

BluOr Bank AS (Latvia)
Reg. No: 40003551060
LEI: 54930080G2M7EJ097A27

Terms of the BluOr Bank AS ADDITIONAL TIER 1 TEMPORARY WRITE-DOWN NOTES 2025

Type of Securities:	AT1 Temporary Write-down Notes
Nominal:	EUR 1,000
Nominal Value of the Issue:	EUR 8,000,000
Annual Coupon Rate:	From 9% to 12%
Term:	Perpetual

27 May 2025

These Terms of the BluOr Bank AS Additional Tier 1 Temporary Write-Down Notes Issue do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Table of Contents

Glossary of Terms	3
General information	8
1. Risk Factors.....	10
2. Party responsible for the Terms of the Notes.....	18
3. General Terms and Conditions of the Notes.....	19
4. General Terms and Condition of the Offer	30
5. Additional Information.....	33
6. Information about the Issuer	34
7. Business overview.....	35
8. Financial information	37

Glossary of Terms

Administrative Action	:	Any judicial decision, official administrative pronouncement, and regulatory procedure affecting taxation
Additional Tier 1 (AT1) Instruments	:	means Additional Tier 1 Capital instruments for the purposes of the Applicable Banking Regulations
Applicable Banking Regulations	:	means at any time the laws, regulations, rules, requirements, standards, guidelines, delegated or implementing acts, and policies relating to capital adequacy then in effect in Latvia including, without limitation to the generality of the foregoing, CRD, BRRD and those regulations, rules, requirements, standards, guidelines and policies relating to capital adequacy adopted by the Competent Authority, from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer).
Bail-in Power	:	Means any loss absorption, write-down, conversion, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules and requirements in effect in the Republic of Latvia, relating to the: (i) transposition of the BRRD (including but not limited to the Law on the Recovery and Resolution of the Credit Institutions and Investment Firms) as amended from time to time and (ii) regulations, rules and standards created thereunder, pursuant to which any obligation of the Issuer can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the issuer or any other person.
BRRD	:	Means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time.
Business Day	:	Business Day is the day when the Nasdaq CSD system is open and operational
Capital Event	:	A Capital Event shall occur if the Outstanding Nominal Value of the Notes ceases or would be likely to cease to be included in whole, or in any part, or count in whole or in any part towards the Tier 1 Capital of the Issuer or the Group, due to a change in the regulatory classification or in the Applicable Banking Regulations that was not reasonably foreseeable at the time of the issuance of the Notes. For the avoidance of doubt, a Capital Event shall not be deemed to have occurred in case of a partial exclusion of the Notes as a result of a Principal Write-down.
CDR	:	Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 with regard to the regulatory technical standards for Own Funds requirements for institutions, as amended from time to time
CET1 instruments	:	Means Common Equity Tier 1 Capital instruments for the purposes of the Applicable Banking Regulations.
Common Equity Tier 1 (CET1) capital	:	Means the common equity tier 1 capital of the Issuer, expressed in the Euro, and/or the common equity tier 1 capital of the Group, expressed in the Euro, as calculated by the Issuer on a consolidated basis, all in accordance with the Applicable Banking Regulation.
Competent Authority	:	The Latvijas Banka ("LB") or such other or successor authority that is responsible for prudential supervision and/or empowered by national law to supervise the Issuer and the Group as part of the supervisory system in operation in Latvia.
CRD	:	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive

		2002/87/EC and repealing Directive 2006/48/EC and 2006/49/EC, amended from time to time, or such other directive as may come into effect in place thereof.
CRR	:	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, amended from time to time, or such other regulation as may come into effect in place thereof.
Custodian	:	Credit institution or investment firm that has obtained the LB license or is entitled to do business and to keep securities in accordance with its country of registration laws.
Distributable Items	:	Means the amount of the profits at the end of the latest financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (excluding, for the avoidance of doubt, any tier 2 instruments) less any losses brought forward, any profits which are non-distributable pursuant to provision in national legislation or the Issuer's articles of associations and sums placed in non-distributable reserves in accordance with national law or the articles of associations of the Issuer, those losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of the consolidated accounts.
EBA	:	the European Banking Authority, an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector established by the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC.
EUR	:	Euro (single currency of the member states of the European Monetary System).
Final Terms	:	the final terms of the relevant Tranche of the Notes.
First Interest Payment Date	:	First Interest Payment Date specified in the Final Terms of the relevant Tranche
First Call Date	:	First Call Date specified in the Final Terms of the relevant tranche.
Group	:	The Group consists of AS BBG, registration number: 40003234829, legal address: Smilšu iela 6, Rīga, LV-1050, Latvia, which is parent company of the Group and a number of its consolidated subsidiaries, which is at the relevant time at the highest level of prudential regulatory consolidation in the group of which the Issuer forms part.
Group CET1 Capital Ratio	:	At any time the ratio of the aggregate amount of the Common Equity Tier 1 Capital of the Group at such time to the total risk weighted assets of the Group at such time, expressed as a percentage, all as calculated on a consolidated basis within meaning of CRR.
Interest Rate	:	Interest rate specified in the Final Terms of the relevant tranche.
Interest Period	:	The period beginning on (and including) the Issue Date and ending on (but excluding) the First Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.
Interest Payment Date	:	Date specified in the Final Terms of the relevant Tranche.
ISIN	:	International Securities Identification Number, which is allocated to Notes by Nasdaq CSD.
Issue Date	:	Issue Date of the Notes is specified in the Final Terms of the relevant Tranche for each Tranche.

Issue Price	:	The issue price of the Notes as described in the section 4.1.5. (Notes Issue Price)
Issuer, Bank or BluOr Bank AS	:	BluOr Bank AS (registration number: 40003551060, legal entity identifier: 54930080G2M7EJ097A27, legal address: Smilšu iela 6, Rīga, LV-1050, Latvia).
Issuer CET1 Capital Ratio	:	Means at any time the ratio of the aggregate amount of the Common Equity Tier 1 Capital of the Issuer at such time to the total risk weighted assets of the Issuer at such time, expressed as a percentage within meaning of CRR.
Junior Obligations	:	Means the share capital and any obligation of the Issuer ranking or, expressed to rank, junior to the Notes in a liquidation or insolvency of the Issuer.
Latvian SSS	:	The securities settlement system of Nasdaq CSD governed by Latvian law
LB	:	Latvijas Banka, which is authority that is responsible for prudential supervision and is empowered by Latvian law to supervise the Issuer as part of the supervisory system in operation in Latvia.
Loss Absorbing Instruments	:	Means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer, (b) has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its terms or otherwise) on the occurrence, or as a result, of the Issuer CET1 Capital Ratio and/or the Group CET1 Capital Ratio falling below a specified level.
Maximum Distributable Amount	:	Means any applicable maximum distributable amount relating to the Issuer or the Group required to be calculated in accordance with Article 141 of CRD, taking in consideration requirements of Credit Institution Law of the Republic of Latvia and the Latvijas Banka Rules governing the calculation of the maximum distributable amount.
Maximum Write-up Amount	:	Means the Net Profit (i) multiplied by the aggregate issued original nominal value of all Written-Down Additional Tier 1 Instruments, and (ii) divided by the Tier 1 Capital of the Issuer as at the date when the Principal Write-up is operated, or any higher amount permissible pursuant to Applicable Banking Regulations in force on the date when the Principal Write-up is operated, both (i) and (ii) as calculated on a sub-consolidated or consolidated basis (as applicable).
Nasdaq CSD	:	Nasdaq CSD SE (registration number: 40003242879, legal address Valņu iela 1, Rīga, LV-1050, Latvia)
Net Profit	:	Means the lower of (i) net profit of the Issuer as calculated on a consolidated basis and shall be the most recent profits calculated on a statutory basis after the relevant body has taken a formal decision confirming such final profits of the Issuer, as applicable and (ii) net profit of the Group as calculated on a consolidated basis and shall be the most recent profits calculated on a statutory basis after the relevant body has taken a formal decision confirming such final profits of the Group.
Note	:	Additional Tier 1 Temporary Write-down securities that are issued by the Issuer according to these Terms of the Notes and the Final Terms of the relevant Tranche.
Noteholder	:	A natural person or a legal entity that is an owner of one or more Notes.
Offer	:	Means offering of the Notes pursuant to the Terms of the Notes and the Final Terms of the relevant Tranche.
Original Nominal Value	:	Means, in respect of a Note, the Nominal Value of the Note as issued on the Issue date.
Outstanding Nominal Value	:	Means, in respect of an Note, the Original Nominal Value of such Note as reduced from time to time (on one or more occasions) pursuant to a Write-

