



BLUOR BANK AS

I Quarter 2022 Interim Report

(translated from Latvian)

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Background

BluOr Bank AS (hereinafter referred to BluOr Bank or the Bank) is a credit institution registered on 22 June 2001, registration No. 40003551060, and regulated by the Financial and Capital Market Commission (Kungu iela 1, Rīga, LV-1050, Latvia).

The registered office of the Bank is at Smilšu iela 6, Rīga, LV-1050, Latvia.

BluOr Bank operates in accordance with the applicable legislation of the Republic of Latvia and a license issued by the Financial and Capital Market Commission.

The Bank's shareholders are legal and natural persons of Latvia. The Bank was founded in Latvia, and is also an international European financial institution. BluOr Bank provides financial services to individuals and legal entities in Latvia, the Baltic States and European countries.

The Bank's financial statements for the twelve-months of the year 2021 are prepared in accordance with the International Financial Reporting Standards approved by the European Union, based on the principle of a going concern. The Group's financial statements for the twelve months of the year 2020 are prepared in accordance with the laws and regulations of the Republic of Latvia. The financial reports were audited by PricewaterhouseCoopers SIA, registration No. 40003142793, legal address: Kr. Valdemāra iela 21-21, Rīga, LV-1010, Latvia.

The Quarterly Report is prepared in accordance with the Financial and Capital Market regulations from 01 December 2020 No. 231 Regulations for the Preparation of Public Quarterly Reports for Credit Institutions and, and the goal of the Quarterly Report is to provide information on the Bank's financial position and operating results.

Amounts in financial statements are indicated in thousands of euros (EUR '000), unless specified otherwise.

Share capital of the Bank

The shareholder of BluOr Bank is joint stock company "BBG", holding 100% of the Bank's voting shares.

The share capital of BluOr Bank is EUR 44,493,513.40.

The Bank's share capital is composed of 31,781,081 shares.

The nominal value per share is EUR 1.4.

The Council

31 March 2022

Name and surname	Position	Effective date of appointment
Aleksandrs Peškovs	Chairman of the Council	22.06.2001
Sergejs Peškovs	Member of the Council	22.06.2001
	Deputy Chairman of the Council	25.07.2002
Andrejs Kočetskvs	Member of the Council	22.06.2001

The Board

31 March 2022

Name and surname	Position	Effective date of appointment
Dmitrijs Latiševs	Member of the Board	01.07.2002
	Deputy Chairman of the Board	25.04.2003
	Chairman of the Board	27.04.2011
Inga Preimane	Member of the Board	11.01.2016
Igors Petrovs	Member of the Board	31.05.2018
Dmitrijs Feldmans	Member of the Board	13.06.2019
Vadims Morozs	Member of the Board	12.08.2019

Information on management measures

1.1. Number of the posts of executives held by members of the management body – 5 (five).

1.2. The Bank has established an internal procedure for the selection of executives, providing for the assessment of their knowledge, experience, competence, skills and compliance prior to the evaluation of the candidate by the Council or at the shareholder meeting. The assessment of their suitability is carried out in accordance with the regulation of the Financial and Capital Market Commission (hereinafter — FCMC) No 94 “Regulation on the Assessment of the Suitability of the Executive and Supervisory Board Members and Key Function Holders”.

1.3. The assessment of executives is carried out based on at least the following criteria:

1.3.1. Reputation, integrity and compliance with the corporate values and standards of professional behaviour and ethics applicable in the institution;

1.3.2. Criteria for academic and professional experience (including knowledge, skills and experience in the area of credit institution operations and the related risks, financial markets, strategic planning, and knowledge in the assessment of the effectiveness of the performance of a financial institution, the establishment of supervision and control considering the specifics of the specifics of respective duties and roles);

1.3.3. Management criteria, etc.

1.4. To facilitate exercising of independent opinions and critical problem assessment, the Bank aims at ensuring adequate diversity of the executives (in particular, in terms of gender, age, geographical origin, education, and professional experience).

1.5. In accordance with the new status of the Bank, which was determined in accordance with the FCMC Council Decision No. 171 “On identifying other systemically important institutions and determining the capital buffer rate of other systemically important institution”, the Bank plans to establish a Risk Committee in 2022, in accordance with the requirements of the FCMC Regulation No. 227 “Regulatory provisions for the establishment of the internal control system”.

