BluOr Bank AS

Unaudited interim report
for the six months period
ended 30 June 2026

CONTENT

Report of the Council and the Board

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 strengthens its position in the Latvian financial market

BluOr Bank's performance in the first half of 2026 was characterised by stability and focused development, in line with its business model and strategic objectives.

The Bank ended the reporting period with a profit of EUR 10.4 million, representing a 33% increase compared to the first half of 2025. The Bank's net operating income reached EUR 26.5 million in the first half of 2026. As of 30 June 2026, the Bank's equity amounted to EUR 129.3 million, while total assets stood at EUR 1,169.4 million.

As of 30 June 2026, the Bank's liquidity coverage ratio (LCR) stood at 143.56%, while its capital adequacy ratio was 16.68%. Other key financial performance indicators for the six-month period were also strong, with return on equity (ROE) at 20.2% and return on assets (ROA) at 1.90%.

The Bank is successfully advancing its business strategy focused on serving Latvian corporate clients: over the past 12 months, the number of clients – Latvian companies – has increased by 12%.

BluOr Bank remains active in corporate lending, providing financing to businesses across a wide range of industries. During the six-month period, the Bank signed new loan agreements totalling EUR 144.6 million. Of this amount, 88% was allocated to financing small and medium-sized enterprises and supporting business development both in Riga and across the regions of Latvia.

As of 30 June 2026, the total portfolio of loans granted and disbursed reached EUR 872 million.

Alongside its targeted support for business development and continued efforts to strengthen its position in the corporate banking segment, BluOr Bank is also consistently developing its offering for private clients by expanding its range of services and introducing a new digital platform with an enhanced user experience. At the same time, the Bank refreshed its visual identity to reflect its development path and focus on modern financial solutions tailored to clients' needs. Particular attention was given to the development of mortgage lending, further strengthening the Bank's competitiveness in the private banking segment.

Driven by growing client trust and the steady increase in assets under management during 2025, BluOr Bank became Latvia's leading private client asset manager in the first half of 2026. This achievement reflects clients' strong confidence in the Bank's expertise, personalised approach and long-term investment management strategy.

In the first half of 2026, the Bank's e-commerce services maintained a strong growth trajectory. Compared with the same period last year, the number of e-commerce transactions increased by 219%, while transaction turnover rose by 190%. These results reflect a significant strengthening of the Bank's market position and the growing preference among clients for BluOr Bank's digital payment and POS solutions. The Bank also continues to introduce new payment solutions, including innovative solutions already gaining traction internationally. BluOr Bank is a Premium Partner of the Latvian E-commerce Association and actively contributes to the development of the sector.

Sustainable development remains one of BluOr Bank's strategic priorities. The Bank has established the necessary framework to expand the financing of sustainable business initiatives and offers Latvian small and medium-sized enterprises (SMEs) the opportunity to implement green investment projects with the support of the European Investment Fund (EIF) InvestEU guarantee programme. This initiative demonstrates the Bank's commitment to promoting investments that comply with environmental, social and governance (ESG) principles and contribute to achieving the European Union's sustainable development and climate objectives.

During the reporting period, BluOr Bank continued to enhance its information technology infrastructure and develop its IT systems, with particular focus on business continuity, cybersecurity and strengthening the security of client transactions. Going forward, the Bank will continue to pursue its development strategy, focusing on improving services for corporate and private clients, advancing digital solutions and supporting sustainable growth, while consolidating its position in selected business areas and increasing its competitiveness in the Latvian financial market.

On behalf of the Bank,

Dmitrijs Latiševs	**Vadims Morozs**
Chairman of the Board	*Member of the Board*

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Council and Board of the Bank

Council as of 30 June 2026

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
Nataļja Zolova	Member of the Council	25 August 2022
Regina Lubgane	Member of the Council	17 June 2024

Board as of 30 June 2026

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,

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 interim condensed financial statements of the Bank and of the Bank and its subsidiaries (hereinafter – the "Group").

The Group's consolidated and the Bank's separate interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting 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 interim condensed financial statements.

The interim condensed financial statements are prepared in accordance with the source documents and present the financial position of the Bank and the Group as of 30 June 2026 and the comparative date 31 December 2025 and the results of their operations, changes in shareholders' equity and cash flows for the six months periods ended 30 June 2026 and the comparative period 30 June 2025 in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The management report presents fairly the financial results of the reporting period and future prospects of the Bank and the Group.

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,

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 interim condensed income statement

	Note	6m 2026		6m 2025	
		Group EUR'000 Unaudited	**Bank EUR'000** Unaudited	**Group EUR'000** Unaudited	**Bank EUR'000** Unaudited
Interest income		25 057	24 776	23 279	22 877
Interest expenses		(10 190)	(10 327)	(10 376)	(10 532)
Net interest income	6	**14 867**	**14 449**	**12 903**	**12 345**
Fee and commission income		12 355	12 355	8 239	8 239
Fee and commission expense		(1 847)	(1 847)	(1 252)	(1 252)
Net fee and commission income	7	**10 508**	**10 508**	**6 987**	**6 987**
Net profit from trading and revaluation of financial instruments	8	(35)	(35)	135	135
Net foreign exchange income	9	1 273	1 273	1 160	1 160
Other operating income		375	344	473	528
Total operating income		**26 988**	**26 539**	**21 658**	**21 155**
Administrative expenses	10	(11 976)	(11 677)	(11 026)	(10 669)
Other operating expenses	11	(343)	(318)	(322)	(324)
Credit loss allowances		(1 594)	(1 594)	(391)	(393)
Total operating expenses		**(13 913)**	**(13 589)**	**(11 739)**	**(11 386)**
Profit before taxation		**13 075**	**12 950**	**9 919**	**9 769**
Corporate income tax	12	(2 594)	(2 594)	(1 956)	(1 956)
Profit for the period		**10 481**	**10 356**	**7 963**	**7 813**