	:	Down and/or reinstated from time to time (on one or more occasions) pursuant to a Write-Up in each case on or prior to such date.
Parity Obligations	:	Means securities, instruments or obligations of the Issuer which rank, or are expressed to rank, on a liquidation or insolvency of the Issuer, <i>pari passu</i> with the Notes.
Potential Investor	:	A natural person or a legal entity that has, according to the terms stated in the Terms of the Notes the Final Terms of the relevant Tranche, expressed interest or is planning to purchase for its own account one or more Notes.
Reference Date	:	Means the date as at which the relevant Net Profit were determined.
Relevant Distributions	:	The sum of: (i) any distributions on the Notes made or scheduled to be made by the Issuer in the then current financial year of the Issuer; and (ii) any distributions made or scheduled to be made by the Issuer on other CET1 instruments or AT1 instruments in the then current financial year of the Issuer.
RRCIF Law	:	The Latvian Law on the Recovery and Resolution of Credit Institutions and Investment Firms of 2015, amended from time to time.
Senior Obligations	:	Means securities, instruments or obligations of the Issuer (a) the rights and claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Notes), (b) all unsubordinated rights and claims with respect to the repayment of borrowed money, (c) any other unsubordinated rights and claims and (d) all subordinated rights and claims against the Issuer (including in respect of obligations qualifying, or expressed to qualify, as Tier 2 capital under Applicable Banking Regulations) other than (i) Parity Obligations and (ii) Junior Obligations
Subsidiary	:	Company in which the Issuer holds direct or indirect interests of not less than 50% or more of the shares.
Subordinated Indebtedness	:	Means any obligations of the Issuer, which by the terms is, or is expressed to be, subordinated in the event of liquidation or insolvency of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer.
Tax Event	:	Means: (i) Any amendment to, or clarification of, or change in the laws or treaties (or any regulations promulgated thereunder) of the Latvia or any political subdivision or tax authority thereof or therein affecting taxation; (ii) Any Administrative Action; or (iii) Any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position (in each case) by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, on or after the Issue Date, and, in any such case, where this changes the applicable tax treatment of the Notes.
Terms of the Notes	:	This document, which entitles the Issuer to execute the Issue and the initial offering of the Notes.
Tier 1 Capital	:	Means tier 1 capital of the Issuer or the Group for the purpose of the Applicable Banking Regulations.
Tier 2 (T2) instruments	:	Means tier 2 capital instruments for the purpose of the Applicable Banking Regulation.
Tranche	:	portion of the Notes issuance being offered, characterized by the specific key features which includes Interest Rate, principal amount etc.

Trigger Event	:	A Trigger Event shall occur if at any time, (i) the Issuer CET1 Capital Ratio and/or (ii) the Group CET1 Capital Ratio (as the case may be) is less than 7 (seven) per cent.
Write-down Effective Date	:	Means the date on which the write down shall take place, or has taken place, as applicable.
Write-down Amount	:	Means, on any Write-down Effective Date, the amount by which the then Outstanding Nominal Value of each Note is to be written down and which calculated per Nominal Value of such Note, being the minimum of: (i) the amount (together with the Write-down on a pro rata basis of the other Additional Tier 1 Temporary Write-Down Notes and any utilization and conversion or utilization and Write-down (to the extent possible) of other Loss Absorbing Instruments to be written down or converted concurrently (or substantially concurrently)) that would be sufficient to restore the Issuer CET1 Capital Ratio and the Group CET1 Capital Ratio (as the case may be) to at least the Trigger Level, provided that, with respect to each Loss Absorbing Instrument (if any), such pro rata Write-down and/or conversion shall only be taken into account to the extent required to restore the Issuer CET1 Capital Ratio and the Group CET1 Capital Ratio (as the case may be) contemplated above to the lower of (a) such Loss Absorbing Instrument's trigger level, or where there is more than one such trigger level, the highest of such trigger levels as has been triggered thereon and (b) the trigger level in respect of which the relevant Trigger Event under the Notes has occurred, in each case, in accordance with the terms of the relevant instruments and the Applicable Banking Regulations; or (ii) the amount necessary to reduce the Outstanding Nominal Value of the Notes to one euro cent.
Write-up Amount	:	Means the amount, subject to the Maximum Write-up Amount, by which the Outstanding Nominal Value of each Note in effect prior to the relevant Write-up, is to be written up on the Write-up Effective Date on the balance sheet of the Issuer on such date, as specified in the Write-up Notice.

General information

BluOr Bank AS additional tier 1 temporary write-down notes will be issued in one or several tranches with specific terms of each tranche specified by the Final Terms of the relevant Tranche.

These Terms of the Notes should be read and construed together with any supplement hereto (if any) with any other documents attached herein, in relation to any Tranche of Notes, with the Final Terms of the relevant Tranche, as applicable.

When registering the Notes of different Tranches, Nasdaq CSD will provide different ISIN to Notes of different Tranches, unless it will be decided by Nasdaq CSD to provide the same ISIN to Notes of different Tranches for any reason.

Purposes of the Terms of the Notes

This document has been prepared by the Issuer solely for the purpose of enabling any prospective investor to consider an investment in the Notes. No public offering of the Notes is conducted in any jurisdiction. The distribution of these Terms of the Notes and the Final Terms of the relevant Tranche and the offering of the Notes in certain jurisdictions may be restricted by law.

The offering is not addressed to investors who are Russian or Belarusian nationals or natural persons residing in Russia or Belarus. The latter shall not apply to nationals of a Member State 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 are legal persons, entities or bodies established in Russia or Belarus.

The issuance of the Notes is exclusively directed towards investors with an investment horizon exceeding 5 years.