1.6. The Bank has introduced an information-flow system for ensuring adequate risk management by appointing responsible departments and employees for timely reporting on risks to the relevant committees, the Board or the Council of the Bank.

Strategy and mission

BluOr Bank is a modern technological bank founded in Latvia in 2001, and it provides financial, lending and investment services for private clients and corporate companies. The Bank provides significant share of financial support to small and medium-sized enterprises in Latvia. BluOr Bank ranks among the 6 largest banks in Latvia. At the end of 2021, the Financial and Capital Market Commission identified BluOr Bank as “other systemically important financial institution”. The Bank provides its services in Latvia, the Baltic States and European countries.

As a priority, the Bank develops lines of business that help to improve its current business module and core competencies, allowing it to leverage its strengths on highly competitive markets while taking on acceptable levels of risk.

The long-term business priorities of BluOr Bank are following: corporate customer service, financing of small and medium-sized enterprises in Latvia, as well as providing financial services to individuals.

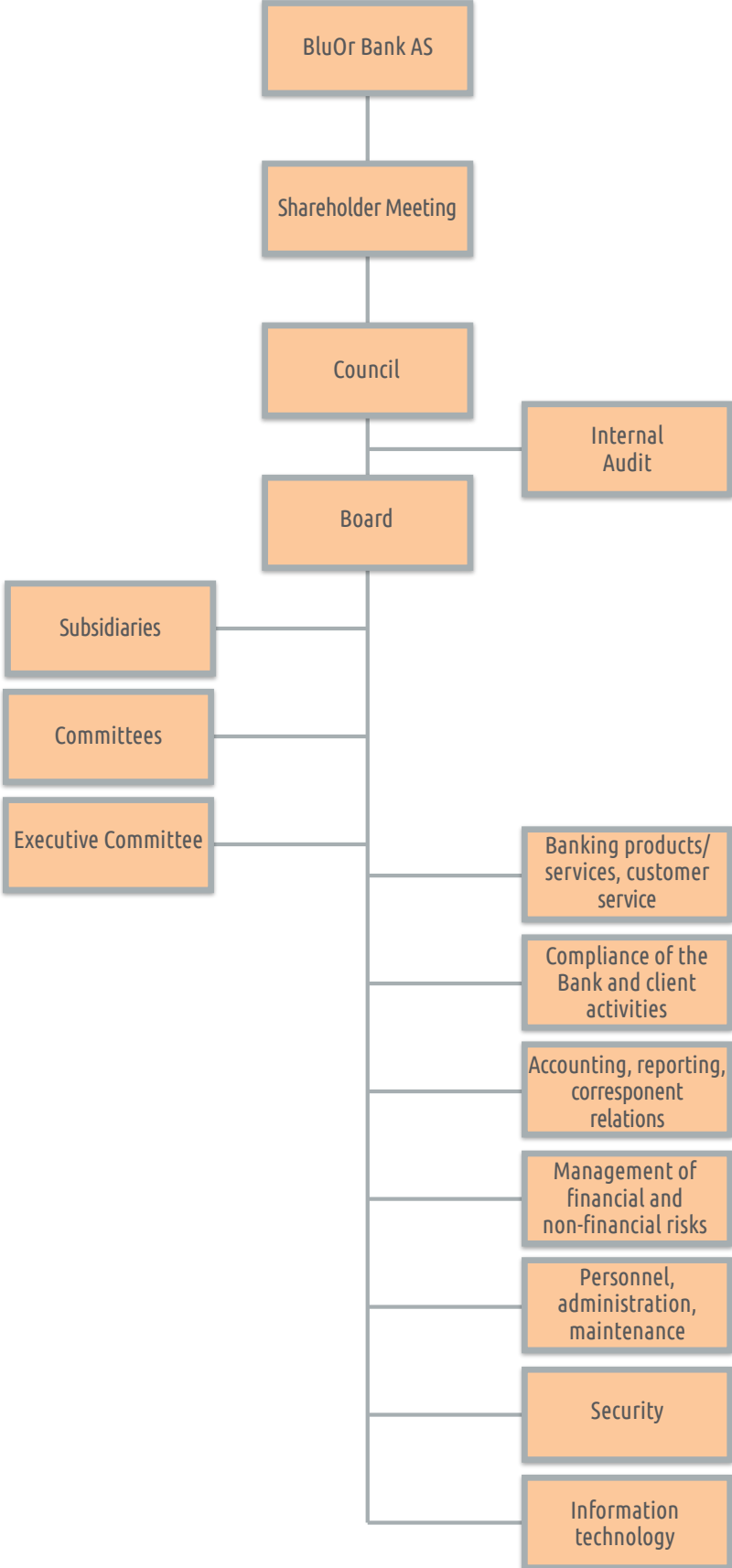
The target client base of the Bank is aligned to its key development goals:

- ✓ Private individuals and entrepreneurs requiring financial;
- ✓ Companies engaged in international trade, transport, logistics, manufacturing, agriculture and industry;
- ✓ Small and medium-sized entities.

In realizing its activities, the Bank follows a customer-oriented approach, by providing fast, efficient and safe financial solutions and at the same time creating sustainable relationship.

The Bank is steadily developing by increasing the customer service levels, developing technological products and following the innovations in the financial sector.

Structure of the Bank



Consolidated group companies

No.	Name of a commercial entity	Registration No.	Registration location code	Registration address	Type of activities*	Interest in share capital / voiting shares of the commercial entity (%)	Basis for inclusion in the group**
1.	"BBG" AS	40003234829	LV	Smilšu iela 6, Rīga, LV-1050, Latvija	JFPS		MT
2.	Thormano Limited	HE 416193	CY	Tenarou, 4a, Agios Dometios, 2360, Nicosia, Cyprus	PLS	100%	MTM
3.	BluOr Bank AS	40003551060	LV	Smilšu iela 6, Rīga, LV-1050, Latvija	BNK	100%	MTM
4.	SIA "BlueOrange International"	40003444941	LV	Smilšu iela 6, Rīga, LV-1050, Latvija	PLS	100%	MS
5.	SIA „CityCap Service”	40003816087	LV	Kr. Valdemara 149, Rīga, LV-1013, Latvija	PLS	100%	MS
6.	SIA „ZapDvina Development”	40003716809	LV	Kr. Valdemara 149, Rīga, LV-1013, Latvija	PLS	100%	MS
7.	Kamaly Development EOOD	№ 147093418	BG	Etiera k-s ½B – 18, Sveti Vlas, Burgas obl., Nesebier 8256, Bulgaria	PLS	100%	MMS
8.	Darziems Entity SIA	40103492740	LV	Kr. Valdemāra 149-405, Rīga, LV-1013, Latvija	PLS	100%	MS
9.	Mazirbe Estate SIA	40103492721	LV	Kr. Valdemāra 149-405, Rīga, LV-1013, Latvija	PLS	100%	MS
10.	Lielie Zaķi SIA	40103493765	LV	Kr. Valdemāra 149-405, Rīga, LV-1013, Latvija	PLS	100%	MS
11.	Pulkarne Entity SIA	40103481018	LV	Kr. Valdemāra 149-405, Rīga, LV-1013, Latvija	PLS	100%	MS
12.	Pils Pakalpojumi AS	40103170308	LV	Smilšu iela 6, Rīga LV-1050, Latvija	PLS	100%	MS
13.	Foxtran Management Ltd.	№ 113,276	BZ	Suite 102, Ground Floor, Blake Building, Corner Eyre & Huston Streets, Belize City, Belize	PLS	100%	MMS
14.	Kamaly Development UAB	№300558022	LT	Klaipėdos m. sav. Klaipėdos m., Karklu g. 12, Lithuania	PLS	100%	MS
15.	Jēkaba 2 SIA	№ 40103293621	LV	Jēkaba 2, Rīga, LV-1050, Latvija	PLS	100%	MS

* BNK – credit institution, ENI – electronic money institution, IBS – investment broker company, IPS – investment management company, PFO – pension fund, LIZ – leasing company, CFI – other financial institution, PLS – auxiliary service company, FPS – financial holding company, JFPS – mixed financial holding company.

** MS – subsidiary company; MMS – subsidiary of the subsidiary company; MT – parent company, MTM – subsidiary of the parent company, CT – other entity.