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 interim condensed statement of other comprehensive income

	6m 2026		6m 2025	
	Group EUR'000 Unaudited	Bank EUR'000 Unaudited	Group EUR'000 Unaudited	Bank EUR'000 Unaudited
Profit for the period	**10 481**	**10 356**	**7 963**	**7 813**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Foreign exchange revaluation reserve	(2)	-	(1)	-
Revaluation reserve – financial assets at fair value through other comprehensive income (debt instruments)	(57)	(57)	165	165
Total items that may be reclassified to profit or loss	**(59)**	**(57)**	**164**	**165**
Other comprehensive (loss)/income	**(59)**	**(57)**	**164**	**165**
Total comprehensive income	**10 422**	**10 299**	**8 127**	**7 978**

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Chairman of the Board

Vadims Morozs
Member of the Board

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The Group's consolidated and the Bank's separate interim condensed statement of financial position

Assets	**Note**	**30/06/2026**		**31/12/2025**	
		Group **EUR'000** Unaudited	**Bank** **EUR'000** Unaudited	**Group** **EUR'000** Audited	**Bank** **EUR'000** Audited
Cash and demand deposits with central bank	13	321 021	321 021	398 384	398 384
Loans and receivables from banks	14	9 567	9 562	12 296	12 292
Demand deposits with credit institutions		*9 567*	*9 562*	*12 296*	*12 292*
Investment securities	15	89 582	89 582	53 260	53 260
Fixed income securities		*89 034*	*89 034*	*52 692*	*52 692*
Non fixed income securities		*548*	*548*	*568*	*568*
Loans and receivables	16	704 315	695 476	625 769	616 435
Investments in associates	17	827	-	827	-
Investments in subsidiary undertakings	17	-	34 416	-	38 416
Investment property		2 679	1 521	2 772	1 614
Property and equipment		20 793	2 619	21 348	2 748
Right-of-use assets		-	7 603	-	7 934
Intangible assets		270	260	252	242
Prepayments and accrued income		594	589	614	606
Other assets		6 808	6 786	10 744	10 720
Total assets		**1 156 456**	**1 169 435**	**1 126 266**	**1 142 651**

The Group's consolidated and the Bank's separate statement of financial position

Liabilities and Equity	Note	30/06/2026		31/12/2025	
		Group EUR'000 Unaudited	Bank EUR'000 Unaudited	Group EUR'000 Audited	Bank EUR'000 Audited
Due to banks and monetary financial institutions on demand	18	4 253	4 253	3 985	3 985
Financial liabilities carried at amortized cost		1 037 061	1 038 788	1 006 787	1 011 536
Deposits	19	*996 049*	*997 776*	*965 826*	*970 575*
Deposits (subordinated)	19	*5 725*	*5 725*	*5 726*	*5 726*
Additional Tier 1 Debt securities (subordinated)	20	*9 916*	*9 916*	*9 864*	*9 864*
Debt securities (subordinated)	20	*25 371*	*25 371*	*25 371*	*25 371*
Lease liabilities		-	8 422	-	8 730
Deferred income and accrued expenses		3 413	3 412	3 624	3 612
Provisions		242	242	243	243
Income tax liabilities		7 098	7 098	4 509	4 509
Other liabilities		3 248	3 227	6 607	6 550
Total liabilities		**1 055 315**	**1 065 442**	**1 025 755**	**1 039 165**
Shareholders' equity					
Share capital	21	44 493	44 493	44 493	44 493
Other equity		208	208	-	-
Statutory reserves		24	24	24	24
Revaluation reserve – financial assets at fair value through other comprehensive income		(551)	(552)	(495)	(495)
Other reserves		(3 412)	(2 400)	(3 412)	(2 400)
Retained earnings		60 379	62 220	59 901	61 864
Total equity attributable to equity holders of the Bank		**101 141**	**103 993**	**100 511**	**103 486**
Total equity and liabilities		**1 156 456**	**1 169 435**	**1 126 266**	**1 142 651**

Dmitrijs Latiševs
Chairman of the Board

Vadims Morozs
Member of the Board

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The Group's consolidated interim condensed statement of changes in the shareholders' equity

	Note	Share capital	Statutory reserves and other equity	Revaluation reserve – FVOCI	Other reserves	Retained earnings	Total equity attributable to equity holders of the parent	Total equity
		EUR`000	EUR`000	EUR`000	EUR'000	EUR`000	EUR`000	EUR`000
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)**
Othet comprehensive income for the period:								
Revaluation reserve – financial assets		-	-	165	-	-	**165**	**165**
Foreign exchange revaluation reserve		-	-	-	-	(1)	**(1)**	**(1)**
Profit for the period		-	-	-	-	7 963	**7 963**	**7 963**
Total comprehensive income for the period		-	-	**165**	-	**7 962**	**8 127**	**8 127**
Balance as at 30 June 2025		**44 493**	**24**	**(599)**	**(3 412)**	**49 016**	**89 522**	**89 522**
Balance as at 31 December 2025		**44 493**	**24**	**(495)**	**(3 412)**	**59 901**	**100 511**	**100 511**
Dividends paid		-	-	-	-	(10 000)	**(10 000)**	**(10 000)**
Share-based payments		-	208	-	-	-	**208**	**208**
Other comprehensive income for the period:								
Revaluation reserve – financial assets		-	-	(57)	-	-	**(57)**	**(57)**
Foreign exchange revaluation reserve		-	-	1	-	(3)	**(2)**	**(2)**
Profit for the period		-	-	-	-	10 481	**10 481**	**10 481**
Total comprehensive income for the period		-	-	**(56)**	-	**10 478**	**10 422**	**10 422**
Balance as at 30 June 2026		**44 493**	**232**	**(551)**	**(3 412)**	**60 379**	**101 141**	**101 141**