The contents of these Terms of the Notes and the Final Terms of the relevant Tranche are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters and prospective investors are recommended to consult their own professional advisers for any advice concerning the acquisition, holding or disposal of any Notes.

Before making an investment decision with respect to any Notes, prospective investors should carefully consider all of the information set out in these Terms of the Notes, the Final Terms of the relevant Tranche as well as their own personal circumstances. Prospective investors should have regard to, among other matters, the considerations described under the section headed "Risk Factors" in these Terms of the Notes. Prospective investors should also read the detailed information set out elsewhere in these Terms of the Notes and the Final Terms of the relevant Tranche and reach their own views prior to making any investment decision.

Forward-Looking Statement

These Terms of the Notes and Final Terms contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of the Issuer. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements. Forward-looking statements therefore speak only as at the date of this document. The Issuer undertakes no obligation to update publicly any of them in light of new information or future events.

Structure of the Issue

The Notes shall be issued and offered in Tranches. The terms and conditions of each Tranche shall consist of (i) the General Terms and Conditions of Notes which are identified in Section 3 (General Terms and Conditions of the Notes) and Section 4 (General Terms and Conditions of the Offer) and which shall apply to each Tranche and (ii) the Final Terms.

Thus, the Notes of each of the Tranches will generally be subject to similar main terms, except that the following may differ, as specified in the respective Final Terms of the respective Tranche: aggregate principal amount of the

respective Tranche and definitive amount of the Notes to be issued, as well as the final Subscription Period, Interest Rate, Issue Price, Issue Date and Interest Payment Dates.

The aggregate principal amount of the Notes of each of the Tranches shall be specified in the Final Terms. The Issuer may decrease the aggregate principal amount of the Issue and decrease or increase the aggregate principal amount of a Tranche as set out in the Final Terms during the Subscription Period of that Tranche.

1. Risk Factors

1.1. Important note

Investment in the Notes involves a high degree of risk. Any investment in the Notes is subject to a number of risks, most of which are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the Issuer in general, together with all the other information contained in this document. This section describes the risk factors which are considered by the Issuer to be material to the Bank and an investment in the Notes. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be other risks and uncertainties which are currently not known to the Issuer or which it currently does not consider to be material. Should any of the risks described below, or any other risks or uncertainties, occur this could have a material adverse effect on the Issuer's business, results of operations, financial condition or prospects which in turn would be likely to cause the price of the Notes to decline and, as a result, an investor in the Notes could lose some or all of its investment.

1.2. General Business Risks

1.2.1. General economic situation

The Issuer's business, financial performance and financial condition may be materially affected by European and global economic conditions, geopolitical conditions and future economic prospects, particularly in Latvia and countries in which Issuer's revenues is predominantly generated. Issuer's business may be affected by changes in general economic, political and financial market conditions, such as a global or regional recession, inflation and/or fluctuation in interest rates.

Banking services industry is considered to be highly sensitive to economic cycles, so both weak and strong economic activity, presents a challenge for the Bank and its Subsidiaries. An adverse changes in the economic environment, especially of countries where the Issuer operate, could negatively affect the operations of the Issuer in several ways, including significantly increase the credit risk stemming from the Issuer's loan portfolio and decrease the demand for the Issuer's services. This may adversely affect the Issuer's financial performance and financial condition.

In periods of rapid economic growth, the Issuer may encounter problems in recruiting qualified employees and tends to experience inflation-driven increases in certain of its costs, such as staff costs. Accordingly, high rates of inflation could increase the Issuer's costs and have a material adverse effect on the Issuer's financial performance and its financial condition. In addition to that, during rapid economic growth periods central banks tend to execute policies focused on increasing borrowing interest rates and subsequently putting downward pressure on borrowing demand. Such central bank policies could result in additional disruptions of Issuer's business activities and could result in additional losses.

The Latvian economy is a small open economy that is closely linked to the global economy and especially the macroeconomic conditions in the Eurozone countries. Although the Issuer constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of changes in the economic environment.

1.2.2. Strategic risk.

Issuer may not successfully implement its business strategy. There is no guarantee that Issuer will be successful in implementing its business strategy in any regards, and the implementation of all or any part of Issuer's strategy may be less effective, less profitable than Issuer anticipates. Strategic risk is a possible source of loss that might arise from the pursuit of wrong strategic decisions. The Issuer's strategic risk is mitigated through well-considered business plans and analysis, as well as engaging highly qualified professionals with long-term experience in the financial sector. However, if Issuer fails to implement its strategy in full or in part, it may be unable to further grow its business. The realisation of strategic risks may have a material adverse effect on the Issuer's business, operations, financial condition and results of operations.

1.2.3. Counterparty credit risk

Counterparty credit risk is the risk of potential loss, which may arise from counterparty's inability to meet its obligations to the Issuer. Credit risk affects cash and cash equivalents held with third parties (such as deposits with banks and other financial institutions), but mostly credit exposures to customers, including outstanding loans as well as other receivables and commitments. Issuer may also be exposed to credit risk through potential investments in bonds, transactions with derivatives etc. In order to mitigate credit risk, the Issuer constantly analyses the operations and financial position of its customers and other counterparties. The Issuer makes provisions for potential credit losses in accordance with the applicable requirements, including the IFRS requirements; however, such provisions are made based on the available information, estimates and assumptions, which by definition are subject to certain amount of uncertainty. Therefore, there can be no assurance that provisions are sufficient to cover potential losses. The recoverability of the credit provided to customers may be adversely affected by negative changes in the overall economic, political or regulatory environment, decrease in collateral values and other circumstances beyond the control of the Issuer. The realisation of credit risk may have material adverse effect on the Issuer's operations, financial condition and results of operations.

1.2.4. Concentration risk.

The Issuer considers concentration risk as part of counterparty credit risk, to which the Issuer is subject due to the operations of the Issuer. Concentration risk is a risk arising from a large risk exposure to one counterparty or related counterparties or multiple counterparties impacted by a single risk factor. The Issuer addresses assets associated with one counterparty, related counterparties and one industry, region or risk factor as part of concentration risk. The above concentration risk may have a material adverse effect on the Issuer's operations, financial condition and results of operations. If the concentrations are mismanaged, severely adverse credit situation in a segment where the Issuer has excessive concentration could have a material impact on Issuer's capital levels and lead to a failure to meet its obligations to its creditors.

1.2.5. Market risk.

Market risk arises from the Issuer's trading and investment activities in the financial markets, primarily in fixed income securities, foreign exchange and stock markets as well as from borrowing activities and other means of taking in financial resources. Market risk is the risk of potential loss, which may arise from unfavourable changes in foreign exchange rates, prices of securities or interest rates. The market value of financial instruments may be adversely affected by the volatility of financial markets arising from numerous market variables beyond the control of the Issuer. Due to such volatility, the value of the financial instruments held by the Issuer may decrease more than it is able to foresee, and therefore result in write-downs of certain assets.

In order to mitigate the market risk, conservative limits have been established for the investment portfolio and open foreign currency exposures of the Issuer. Despite the measures taken by the Issuer, the market risk may have material adverse effect on the Issuer's operations, financial condition and results of operations.