Risk management

BluOr Bank pays particular attention to the identification and management of risks in its activities. The Bank considers the following risks as significant to its activities:

- ✓ Credit risk, including Concentration risk and Country risk;
- ✓ Market risk (securities price risk, interest rate risk for non-trading portfolio, foreign currency risk);
- ✓ Liquidity risk;
- ✓ Operational risk;
- ✓ Compliance risk, including Money Laundering and Terrorism and Proliferation Financing risk and Sanction risk;
- ✓ Reputation, Strategical and Business risk.

The Bank's principles of risk management are established in its risk management strategies and policies, approved and supervised by the Board of the Bank. Risk management strategies and policies identify the qualitative and quantitative criteria for identification of risks related with the activities of the Bank, as well as the elements of risk management and control, including the procedure for decision making with respect of risk exposures, limits and other risk mitigation and minimization measures, as well as the responsibilities of respective structural units for ensuring control over exposures. The Bank's Board is responsible for the establishment, implementation, management and improvement of internal control in implementing the risk management strategies and policies set by the Bank's Council.

The Bank has designated the responsible employee for risk management — the Chief Risk Officer, who is responsible for performing the risk control function at the institution, monitoring of risk management system and coordinating activities all the Bank's structural units that are involved in risk management. The implementation of strategies and policies is controlled by the Bank's internal control structures:

- ✓ Internal Audit Department;
- ✓ Financial Analysis and Financial Risks Management Department;
- ✓ Operational Risk Management Department;
- ✓ Client Activity Compliance Department;
- ✓ Compliance Department.

No significant changes in management of risks of BluOr Bank were observed during the reporting period. Information on risk management is available in the [Bank's Annual Reports](#) and the [Capital Adequacy Assessment Report](#) on the Bank's website.

Statement of profit and loss and other comprehensive income

EUR'000

No.	Item	Credit institution in the reporting period 31.03.2022 Non-audited	Consolidated group in the reporting period 31.03.2022 Non-audited	Credit institution in the corresponding period of the previous reporting year 31.03.2021 Non-audited	Consolidated group in the corresponding period of the previous reporting year 31.03.2021 Non-audited
1	Interest income	5 623	5 554	5 565	5 572
2	Interest expenses (-)	-1 599	-1 474	-1 971	-1 903
3	Dividend income	9	9	59	59
4	Fee and commission income	1 702	1 702	1 286	1 284
5	Fee and commission expenses (-)	-498	-498	-420	-420
6	Net profit/loss from derecognition of financial assets and financial liabilities not measured at fair value through profit or loss (+/-)	16	16	74	-16
7	Net profit/loss from financial assets and financial liabilities measured at fair value through profit or loss (+/-)	657	657	1 533	1 623
8	Net profit/loss from risk mitigation accounting (+/-)	0	0	0	
9	Net profit/loss from difference in foreign currency rates (+/-)	172	172	-207	-208
10	Net profit/loss from derecognition of non-financial assets (+/-)	0		0	
11	Other income	174	201	152	176
12	Other expenses (-)	-442	-443	-468	-512
13	Administrative expenses (-)	-2 897	-3 039	-2 852	-2 998
14	Depreciation (-)	-321	-396	-368	-444
15	Profit or loss recognised as the result of changes to contractual cash flows of the financial asset (+/-)	0		0	
16	Provisions or reversal of provisions (-/+)	-4	-4	43	43
17	Impairment or reversal of impairment (-/+)	141	119	-1 395	-1 338
18	Negative goodwill recognised in profit or loss	0	0	0	0
19	Profit/loss from investment in subsidiaries, associate and joint ventures, recognised using the equity method (+/-)	0	0	0	0
20	Profit/loss from non-current assets and disposal groups classified as held for sale (+/-)	0	0	-24	-24
21	Profit/loss before corporate income tax (+/-)	2 733	2 576	1 007	894
22	Corporate income tax	-2	-2	-1	-1
23	Profit/loss for reporting period (+/-)	2 731	2 574	1 006	893
24	Other comprehensive income for reporting period (+/-)*	-634	-617	-554	-552

* Reflects changes in fair value of securities (fair value revaluation reserve).

