68 159	38 047	39 333
Total deposits	971 552	976 301	892 248	895 163

As at 31 December 2025, the Bank maintained customer deposit balances of EUR 1 734 thousand which were reserved by the Bank as collateral for loans and other credit instruments granted by the Bank (as at 31 December 2024: EUR 986 thousand).

As at 31 December 2025 the Bank had 1 customer group with deposits exceeding 10% of the total customer deposits – EUR 170 922 thousand (as at 31 December 2024 – EUR 218 280 thousand).

27. FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST: SUBORDINATED DEBT SECURITIES

Subordinated bonds have a fixed term at their origination. Subordinated bonds are repayable before maturity only on winding up or bankruptcy of the Bank. Subordinated bonds rank before shareholders' claims.

By issuing subordinated bonds in 2024 (listed on Nasdaq Riga), Bank raised more than EUR 20 million in financial resources.

Issued subordinated bonds

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Issued subordinated bonds	24 855	24 855	24 855	24 855
Accrued interest payments	516	516	516	516
Total	25 371	25 371	25 371	25 371

ISIN	Currency	Issue size	Nominal value	Date of issue	Date of maturity	Discount/ coupon rate, %	Group/ Bank 31/12/2025	Group/ Bank 31/12/2024
Subordinated bonds								
LV0000802569	EUR	4 855	1 000	01.06.2022	01.06.2029	7%	4 855	4 855
LV0000804060	EUR	20 000	1 000	02.10.2024	02.10.2034	10%	20 000	20 000
Issued debt securities, total ('000 EUR)							24 855	24 855

Additional Tier 1 perpetual debt securities (not listed)

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Additional Tier 1 debt securities	9 759	9 759	8 709	8 709
Accrued interest payments	105	105	104	104
Total	9 864	9 864	8 813	8 813

ISIN	Currency	Issue size	Nominal value	Date of issue	Date of maturity	Discount/ coupon rate, %	Group/ Bank 31/12/2025	Group/ Bank 31/12/2024
Additional Tier 1 debt securities								
LV0000802437	EUR	11	100 000	19.10.2020	-	10%	1 100	1 100
LV0000802775	EUR	4 960	1 000	08.12.2023	-	13%	4 960	4 960
LV0000803195	EUR	300	1 000	31.05.2024	-	12%	300	300
LV0000803062	EUR	2 349	1 000	08.05.2024	-	11%	2 349	2 349
LV0000104594	EUR	1 050	1 000	26.06.2025	-	10%	1 050	-
Additional Tier 1 debt securities, total ('000 EUR)							9 759	8 709

28. OTHER LIABILITIES

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Other financial liabilities				
Credit card payments	2 339	2 339	1 948	1 948
Money in transit	682	682	1 082	1 082
Other liabilities, balances of closed customers' accounts	2 830	2 830	1 583	1 583
Other financial liabilities total	5 851	5 851	4 613	4 613
Other non-financial liabilities				
Operating and other liabilities	397	340	823	764
Tax settlements	359	359	174	174
Total other liabilities	6 607	6 550	5 610	5 551

29. SHARE CAPITAL AND RESERVES

As of 31 December 2025, the authorized share capital comprised 31 797 742 registered shares:

- 31 781 081 A category ordinary shares (nominal value of one share is EUR 1.40);
- 16 661 B category shares (notional share capital by issuing staff shares as a result of staff option conversion, nominal value of one share is EUR 5.16).

The holders of A category ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings. All shares rank equally with regard to the Bank's residual assets.

	2025		2024	
	Quantity	EUR'000	Quantity	EUR'000
Share capital				
Ordinary shares with voting rights	31 781 081	44 493	31 781 081	44 493
Notional share capital	16 661	-	-	-
	31 797 742	44 493	31 781 081	44 493

The statutory reserve of EUR 24 thousand is not subject to any restrictions and can be distributed to the shareholders following an appropriate decision.

Dividends

Dividends payable are restricted to the maximum retained earnings of the Bank, which are determined according to the legislation of Latvia. In accordance with the legislation of the Republic of Latvia, the amount of reserves available for distribution at the reporting date is EUR 61 864 thousand (2024: EUR 52 793 thousand).

During 2025, 9 million EUR dividends were distributed, 0.28 EUR per share.

During 2024, 9 million EUR dividends were distributed, 0.28 EUR per share.

30. CASH AND CASH EQUIVALENTS

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Cash and balances due from central banks	398 384	398 384	409 545	409 545
Due from credit institutions on demand and within 3 months	12 296	12 292	7 730	7 622
Total cash and cash equivalents	410 680	410 676	417 275	417 167

31. CONTINGENT LIABILITIES AND COMMITMENTS

At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties failed to completely perform as contracted.

Notes to the Group's Consolidated and the Bank's Separate Financial Statements

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Unused loan facilities	169 106	169 106	115 190	115 190
Unused credit card facilities	610	610	729	729
Guarantees and other	11 873	11 873	5 474	5 474
	181 589	181 589	121 393	121 393
<i>Provisions</i>	<i>(243)</i>	<i>(243)</i>	<i>(121)</i>	<i>(121)</i>

The total contractual amounts of the above loan commitments may differ from the cash flow that may actually be required in future as these commitments may expire before they are claimed.