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The Bank's separate interim condensed statement of changes in the shareholders' equity

	Note	Share capital EUR`000	Statutory reserves and other equity 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 2024		**44 493**	**24**	**(2 400)**	**(764)**	**52 793**	**94 146**
Dividends paid		-	-	-	-	(9 000)	**(9 000)**
Other comprehensive income for the period:							
Revaluation reserve –financial assets		-	-	-	165	-	**165**
Profit for the period		-	-	-	-	**7 813**	**7 813**
Total comprehensive income for the period		-	-	-	**165**	**7 813**	**7 978**
Balance at 30 June 2025		**44 493**	**24**	**(2 400)**	**(599)**	**51 606**	**93 124**
Balance at 31 December 2025		**44 493**	**24**	**(2 400)**	**(495)**	**61 864**	**103 486**
Dividends paid		-	-	-	-	(10 000)	**(10 000)**
Share-based payments		-	208	-	-	-	**208**
Other comprehensive income for the period:							
Revaluation reserve – financial assets		-	-	-	(57)	-	**(57)**
Profit for the period		-	-	-	-	**10 356**	**10 356**
Total comprehensive income for the period		-	-	-	**(57)**	**10 356**	**10 299**
Balance as at 30 June 2025		**44 493**	**232**	**(2 400)**	**(552)**	**62 220**	**103 993**

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The Group's consolidated and the Bank's separate interim condensed statement of cash flows

	Note	6m 2026		6m 2025	
		Group EUR'000 Unaudited	Bank EUR'000 Unaudited	Group EUR'000 Unaudited	Bank EUR'000 Unaudited
Cash flow from operating activities					
Profit before corporate income tax		**13 075**	**12 950**	**9 919**	**9 769**
Amortisation of intangible assets		39	39	37	37
Depreciation of property, equipment and right-of-use assets		578	481	582	485
Revaluation of financial assets		37	37	(135)	(135)
Interest income		(25 057)	(24 776)	(23 279)	(22 877)
Interest expense		10 190	10 327	10 376	10 532
Impairment of assets		1 594	1 594	391	393
Decrease in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations		**456**	**652**	**(2 109)**	**(1 796)**
(Increase)/decrease in loans and receivables		(79 440)	(79 935)	(57 710)	(58 187)
Decrease/(increase) in investment securities		(36 373)	(36 373)	11 853	11 853
Decrease/(increase) in prepayments and accrued income		20	17	236	234
(Increase)/ decrease in other assets		3 936	3 934	(407)	(398)
Increase/(decrease) in deposits and due to banks		29 239	26 217	57 883	58 682
Interest received		24 314	24 033	23 067	22 665
Interest paid		(8 939)	(9 076)	(10 950)	(11 106)
Increase/(decrease) in other liabilities and current tax liabilities		(3 105)	(3 065)	(1 223)	(1 209)
Increase/(decrease) in deferred income and accrued expenses		(211)	(200)	182	201
Net cash from operating activities before tax		**(70 103)**	**(73 796)**	**20 822**	**20 939**
Corporate income tax paid		(5)	(5)	(1 358)	(1 358)
Net cash from operating activities		**(70 108)**	**(73 801)**	**19 464**	**19 581**
Cash flows from investment activities					
Purchase of fixed and intangible assets		(77)	(77)	(22)	(22)
Sale of investment property		93	93	78	-
Capital increase in investment in subsidiaries		-	-	-	-
Capital decrease in investment in subsidiaries		-	4 000	-	199
Net cash (used in) investing activities		**16**	**4 016**	**56**	**177**
Cash flows from financing activities					
Lease liabilities repaid on right-of-use asset		-	(308)	-	(300)
Bonds issued		-	-	1 050	1 050
Dividends (paid)	21	(10 000)	(10 000)	(9 000)	(9 000)
Net cash (used in) financing activities		**(10 000)**	**(10 308)**	**(7 950)**	**(8 250)**
Net changes in cash and cash equivalents		**(80 092)**	**(80 093)**	**11 570**	**11 508**
Cash and cash equivalents at the beginning of the reporting period		**410 680**	**410 676**	**417 275**	**417 167**
Cash and cash equivalents at the end of the reporting period	22	**330 588**	**330 583**	**428 845**	**428 675**

Dmitrijs Latiševs
Chairman of the Board

Vadims Morozs
Member of the Board

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Notes to the Group's consolidated and the Bank's separate interim condensed 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 a Joint Stock Company BBG that holds 100% of 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. 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 companies. The above entities form the Group which comprises the following:

Name of the company	Country of incorporation, address	Line of business	Holding 30.06.2026 %	Holding 31.12.2025 %
SIA BluOr International	M. Pils iela 13, 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 ½B – 18, Sveti Vlas, Burgas obl., Nesebier 8256, Bulgaria	Real estate development	100	100
UAB Kamaly Development	Klaipedos m. sav. Klaipedos m., Karklu g. 12, Lithuania	Management of taken over collaterals	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 taken over collaterals	100	100
SIA Jēkaba 2	Jēkaba iela, Riga, Latvia	Real estate development	100	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 (%) 30.06.2026	Holding (%) 31.12.2025
AS Termo biznesa Centrs	Kr. Valdemāra iela 149, Riga, Latvia	Real estate development	26.15	26.15

2. BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

(1) Statement of Compliance

These interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by European Union (EU) on a going concern basis. The interim condensed financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Bank separate and the Group consolidated financial statements for the year ended 31 December 2025. The financial information in these interim condensed financial statements is presented to a material extent in the same format as in the Bank separate and Group consolidated financial statements for the year ended 31 December 2025.