1.2.6. Foreign currency risk.

Foreign currency risk arises primarily from the acquisition of securities denominated in foreign currencies or from foreign currency receivables and liabilities. Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, balance of payments between countries, the extent of any governmental surplus or deficit, and from the monetary, fiscal and trade policies pursued by the governments of the relevant currencies. Devaluation, depreciation or appreciation of foreign currency may have significant adverse effect on the value of the Issuer's assets denominated in foreign currency or increase the euro value of the Issuer's foreign currency liabilities. The Issuer's foreign currency risk management is based on monitoring the risk exposure against the limits established for single open currency position. Positions in foreign currencies are monitored on a daily basis and the risk management policy is focused on maintaining substantially closed foreign exchange positions. Although the Issuer's foreign currency risk management is based on risk policies, limits and internal procedures, it may turn out to be inadequate and therefore, foreign currency risk may have material adverse effect on the Issuer's operations, financial condition and results of operations.

1.2.7. Interest rate risk

The operations of the Issuer are inherently exposed to interest rate risk. The amount of net interest income earned by the Issuer materially affects the revenues and the profitability of the operations of the Issuer. Interest rates are affected by numerous factors beyond the control of the Issuer, which may be not estimated adequately. Such factors include the changes in the overall economic environment, level of inflation, monetary policies of states, etc. Despite the fact that the Issuer uses adequate interest rate risk management methods and tools, due to the unforeseen fluctuations of market interest rates there may be a mismatch between the interest income earned from the lending and crediting operations of the Issuer and the interest costs paid on the interest-bearing liabilities, which may have material adverse effect on the Issuer's operations, financial condition and results of operations.

1.2.8. Price risk.

The Issuer holds positions in different financial instruments, which are subject to fluctuations in market price arising from various circumstances beyond the control of the Issuer. The Issuer uses internal risk limit system that combines various maturity, rating, geographical region, capital requirements, issuer, portfolio limits to manage market risk. Such internal risk limit system may not be adequate or sufficient to mitigate potential losses arising from adverse changes in the market prices of the financial instruments held by the Issuer. Certain geopolitical, economic or other factors may lead to a situation when the unforeseen market fluctuations or disappearance of the active market for securities may have a material adverse effect on the Issuer's liquidity, financial condition and results of operations.

1.2.9. Liquidity risk and dependence on access to funding

Liquidity risk relates to the ability of the Issuer to meet its contractual obligations on time and it arises from differences between maturities of assets and liabilities. Due to its business activities, the maturity of the assets of the Issuer (e.g. loans to its customers) tend to be longer than the maturity of its liabilities (e.g. term deposits). The Issuer's liquidity management and strategy is based on risk policies, resulting in various liquidity risk measures, limits and internal procedures. Such risk policies and internal procedures may, however, not be adequate or sufficient in order to ensure the Issuer's access to funding resources when needed in order to ensure sufficient liquidity. The materialisation of the risks related to liquidity and failure to obtain sufficient funding for operations or the increased costs or unfavourable terms of financing or refinancing could have a material adverse effect on the Issuer's business, financial condition and results of operations.

1.2.10. Operational risk

Operational risk is a risk of potential loss caused by human, process or information system failures and flaws. In addition, the operational risk also embraces risk of corporate fraud and misconduct. For the Issuer the realisation of such risks could lead to a disruption in provision of services, non-conformity with applicable requirements and financial losses. The prior is true especially due to the Issuer relying strongly on the effective functioning of its processes and systems. The Issuer manages operational risk based on an established operational risk policy. The Issuer's working procedures are reviewed periodically to ensure minimising human and process flaws, and the information systems and operations are monitored constantly in order to identify risks, flaws or fraud, to minimise the potential loss arising therefrom; however, the risk of such losses cannot be eliminated altogether. The Issuer may, despite its efforts, fail to mitigate all risks and the operational risk may have material adverse effect on the Issuer's operations, financial condition and results of operations.

1.2.11. Competitive risk

The Issuer operates in a highly competitive market. Issuer faces significant competition from both foreign and domestic banks operation in Latvia. In each of the business segments, the Issuer competes primarily on the basis of its service range, pricing, established client relationships, technical knowledge and the efficient handling of banking operations. If the Issuer is unable to continue provision of its services to existing clients, developing new services

portfolios and attracting new clients, responding to client trends, increasing its operating efficiency and reducing its operating and overhead costs, it may not be able to successfully compete in the market. Should the Issuer fail to maintain its market position in the market and business segments, this could have a material adverse effect on the Issuer's operations, financial condition and results of operations.

1.2.12. Dependency on information technology (IT) systems

The Issuer has developed and uses a variety of information technology (IT) systems and web-based solutions in carrying out its everyday business operations and providing services to its clients. This means that the Issuer is exceedingly open to IT related risks over which it has no control, including system-wide failures of communication infrastructure, quality and reliability of equipment and software supplied by third parties and other similar risks. Furthermore, should the Issuer experience a significant security breakdown or other significant disruption to its information technology systems, sensitive information could be compromised, which in turn could result in civil and administrative liability of the Issuer before its customers, counterparties and state authorities. In addition to that, potential illegal attacks on the Issuer's internal IT systems may limit access to both online and offline services of the Issuer, which would have material adverse effect on further operations of the Issuer and its financial position. The Issuer may, despite its efforts, fail to mitigate all IT systems related risks or fail to take appropriate and effective countermeasures if its systems fall under attack, which in turn may have material adverse effect on the Issuer's operations, financial position and results.

1.2.13. Maintaining Capital Adequacy Ratios

Capital adequacy is the main indicator for assessment of solvency of credit institutions. Failure to maintain sufficient capital to absorb the losses from all the risks the Issuer is exposed to may lead to failure of the institution to meet its obligations to 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 that was agreed in the Basel Committee on Banking Supervision. The objective of the legal framework is to strengthen the resilience of the financial sector to economic shocks and thereby ensure the adequate and sustainable financing of the economy. As of the date of the Terms of the Notes the Issuer is complying with all applicable capital requirements. However, the capital requirements adopted in Latvia and the European Union may change, whether as a result of further changes of the EU or Latvian legislation, global standards or interpretation thereof. Such changes may lead to unexpected increased requirements and have a material adverse effect on the business of the Bank and the Issuer as a whole. This may result in the need to increase capital, reduce leverage and risk weighted assets, modify the Issuer's legal structure or even change the Issuer's business model.

1.2.14. Tax Regime Risks

Tax regimes of the geographical markets where the Issuer operates are from time to time subject to change, some of which may be dictated by short-term political needs and may therefore be unexpected and unpredictable. Any changes in the tax regimes in the jurisdictions where the Issuer operates or in the interpretation of such tax laws, regulations or treaties may have material adverse effect on the Issuer's operations, financial condition and results of operations.

1.2.15. Exposure to Regulatory Actions and Investigations

The Issuer provides various financial services and products and is therefore subject to extensive and comprehensive regulations imposed both through local and through European legal acts. Several local and European authorities, including financial supervision, consumer protection, anti-money laundering, tax, and other authorities, regularly perform investigations, examinations, inspections and audits of the Issuer's business, including, but not limited to regarding capital requirements, standards of consumer lending, anti-money laundering, anti-bribery, payments, reporting, corporate governance, etc. 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 material adverse effect on the Issuer's operations, financial condition and results of operations.