Group EUR'000, 2025	Stage 1	Stage 2	Stage 3	Total
Contingent liabilities and commitments, Gross	180 686	813	90	181 589
Impairment allowance	(173)	(65)	(5)	(243)
Net	180 513	748	85	181 346

Bank EUR'000, 2025	Stage 1	Stage 2	Stage 3	Total
Contingent liabilities and commitments, Gross	180 686	813	90	181 589
Impairment allowance	(173)	(65)	(5)	(243)
Net	180 513	748	85	181 346

Group EUR'000, 2024	Stage 1	Stage 2	Stage 3	Total
Contingent liabilities and commitments, Gross	121 140	160	93	121 393
Impairment allowance	(107)	(1)	(13)	(121)
Net	121 033	159	80	121 272

Bank EUR'000, 2024	Stage 1	Stage 2	Stage 3	Total
Contingent liabilities and commitments, Gross	121 140	160	93	121 393
Impairment allowance	(107)	(1)	(13)	(121)
Net	121 033	159	80	121 272

Movements in the impairment allowance of contingent liabilities and commitments

Movements in the loan impairment allowance for the year ended 31 December 2025 are as follows:

Group EUR'000	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2025	107	1	13	121
Transfers due to change in credit risk:				
-from Stage 1 to Stage 2	-	-	-	-
-from Stage 2 to Stage 1	-	-	-	-
-from Stage 2 to Stage 3	-	-	-	-
-remaining credit risk changes	-	64	-	64
New originated or purchased	66	-	-	66
Derecognised	-	-	(8)	(8)
Change for the year				
Closing balance at 31 December 2025	173	65	5	243

Bank EUR'000	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2025	107	1	13	121
Transfers due to change in credit risk:				
-from Stage 1 to Stage 2	-	-	-	-
-from Stage 2 to Stage 1	-	-	-	-
-from Stage 2 to Stage 3	-	-	-	-
-remaining credit risk changes	-	64	-	64
New originated or purchased	66	-	-	66
Derecognised	-	-	(8)	(8)
Change for the year				
Closing balance at 31 December 2025	173	65	5	243

Movements in the loan impairment allowance for the year ended 31 December 2024 are as follows:

Group EUR'000	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2024	106	1	191	298
Transfers due to change in credit risk:				
-from Stage 1 to Stage 2	-	-	-	-
-from Stage 2 to Stage 1	-	-	-	-
- from Stage 2 to Stage 3	-	-	-	-
-remaining credit risk changes	-	-	-	-
New originated or purchased	1	-	-	1
Derecognised	-	-	(178)	(178)
Change for the year	1	-	(178)	(177)
Closing balance at 31 December 2024	107	1	13	121

Bank EUR'000	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 January 2024	106	1	191	298
Transfers due to change in credit risk:				
-from Stage 1 to Stage 2	-	-	-	-
-from Stage 2 to Stage 1	-	-	-	-
-from Stage 2 to Stage 3	-	-	-	-
-remaining credit risk changes	-	-	-	-
New originated or purchased	1	-	-	1
Derecognised	-	-	(178)	(178)
Change for the year	1	-	(178)	(177)
Closing balance at 31 December 2024	107	1	13	121

32. LITIGATION

On 15 September 2022, BluOr Bank AS (the "Bank") received an actio pauliana claim filed before a Lithuanian district court by UAB Dognus, a company registered in Lithuania, against the Bank, the Bank's former client UAB Baltijos šaliu industrinio perdirbimo centras (hereinafter – "BŠIPC", former name UAB Alfagra), and the Bank's client SIA AOC Invest. The claim amount is EUR 6,420,274.76. UAB Dognus alleges that loan repayments made in 2021 by BŠIPC to the Bank must be returned to BŠIPC on the grounds that, by making such repayments, BŠIPC allegedly infringed the interests of other creditors.

The Bank had financed BŠIPC under credit line agreements within the framework of trade finance transactions. Loans were granted for the purchase of agricultural commodities, while the Bank maintained strict and comprehensive control over the financed goods. The goods were released from the Bank's control only upon repayment of the loan amount corresponding to the financed quantity. All goods owned by BŠIPC, both in warehouses and in transit, were pledged in favour of the Bank (commercial pledges were duly registered), and financial collateral in favour of the Bank was also agreed. The loan repayments challenged by UAB Dognus were made in accordance with the credit line agreements and were linked to the release of pledged goods for sale. On 3 December 2025, the Vilnius Regional Court upheld the claim of UAB Dognus against the Bank and SIA AOC Invest. This is a first instance judgment. On 2 January 2026, the Bank filed an appeal, which has been admitted; on 9 January 2026, the appeal was forwarded to the parties for submission of written explanations. The hearing date before the appellate court has not yet been set.

Despite the unfavourable first instance judgment, the Bank has not recognised a provision for potential losses in relation to this litigation. The Bank, including through engagement of independent and reputable experts in Lithuania and Latvia, has assessed possible legal and financial scenarios and concluded that, even if the appellate court were to uphold the first instance judgment, the Bank would not incur a material loss. In such a scenario, the Bank would be entitled to assert its claim in the BŠIPC insolvency proceedings as a secured creditor and would have priority in the satisfaction of its claim. Given that the original pledged assets (goods) no longer exist, the Bank's claim would be secured, pursuant to a court decision, by the funds repaid by the Bank itself. In addition, the first instance judgment contains several legal deficiencies, which, in the Bank's assessment, reduce the likelihood of it being fully upheld on appeal.

In parallel with the above litigation, insolvency proceedings against BŠIPC are ongoing in Lithuania. The decision of the Vilnius Regional Court declaring BŠIPC insolvent and appointing an administrator entered into force on 18 May 2022. In these insolvency proceedings, the Bank has been granted the status of an interested party. By decision dated 12 January 2026, the Vilnius District Court recognised that BŠIPC had been deliberately brought to insolvency and that two founders and board members are responsible. This decision has been appealed and has not yet entered into force. During the insolvency proceedings, several expert examinations were conducted, which revealed that BŠIPC had manipulated accounting data and the recording of transactions, particularly transactions with related parties, thereby concealing its true financial position.

In light of the most recent information regarding such accounting manipulations and misrepresentation of financial data, the Bank is currently assessing the possibility of further strengthening its legal position, including by filing a claim against BŠIPC to secure potential damages arising from BŠIPC's actions, including the provision of inaccurate financial information to the Bank. Damages in the legal sense in this case would also include the Bank's expenses related to court proceedings in which the Bank became involved due to the actions of BŠIPC, as well as lost profit in the event that the Bank is required to return to the insolvent BŠIPC the loan repayments received from it and to await their recovery as a secured creditor within the insolvency proceedings.

