

1. ANNEX - ISSUE SPECIFIC SUMMARY

Introduction and Warnings

This Summary (the “**Summary**”) should be read as an introduction to the Base Prospectus and any decision to invest in the Bonds should be based on consideration of the Base Prospectus as a whole by the investor. The information in the Summary is presented as of the date of the Final Terms. Civil liability in relation to this Summary attaches only to those persons who have tabled the Summary, including any translation thereof, and only where the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the Bonds. Investment into the Bonds involves risks and the investor may lose all or part of the investment. The investor may be required under national law to bear the costs of translating the Base Prospectus before being able to bring a claim to the court in relation to this Base Prospectus.

The abbreviations, used in this Summary shall have the same meaning, as in the Base Prospectus, unless in this Summary they are described otherwise.

Name and international securities identification number (ISIN) of the securities. EUR 10.00 BluOr Bank Subordinated Bonds 24-2034, ISIN: LV0000804060 (the “**Bonds**”).

Name and contact details of the issuer, incl. its legal entity identifier (LEI). The business name of the Issuer is BluOr Bank AS. The Issuer is registered in the Commercial Register of the Republic of Latvia maintained by the Enterprise Register under the registration number: 40003551060, legal address of the Issuer is Smilšu iela 6, Rīga, LV-1050, Latvia. The Issuer’s website is www.bluorbank.lv, e-mail is info@bluorbank.lv and contact number is +371 67 031 333. The legal entity identifier (LEI) of the Issuer is 54930080G2M7EJ097A27.

Name and contact details of the competent authority approving the Base Prospectus. The Base Prospectus has been approved by Latvijas Banka (the “**LB**”). The address of the LB is Valdemāra iela 2A, Rīga. The e-mail of the LB is info@bank.lv and contact number is +371 6702 2300.

The date of approval of the Base Prospectus by the Management Board of the Issuer. 21 August 2024

The date of approval of the Base prospectus by the LB. 30 August 2024.

1.1. Key information on the Issuer

Who is the Issuer of the securities?

Business and legal name of the Issuer is BluOr Bank AS. The Issuer has been established and is currently operating under the laws of the Republic of Latvia in the form of a joint stock company (in Latvian: *akciju sabiedrība* or AS). The Issuer’s LEI is 54930080G2M7EJ097A27. The Issuer is the parent company of the Group. The Group includes the Company and the Subsidiaries of the Company, indicated in the Audited Financial Statements, incorporated by reference to the Base Prospectus.

Principal activities of the Issuer:

The Issuer accepts deposits, issues loans, makes money transfers, provides documentary operations, exchanges currencies for its clients, issues and processes debit and credit cards, provides brokerage and asset management services, is engaged in trade finance, in investing and trading in securities, as well as performs other activities set forth in the Credit Institution Law and the Articles of Association.

The key area of the Issuer’s activity is focused on corporate banking along with financing and servicing small and medium-sized enterprises.

Major shareholders

As at the date of the Base Prospectus and this Summary, the shareholders holding over 5% of all Shares in the Issuer are the following:

Name of shareholder	Number of shares	Proportion
AS “BBG”	31`781`081	100%

AS BBG is the holding company of its subsidiaries with limited operations of its own.

As at the date of the Base Prospectus, the shareholders holding indirectly over 5% of all shares in the Issuer are the following:

Name of shareholder	Indirectly held shares and votes	Proportion
Aleksandrs Peškovs	3`365`661	10.59%
Sergejs Peškovs	7`642`457	24.05%

Aleksejs Peškova	3`171`739	9.98%
Ļubova Peškova	3`171`739	9.98%
Jelīzaveta Peškova	3`171`739	9.98%
Olga Peškova	3`147`235	9.90%
Natalja Peškova	2`091`186	6.58%
Andrejs Kočetkovs	2`310`932	7.27%
Oļegs Čepulskis	3`009`662	9.47%

AS BBG has six shareholders – Mr Aleksandrs Peškova (7.63%), Mr Sergejs Peškova (7.63%), SIA "Alexander Peshkov Family Holdings" (32.90%), SIA "Sergey Peshkov Holdings" (32.90%), SIA "Andrey Kochetkov Holdings" (9.47%), SIA "Oleg Chepulsky Holdings" (9.47%). SIA "Alexander Peshkov Family Holdings", SIA "Sergey Peshkov Holdings", SIA "Andrey Kochetkov Holdings", SIA "Oleg Chepulsky Holdings" shareholders are natural persons, and any such natural person indirectly holding more than 5% is indicated in the table above.