(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 and bulgarian lev.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2026. The Bank and the Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

4. FINANCIAL INSTRUMENTS FAIR VALUE MEAUSERMENT

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).

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 recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. 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.

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 rated 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.

The fair value of S.W.I.F.T shares was determined based on the "transfer amount", approved for the respective year by the shareholders' meeting, representing the price for new share allocation and the participants' quit price.

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.

5. 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 Customer 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 and the Council regularly receive and review the information on risk management, implementation of the strategy and policies approved by the Council. Risk management is carried out both on the Group and Bank level.

(1) Credit risk

Credit risk is the risk of potential loss resulting from the inability or refusal to fulfil any contractual obligations by the Group's or the Bank's debtor or counterparty.

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.

(2) Currency risk

Foreign exchange risk is the risk of potential loss as a result of the revaluation of assets, 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 the open positions of foreign currencies and regularly assesses the structure of assets and liabilities by currency.

(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.

(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.

(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. The Bank allocates funds (attracted mainly from deposits) to assets in order to maintain an asset structure that is appropriate to support the Bank's operations (executing of customers' transactions) and comply 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 procedures for the management of the liquidity risk are described in the Liquidity Management Policy and consist of several components: liquidity risk indicator system, balance sheet planning, stress testing, and limits for investments in assets of 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.

The aim of liquidity risk stress testing is to measure the deficit or surplus of the Bank's liquid assets 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 assets of limited liquidity.

(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 on placement of assets for the respective country.

(7) Operational risk

Operational risk is the risk of incurring losses from inadequate or improper internal processes, human errors and errors in the operation of systems, or from external events, including legal risk, but excluding strategic and reputation 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 IT infrastructure capacity and defence capacity, especially taking into account the potential of cyber-attacks and concluded that the IT 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 Bank has also developed Action plans for various crisis situations. The Bank and the Group have set up an independent Internal Audit Service (IAS), whose primary function is to ensure that the activities of the Bank and the Group comply with the applicable laws and regulations, approved plans, policies and other internal documents of the Bank, and with the internal control procedures governing the functions of the Group's and the Bank's structural units.

(8) Management of money laundering and terrorist financing risk and the Customer Policy

(a) General Policy

The existing business model of the Group and the Bank is aimed at providing financial services to clients, therefore its activities are related to the risk of money laundering and terrorist and proliferation financing, as well as sanctions. Accordingly, the Group and the Bank devote significant efforts to ensure compliance with the requirements of the laws and regulations of the Republic of Latvia, recommendations of international organisations, best practices, as well as other binding regulations in the area of anti-money laundering and combating the financing of terrorism and proliferation (hereinafter – AML/CFTP), as well as prevention of possible violation, circumvention or attempted violation of National, International and OFAC sanctions (hereinafter – Sanctions).

The Bank has approved the AML/CFTP Policy, which establishes:

- The key principles of customer due diligence, client transaction monitoring, enhanced due diligence, including the analysis of personal or business activities of clients and their counterparties;
- The key principles of identification and due diligence of beneficial owners of clients;
- The key principles of client risk assessment, identification and management. Based on the information generated during the client's initial due diligence, the client's initial risk is established, which is automatically assigned by the client risk scoring system based on a number of risk factors. Client risk is regularly reviewed in the light of changes in risk factors.

The Bank has approved the Sanction risk management policy, which defines the tasks and procedures of the Bank's structural units in the area of client acquisition and servicing, the general terms for initiating business relationship with clients, carrying out the client due diligence and client risk identification measures, including the general procedure for terminating business relationship with clients who do not meet the requirements of the Sanction risk management policy.

Throughout the business relationship between the client and the Bank, the Bank continues to collect information on the client's economic activities and personal activities as far as it is necessary to meet the requirements set out in the regulations. Client files are regularly supplemented and updated with the results of studying client activity and their transactions, as well as documents supporting transactions. In the opinion of the Bank's management, through gaining the understanding about the client business activities and their geographical coverage, monitoring their transactions and refraining from the execution of suspicious financial transactions, the Group and the Bank minimize the risk of being involved in potential money laundering and terrorism and proliferation financing activities, as well as reduce the risk of being involved in violation or circumvention of sanctions or such attempts.

The Bank has approved the money laundering and terrorist and proliferation financing risk and sanctions risk management strategy, which sets out the key principles for managing the risks of money laundering, terrorism and proliferation financing and sanctions (hereinafter – ML/TPF and Sanctions risk), development of internal control system, risk identification measures, and risk mitigation and control mechanisms. Taking into account the Bank's strategy, the ability of the Bank to manage the ML/TPF and Sanctions risk, and the available resources, the ML/TPF and Sanctions Risk Management Strategy sets out the ML/TPF risk exposure rates and their maximum permissible limits.