33. ASSETS AND LIABILITIES UNDER MANAGEMENT

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Assets under management				
Due from credit institutions registered in Latvia	4 428	4 428	1 414	1 414
Loans to customers	165	165	165	165
Non fixed income securities	126 844	126 844	59 116	59 116
Fixed income securities	335	335	1 416	1 416
Other assets	22	22	105	105
Total assets under management	131 794	131 794	62 216	62 216
Liabilities under management				
Non-resident trust liabilities	32 517	32 517	22 614	22 614
Resident trust liabilities	99 277	99 277	39 602	39 602
Total liabilities under management	131 794	131 794	62 216	62 216

The largest share of assets under management were invested in non-fixed income securities. Assets under management include loans granted on a trust basis (trust loans) made on behalf of a third party (the beneficiary).

34. RELATED PARTY TRANSACTIONS

Related parties are defined as shareholders who have a significant influence over the Bank (parent company), members of the Council and the Board and Other related parties, that are companies in which parent company and members of the Council and the Board have a controlling interest, key management personnel, their close relatives and companies in which they have a controlling interest, as well as associated and related companies. All transactions with related parties have been carried out at an arm's length.

Loans, deposits and other claims and liabilities to related parties include the following:

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Loans to related parties	400	400	309	309
<i>incl. members of the Council and the Board</i>	140	140	129	129
<i>incl. relatives of members of the Council and the Board</i>	256	256	173	173
<i>incl. companies related to members of the Council and the Board</i>	4	4	7	7
Impairment allowance	(23)	(23)	(27)	(27)
Net loans to related parties	377	377	282	282
Right-of-use assets – lease contracts (subsidiaries)	-	7 934	-	8 598
Total loans and other claims	377	8 311	282	8 880
Term and demand deposits and loans	180 956	185 705	229 897	232 813
<i>incl. from the parent company</i>	5 343	5 343	1 683	1 683
<i>incl. from subsidiaries</i>	-	4 749	-	2 916
<i>incl. from the members of the Council and Board</i>	1 820	1 820	2 684	2 684
<i>incl. relatives of members of the Council and the Board</i>	1 776	1 776	4 702	4 702
<i>incl. companies related to members of the Council and the Board</i>	172 017	172 017	220 828	220 828
<i>Bonds issued (incl. from the members of the Council and companies related to members of the Council)</i>	2 852	2 852	2 852	2 852
Lease liability	-	8 730	-	9 330
Total deposits and liabilities	183 808	197 287	232 749	244 995

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	2025		2024	
	Group Interest rate %	Bank Interest rate %	Group Interest rate %	Bank Interest rate %
Loans to related parties	2.42	2.42	3.73	3.73
Term and demand deposits	1.97	1.97	3.26	3.26

Remuneration to the member of Council and Board during 2025 amounted to EUR 1 498 thousand (2024: EUR 1 368 thousand) (see Note 11).

	2025		2024	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Income from related party transactions				
Commission income <i>(the members of the Council and companies related to members of the Council)</i>	326	326	424	424
Interest income <i>(the members of the Council and Board)</i>	14	14	79	79
Expenses from related party transactions				
Interest expense <i>(the members of the Council and companies related to members of the Council)</i>	4 522	4 862	6 980	7 330
Amortisation - right-of-use assets – lease contracts <i>(subsidiaries)</i>	-	663	-	663
Public utilities and maintenance <i>(subsidiaries)</i>	-	438	-	390

35. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (BANK)

The table below reflects the maturity analysis of financial assets and liabilities based on the contractual term from the reporting date until the maturity dates of the respective assets and liabilities. The remaining period to maturity of assets and liabilities as at 31 December 2025 was as follows:

2025 EUR'000	Up to 1 month including	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	5 years and over, or no maturity	Total EUR'000
Financial assets							
Cash and demand deposits with central banks	398 384	-	-	-	-	-	398 384
Deposits with credit institutions	12 292	-	-	-	-	-	12 292
Loans and receivables	65 500	16 727	33 298	77 585	422 005	1 320	616 435
Investment securities	46 450	1 402	334	727	4 347	-	53 260
Other financial assets	6 821	-	-	-	-	3 899	10 720
Total financial assets	529 447	18 129	33 632	78 312	426 352	5 219	1 091 091
Financial liabilities							
Due to monetary financial institutions on demand	3 985	-	-	-	-	-	3 985
Financial liabilities carried at amortized cost	609 384	145 810	47 222	164 911	34 345	9 864	1 011 536
Lease liabilities	73	146	146	513	4 323	3 529	8 730
Other financial liabilities	-	-	-	-	-	5 851	5 851
Total financial liabilities	613 442	145 956	47 368	165 424	38 668	19 244	1 030 102
Maturity gap	(83 995)	(127 827)	(13 736)	(87 112)	387 684	(14 025)	60 989
Cumulative maturity gap	(83 995)	(211 822)	(225 558)	(312 670)	75 014	60 989	

The maturity analysis of the Group is different from the Bank disclosed above only due to lease liabilities EUR (8 730 thousand - Bank) and loans in the balance sheet of the Bank's subsidiary (EUR 9 334 thousand).

The negative gap positions are managed in accordance with the Bank's Liquidity risk management policy. There are limits for maturity gap positions, which are set and monitored by the Bank's Investment committee.