Balance overview

EUR'000

No.	Item	Credit institution in the reporting period 31.03.2022 Non-audited	Consolidated group in the reporting period 31.03.2022 Non-audited	Credit institution in the previous reporting year 31.12.2021 Audited	Consolidated group in the previous reporting year 31.12.2021 Audited
1	Cash and on-demand claims on central banks	220 025	220 025	270 118	270 118
2	On-demand claims on credit institutions	23 153	23 170	34 285	34 303
3	Financial assets measured at fair value through profit or loss	4 022	4 022	2 234	2 234
3.1.	Incl. loans	0	0	0	0
4	Financial assets measured at fair value through other comprehensive income	39 325	36 701	39 618	36 483
5	Financial assets measured at amortised cost	453 471	461 546	489 278	497 548
5.1.	Incl. loans	311 043	324 002	344 320	357 580
6	Derivatives – hedge accounting	0	0	0	0
7	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
8	Investment in subsidiaries, associate and joint ventures	30 256	827	31 256	827
9	Tangible assets	15 742	26 851	15 783	26 967
10	Intangible assets	322	1 499	351	1 528
11	Tax assets	5	6	2	3
12	Other assets	10 430	10 508	9 617	9 694
13	Non-current assets and disposal groups classified as held for sale	0	0	0	0
14	Total assets (1+....+13)	796 751	785 155	892 542	879 705
15	Liabilities to central banks	81 478	81 479	81 861	81 681
16	Liabilities on-demand to credit institutions	4 059	4 059	2 958	2 958
17	Financial liabilities measured at fair value through profit or loss	8	8	1	1
17.1.	Incl. deposits	0	0	0	0
18	Financial liabilities measured at amortised cost	615 684	614 194	714 967	712 086
18.1.	Incl. deposits	614 239	612 749	713 554	710 672
19	Derivatives – hedge accounting	0	0	0	0
20	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
21	Provisions	97	96	92	91
22	Tax liabilities	0	0	0	0
23	Other liabilities	13 916	3 088	13 252	2 322
24	Liabilities in disposal groups classified as held for sale	0	0	0	0
25	Total liabilities (15+...+24)	715 242	702 924	813 131	799 139
26	Capital and reserves	81 509	82 231	79 411	80 566
27	Total capital and reserves and liabilities (25+26)	796 751	785 155	892 542	879 705
28	Off-balance items	43 135	43 132	40 742	40 740
29	Potential liabilities	1 742	1 742	1 815	1 815
30	Off-balance liabilities to clients	41 393	41 390	38 927	38 925

I. Equity and capital adequacy calculation overview

EUR'000

No.	Item	At an individual level in the reporting period	At a consolidated group or sub-consolidated level in the reporting period
1	Equity (1.1.+1.2.)	76 021	79 789
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	75 758	79 526
1.1.1.	Common Equity Tier 1	74 658	78 426
1.1.2.	Additional Tier 1	1 100	1 100
1.2.	Tier 2 capital	263	263
2.	Total risk exposure amount	447 045	435 701
2.1.	Risk-weighted exposure amount for credit risk, counterparty credit risk, dilution risk and free deliveries	403 661	391 246
2.2.	Total risk exposure amount for settlement/delivery risks	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodity risks	900	900
2.4.	Total risk exposure amount for operational risks	42 482	43 553
2.5.	Total risk exposure amount for credit valuation adjustment	2	2
2.6.	Total risk exposure amount related to large exposures in the trading portfolio	-	-
2.7.	Other risk exposure amounts	-	-
3.	Capital ratios and capital tiers		
3.1.	Common Equity Tier 1 capital ratio (1.1.1./2.*100)	16.70%	18.00%
3.2.	Common Equity Tier 1 surplus (+)/ deficit (-) (1.1.1.-2.*4.5%)	54 541	58 819
3.3.	Tier 1 capital ratio (1.1./2.*100)	16.95%	18.25%
3.4.	Tier 1 capital surplus (+)/ deficit (-) (1.1.-2.*6%)	48 936	53 384
3.5.	Total capital ratio (1./2.*100)	17.01%	18.31%
3.6.	Total capital surplus (+)/ deficit (-) (1.-2.*8%)	40 258	44 933
4.	Total capital reserve requirement (4.1.+4.2.+4.3.+4.4.+4.5.+4.6.)	11 176	10 893
4.1.	Capital preservation reserve	11 176	10 893
4.2.	Preservation reserve due to macro-prudential or systemic risk identified at the level of a member state	-	-
4.3.	Institution-specific countercyclical capital reserve	-	-
4.4.	Systemic risk capital reserve	-	-
4.5.	Other systemically important institution's capital reserve	-	-
5.	Capital ratios with adjustments		
5.1.	Asset value adjustment amount applied for prudential purposes	-	-
5.2.	Common Equity Tier 1 capital ratio with an adjustment amount specified in row 5.1.	16.70%	18.00%
5.3.	Tier 1 capital ratio with an adjustment amount specified in row 5.1.	16.95%	18.25%
5.4.	Total capital ratio with an adjustment amount specified in row 5.1.	17.01%	18.31%