Key managing directors of the Issuer:

The Issuer has a three-layer management, i.e. Supervisory Board, Management Board and General Meeting of Shareholders. In accordance with the provision of the Commercial Law and Articles of Association of the Issuer the members of the Supervisory Board are appointed for a term of 5 years by the General Meeting of Shareholders and members of the Management Board are appointed for a term of 3 years by the Supervisory Board. The Chairman and Deputy Chairman of the Supervisory Board are elected by the Supervisory Board members. The Supervisory Board of the Bank elects a chairperson of the Management Board from among its members.

The Management Board has three members. Chairman of the Board is Mr. Dmitrijs Latiševs and the members are Mrs. Inga Preimane, Mr. Vadims Morozs.

The Supervisory Board has five members and includes Mr. Aleksandrs Peškova (Chairman of the Supervisory Board), Mr. Sergejs Peškova (Deputy Chairman of the Supervisory Board), Mr. Andrejs Kočetkovs (Member of the Supervisory Board), Natalja Zolova (Member of the Supervisory Board) and Regina Lubgane (Member of the Supervisory Board).

Statutory auditors of the Issuer:

The Audited Financial Statements for the years ended 31 December 2022 and 31 December 2023 were prepared in accordance with the IFRS and audited by PricewaterhouseCoopers SIA, registered in the Latvian Commercial Register maintained by the Enterprise Register under registration number: 40003142793, legal address Kr. Valdemāra iela 21-21, Rīga, LV-1010, Latvia ("**PricewaterhouseCoopers SIA**").

The Issuer's auditor is PricewaterhouseCoopers SIA, who has been appointed as the auditor on the basis of the decisions of the General Meeting of the Issuer, dated 15 October 2021 and 21 August 2023.

What is the key financial information regarding the Issuer?

In the tables below the key financial information as at the end of each of the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 which has been extracted or derived from the Audited Financial Statements, incorporated by reference to the Base Prospectus. The information is presented in accordance with Annex III of the European Commission Delegated Regulation 2019/979/EU as deemed most appropriate in relation to the offer of the Bonds by the Issuer.

Consolidated Income Statement

(EUR`000)	The financial year ended on 31.12.2021	The financial year ended on 31.12.2022	The financial year ended on 31.12.2023
	Audited	Audited	Audited
Net interest income	17 740	17 589	25 539
Net fee and commission income	5 309	8 442	10 864
Net trading income	3 326	533	156
Credit loss allowances	-2 188	-890	-2 081
Profit before income tax	9 434	10 264	17 757
Income tax expense	-9	-12	-4 060
Net profit	9 425	10 252	13 697

Consolidated Balance sheet

(EUR`000)	As at 31.12.2021	As at 31.12.2022	As at 31.12.2023
	Audited	Audited	Audited
Total assets	875 003	668 540	908 276
Subordinated debt	312	6 361	6 743
Loans and advances	344 178	308 310	398 564

Financial liabilities carried at amortized cost	712 842	581 695	814 212
Capital and reserves	75 138	75 861	81 322
Tier 1 capital ratio (%)	16.56%	16.79%	14.90%
Total Capital ratio (%)	16.63%	18.18%	16.11%

Capital and liquidity position remain robust – prudential requirements are implemented with adequate reserve. According to the data as of 31 December 2023 the Issuer complied with all the prudential requirements set out by the LB in accordance with EU and national regulatory enactments.

Audit qualifications:

There was no qualification or emphasis of the matter in the auditor's report on the Group's consolidated and the Bank's separate audited financial statements for the year ended 31 December 2023 and 31 December 2022.

What are the key risks that are specific to the Issuer?

Strategic risk. The Issuer implements its business in accordance with a strategic plan. However, the Issuer may fail to successfully establish or execute the planned business strategy due to a variety of internal or external reasons. Failure by the Issuer to achieve the strategic goals in full or in part may result in lower revenue than anticipated, which may have an adverse material effect on the Issuer's business, prospects, financial condition, results of operations or cash flows.