The ML/TPF and Sanctions Risk Management Strategy, AML/CFTP Policy and Sanctions Risk Management Policy establish requirements for such organisational structure fundamentals, which are based on the following principles of three-tier protection and control:

- Tier 1 controls – employees of business structural units in charge of acquiring and servicing customers, ensuring compliance with the 'Know Your Customer' (KYC) and 'Know Your Customer's Customer' (KYCC) principles both when entering into a business relationship with the client and during business relationship. Each employee of the Bank's structural units is responsible for knowing and complying with ML/TPF and Sanctions risk requirements in cooperation with clients, as well as for promoting and respecting the professional internal culture in accordance with the Corporate Ethics Standards Code.
- Tier 2 controls – structural units in charge of client acceptance and due diligence prior to establishing business relationship, monitoring of client transactions and support function, that provide independent research and acceptance of clients, supervision of servicing, analysis of client transactions, issue of opinions on planned client transactions, and, through the use of automated tools, carry out transaction monitoring, reporting (Financial Intelligence Unit, the State Revenue Service, the State Security Service, the Finance and Capital Market Commission, the Register of Enterprises of the Republic of Latvia), as well as risk management and operational compliance directors and heads of departments responsible for supervision. In addition to monitoring the Sanctions risk, the Bank has appointed a responsible employee in charge of considering matters related to International, OFAC and National sanctions at the Bank, consulting other employees of the Bank and issuing opinions on Sanctions-related matters.
- Tier 3 controls are implemented by the Internal Audit Service through independent and regular management of ML/TPF and Sanctions risk and assessment of controls.

The Bank has appointed a Board member in charge of ML/TPF and Sanctions risk management, as well as the employee responsible for the compliance with AML/CFTP requirements.

The Bank's internal control system in the area of ML/TPF and Sanctions risk management is based on the principle of distribution of certain duties and responsibilities between structural units and employees; it defines the criteria for decision-making, establishes a certain responsibility for monitoring the client activities and lays the foundations for the activity of compliance units. To ensure general control and organisation of supervisory measures related to the internal control system, the Bank has established the Client Activity Compliance Committee.

(9) Management of compliance risk

Compliance risk – a risk that the Group or the Bank may incur losses or may be subject to legal obligations or sanctions, or its reputation as an institution may be damaged due to non-compliance of its operations or violation of the requirements of laws, rules and standards in the area of compliance.

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, which acts under the direct authority of the Chief Compliance Officer. In order to ensure the compliance function, the Bank has appointed 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 as a Controller with the requirements of the regulatory enactments in the area of personal data protection of the European Union and the Republic of Latvia. The main goal of the Compliance Control Department is to ensure the identification, assessment and management of the compliance risk. The purpose of the compliance function is to ensure the identification, documentation, 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 the Bank's compliance with compliance laws, rules and standards is assessed.

Compliance of the activities of the Bank characterises the Bank's ability to act pursuant to the applicable laws, regulations and standards in the area of compliance, 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.

Pursuant to the changes in regulatory enactments, an internal whistleblowing system was introduced 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.

In scope of corporate governance, the process of identifying and managing situations of conflict of interest was improved, and a systematic approach to collecting information on situations that may create conflicts of interest for the Bank was developed.

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

6. NET INTEREST INCOME

	6m 2026		6m 2025	
Interest income	**Group EUR'000**	**Bank EUR'000**	**Group EUR'000**	**Bank EUR'000**
Interest income from financial assets at amortized cost	24 119	23 838	22 947	22 545
Loans and receivables	*20 774*	*20 493*	*17 507*	*17 105*
Demand deposits with central bank	*3 345*	*3 345*	*4 960*	*4 960*
Debt instruments	*745*	*745*	*480*	*480*
Interest income from financial assets measured at fair value through other comprehensive income	172	172	273	273
Other interest income	21	21	59	59
Total interest income	**25 057**	**24 776**	**23 279**	**22 877**
Interest expense				
Interest expense from liabilities measured at amortized cost:	8 959	8 965	9 395	9 412
Payments to the Deposit Guarantee Fund and other funds	710	710	601	601
Other interest expense	521	652	380	519
Total interest expense	**10 190**	**10 327**	**10 376**	**10 532**
Net interest income	**14 867**	**14 449**	**12 903**	**12 345**

7. NET FEE AND COMMISSION INCOME

	6m 2026		6m 2025	
	Group EUR'000	**Bank EUR'000**	**Group EUR'000**	**Bank EUR'000**
Fee and commission income				
Money transfers	1 411	1 411	842	842
Commissions on loans monitoring and service	470	470	596	596
Securities transactions	1 150	1 150	657	657
Assets management	3 940	3 940	597	597
Client service	3 842	3 842	4 721	4 721
Payment card service	1 542	1 542	826	826
Total fee and commission income	**12 355**	**12 355**	**8 239**	**8 239**
Fee and commission expense				
Money transfers	93	93	68	68
Payment card service	1 511	1 511	982	982
Securities transactions	241	241	200	200
Other	2	2	2	2
Total fee and commission expenses	**1 847**	**1 847**	**1 252**	**1 252**
Net fee and commission income	**10 508**	**10 508**	**6 987**	**6 987**

8. NET PROFIT FROM TRADING AND REVALUATION OF FINANCIAL INSTRUMENTS

	6m 2026		6m 2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Net profit from trading with financial assets at fair value through profit or loss	2	2	81	81
Net profit/(loss) from revaluation of financial assets and liabilities	(37)	(37)	54	54
Net profit from trading and revaluation of financial instruments	**(35)**	**(35)**	**135**	**135**

9. NET FOREIGN EXCHANGE INCOME

	6m 2026		6m 2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Net profit from foreign exchange transactions	1 350	1 350	1 201	1 201
Net loss from revaluation of foreign exchange	(77)	(77)	(41)	(41)
Net foreign exchange income	**1 273**	**1 273**	**1 160**	**1 160**