1.3. Risks related to the Notes

1.3.1. The Notes may not be a suitable investment for all investors.

Each Potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each Potential investor, either on its own or with the help of its financial and other professional advisers, should:

- (i) have investment horizon exceeding 5 years;
- (ii) have sufficient knowledge and experience to make a meaningful evaluation of the Issuer and the Notes, the merits and risks of investing in the Notes and the information contained in these Terms of the Notes and the Final Terms of the relevant Tranche;
- (iii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iv) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments in respect of the Notes is different from the potential investor's currency and including the possibility that the entire principal amount of the Notes could be lost;
- (v) understand thoroughly the terms of the Notes and the Final Terms of the relevant Tranche, including the provisions relating to the payment and cancellation of interest and any write-down of the Notes;
- (vi) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments making it difficult to compare them with other similar financial instruments due to a lack of fully harmonized structures, trigger points and loss absorption. A Potential investor should not invest in the Notes unless it has the expertise to evaluate how the Notes will perform under changing conditions, the likelihood of a Principal Write-down, reaching the point of non-viability or cancellation of coupons, the resulting effects on the value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio. These risks may be difficult to evaluate given their discretionary or unknown nature.

1.3.2. Credit risk

An investment into the Notes is subject to credit risk, which means that the Issuer may fail to meet its obligations arising from the Notes in a duly and timely manner. The Issuer's ability to meet its obligations arising from the Notes (including not to cancel payments) and the ability of the Noteholders of the Notes to receive payments arising from the Notes depend on the financial position and the results of operations of the Issuer. The Notes are not bank deposit in the Bank and Noteholders of the Notes will not qualify under the deposit protection scheme and are not guaranteed by the Deposit Guarantee Fund of Latvia.

1.3.3. The Notes constitute deeply subordinated obligations

The Notes unsecured and deeply subordinated obligations of the Issuer and will rank, subject to any rights or claims which are mandatorily preferred by law,

- (i) *pari passu* without any preference among themselves and with all other present and future Parity Obligations of the Issuer (including any other series of Additional Tier 1 instruments) and
- (ii) junior to the rights and claims of creditors in respect of all present and future Senior Obligations. As a result, in the event of liquidation or insolvency of the Issuer, any claims of the Noteholders against the Issuer will be subordinated to:
 - (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Notes),
 - (b) all unsubordinated rights and claims with respect to the repayment of borrowed money,
 - (c) any other unsubordinated rights and claims and
 - (d) all subordinated rights and claims (including with respect to any Tier 2 instruments) other than
 - (A) Parity Obligations and
 - (B) Junior Obligations.

Before the occurrence of any event referred to above, Noteholders of the Notes may already have lost the whole or part of their investment in the Notes as a result of a write-down of the principal amount of the Notes following a Trigger Event and/or a write-down. In the event of liquidation or insolvency of the Issuer, payment of any remaining principal amount not so written down to a Noteholder will, by virtue of such subordination, only be made after all obligations of the Issuer resulting from higher-ranking deposits, unsubordinated claims with respect to the repayment of borrowed money, other unsubordinated rights and claims and higher ranking subordinated claims have been satisfied in full. Furthermore, any right of set-off of any noteholder at any time in respect of any amount owed to it by the Issuer arising under or in connection with the Notes shall be excluded.

1.3.4. The Issuer is not prohibited from issuing further debt, which may rank *pari passu* with or senior to the Notes.

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Noteholders of the Notes in the event of liquidation or insolvency of the Issuer.

1.3.5. In certain circumstances, the Issuer may decide not to pay interest on the Notes or be required not to pay such interest.

The Issuer may at any time elect, in its sole and absolute discretion, to cancel the payment of any interest in whole or in part at any time that it deems necessary or desirable and for any reason and without any restriction on the Issuer thereafter. Further, subject to regulatory restrictions as provided in section 3.7.2.2. (Mandatory cancellation of interest), the Issuer may not be permitted to make interest payments.

Further, if the principal (nominal value) of the Notes has been reduced (written-down), the Notes only carry interest on the then Outstanding Nominal Value of the Notes. Therefore, the income receivable under the Notes by the Noteholders is unpredictable and cannot be determined at the time of making the investment.

Any interest not paid shall be deemed cancelled and shall not accumulate or be payable at any time thereafter. Cancellation of interest shall not constitute a default under the Notes for any purpose. Investors shall have no further rights in respect of any interest not paid and shall not be entitled to any compensation or to take any action to cause the insolvency or liquidation of the Issuer. Furthermore, cancellation of interest payments shall not in any way impose restrictions on the Issuer, including restricting the Issuer from making distributions or equivalent payments in connection with junior ranking or *pari passu* ranking instruments. Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of

other debt securities on which interest accrues which is not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication that the Issuer CET1 Capital Ratio or the Group CET1 Capital Ratio is trending towards the minimum applicable combined capital buffer may have an adverse effect on the market price of the Notes.

1.3.6. The principal amount of the Notes may be reduced (written-down) to absorb losses

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. As such, the principal (nominal value) of the Notes will be written down if the Issuer CET1 Capital Ratio and/or the Group CET1 Capital Ratio falls below 7% (seven per cent) with an amount at least sufficient to immediately cure the Trigger Event, and any accrued but unpaid interest will be cancelled. The write-down may be full or partial, depending on the capital situation of the Issuer and/or the Group. Several write-downs may occur in respect of the Notes until they are fully written-down. The temporality of the write-down, i.e. the occurrence of a write-up of the principal of the Notes is subject to the discretion and financial and capital situation of the Issuer and/or the Group. The risk exists that the principal of the Notes is never written up following a write-down. Upon liquidation or insolvency, the Noteholders of the Notes only have a claim in the amount of the then outstanding (i.e. following a write-down the written down) nominal value of the Notes (which may be equal to EUR 0.01) and will have no recourse to the Issuer for the original (i.e. pre-write-down) nominal value of the Notes. Therefore, there is no certainty that the Noteholders will receive the full original nominal value. However, the Notes may only be redeemed early at the discretion of the Issuer if the nominal value of the Notes has not been written-off or has been fully written-up after any write-down.

1.3.7. No scheduled maturity

The Notes are undated securities in respect of which there is no fixed redemption or maturity date. Redemption of the Notes is subject to the Issuer's discretion, regulatory restrictions and Competent Authority approval and is thus not fully under the control of the Issuer. The Notes only automatically become fully redeemable at their then outstanding nominal value upon liquidation and insolvency of the Issuer. Therefore, the Noteholders have no security as to when the principal of the Notes will be repaid.

1.3.8. The Notes are subject to modification and waivers

The Terms of the Notes contain provisions for convening meetings of Noteholders to consider matters affecting their interests generally. These provisions permit a three fourths majority to make decisions that modify the terms and conditions applicable to the Notes and may affect the Noteholders of the Notes' rights and obligations under the Notes, and that bind all Noteholders of the Notes including Noteholders of the Notes who did not attend and vote at the relevant meeting and Noteholders of the Notes who voted in a manner contrary to the majority. At the meeting of Noteholders of the Notes, the holders of the Notes also have authority to elect and give instructions to a representative to act on their behalf.