Counterparty credit risk. Counterparty credit risk is the risk of potential loss, which may arise from the counterparty's default on its obligations towards the Issuer. Credit risk affects cash and cash equivalents held by the Issuer with third parties, in particular, the outstanding loans of the customers, as well as investments in bonds, derivatives and other financial instruments. As lending constitutes a great part of the Issuer's business and the loan portfolio constitutes a considerable part of the Issuer's assets, inability or reluctance of the counterparty to comply with its obligations towards the Issuer may have a material adverse effect on the Issuer's cash flow, liquidity, business results or financial position consequently affecting the ability of the Issuer to make the payments arising from the Bonds.

Concentration risk. The concentration risk is a part of the counterparty credit risk arising from large exposure to one counterparty, related counterparties, or counterparties representing the same region, the same industry, business sector or otherwise affected by the same risk factors. A considerable part of the customer base of the Issuer is comprised of small and medium enterprises (SME). In the past 3 (three) years most of the loans issued by the Issuer have been issued to SMEs. The realisation of the concentration risk may have a material adverse effect on the Issuer's operations, financial condition and results of operations.

Market risk. Market risk arises from the Issuer's trading and investment activities in the financial markets, especially in fixed income securities, foreign exchange and stock markets as well as from borrowing activities. Holding and managing such investments and financial instruments are a part of the Issuer's business. Losses may be caused to the Issuer by unfavourable changes in foreign exchange rates, prices of securities or interest rates. There is a risk that different factors outside the Issuer's control may increase the volatility of the financial markets which may adversely affect the market value of the financial instruments held by the Issuer. As a result, despite the measures taken by the Issuer, the value of certain assets of the Issuer may be reduced or written down affecting the Issuer's financial position and its ability to comply with its obligations to the investors.

Liquidity risk and dependence on access to funding. Liquidity risk affects the ability of the Issuer to meet its contractual obligations towards its creditors when they actually fall due. The liquidity risk arises from the imbalance between the maturities of assets and liabilities. Due to its business activities, the maturity of the principal assets of the Issuer (loans to its customers) tends to be longer than the maturity of its liabilities (term deposits, current deposit, ECB debt). The failure to obtain sufficient funding for the operations or the increased costs or unfavourable terms of the available financing or refinancing may have a material adverse effect on the Issuer's operations, financial standing, business results and realisation of its planned business strategies.

Maintaining Capital Adequacy Ratio risk. Capital adequacy is the main indicator for the assessment of the solvency of credit institutions. Failure to maintain sufficient capital to absorb the losses from all the risks the Company is exposed to may lead to a failure of the institution to meet its obligations towards its creditors. Currently, the capital of banks and investment firms in the EU is subject to the legal framework of CRR/CRD, largely based on the Basel III framework which is an internationally agreed set of measures introduced in response to the financial crisis of 2008. The objective of these legal frameworks is to enhance the financial sector's stability and ensure the ability of the banks to cover potential losses at all times including economic distress situations. Legal frameworks providing for the minimum capital requirements (Basel and CRR/CRD) are constantly updated and amended. Accordingly, the capital requirements established in Latvia and the European Union may change leading to unexpected increased requirements. Such changes may result in the need to increase capital, reduce leverage and risk weighted assets, and may eventually negatively affect the Issuer's business, financial condition, prospects, results of operations or cash flows.

Risk of Regulatory Actions. The Issuer is a credit institution registered in the Republic of Latvia, licensed and regulated under the authority of the LB which carries out supervision over the Issuer. Several local and European authorities, including financial supervision, consumer protection, data protection, tax and other authorities regularly perform examinations, inspections and audits of companies acting in the same sector as the Issuer. Any determination by the authorities that the Issuer has not acted in compliance with all the applicable laws and regulations could have serious legal and reputational consequences for the Issuer, including exposure to fines, criminal and civil penalties and other

damages, increased prudential requirements or even lead to business disruption in the respective fields. Any of these consequences may have a material adverse effect on the Issuer's operations, financial position and results as well as on the Bonds price and the Issuer's ability to comply with its obligations towards the investors.

1.2. Key information on the securities

What are the main features of the securities?