10. ADMINISTRATIVE EXPENSES

	6m 2026		6m 2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Salaries to the members of the Board and Council	862	862	719	719
Staff remuneration	6 434	6 366	5 738	5 647
Compulsory state social security contributions	1 663	1 647	1 517	1 496
Other staff costs	38	37	30	30
Communications and transport	129	126	147	142
Professional services	837	824	941	928
Rent, public utilities and maintenance	451	449	457	434
Depreciation costs	578	481	582	485
Amortization costs	39	39	37	37
Computer network	355	355	302	302
Advertisement and marketing expenses	116	116	79	79
Other taxes	313	217	337	237
Insurance	78	75	71	68
Other	83	83	69	65
Total administrative expenses	**11 976**	**11 677**	**11 026**	**10 669**

11. OTHER OPERATING EXPENSES

	6m 2026		6m 2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Membership fees	229	229	214	214
Other	114	89	108	110
Total other operating expenses	**343**	**318**	**322**	**324**

12. CORPORATE INCOME TAX

	6m 2026		6m 2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Corporate income tax for dividends and additional payment for credit institutions	(2 594)	(2 594)	(1 956)	(1 956)
Total corporate income tax	**(2 594)**	**(2 594)**	**(1 956)**	**(1 956)**

13. CASH AND DEMAND DEPOSITS WITH CENTRAL BANK

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Cash	1 232	1 232	542	542
Balance with the Bank of Latvia (including the minimum reserve deposit)	319 789	319 789	397 842	397 842
Total	**321 021**	**321 021**	**398 384**	**398 384**

14. LOANS AND RECEIVABLES FROM BANKS

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Demand deposits with credit institutions				
Credit institutions registered in OECD countries	6 175	6 170	8 748	8 744
Credit institutions of other countries	3 392	3 392	3 548	3 548
Total deposits with credit institutions	**9 567**	**9 562**	**12 296**	**12 292**

15. INVESTMENT SECURITIES

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Non- fixed income securities				
SWIFT	28	28	28	28
VISA INC	520	520	540	540
Non-fixed income securities	**548**	**548**	**568**	**568**
Fixed income securities				
At fair value through other comprehensive income	7 495	7 495	10 320	10 320
At amortised cost	81 539	81 539	42 372	42 372
Fixed income securities	**89 034**	**89 034**	**52 692**	**52 692**
Investment securities total	**89 582**	**89 582**	**53 260**	**53 260**

16. LOANS AND RECEIVABLES

(a) Analysis of loans by type

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Loan portfolio				
Corporate loans	497 985	497 985	474 455	474 455
Payment cards loans	323	323	558	558
Mortgage loans	183 099	183 099	129 981	129 981
Finance lease	11 801	2 924	12 257	2 884
Trade finance	16 128	16 128	11 637	11 637
Securities-backed financing	2 440	2 440	2 179	2 179
Total loans and receivables	**711 776**	**702 899**	**631 067**	**621 694**
Impairment allowance	(7 461)	(7 423)	(5 298)	(5 259)
Net loans and receivables	**704 315**	**695 476**	**625 769**	**616 435**

(b) Geographical segmentation of loans

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Loans to residents of Latvia	531 429	531 429	455 790	455 790
Loans to residents of OECD countries	57 325	57 325	62 187	62 187
Loans to residents of non-OECD countries	123 022	114 145	113 090	103 717
Total loans and receivables	**711 776**	**702 899**	**631 067**	**621 694**
Impairment allowance	(7 461)	(7 423)	(5 298)	(5 259)
Net loans and receivables	**704 315**	**695 476**	**625 769**	**616 435**

c) Ageing structure of the loan portfolio

Group EUR'000	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 30 June 2026							
Net carrying amount	**704 315**	698 695	3 103	848	365	1 304	5 620
Out of which impaired	**3 900**	2 053	165	13	365	1 304	1 847
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

d) Movements in the impairment allowance

Movements in the loan impairment allowance for the period ended 30 June 2026 are as follows:

Bank, EUR' 000

Corporates and financial institutions

	Credit loss allowance				Gross carrying amount of loans			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL)**	**Stage 3 (lifetime ECL for credit-impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL)**	**Stage 3 (lifetime ECL for credit-impaired)**	**Total**
Opening balance at 1 January 2026	**313**	**1 097**	**3 591**	**5 001**	**567 261**	**22 917**	**7 653**	**597 831**
Transfers due to change in credit risk:								
-to lifetime (from Stage 1 to Stage 2)	-	-	-	-	-	-	-	-
-to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(72)	-	72	-	(682)	-	682	-
-to Stage 1 from Stage 2	-	-	-	-	-	-	-	-
-remaining credit risk changes	-	896	1 077	**1 973**	-	-	-	-
New originated or purchased	208	-	-	**208**	157 154	-	-	**157 154**
Derecognised	(7)	(4)	-	**(11)**	(79 873)	(2 676)	(54)	**(82 603)**
Change for the period	**129**	**892**	**1 149**	**2 170**	**76 599**	**(2 676)**	**628**	**74 551**
Closing balance at 30 June 2026	**442**	**1 989**	**4 740**	**7 171**	**643 860**	**20 241**	**8 281**	**672 382**

The amount of new originated or purchased loans represents loans in the portfolio as at 30 June 2026 while the amount of derecognised loans represent loans in the portfolio as at 1 January 2026 and derecognised during 2026.