II. Information on equity and capital adequacy indicators if the credit institution applies the transitional period for mitigating the impact of IFRS 9 on own funds

EUR'000

No.	Item	At an individual level in the reporting period	At a consolidated group or sub-consolidated level in the reporting period
1.A	Equity as if IFRS 9 transitional arrangements were not applied	76 021	79 789
1.1.A	Tier 1 capital as if IFRS 9 transitional arrangements were not applied	75 758	79 526
1.1.1.A	Common Equity Tier 1 as if IFRS 9 transitional arrangements were not applied	74 658	78 426
2.A	Total risk exposure amount as if IFRS 9 transitional arrangements were not applied	446 454	435 156
3.1.A	Common Equity Tier 1 capital ratio as if IFRS 9 transitional arrangements were not applied	16.72%	18.02%
3.3.A	Tier 1 capital ratio as if IFRS 9 transitional arrangements were not applied	16.97%	18.28%
3.5.A	Total capital ratio as if IFRS 9 transitional arrangements were not applied	17.03%	18.34%

III. Information on the equity and capital adequacy ratios where a credit institution applies a temporary regime for the treatment of unrealized profits or losses on financial assets measured at fair value presented with other comprehensive income in accordance with Article 468 of Regulation No 575/2013

The Bank chooses not to apply the temporary regime provided for in Article 468 of the Regulation (EU) No 575/2013.

Liquidity coverage ratio

EUR'000

No.	Item	At an individual level in the reporting period	At a consolidated group or sub-consolidated level in the reporting period
1	Liquidity reserve	269 463	269 463
2	Net cash outflows	114 490	113 815
3	Liquidity coverage ratio (%)	235%	237%

Expected credit losses for financial instruments

EUR'000

	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at fair value through other comprehensive income	94			94
Financial assets measured at amortised cost	695	731	3 084	4 510
Potential liabilities	10			10
Off-balance liabilities to clients	62	1	23	86
Total	861	732	3 107	4 700

Performance indicators of the credit institution

Item	Credit institution in the reporting period 31.03.2022	Consolidated group in the reporting period 31.03.2022	Credit institution in the corresponding period of the previous reporting year 31.03.2021	Consolidated group in the corresponding period of the previous reporting year 31.03.2021
Return on equity (ROE) (%)	13.78%	12.83%	5.60%	5.00%
Return on assets (ROA) (%)	1.32%	1.26%	0.50%	0.50%

Security investments

EUR'000

Issuer's country*	Value	Coupon	Provisions	Sum	Market value of financial instruments measured at amortised cost, without a coupon
Latvia	12 653.00	87.00	-182.00	12 558.00	7 358.00
<i>incl. central governments</i>	<i>1 036.00</i>	<i>0.00</i>	<i>0.00</i>	<i>1 036.00</i>	<i>1 007.00</i>
Lithuania	99 382.00	166.00	-25.00	99 523.00	78 012.00
<i>incl. central governments</i>	<i>97 281.00</i>	<i>116.00</i>	<i>-20.00</i>	<i>97 377.00</i>	<i>76 173.00</i>
Germany	10 303.00	133.00	0.00	10 436.00	0.00
<i>incl. central governments</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Norway	10 136.00	16.00	-3.00	10 149.00	9 872.00
<i>incl. central governments</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Belgium	9 028.00	15.00	0.00	9 043.00	5 014.00
<i>incl. central governments</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Other countries	43 993.00	343.00	-275.00	44 061.00	36 977.00
<i>incl. central governments</i>	<i>6 238.00</i>	<i>23.00</i>	<i>-15.00</i>	<i>6 246.00</i>	<i>6 095.00</i>
TOTAL	185 495.00	760.00	-485.00	185 770.00	137 233.00

* Investments in securities by country (exceeding 10% of equity).



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