Type, class and ISIN:

The Bonds are non-convertible unsecured and unguaranteed subordinated bonds with a nominal value of EUR 1`000. The Bond represents the Issuer's unguaranteed, unsecured and subordinated debt obligation towards the bondholder. The Bonds are registered in Nasdaq CSD SE, registered in the Latvian Commercial Register under registration number 40003242879, having its registered address at Valnu iela 1, LV-1050, Riga, Latvia. The international securities identification number (ISIN) of the Bonds is LV0000804060.

Currency, denomination, par value, number of securities issued and the term of the securities:

Currency of the issue: EUR

Maturity Date: 2 October 2034

Early Redemption Date: In accordance with the Base Prospectus, the Issuer is entitled to redeem the Bonds prematurely at any time after the lapse of 5 years as from the Issue Date. The Issuer can exercise this right by notifying the bondholders at least 30 calendar days in advance.

The Issuer is further entitled to redeem the Bonds prematurely before the lapse of the above 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Issuer, excluded from the classification as own funds of a credit institution or if there is a significant change in the taxation regime applicable to the Bonds which the Issuer was not in a position to foresee upon the issue of the Bonds.

The Bonds may be redeemed prematurely by the Issuer on the above-described grounds only if the LB has granted its consent to the early redemption.

The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

Annual Interest: The interest rate of the Bonds is 10% per annum, calculated from the Issue Date, i.e. 2 October 2024, until the Maturity Date or Early Redemption Date. The interest is paid quarterly on: 2 January, 2 April, 2 July and 2 October. The interest on the Bonds is calculated based on a 30-day calendar month and 360-day calendar year (30/360).

Ranking and subordination:

The Bonds are subordinated within the meaning of the Latvian Credit Institutions Law to all unsubordinated claims against the Issuer. For the avoidance of doubt, the Bonds are not subordinated to the claims, which are subordinated to the Bonds or which rank *pari passu* with the Bonds. By subscribing to the Bonds, the investors unconditionally and irreversibly agree to the subordination of claims arising from the Bonds. The subordination of the Bonds means that upon the liquidation or insolvency of the Issuer, all the claims arising from the Bonds shall fall due in accordance with the Terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Issuer in accordance with the applicable law. Therefore, upon the liquidation or insolvency of the Issuer, the Bondholders are not entitled to any payments due under the Terms of the Bonds until the full and due satisfaction of all the unsubordinated claims against the Issuer. As long as there are no liquidation or insolvency proceedings initiated against the Issuer, all claims arising from the Bonds shall be satisfied in accordance with the Terms of the Bonds and the applicable law.

Furthermore, any liability arising under the Bonds may be subject to the exercise of bail-in powers by the LB as the relevant resolution authority. Each Bondholder acknowledges and accepts that any liability arising under the Bonds may be subject to the exercise of Bail-in Powers by the LB and acknowledges, and agrees to be bound by the effect of the exercise of any Bail-in Powers and/or the variation of the Base Prospectus, as deemed necessary by the LB, to give effect to the exercise of any Bail-in Powers by the LB.

The effect of the exercise of any Bail-in Powers by the LB, the exercise of which (without limitation) may include and result in any of the following, or a combination thereof: (i) the reduction of all, or a portion, of the outstanding principal amount of the Bonds, together with any accrued but unpaid interest and additional amounts due on the Bonds (the "**Relevant Amounts**") in respect of the Bonds; (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Bonds into shares, other securities or other obligations of the Company or another person, and the issue to or conferral on the Bondholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the Terms; (iii) the cancellation of the Bonds or the Relevant Amounts in respect of the Bonds; (iv) the amendment or alteration of the amount of interest payable on the Bonds, or the date on which interest becomes payable, including by suspending payment for a temporary period; and the variation of the Terms, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

The rights attached to the securities:

The Bondholders shall have the following main rights: (i) to receive the nominal value of Bonds on the Maturity Date of the Bonds; (ii) to receive interest in accordance with Terms of the Bonds; (iii) in case of a delay with payments that have fallen due pursuant the Terms of the Bonds, the Bondholders are entitled to a delay interest in accordance with the Terms of the Bonds.

No Bondholder shall be entitled to exercise any right of set-off against moneys owed by the Issuer in respect of such Bonds.