The Group's expected credit loss allowance and gross value of loans as of 30.06.2026 differ significantly from the Bank's data only for loans (stage 1 - EUR 8 877 thousand) and provisions (stage 1 - EUR 38 thousand) in the balance sheet of the Bank's subsidiary.

d) Movements in the impairment 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 (12-months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL for credit-impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL for credit-impaired)	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**
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.

Movements in the loan impairment allowance for the period ended 30 June 2026 are as follows:

Group and Bank, EUR' 000

Individuals

	Credit loss allowance				Gross carrying amount of loans			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL)**	**Stage 3 (lifetime ECL for credit-impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL)**	**Stage 3 (lifetime ECL for credit-impaired)**	**Total**
Opening balance at 1 January 2026	**89**	**2**	**167**	**258**	**22 499**	**822**	**542**	**23 863**
Transfers due to change in credit risk:								
-to lifetime (from Stage 1 and Stage 3 to Stage 2)	-	-	-	-	(3)	3	-	-
-to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	-	-	-	(3)	(2)	5	-
-remaining credit risk changes	-	-	-	-	-	-	-	-
New originated or purchased	66	-	-	**66**	9 711	-	-	**9 711**
Derecognised	(62)	-	(10)	**(72)**	(2 919)	(108)	(30)	**(3 057)**
Change for the period	**4**	**-**	**(10)**	**(6)**	**6 786**	**(107)**	**(25)**	**6 654**
Closing balance at 30 June 2026	**93**	**2**	**157**	**252**	**29 285**	**715**	**517**	**30 517**

The amount of new originated or purchased loans represents loans in the portfolio as at 30 June 2026 while the amount of derecognised loans represent loans in the portfolio as at 1 January 2026 and derecognised during 2026.

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

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.

e) Loans and expected credit losses by ECL stages

Group, EUR' 000 30 June 2026	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL for credit-impaired)	Total
Gross loans	**682 022**	**20 956**	**8 798**	**711 776**
(Less) expected credit loss	(572)	(1 991)	(4 898)	(7 461)
Net loans	**681 450**	**18 965**	**3 900**	**704 315**

Loans and expected credit losses by ECL stages

Group, EUR' 000 31 December 2025	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL for credit-impaired)	Total
Gross loans	**599 133**	**23 739**	**8 195**	**631 067**
(Less) excpected credit loss	(441)	(1 099)	(3 758)	(5 298)
Net loans	**598 692**	**22 640**	**4 437**	**625 769**

f) Analysis of loans by type of collateral (Group)

EUR' 000	30/06/2026		31/12/2025	
	Carrying value of the assets	**Value of collateral**	**Carrying value of the assets**	**Value of collateral**
Stage 1	681 450	1 575 274	598 692	1 535 099
Stage 2	18 965	42 894	22 640	55 187
Stage 3	3 900	17 536	4 437	11 358
Total	**704 315**	**1 635 704**	**625 769**	**1 601 644**

g) Industry analysis of the loan portfolio (Group)

	30/06/2026 EUR '000	31/12/2025 EUR '000
Shipping	122 564	104 549
Financial services	17 535	15 807
Wholesale	56 893	74 120
Real Estate	225 127	184 751
Overdrafts	64 089	48 014
Transport and storage	14 274	15 338
Private customers – mortgage loans and consumer loans	27 672	22 357
Manufacture of food products	23 080	22 200
Processing factory	22 564	17 535
Forestry	7 991	7 825
Other services	122 526	113 273
Net loans and receivables	**704 315**	**625 769**

17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(a) Investments in subsidiaries (Bank)

Company	*Ownership share*	Carrying amount at 30/06/2026 EUR'000	Carrying amount at 31/12/2025 EUR'000
SIA BluOr International	*100%*	13 609	16 609
Impairment allowance		*(3 649)*	*(3 649)*
SIA Zapdvina Development	*100%*	9 124	10 124
Impairment allowance		*(964)*	*(964)*
UAB Kamaly Development	*100%*	20	20
AS Pils Pakalpojumi	*100%*	15 281	15 281
Impairment allowance		*(548)*	*(548)*
Non-reciprocal capital contribution by a parent into subsidiary		*(2 400)*	*(2 400)*
SIA Jēkaba 2	*100%*	4 049	4 049
Impairment allowance		*(106)*	*(106)*
		34 416	**38 416**

Investments in subsidiaries (Bank)

	30/06/2026 EUR'000	31/12/2025 EUR'000
Investments in subsidiaries	42 083	46 083
Non-reciprocal capital contribution by a parent into subsidiary according to IFRS 10 (AS „Pils pakalpojumi")	(2 400)	(2 400)
Total		
Impairment allowance	(5 267)	(5 267)
Investments in subsidiaries net	**34 416**	**38 416**

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

Company	Capital contribution	Carrying amount at 30/06/2026 EUR'000 Group	Carrying amount at 31/12/2025 EUR'000 Group
AS „Termo biznesa Centrs"	26.15%	1 848	1 848
Impairment allowance		(1 021)	(1 021)
Total		**827**	**827**

18. DUE TO MONETARY FINANCIAL INSTITUTIONS ON DEMAND

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Banks and monetary financial institutions registered in Latvia	4 253	4 253	3 985	3 985
Total due to credit institutions on demand	**4 253**	**4 253**	**3 985**	**3 985**

19. FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST: DEPOSITS

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Current accounts:				
Financial institutions	197 563	197 563	224 221	224 221
Corporate entities	214 600	216 327	216 522	221 271
Individuals	68 809	68 809	72 816	72 816
	480 972	**482 699**	**513 559**	**518 308**
Term deposits:				
Subordinated liabilities	5 725	5 725	5 726	5 726
Other financial institutions	103 987	103 987	93 228	93 228
Corporate entities	32 138	32 138	23 744	23 744
Individuals	378 952	378 952	335 295	335 295
	520 802	**520 802**	**457 993**	**457 993**
Total deposits	**1 001 774**	**1 003 501**	**971 552**	**976 301**