Notes to the Group's Consolidated and the Bank's Separate Financial Statements

The table below reflects the maturity analysis of financial assets and liabilities based on the contractual term from the reporting date until the maturity dates of the respective assets and liabilities. The remaining period to maturity of assets and liabilities as at 31 December 2024 was as follows:

2024 EUR'000	Up to 1 month including	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	5 years and over, or no maturity	Total EUR'000
Financial assets							
Cash and demand deposits with central banks	409 545	-	-	-	-	-	409 545
Deposits with credit institutions	7 622	-	-	-	-	-	7 622
Loans and receivables	54 802	25 183	16 331	56 624	336 234	756	489 930
Investment securities	57 488	1 220	5	3 448	7 345	-	69 506
Other financial assets	5 056	-	-	-	-	5 798	10 854
Total financial assets	534 513	26 403	16 336	60 072	343 579	6 554	987 457
Financial liabilities							
Due to monetary financial institutions on demand	3 457	-	-	-	-	-	3 457
Financial liabilities carried at amortized cost	579 940	160 677	52 928	85 213	41 776	8 813	929 347
Lease liabilities	73	146	146	440	4 323	4 202	9 330
Other financial liabilities	-	-	-	-	-	4 613	4 613
Total financial liabilities	583 470	160 823	53 074	85 653	46 099	17 628	946 747
Maturity gap	(48 957)	(134 420)	(36 738)	(25 581)	297 480	(11 074)	40 710
Cumulative maturity gap	(48 957)	(183 377)	(220 115)	(245 696)	51 784	40 710	

The maturity analysis of the Group is different from the Bank disclosed above only due to lease liabilities EUR (9 330 thousand - Bank) and loans in the balance sheet of the Bank's subsidiary (EUR 18 727 thousand).

The negative gap positions are managed in accordance with the Bank's Liquidity risk management policy. There are limits for maturity gap positions, which are set and monitored by the Bank's Investment committee.

36. FINANCIAL RISK MANAGEMENT

Liquidity risk (Bank)

Residual contractual maturities of financial liabilities of the Bank are presented below. The amounts disclosed in the tables are the contractual undiscounted cash flows in comparison with the carrying amounts of financial liabilities. The Group's residual contractual maturities of financial liabilities have not been presented as the difference to the Bank's analysis is insignificant.

EUR'000

31 December 2025	Carrying amount	Gross nominal inflow / (outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years and more
<i>Non-derivative liabilities</i>						
Due to monetary financial institutions on demand	3 985	(3 985)	(3 985)	-	-	-
Lease liabilities	8 730	(10 520)	(73)	(146)	(657)	(9 644)
Financial liabilities carried at amortized cost: deposits	976 300	(983 347)	(604 641)	(79 020)	(287 687)	(11 999)
Financial liabilities carried at amortized cost: subordinated debt securities	35 236	(76 939)	(500)	(347)	(2 650)	(73 442)
Total non-derivative liabilities	1 024 251	(1 074 791)	(609 199)	(79 513)	(290 994)	(95 085)
Unused loan and credit card commitments	169 716	(169 716)	(169 716)	-	-	-
Guarantees given	11 873	(11 873)	(11 873)	-	-	-
Total Liabilities	1 205 840	(1 256 380)	(790 788)	(79 513)	(290 994)	(95 085)

EUR'000

31 December 2024	Carrying amount	Gross nominal inflow / (outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years and more
<i>Non-derivative liabilities</i>						
Due to monetary financial institutions on demand	3 457	(3 457)	(3 457)	-	-	-
Lease liabilities	9 330	(11 400)	(73)	(146)	(657)	(10 524)
Financial liabilities carried at amortized cost: deposits and subordinated deposits	895 163	(905 433)	(583 225)	(141 550)	(160 703)	(19 955)
Financial liabilities carried at amortized cost: subordinated debt securities	34 184	(76 128)	(500)	(320)	(2 571)	(72 737)
Total non-derivative liabilities	942 134	(996 418)	(587 255)	(142 016)	(163 931)	(103 216)
Unused loan and credit card commitments	115 919	(115 919)	(115 919)	-	-	-
Guarantees given	5 474	(5 474)	(5 474)	-	-	-
Total Liabilities	1 063 527	(1 117 811)	(708 648)	(142 016)	(163 931)	(103 216)

Residual contractual maturities of financial liabilities of the Group is different from the Bank disclosed above only due to lease liabilities (Bank).

37. CURRENCY ANALYSIS OF ASSETS AND LIABILITIES (BANK)

The Latvian banking legislation requires that the total foreign currency open position may not exceed 20% of the equity.

The EUR equivalent of assets and liabilities as at 31 December 2025 by the currencies in which they are denominated is as follows:

2025 EUR'000	EUR EUR'000	USD EUR'000	Other currencies EUR'000	Total EUR'000
Financial assets				
Cash and demand deposits with central banks	398 376	8	-	398 384
Loans and receivables from banks	2 061	7 066	3 165	12 292
Loans and receivables	605 835	10 544	56	616 435
Investment securities	50 597	2 663	-	53 260
Other financial assets	8 324	2 387	9	10 720
Total financial assets	1 065 193	22 668	3 230	1 091 091
Financial liabilities				
Due to monetary financial institutions on demand	(3 967)	(18)	-	(3 985)
Financial liabilities carried at amortized cost	(998 177)	(10 879)	(2 480)	(1 011 536)
Other financial liabilities	(4 065)	(1 783)	(3)	(5 851)
Total financial liabilities	(1 006 209)	(12 680)	(2 483)	(1 021 372)
Assets (liabilities) arising from currency exchange				
<i>Spot and forward transaction receivables</i>	21 319	10 739	-	32 058
<i>Spot and forward transaction liabilities</i>	(10 750)	(21 009)	(328)	(32 087)
Net long/short currency position	69 553	(282)	419	69 690

The currency analysis of the Group is significantly different from that of the Bank disclosed above only for loans in the balance sheet of the Bank's subsidiary (EUR 9 334 thousand), balances in EUR.

The currency gap positions are managed in accordance with the Bank's Currency risk management policy. There are limits for currency gap positions.

Notes to the Group's Consolidated and the Bank's Separate Financial Statements

The Latvian banking legislation requires that the total foreign currency open position may not exceed 20% of the equity.