Any restrictions on the free transferability of the securities:

The Bonds are freely transferable under the laws of the Republic of Latvia. However, any Bondholder wishing to transfer the Bonds must ensure that any offering related to such transfer would not be qualified as a public offering in the meaning of the applicable law. Ensuring that any offering of the Bonds does not fall under the definition of public offering under the applicable law is the obligation and liability of the Bondholder.

Where will the securities be traded?

Application will be made to Nasdaq Riga AS, registration number: 40003167049, legal address: Valņu 1, Riga, LV- 1050, Latvia (“**Nasdaq Riga**”) for admitting the Bonds to listing and trading on the Baltic Bond List of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within three months after the Issue Date.

What are the key risks that are specific to the securities?

Risk of unsuitable type of investment. The investment in the Bonds may not be a suitable investment for all investors therefore each potential investor should evaluate the suitability of such investment in the Bonds to their own particular circumstances.

Credit risk. By investing in the Bonds, the investors become creditors of the Issuer, hence they are subject to the credit risk. The ability of the Issuer to execute the payments to the investors arising from the Bonds depends on the financial position and the results of operations of the Issuer.

Early redemption. The Bonds may be redeemed prior to their Maturity Date on the initiative of the Issuer and subject to the approval of the LB. If the early redemption is executed, the rate of return from investment in the Bonds may be lower than initially anticipated.

Subordination risk. The Bonds and all the payments deriving therefrom constitute unsecured and unguaranteed obligations of the Issuer which are subordinated to all unsubordinated claims against the Issuer. In the event of liquidation, bankruptcy, recovery and resolution proceedings, all the claims arising from the Bonds shall be ranked below the unsubordinated claims and shall be satisfied only after all unsubordinated recognised claims against the Issuer are fully satisfied.

No rights of set-off or counterclaim. Bondholders shall not be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds.

Bail-in risk. If the Issuer experiences serious financial difficulties that may harm the public interest, the LB as the relevant resolution authority, may apply the bail-in tools with regard to the Bonds.

Cancellation offering. The Issuer may cancel the Offering of the Bonds at any time prior to the Settlement Date. The Issuer will apply its best effort to ensure that the Offer of all the Tranches occurs as originally planned, however, the Issuer cannot guarantee that the potential Bondholders who have subscribed for the Bonds of any of the Tranches will actually obtain the Bonds they have subscribed for.

1.3. Key information on the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

During the Offering, the Issuer offers up to 10 000 unsecured subordinated Bonds issued in the first tranche. In case of over-subscription, the Issuer has the right to increase the Offering and the Offering may also be decreased by the amount unsubscribed.

Expected timetable of the Offering:

09 September 2024 10:00	Start of Offering Period
27 September 2024 15:30	End of Offering Period
No later than 02 October 2024	Announcement of the result of the Offering
On or about 02 October 2024	Issue date / Settlement of the issued bonds
On or about 03 October 2024	First trading day of the Bonds on Nasdaq Riga

The right to participate in the Offering. The Bonds are offered publicly to retail and institutional investors in Latvia, Lithuania and Estonia (**the “Investors”**). In addition to the Offering, the Issuer may offer the Bonds non-publicly to institutional investors and retail investors in certain Member States of the EEA and to other selected investors in each case pursuant to an exemption under Article 1 of the Prospectus Regulation.

The Offering is not addressed to Investors who are Russian or Belarusian nationals or natural person residing in Russia or Belarus. The latter shall not apply to nationals of a Member States of the European Union or natural persons holding a temporary or permanent residence permit in a Member State of the European Union. The Offering is also not addressed to Investors that is a legal person, entity or body established in Russia or Belarus.

The Offer Price. The Bonds are offered at the price of EUR 1`000 per one Bond.

The Minimum Investment Amount. The Bonds will be offered for subscription for the minimum investment amount of at least one Bond for any and all investors.

The Offering Period. The Offering Period commences on 09 September 2024 at 10:00 Latvian Time and terminates on 27 September 2024 at 15:30 Latvian time.

Submitting subscription orders. The Subscriptions shall be made on a Subscription Order.

Subscription Orders may be submitted only during the Offer Period. An investor participating in the Offering may subscribe to the Bonds only at the Offer Price. If multiple Subscription Orders are submitted by one investor, they will be merged for the purposes of allocation. Subscription Orders may be submitted only in *euro*.