1.3.9. Changes in tax regime may affect the Notes

Adverse changes in the tax regime applicable in respect of transacting with the Notes or receiving interest or principal payments based on the Notes may result in an increased tax burden of the Noteholders and may therefore have adverse effect on the rate of return from the investment into the Notes. Due to the specific character of the Notes, each Potential investor is encouraged to obtain personal tax advice on the treatment of payments under the Notes in their tax jurisdiction, especially if the referred jurisdiction is not Latvia.

1.3.10. Changes in laws, regulations or administrative practice or the interpretation thereof may impact the Notes

Changes in laws, regulations or administrative practice, or the interpretation thereof, after the date of these Terms of the Notes may affect the Notes in general, the rights of Noteholders as well as the market value of the Notes.

The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by Latvian law. No assurance can be given as to the impact of any possible judicial decision or change to Latvian, European or any applicable laws, regulations or administrative practice after the date of issue of the relevant Notes or the interpretation thereof. Such changes in law may impact statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on the Notes. Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

1.3.11. The Offer may be cancelled or amended

The Issuer is entitled to cancel or amend the Offer. The Issuer cannot provide any assurance that the Offer will be successful and that the investors will receive any Notes they have subscribed for.

1.3.12. A secondary market may not develop for the Notes

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. The Notes will not be listed. The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes. Market liquidity in instruments similar to the Notes has historically been limited. In the event a trigger event occurs in relation to an Additional Tier 1 instrument or interest payments are suspended or cancelled, potential price contagion and volatility to the entire asset class is possible.

1.3.13. The Notes do not carry any beneficial interest in the equity or voting right

An investment into the Notes is an investment into instruments, which does not confer any legal or beneficial interest in the equity of the Issuer or rights to receive dividends or other rights which may arise from equity instruments or right to convert the Notes into such instruments. Investors are being offered the Notes which do not entitle the Noteholders to any voting rights at the Shareholders Meetings of the Issuer. The value of the Notes might be affected by the actions of the shareholder of the Issuer over which the Noteholders do not have control.

1.3.14. The Notes are subject to bail-in risk

In the event of exercise by the Competent Authority, the relevant Latvian Resolution Authority, of its bail-in power in accordance with the BRRD and the RRCLIF Law, with respect to the Notes, the Notes may become subject to compulsory write-down or conversion. In the event that write-down or conversion powers are exercised by a Resolution Authority, any of the following effects can ensue: (i) the amount outstanding of the Notes is reduced, including a possible reduction to zero; (ii) the Notes are converted into ordinary shares or other instruments; (iii) the Notes or payments under the notes may be cancelled, fully or partially; or (iv) all or some of the Terms of the Notes and the Final Terms of the relevant Tranche may be amended. Neither the Issuer nor the Noteholders will have any control. Financial public support will only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Consent of the holders of the Notes is not necessary for effecting bail-in measures by the Competent Authority. The exercise of any bail-in power or any proposal of such exercise could materially adversely affect the value of the Notes and cause the value of investments into the Notes to deteriorate.

2. Party responsible for the Terms of the Notes

2.1. Party responsible for the Terms of the Notes and the Final Terms of the relevant Tranche: BluOr Bank AS

Registration number: 40003551060

Legal entity identifier: 54930080G2M7EJ097A27

Legal address: Smilsu iela 6, Rīga, Latvia, LV-1050

Country of location: Republic of Latvia.

2.2. Assurance of the information provided in the Terms of the Notes

The Issuer and its management board are responsible for the information contained in these Terms of the Notes the Final Terms of the relevant Tranche.

Hereby we, members of the board of BluOr Bank AS certify that, by paying sufficient attention to this purpose, the information included in the Terms of the Notes is true, in accordance with the facts, and no information which may affect its meaning is concealed therein.

Dmitrijs Latiševs

Chairman of the Board

Inga Preimane

Member of the Board

Vadims Morozs

Member of the Board

3. General Terms and Conditions of the Notes

3.1. General information

BluOr Bank AS has decided to issue EUR 8 000 000 Additional Tier 1 Temporary Write-Down Notes (the “Notes”). The aggregate Original Nominal Value of the Notes may be increased and decreased by the Issuer, including after the Issue Date by issuing additional Notes.

3.2. Form and Registration

The Notes are dematerialized securities in bear form. The Notes will be registered with NASDAQ CSD in book-entry form with the securities settlement system governed by Latvian law (the “Latvian SSS”). Investors may hold Notes through Nasdaq CSD participants participating in Latvian SSS.

3.3. Currency of the Notes

The Notes are issued in euro.

3.4. Denomination

The Notes are issued in denomination of EUR 1,000 and integral multiples of EUR 1,000 in excess thereof.

3.5. Transferability

The Notes are freely transferrable and disposable without any restrictions. However, transfer of the Notes is subject to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee. The Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which such offer, sale, re-sale or transfer would be unlawful or require measures other than those required under Latvian laws to be taken by the Issuer.

3.6. Status

Ranking

The Notes issued pursuant to these Terms of the Notes and the Final Terms of the relevant Tranche constitute and will constitute unsecured, unguaranteed and subordinated obligation of the Issuer *pari passu* without any preferences among themselves.

The Issuer expects the Notes to be instruments of the Issuer qualifying as Additional Tier 1 instruments.

In the event of the liquidation or insolvency of the Issuer, the rights and claims (if any) of the Noteholders to payment of the Outstanding Nominal Value of the Notes and any other amounts in respect of the Notes (including any accrued interest or damages awarded for breach of any obligations under these Terms of the Notes issue, if any are payable) will rank:

- (i) *pari passu* without any preference among the Notes;
- (ii) at least *pari passu* with payments to holders of present or future outstanding Parity Securities of the Issuer;
- (iii) in priority to payments to holders of present or future outstanding Junior Securities (including shares) of the Issuer; and
- (iv) junior in right of payment to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer, and (c) subordinated creditors of the Issuer in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities) including, for the avoidance of doubt, Tier 2 instruments.

General

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Notes, if any, will not contribute to the determination of insolvency of the Issuer in accordance with Section 140 of the Latvian Credit Institution Law.

No set-off

Subject to applicable law, no Noteholder may exercise or claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the

Notes and each Noteholder will, by virtue of their holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention.

3.7. Interest

3.7.1. Interest rate

Subject to a cancellation of interest payments pursuant to section 3.7.2. (Interest Cancellation) and a write-down pursuant to section 3.9.1. (Principal Write-down), the Notes shall bear interest on its Outstanding Nominal Value at the rate per annum specified in the Final Terms of the relevant Tranche from and including their Issue Date (as specified in the Terms of the Notes and the Final Terms of the relevant Tranche) to, but excluding, the First Interest Payment Date, and thereafter from each Interest Payment Date (inclusive) to the next following Interest Payment Date (exclusive). In the event of a write-down pursuant to section 3.9.1. (Principal Write-down), the Notes shall for the full respective Interest Period in which such write-down occurs only bear interest on the Outstanding Nominal amount which has been reduced accordingly; a potential write-up pursuant to section 3.9.2. (Principal Write Up) which may occur on the relevant Interest Payment Date will not be taken into account for such Interest Period and will only become effective from the Interest Period commencing on the Interest Payment Date on which the write-up occurs.