The EUR equivalent of assets and liabilities as at 31 December 2024 by the currencies in which they are denominated is as follows:

2024 EUR'000	EUR EUR'000	USD EUR'000	Other currencies EUR'000	Total EUR'000
Financial assets				
Cash and demand deposits with central banks	409 545	-	-	409 545
Loans and receivables from banks	3 687	2 678	1 257	7 622
Loans and receivables	479 220	10 598	112	489 930
Investment securities	63 771	5 735	-	69 506
Other financial assets	10 854	-	-	10 854
Total financial assets	967 077	19 011	1 369	987 457
Financial liabilities				
Due to monetary financial institutions on demand	(3 431)	(23)	(3)	(3 457)
Financial liabilities carried at amortized cost	(915 669)	(12 526)	(1 152)	(929 347)
Other financial liabilities	(3 703)	(687)	(223)	(4 613)
Total financial liabilities	(922 803)	(13 236)	(1 378)	(937 417)
Assets (liabilities) arising from currency exchange				
<i>Spot and forward transaction receivables</i>	18 500	-	-	18 500
<i>Spot and forward transaction liabilities</i>	-	(18 546)	-	(18 546)
Net long/short currency position	62 774	(12 771)	(9)	49 994

The currency analysis of the Group is significantly different from that of the Bank disclosed above only for loans in the balance sheet of the Bank's subsidiary (EUR 18 727 thousand), balances in EUR.

The currency gap positions are managed in accordance with the Bank's Currency risk management policy. There are limits for currency gap positions.

38. REPRICING MATURITY ANALYSIS (BANK)

Interest rate risk relates to the changes in the value of the financial instrument as a result of changes in the market rates. As at 31 December 2025, interest rate re-pricing categories were:

2025 EUR'000	Up to 1 month including	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years	Non- interest bearing	Total EUR'000
Financial assets								
Cash and demand deposits with central banks	398 384	-	-	-	-	-	-	398 384
Loans and receivables from banks	12 292	-	-	-	-	-	-	12 292
Investment securities	10 214	2 462	6 544	17 276	14 431	2 333	-	53 260
Loans and receivables	15 057	12 261	568 300	8 459	12 358	-	-	616 435
Other financial assets	-	-	-	-	-	-	10 720	10 720
Total financial assets	435 947	14 723	574 844	25 735	26 789	2 333	10 720	1 091 091
FINANCIAL LIABILITIES								
Due to monetary financial institutions on demand	3 985	-	-	-	-	-	-	3 985
Financial liabilities carried at amortized cost	609 720	73 259	47 663	235 191	4 741	-	-	970 574
Other financial liabilities	-	-	-	-	-	-	5 851	5 851
Total financial Liabilities	613 705	73 259	47 663	235 191	4 741	-	5 851	980 410
Interest rate risk net position	(177 758)	(58 536)	527 181	(209 456)	22 048	2 333	4 869	110 681

The repricing maturity analysis of the Group is significantly different from that of the Bank disclosed above only for loans in the balance sheet of the Bank's subsidiary (EUR 9 334 thousand).

Notes to the Group's Consolidated and the Bank's Separate Financial Statements

Interest rate risk relates to the changes in the value of the financial instrument as a result of changes in the market rates. As at 31 December 2024, interest rate re-pricing categories were:

2024 EUR'000	Up to 1 month including	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years	Non- interest bearing	Total EUR'000
Financial assets								
Cash and demand deposits with central banks	409 154	-	-	-	-	-	391	409 545
Loans and receivables from banks	7 622	-	-	-	-	-	-	7 622
Investment securities	-	8 661	2 214	3 734	52 527	2 370	-	69 506
Loans and receivables	16 249	28 923	428 089	11 086	5 583	-	-	489 930
Other financial assets	-	-	-	-	-	-	10 854	10 854
Total financial assets	433 025	37 584	430 303	14 820	58 110	2 370	11 245	987 457
FINANCIAL LIABILITIES								
Due to monetary financial institutions on demand	-	-	-	-	-	-	3 457	3 457
Financial liabilities carried at amortized cost	571 824	130 885	61 539	93 701	10 574	-	20 929	889 452
Other financial liabilities	-	-	-	-	-	-	4 613	4 613
Total financial Liabilities	571 824	130 885	61 539	93 701	10 574	-	28 999	897 522
Interest rate risk net position	(138 799)	(93 301)	368 764	(78 881)	47 536	2 370	(17 754)	89 935

The reprising maturity analysis of the Group is significantly different from that of the Bank disclosed above only for loans in the balance sheet of the Bank's subsidiary (EUR 18 727 thousand).

39. MAXIMUM CREDIT EXPOSURE ANALYSIS

The Bank's maximum exposure to credit risk is set out below. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Maximum credit exposure

At 31 December EUR'000	Notes	Gross maximum credit exposure	
		Bank 2025	Bank 2024
Cash and balances with central banks	14	398 384	409 545
Loans and receivables from banks	15	12 292	7 622
Investment securities	16, 18	53 260	69 506
Loans and receivables	17	616 435	489 930
Other financial assets	24	10 720	10 854
Total financial assets		1 091 091	987 457
Unused loan facilities	31	169 106	115 190
Unused credit card facilities	31	610	729
Guarantees an others	31	11 873	5 474
Total guarantees and commitments		181 589	121 393
Total maximum credit risk exposure		1 272 680	1 108 850

The Group's maximum exposure to credit risk is set out below. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Maximum credit exposure

At 31 December EUR'000	Notes	Gross maximum credit exposure	
		Group 2025	Group 2024
Cash and balances with central banks	14	398 384	409 545
Loans and receivables from banks	15	12 296	7 730
Investment securities	16, 18	53 260	69 506
Loans and receivables	17	625 769	508 656
Other financial assets	24	10 744	10 876
Total financial assets		1 100 453	1 006 313
Unused loan facilities	31	169 106	115 190
Unused credit card facilities	31	610	729
Guarantees and others	31	11 873	5 474
Total guarantees and commitments		181 589	121 393
Total maximum credit risk exposure		1 282 042	1 127 706

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

Credit risk management. Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Credit risks policies are presented in Note 4.1.