The Subscription Orders may be submitted through any financial institutions that are licensed to provide such services within the territory of the Republic of Latvia, Republic of Lithuania or Republic of Estonia or directly to the Issuer or Sales agent.

Subscription Orders can be submitted:

- i) via Nasdaq Riga trading system Genium INET available to the members of Nasdaq Riga in accordance with the Rules of Bond subscription process (auction).
- ii) via Nasdaq CSD Latvian SSS participants located in Estonia. An investor must have a securities account with the Nasdaq CSD participant, who is a member of Latvian SSS located in Estonia.
- iii) directly to Issuer or Sales Agent

Investors, who have securities account with the Issuer, shall submit their Subscription Order to the Issuer in accordance with the terms and conditions of the investment services agreement concluded with the Issuer.

Other investors wishing to purchase Bonds must contact their financial institution and submit Subscription Order in the form accepted by the financial institution and in accordance with all requirement set out in the terms and conditions of the Base Prospectus. The Investor may use any method that such investor's financial institution offers to submit the Subscription order (e.g. physically at the client service center of the operator, over the internet or by other means).

Other financial institutions who are eligible counterparty of the Issuer can submit Subscription orders directly to the Issuer via the Bloomberg Trading system.

Institutional investors (in the case of Private Placement of the Bonds) can submit their Subscription Orders directly to the Issuer through the Bloomberg Trading system or to Sales Agent.

The total amount of the Bonds to be acquired and indicated in each Subscription Order shall be for at least the Minimum Investment Amount.

Cancellation. At any time prior to the Settlement Date the Issuer will decide whether to proceed with the issuance of the Bonds or cancel the issuance. In case the issuance of the Bonds of a respective Tranche is cancelled, the Issuer will publish an announcement on the Issuer's website.

Allotment. The Issuer will decide on the allotment of the Bonds to the Investors. The Issuer reserves a right to reject any Subscription Order, in whole or in part, at its sole discretion.

The issuer will decide on the allocation of the Bonds after the expiry of the Subscription Period. The Bonds will be allocated to the investors in accordance with the following principles, which the Issuer may change depending on the distribution of Subscription orders collected in the public offering and private offering, the total demand and other circumstances: (i) the allocation shall be aimed to create a solid, reliable and diversified investor base for the Issuer; (ii) the Issuer may apply different allocation principles to a different group of investors; (iii) the Issuer may set a minimum and maximum number of the bonds allocated to one Investor; (iv) the Issuer shall be entitled to prefer its shareholders and clients to other investors.

The information about the results of the Offering and allocation process will be announced through the information system of the Nasdaq Riga and through the Issuer's website (www.bluorbank.lv)

Settlement. The settlement of the Offering will be carried out by Nasdaq CSD. The Bonds allocated to the investors will be transferred to their securities accounts through the "delivery versus payment" method pursuant to the applicable rules of Nasdaq CSD simultaneously with the transfer of payment for such Bonds. All paid up Bonds shall be treated as issued.

If an investor has opened a securities account with the Issuer and is acting through the Issuer in respect to the purchase of the Bonds, the settlement for the Bonds will be performed in accordance with the terms and conditions of the agreements concluded between the Issuer and such investor.

Information about issue results. Information about the issue results of the Bonds will be published on the Issuer's website www.bluorbank.lv and www.nasdaqbaltic.com within 3 (three) Business Days following the Issue Date.

Estimated expenses charged to the Investors. Investors shall bear all costs and fees charged by the respective financial institution through which they submit their Subscription Orders.

Why is this prospectus being produced?

Use of the proceeds. The primary purpose of the Offering is to strengthen the capital structure of the Issuer to retain a strong capital base in light of a growing risk-weighted asset base. The proceeds from the Offering will be entirely used for strengthening the Tier 2 regulative capital base. Conservative capital buffers are needed in advance to support the general corporate purposes, further growth, strengthen the market position of the Company, finance launch of new products and increase the business volumes of the Company.

Underwriting. The issue of the Bonds is not subject to an underwriting agreement.

Conflicts of interest. The Issuer is not aware of any conflicts of interest pertaining to the offer of the Bonds or admission of the Bonds to trading on the Baltic Bond List of Nasdaq Riga.