The Interest rate for the Notes is specified in the Final Terms of the relevant Tranche. Interest payment are made on regular basis in accordance with the frequency and on the dates specified in the Final Terms of the relevant Tranche.

Interest in respect of the Notes will be calculated on the basis of the actual number of days elapsed in the relevant Interest period divided by 365 (or, in the case of a leap year, 366), i.e. a day count convention Act/Act (ICMA) will be used.

If an Interest Payment Date falls on a day that is not a Business Day, interest shall be paid on the next Business Day after the Interest Payment Date. The postponement of the payment date shall not affect in any manner the amount payable and no interest on such payment will accrue in respect of the delay.

3.7.2. Interest cancellation

3.7.2.1. Optional cancellation of interest

Interest on the Notes will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable. Interest payments may be cancelled for an unlimited period. If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

3.7.2.2. Mandatory cancellation of interest

The Issuer shall cancel (in whole or in part, as applicable) any interest payment otherwise due to be paid to the extent that:

- (i) if the amount of such interest payment otherwise due, when aggregated together with any further Relevant Distributions and other distributions of the kind referred to 35²⁷ of the Latvian Credit Institutions Act (implementing article 141(2) of the CRD), plus any write-ups, where applicable, exceed (in aggregate) the amount of the Maximum Distributable Amount (if any) then applicable to the Issuer or the Group (as the case may be) (whereas under the Applicable Banking Regulations the Maximum Distributable Amount shall be calculated if the Issuer does not meet its combined capital buffer requirements); or

- (ii) such interest payment would cause, when aggregated together with other Relevant Distributions and any potential write-ups, the Distributable Items of the Issuer to be exceeded; or
- (iii) the Competent Authority orders the Issuer to cancel the interest payment on the Notes (in whole or in part) scheduled to be paid; or
- (iv) if and to the extent that such payment would cause a breach of any other regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments pursuant to Applicable Banking Regulations.

The Issuer may, in its sole discretion, elect to make a partial interest payment on the Notes on any Interest Payment Date, only to the extent that such partial interest payment may be made without breaching the restriction set out in paragraphs (i) – (iv) above.

3.7.2.3. Interest non-cumulative; no event of default

Any interest (or part thereof) not paid by reason of Optional Cancellation of Interest or Mandatory Cancellation of Interest above shall be cancelled and shall not:

- (i) accumulate or be payable at any time thereafter and Noteholders shall have no further rights or claims in respect of any interest (or part thereof) not paid, whether in the case of insolvency or liquidation of the Issuer or otherwise. For avoidance of doubt, any accrued but unpaid interest from the Trigger Event up to the Write-Down Effective Date shall also be automatically cancelled even if no notice has been given to that effect;
- (ii) constitute an event of default of the Issuer or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever;
- (iii) entitle the Noteholders to any compensation or to take any action to cause the insolvency or liquidation of the Issuer;
- (iv) in any way impose restrictions on the Issuer, including (but not limited to) restricting the Issuer from making any distribution or equivalent payment in connection with Junior Obligations or Parity Obligations.

The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

3.7.2.4. Notice of Interest Cancellation

The Issuer shall as soon as reasonably practicable give notice to the Noteholders of any cancellation of interest (on whole or in part) on or prior the relevant Interest Payment Date. If practicable, the Issuer shall endeavor to provide such notice at least five (5) Business Days prior to the relevant Interest Payment Date. The Issuer give notice to Noteholders, specifying the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest that will be paid on the relevant Interest Payment Date; provided, however, that any failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Noteholders any rights as a result of such failure. In the absence of such notice being given, if the Issuer does not make an interest payment on the relevant due date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion or obligation to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest (or the portion thereof not paid) shall not be due and payable. If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest on the relevant interest payment date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of interest, and accordingly such remaining portion of interest shall also not be due and payable.

3.8. Redemption and Purchase

3.8.1. No fixed maturity

The Notes are perpetual and have no fixed maturity date.

The Notes are securities that are not redeemable at the option of the Noteholders and have no fixed redemption date, and the Issuer shall have the right to call, redeem, repay or repurchase them only in accordance with (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met and not before five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met or, in the case of repurchases for market-

making purposes, where the conditions set out in Article 29 of the CDR are met and particularly with respect to the predetermined amount defined by the Competent Authority as per Article 29(3)(b) of the CDR (see conditions for Early Redemption for Taxation Reason, Early Redemption upon a Capital Event and Redemption at the option of the Issuer (Call)). The Notes shall become immediately due and payable only in the event of liquidation or insolvency of the Issuer, subject to the conditions in the Status of the Notes.

3.8.2. Early Redemption for Taxation Reason

Upon the occurrence of a Tax Event, but subject to section 3.8.5. (Conditions for Redemption and Purchase) and section 3.8.6. (Occurrence of Trigger Event supersedes notice of redemption), the Issuer, after having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with section 3.14. (Notices) may, at its option, redeem the Notes in whole (but not in part), at any time at their Outstanding Nominal Value together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with section 3.7.2. (Interest Cancellation) to, but excluding, the date of redemption.

The Competent Authority may only permit the Issuer to redeem the Notes before the date falling on the fifth anniversary of the Issue Date on the occurrence of a Tax Event if, without prejudice to section 3.8.5. (Conditions for Redemption and Purchase) below, the Competent Authority considers the Tax Event sufficiently certain and the Issuer demonstrates to the satisfaction of the Competent Authority that the Tax Event was not reasonably foreseeable at the time of their issuance.

3.8.3. Early Redemption upon Capital Event

Upon the occurrence of a Capital Event, but subject to section 3.8.5. (Conditions for Redemption and Purchase) and section 3.8.6. (Occurrence of Trigger Event supersedes notice of redemption), the Issuer, after having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with section 3.14. (Notices) may, at its option, redeem the Notes in whole (but not in part), at any time at their Outstanding Nominal Value together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with section 3.7.2. (Interest Cancellation) to, but excluding, the date of redemption.

The Competent Authority may only permit the Issuer to redeem the Notes before the date falling on the fifth anniversary of the Issue Date on the occurrence of a Capital Event if, without prejudice to section 3.8.5. (Conditions for Redemption and Purchase) below, the Competent Authority considers the Capital Event sufficiently certain and the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of their issuance.

3.8.4. Redemption at the option of the Issuer (call)

The Issuer may (subject to the section 3.8.5. (Conditions for Redemption and Purchase) and section 3.8.6. (Occurrence of Trigger Event supersedes notice of redemption)), other than when the Outstanding Nominal Value of an Note is less than the Original Nominal Value, by giving not less than 30 days' notice to the Noteholders in accordance with section 3.14. (Notices), on the First Call Date or on each Interest Payment Date thereafter redeem all (but not some only) the Notes at their Outstanding Nominal Value, together with accrued interest (if any) thereon (excluding any interest which has been cancelled or deemed cancelled in accordance with section 3.7.2. (Interest Cancellation)).