40. CAPITAL ADEQUACY CALCULATION (BANK)

	2025 EUR '000	2024 EUR '000
Equity	131 140	122 423
Total Tier 1	103 617	93 284
Tier 2 capital	27 523	29 139
Total risk weighted assets	700 193	663 280
Total capital as a percentage of risk weighted assets (total capital ratio)	18.73%	18.46%
Total tier 1 capital expressed as a percentage of risk-weighted assets ("tier 1 capital ratio")	14.80%	14.06%

The above is based on internal reports of the Bank, provided to key management of the Bank.

As at 31 December 2025, the Bank's capital adequacy ratio was 18.73% (2024: 18.46%) which corresponds to the requirements set in the Basel Capital Accord and the regulations of the Latvijas Banka. Under the capital requirements introduced by Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Latvijas Banka, banks need to maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. Although the minimum required level as at 31 December 2025 was 8%, according to a special request by the Latvijas Banka, the Bank was required to ensure a higher capital adequacy of 11.9% during the period from 1 January 2025 (additional capital requirement - 1.9% and capital reserve requirement - 1%). In addition to the above capital requirement for the overall risk coverage, the Bank is required to maintain compliance with the total capital reserve requirement calculated in accordance with Section 35²², 35²³, 35²⁴ or 35²⁵ of the Credit Institution Law - 3.37% (Capital conservation buffer - 2.50%, institution-specific countercyclical capital buffer - 0.87%). The requirements of the total capital reserve should be met using Tier 1 capital.

In addition to the calculation of the capital adequacy ratio in accordance with 'Normative regulations on establishing a capital assessment process' No. 321 of the Latvijas Banka, the Bank regularly conducts its own internal capital adequacy assessment in order to ensure that it covers all the risks assumed by the Bank and whether they are covered by the capital.

In accordance with Regulation (EU) of the European Parliament and of the Council 575/2013, the calculation of capital adequacy is performed at the consolidated level, including the parent company of the bank (AS BBG). All of the above requirements are also met at the consolidated level. CALCULATION OF CAPITAL ADEQUACY at the consolidated level can be found on the Bank's website in the section "financial information" in the quarterly financial report (<https://www.bluorbank.com/lv/finansu-informacija>).

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. There were no transfers between the fair value hierarchy levels.

The Group and the Bank

31 December 2025	Published price quotations (1)	Valuation techniques based on market observable inputs (2)	Valuation techniques based on unobservable inputs (3)	Total
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Non fixed income securities	-	540	-	540
<i>Financial assets at fair value through other comprehensive income</i>				
Fixed income securities	4 001	5 740	579	10 320
Non fixed income securities and shares	-	28	-	28
	4 001	6 308	579	10 888

31 December 2024	Published price quotations (1)	Valuation techniques based on market observable inputs (2)	Valuation techniques based on unobservable inputs (3)	Total
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Non fixed income securities	-	543	-	543
<i>Financial assets at fair value through other comprehensive income</i>				
Fixed income securities	9 060	4 879	375	14 314
Non fixed income securities and shares	-	23	-	23
	9 060	5 445	375	14 880

Notes to the Group's Consolidated and the Bank's Separate Financial Statements

Included in category "Published price quotations" (Level 1) are financial assets and liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The main asset classes included in this category are financial assets for which the fair value is obtained via pricing vendors or binding broker quotes and assets for which the fair value is determined by reference to indices.

Included in category 2 "Valuation methods based on market observable data" are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument or based on available market data.

Not based upon market observable (Level 3) input means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table shows the valuation techniques used in measuring Level 2 fair values:

Type	Valuation technique
Financial assets and liabilities designated as at fair value through profit or loss.	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
Financial assets measured at fair value through other comprehensive income.	Valuation is based on financial indicators, including discounted cash flows and value of Bank's position with the price hedge.

The following table shows the valuation techniques used in measuring Level 3 fair values:

Type	Valuation method	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurement
Assets at fair value through profit or loss (illiquid bonds)	Valuation is based on financial indicators, including discounted cash flows.	Net assets	The estimated fair value would increase (decrease), if: Increase/(decrease) in net assets
Financial assets measured at fair value through other comprehensive income.	Valuation is based discounted dividend model	Future net revenues; CAPEX	The estimated fair value would increase (decrease) if: revenue increases/ (decreases/ CAPEX decreases/ (increases)

Changes in financial instruments of the Group/Bank classified as Level 3 in Fair Value Hierarchy:

31.12.2025 Financial assets at fair value	31.12.2024	Acquired/ (Sold)	Fair value adjustment	31.12.2025
Fixed income securities	375	204		579
Non fixed income securities	-	-	-	-
Total financial assets at fair value	375	204		579

31.12.2024				
Financial assets at fair value	31.12.2023	Acquired/ (Sold)	Fair value adjustment	31.12.2024
Fixed income securities	379	-	(4)	375
Non fixed income securities	-	-	-	-
Total financial assets at fair value	379	-	(4)	375

The table below analyses the fair values of financial instruments other than measured at fair value by the level in the fair value hierarchy into which each fair value measurement is categorised. There were no transfers between the fair value hierarchy levels.

31 December 2025	Level 1: EUR'000	Level 2: EUR'000	Level 3: EUR'000	Total fair value EUR'000	Total carrying amount EUR'000
Financial assets					
Cash and demand deposits with central bank	542	397 842	-	398 384	398 384
Loans and receivables from banks	-	-	12 292	12 292	12 292
Loans to customers	-	-	616 472	616 472	616 435
Investment securities at amortised cost	1 554	40 372	780	42 706	42 372
Other financial assets	-	-	10 720	10 720	10 720
Financial liabilities					
Due to monetary financial institutions on demand	-	-	3 985	3 985	3 985
Financial liabilities carried at amortized cost	-	-	1 012 953	1 012 953	1 011 536
Other financial liabilities	-	-	5 851	5 851	5 851

The fair value of financial instruments of the Group is significantly different from the Bank only for loans in the balance sheet of the Bank's subsidiary (EUR 9 334 thousand).