Geographical segmentation of the deposits

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Deposits of residents registered in Latvia	299 529	300 769	282 893	285 928
Deposits of residents registered in OECD countries	654 265	654 265	622 214	622 214
Deposits of residents registered in other countries (non-OECD)	47 980	48 467	66 445	68 159
Total deposits	**1 001 774**	**1 003 501**	**971 552**	**976 301**

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

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Additional Tier 1 debt securities	9 916	9 916	9 864	9 864
Issued subordinated bonds (listed on the stock exchange)	25 371	25 371	25 371	25 371
Total	**35 287**	**35 287**	**35 235**	**35 235**

21. SHARE CAPITAL AND RESERVES

As of 30 June 2026, the authorized share capital comprised 32 107 167 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);

- 309 425 B category shares (notional share capital by issuing staff shares as a result of staff option conversion, nominal value of one share is EUR 4.72).

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.

Dividends

During 2026, 10 million EUR dividends were distributed.

22. CASH AND CASH EQUIVALENTS

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Cash and balances due from central banks	321 021	321 021	398 384	398 384
Due from credit institutions on demand and within 3 months	9 567	9 562	12 296	12 292
Total cash and cash equivalents	**330 588**	**330 583**	**410 680**	**410 676**

23. 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.

	30/06/2026		31/12/2025	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Unused loan facilities	180 586	180 586	169 106	169 106
Unused credit card facilities	823	823	610	610
Guarantees and other	17 458	17 458	11 873	11 873
	198 867	**198 867**	**181 589**	**181 589**
Provisions	*(242)*	*(242)*	*(243)*	*(243)*

24. ASSETS UNDER MANAGEMENT

	30/06/2026		31/12/2025	
Assets under management	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Due from credit institutions registered in Latvia	3 897	3 897	4 428	4 428
Loans to customers	165	165	165	165
Non fixed income securities	167 279	167 279	126 844	126 844
Fixed income securities	175	175	335	335
Other assets	133	133	22	22
Total assets under management	**171 649**	**171 649**	**131 794**	**131 794**

The largest share of assets under management were invested in non-fixed income securities.

25. CAPITAL ADEQUACY CALCULATION (BANK)

	30/06/2026 EUR '000	31/12/2025 EUR '000
Equity	**129 260**	**131 140**
Total Tier 1	102 555	103 617
Tier 2 capital	26 705	27 523
Total risk weighted assets	**774 774**	**700 193**
Total capital as a percentage of risk weighted assets (total capital ratio)	**16.68%**	**18.73%**
Total tier 1 capital expressed as a percentage of risk-weighted assets ("tier 1 capital ratio")	13.24%	14.80%

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

As at 30 June 2026, the Bank's capital adequacy ratio was 16.68% (2025: 18.73%) which corresponds to the requirements set in the Basel Capital Accord and the regulations of the Bank of Latvia.

Under the capital requirements introduced by Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Bank of Latvia, 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 30 June 2026 was 8%, according to a special request by the Bank of Latvia the Bank was required to ensure a higher capital adequacy of 11.05% during the period from 1 January 2026 (additional capital requirement - 1.8% and capital reserve requirement – 1.25%). 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 35^{22}, 35^{23}, 35^{24} or 35^{25} of the Credit Institution Law -3.38% (Capital conservation buffer – 2.50%, institution-specific countercyclical capital buffer – 0.88% (as at 30.06.2026). 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 adequacy assessment process' No. 321 of the Bank of Latvia, 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.

26. 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 high net worth individuals and therefore included in the Corporate segment. The results of all other operations are included in the "Other" segment.

	6m 2026			6m 2025		
	Corporate EUR'000	Other EUR'000	Total EUR'000	Corporate EUR'000	Other EUR'000	Total EUR'000
Net interest and similar income	14 867	-	14 867	12 903	-	12 903
Net fee and commission income	10 508	-	10 508	6 987	-	6 987
Net other finance income	1 238	-	1 238	1 295	-	1 295
Other operating income	342	33	375	439	34	473
Total operating income	**26 955**	**33**	**26 988**	**21 624**	**34**	**21 658**
Total operating expense	(12 286)	(33)	(12 319)	(11 283)	(65)	(11 348)
Credit loss allowance	(1 594)	-	(1 594)	(391)	-	(391)
Profit before tax	**13 075**	**-**	**13 075**	**9 950**	**(31)**	**9 919**

	6m 2026			6m 2025		
Fee and commission income	Corporate EUR'000	Other EUR'000	Total EUR'000	Corporate EUR'000	Other EUR'000	Total EUR'000
Money transfers	1 411	-	1 411	842	-	842
Commissions on loans monitoring and service	470	-	470	596	-	596
Securities transactions	1 150	-	1 150	657	-	657
Assets management	3 940	-	3 940	597	-	597
Client service	3 842	-	3 842	4 721	-	4 721
Payment card service	1 542	-	1 542	826	-	826
Total net fee and commission income	**12 355**	**-**	**12 355**	**8 239**	**-**	**8 239**

			30/06/2026			**31/12/2025**
Total assets	**1 155 629**	**827**	**1 156 456**	**1 125 439**	**827**	**1 126 266**
Total liabilities	**1 055 315**	**-**	**1 055 315**	**1 025 755**	**-**	**1 025 755**

27. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed in these financial statements, 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.