31 December 2024	Level 1: EUR'000	Level 2: EUR'000	Level 3: EUR'000	Total fair value EUR'000	Total carrying amount EUR'000
Financial assets					
Cash and demand deposits with central bank	391	409 154	-	409 545	409 545
Loans and receivables from banks	-	-	7 622	7 622	7 622
Loans to customers	-	-	489 395	489 395	489 930
Investment securities at amortised cost	-	53 891	191	54 082	54 626
Other financial assets	-	-	10 854	10 854	10 854
Financial liabilities					
Due to monetary financial institutions on demand	-	-	3 457	3 457	3 457
Financial liabilities carried at amortized cost	-	-	934 763	934 763	929 347
Other financial liabilities	-	-	4 613	4 613	4 613

The fair value of financial instruments of the Group is significantly different from the Bank only for loans in the balance sheet of the Bank's subsidiary (EUR 18 727 thousand).

The following table shows the valuation techniques use in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation method	Significant unobservable inputs
Loans and advances due from financial institutions	Discounted cash flows	Discount rates
Loans	Discounted cash flows	Discount rates
Due to financial institutions	Discounted cash flows	Discount rates
Deposits	Discounted cash flows	Discount rates

42. OPERATING SEGMENTS

The Bank's Management Board, its chief operating decision maker, monitors separately the operating results of the Corporate banking operating segment. The Bank's main business activity is servicing corporate customers and high net worth individuals, there is no separate retail banking segment and insignificant part of retail banking products are managed and monitored together with corporate banking products. Treasury function includes treasury services provided to corporate customers and therefore included in the Corporate segment. The results of all other operations are included in the "Other" segment.

Geographical information as well as significant exposures exceeding 10% of total Loans and Deposits is disclosed in 15 and Note 26 respectively.

	2025			2024		
	Corporate EUR'000	Other EUR'000	Total EUR'000	Corporate EUR'000	Other EUR'000	Total EUR'000
Net interest and similar income	27 235	-	27 235	29 218	-	29 218
Fee and commission income	18 449	-	18 449	16 369	-	16 369
Fee and commission expense	(2 850)	-	(2 850)	(2 235)	-	(2 235)
Net other finance income	2 540	-	2 540	522	-	522
Other operating income	923	66	989	2 511	61	2 572
Total operating income	46 297	66	46 363	46 385	61	46 446
Total operating expense	(22 603)	(64)	(22 667)	(21 477)	(63)	(21 540)
Credit loss allowance	(316)	-	(316)	(2 898)	-	(2 898)
Profit before tax	23 378	2	23 380	22 010	(2)	22 008

	2025			2024		
	Corporate EUR'000	Other EUR'000	Total EUR'000	Corporate EUR'000	Other EUR'000	Total EUR'000
Fee and commission income						
Money transfers	1 417	-	1 417	1 150	-	1 150
Commissions on loans monitoring and service	1 365	-	1 365	833	-	833
Securities transactions	1 466	-	1 466	1 500	-	1 500
Assets management	2 724	-	2 724	1 538	-	1 538
Client service	8 407	-	8 407	9 134	-	9 134
Payment card service	3 070	-	3 070	2 214	-	2 214
Total net fee and commission income	18 449	-	18 449	16 369	-	16 369
Total assets	1 125 439	827	1 126 266	1 032 402	827	1 033 229
Total liabilities	1 025 755	-	1 025 755	942 834	-	942 834

43. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events have occurred in the period from the reporting date to the date of these financial statements that would require adjustments to be made to these financial statements and disclosures added to the notes thereto.

The financial report was prepared by BluOr Bank AS Member of the Board /Chief accountant Vadims Morozs.



Independent Auditor's Report

To the Shareholder of BluOr Bank AS

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of BluOr Bank AS (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2025, and of the Group's consolidated and the Bank's separate financial performance and Group's consolidated and the Bank's separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

Our opinion is consistent with our additional report to the Audit Committee dated 6 March 2026.

What we have audited

The Group's consolidated and the Bank's separate financial statements (together "the financial statements") comprise:

- the Group's Consolidated and the Bank's Separate Income Statements for the year ended 31 December 2025;
- the Group's Consolidated and the Bank's Separate Statements of Other Comprehensive Income for the year ended 31 December 2025;
- the Group's Consolidated and the Bank's Separate Statements of Financial Position as at 31 December 2025;
- the Group's Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2025;
- the Bank's Separate Statement of Changes in Shareholders' Equity for the year ended 31 December 2025;
- the Group's Consolidated and the Bank's Separate Statements of Cash Flows for the year ended 31 December 2025; and
- Notes to the Group's Consolidated and Bank's Separate Financial Statements, comprising material accounting policy information and other explanatory information.

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Basis for opinion

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

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

Independence

We are independent of the Group and the Bank in accordance with the ethical requirements of Regulation (EU) No 537/2014 that are relevant to audits of financial statements of public interest entities, the ethical requirements of the Law on Audit Services that are relevant to audits of financial statements in the Republic of Latvia and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Regulation (EU) No 537/2014, the ethical requirements of the Law on Audit Services and the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Bank, its parent company and its controlled entities within the European Union are in accordance with the applicable law and regulations in the Republic of Latvia and that we have not provided non-audit services that are prohibited under Article 37.⁶ of the Law on Audit Services of the Republic of Latvia.

The non-audit services that we have provided to the Bank and its controlled entities in the period from 1 January 2025 to the date of issuing this report are disclosed in note 11 to the financial statements.

Our audit approach

Overview

-
- Overall Group materiality is EUR 1.1 million, which represents approximately 5% of profit before tax.
 - Overall Bank materiality: EUR 1.05 million, which represents approximately 5% of profit before tax.
-
- We have audited the separate financial statements of the Bank.
 - We have performed selected audit procedures over the significant balances and transactions of subsidiaries.
 - Our audit scope covered substantially all of the Group's revenues and substantially all of the Group's total assets.
-

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- Expected credit losses on loans (Group and Bank).

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Overall materiality

Overall materiality applied to the Group was EUR 1.1 million.

Overall materiality applied to the Bank was EUR 1.05 million.

How we determined it

Approximately 5% of the Group's and the Bank's profit before tax for 2025.

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Rationale for the materiality benchmark applied

We chose profit before tax as the base benchmark because, in our view, it is the benchmark against which the performance of the Group and the Bank is most commonly measured by users, and it is a generally accepted benchmark.

We chose the threshold of 5%, which is within the range of acceptable quantitative materiality thresholds for this benchmark for a public-interest entity.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 50 thousand for the Group and the Bank, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter**How our audit addressed the key audit matter**

Expected credit losses on loans (Group and Bank)

Refer to Note 4 "Risk management" and Note 17 "Loans and receivables" to the financial statements

We focused on this area because application of IFRS 9 "Financial instruments" expected credit loss (ECL) model for loans impairment losses requires complex and subjective judgements over both timing of recognition of expected credit losses and their extent.

The key features of the ECL model include classification of loans to 3 stages, assessment of credit risk parameters and application of forward-looking information.

The amount of expected credit losses for the Group's and the Bank's loans is based on calculations taking into consideration the exposure at default, probability of default, changes in customer credit rating and taking into account estimated future cash flows from the loan repayments or sale of collateral (loss given default), and ECL adjustments by expected impact of future macroeconomic scenarios.

We assessed whether the Group's and the Bank's accounting policies in relation to the ECL of loans to customers are in compliance with IFRS 9 by assessing each significant model component: exposure at default, probability of default, loss given default, definitions of default and significant increase in credit risk and use of macroeconomic scenarios.

We assessed the design and operating effectiveness of the controls over relevant loan data and ECL calculations. These controls included controls over monitoring of loan quality, the non-retail loans credit file periodic reviews and related credit rating assessment, timely transfer into overdue accounts where relevant and accuracy of overdue days calculation, appropriate classification into individual or collective assessment, and staging assessment.

Further, we performed detailed testing over the reliability of loan data, including contract dates, interest rates, collateral values and types, performing/non-performing status, overdue days and other inputs used in the ECL calculation engine as at 31 December 2025.

For a sample of individually significant loans to legal entities we evaluated the reasonableness of assumptions made by the Bank's credit expert regarding future cash flow scenarios, PD and LGD, appropriateness of ECL stage applied, existence and valuation of collateral and the accuracy of the ECL calculation.

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For individually significant loans ECL are calculated on an individual basis and expert judgement is applied to determine probability of default (PD) and loss given default (LGD). For other loans the expected credit losses are calculated using the ECL model.

As at 31 December 2025 expected credit losses allowance amounted to EUR 5 298 thousand and EUR 5 259 thousand for the Group and the Bank respectively (refer to Note 17).

We involved our expert to assess the ECL model and recalculate the credit loss allowance for loans and advances assessed on the collective basis. We tested the accuracy of input information used in the ECL model and assessed consistency of the model with the prior year.

Finally, we have assessed the accuracy and completeness of information included in credit risk disclosures.

How we tailored our Group audit scope

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

The Group engagement team carried out audit work on the Bank's financial statements and performed selected audit procedures over the significant balances and transactions of other subsidiaries. Our audit work addressed substantially all of the Group's revenues and the Group's total assets. A

The audit of the consolidated and separate financial statements was carried out by the Group engagement team, and the involvement of component auditors was not required.

Reporting on other information including Management Report

Management is responsible for the other information. The other information comprises:

- the Management Report, as set out on pages 3 to 5 of the Annual report,
- information on the Council and the Board of the Bank, as set out on page 6 of the Annual Report; and,
- Statement of Management's Responsibility, as set out on page 7 of the Annual Report,
- Statement of Corporate Governance, set out in a separate statement prepared and signed by the Bank's Management Board on 14 January 2026 and available on the Bank's website <http://bluorbank.lv> as at the date of this audit report,

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

With respect to the Management Report, we also performed the procedures required by the Law on Audit Services of the Republic of Latvia. Those procedures include considering whether the Management Report includes the disclosures required by the Latvijas Banka's Regulation No 326 "Regulation on the annual reports and consolidated annual reports of credit institutions, investment brokerage companies, investment management companies and private pension funds".

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required by section (3) of Article 56.² of the Financial Instruments Market Law.

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

- the information given in the other information identified above for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report, has been prepared in accordance with the requirements of the Latvijas Banka's Regulation No 326 "Regulation on the annual reports and consolidated annual reports of credit institutions, investment brokerage companies, investment management companies and private pension funds"; and
- the Statement of Corporate Governance, available on the Bank's website <http://bluorbank.lv/> as at the date of this audit report, includes the information required by section (3) of Article 56.² of the Financial Instruments Market Law.

In addition, in light of the knowledge and understanding of the Group and the Bank and their operating environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Group's and the Bank'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 the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 and the Bank'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 and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

We have been engaged based on our agreement of 6 October 2025 by the Board of the Bank to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of BluOr Bank AS for the year ended 31 December 2025 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Board of the Bank to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of

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17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

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

Responsibility of the Management Board and those charged with governance

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

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

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

Our responsibility

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

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

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

Quality management requirements and professional ethics

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Summary of the work performed

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

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

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

Conclusion

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

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Appointment

We were first appointed as auditors by the Bank's shareholder's resolution on 28 November 2018. Our appointment has been renewed annually by shareholder's resolution representing a total period of uninterrupted engagement appointment of 8 years. Our appointment for the year ended 31 December 2025 was approved by the shareholder's resolution on 19 August 2025.

The engagement partner on the audit resulting in this independent auditor's report is Jegors Podosiņņikovs.

PricewaterhouseCoopers SIA

Certified audit company

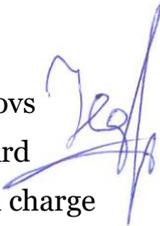
Licence No. 5

Jegors Podosiņņikovs

Member of the Board

Certified auditor in charge

Certificate No. 238



Riga, Latvia

6 March 2026

Independent Auditor's Report is signed electronically with a secure electronic signature and contains a time stamp.

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