3.8.5. Condition for Redemption and Purchase

The Issuer may redeem the Notes in accordance with section 3.8.2. (Early Redemption for Taxation Reason), 3.8.3. (Early Redemption upon Capital Event) or 3.8.4. (Redemption at the option of the Issuer (Call)) (and give notice thereof to the Noteholders) only if it has been granted the permission of the Competent Authority (if such permission is then required under the Applicable Banking Regulations) and:

- (i) on or before such redemption of the Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality on terms that are sustainable for its income capacity; or

- (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such redemption, exceed its minimum own funds requirements (including any capital buffer requirements) by a margin (calculated in accordance with article 104(3) CRD Directive) that the Competent Authority considers necessary at such time.

The Issuer shall not give a notice of redemption if a Trigger Event has occurred.

Should it occur that the Competent Authority or EBA decides that the Notes issued under these Terms of the Notes cannot be classified as Additional Tier 1 instruments from the beginning (and not due to the occurrence of a Capital Event) and such position cause the Issuer to wish to call such notes, the section 3.8.5. (Condition for Redemption and Purchase) shall not be applicable and the Note shall be immediately redeemable in accordance with section 3.8.4. (Redemption at the option of the Issuer (Call)).

3.8.6. Occurrence of Trigger Event supersedes notice of redemption

If the Issuer has elected to redeem the Notes but prior to the payment of the redemption amount with respect to such redemption, a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and Write-Down shall occur in accordance with section 3.9.1. (Principal Write-down).

3.8.7. No redemption whilst the Notes are written down

Following the occurrence of a Principal Write-down, the Issuer shall not be entitled to redeem the Notes pursuant to section 3.8.4. (Redemption at the Option of the Issuer (call)) until the Nominal Value of the Notes is increased up to their Original Nominal Value pursuant to section 3.9.2. (Principal Write-up) and any notice of redemption which has been given in such circumstances shall be automatically rescinded and shall be of no force and effect).

3.8.8. Cancellation of Redeemed and Purchased Notes

All Notes redeemed in accordance with this section 3.8. (Redemption and Purchase) will be cancelled and may not be reissued or resold. All Notes purchased by or on behalf of the Issuer may, subject to obtaining Competent Authority permission therefor, be held, reissued, resold or, at the option of the Issuer surrendered for cancellation.

3.9. Loss absorption Mechanism

3.9.1. Principal Write-down

3.9.1.1. Trigger Event

If a Trigger Event has occurred at any time, the Issuer shall write down the Outstanding Nominal Value of each Note (in whole or in part, as applicable) by writing down such Outstanding Nominal Value (in whole or in part, as applicable) on the Write-down Effective Date in accordance with the Write-down Procedure.

The Write-down shall occur without delay (and within one month or such shorter period as the Competent Authority may require at the latest) upon the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event, the Issuer shall:

- (i) inform the Competent Authority and the Noteholders about the occurrence of such Trigger Event and the fact that a write-down will have to be effected;
- (ii) determine the Write-Down Amount as soon as possible, but not later than within one month (unless the Competent Authority shortens such period), and give notice of such write-down:
 - (a) to the Competent Authority;
 - (b) to the Noteholders by delivering notice in accordance with section 3.14. (Notices).

Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such Write-down, or give Noteholders any rights as a result of such failure.

Other than as provided below in section 3.9.2. (Principal Write-up), following a Write-down, no Noteholder will have any rights against the Issuer with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down or any other amount on or in respect of any principal amount that has been so written down. Furthermore, any interest on any principal amount that is to be written down on the relevant Write-down Effective Date, in respect of an interest period ending on any Interest Payment Date falling between the date of a Trigger Event and the Write-down Effective Date shall also be deemed to have been cancelled upon the occurrence of such Trigger Event and shall not be due and payable.

A Trigger Event may occur on more than one occasion and the Outstanding Nominal Amount of each Note may be written down on more than one occasion provided that the Outstanding Nominal Amount of a Note may never be reduced to below one euro cent.

Any Write-down of a Note shall not constitute an event of default or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever and shall not, of itself, entitle Noteholders to petition for the insolvency of the Issuer or otherwise.

3.9.1.2. Write-down Procedure

If a Trigger Event has occurred at any time, the Issuer shall deliver a Write-Down Notice to the Noteholders, as soon as reasonably practicable, and in any event not more than five (5) Business Days after such determination.

The Write-down Notice shall be sufficient evidence of the occurrence of such Trigger Event and will be conclusive and binding on the Noteholders.

On the Write-down Effective Date, the Issuer shall write down the Outstanding Nominal Value of each Note in a sum equivalent to the relevant Write-down Amount of each Note. The Issuer shall organise and procure the registration of such reduction of the Outstanding Nominal Value of the Notes in the NASDAQ CSD.

Notwithstanding that certain Loss Absorbing Instruments may be converted into equity or written down in full (on a temporary or permanent basis in accordance with their terms), the Issuer will first to the extent possible procure that the outstanding principal amount of each security forming part of any series of Loss Absorbing Instruments to be converted into equity or written down (as the case may be) concurrently (or substantially concurrently) is, or has been, converted into equity or written down (in accordance with its terms) on a pro rata basis with the Outstanding Nominal Value of each Note.

No default

Any Principal Write-down of the Notes shall not:

- (a) constitute an event of default of the Issuer or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever;
- (b) constitute the occurrence of any event related to the insolvency of the Issuer or entitle the Noteholders to any compensation or to take any action to cause the insolvency or liquidation of the Issuer. The Noteholders shall have no further rights or claims against the Issuer (whether in the case of insolvency or liquidation of the Issuer or otherwise) with respect to any interest cancelled and any principal Written Down in accordance with this condition (including, but not limited to, any right to receive accrued but unpaid and future interest or any right of repayment of principal, but without prejudice to their rights in respect of any reinstated principal following a Principal Write-up pursuant to section 3.9.2. (Principal Write-up)).

3.9.2. Principal Write-up

3.9.2.1. Principal write-up after principal Write-down

If a positive Net Profit of the Issuer is recorded at any time while the Outstanding Nominal Value of the Notes is less than the Original Nominal Value of the Notes, the Issuer may, at its sole and absolute discretion, write up the Outstanding Nominal Value of the Notes in whole or in part in accordance with the Write-up Procedure. The write-up will occur with effect as of the Interest Payment Date (including) immediately following the financial year of the Issuer for which the abovementioned annual profit was determined.

A Write-up procedure may occur on more than one occasion provided that the Outstanding Nominal Value of a Note may never exceed its Original Nominal Value.

No Principal Write-up may take place if:

- (i) a Trigger Event has occurred in respect of which the Write-down has not occurred,
- (ii) a Trigger Event has occurred in respect of which Write-down has occurred but the CET1 Capital Ratio of the Issuer and the Group has not been restored to, or above, the Trigger Level or
- (iii) the Principal Write-up (either alone or together with all simultaneous principal write-up of other Written Down Additional Tier 1 Capital Instruments) would cause a Trigger Event to occur.

3.9.2.2. Write-up procedure

If the Issuer exercises such discretion to effect a principal write up it shall give notice thereof to Noteholders specifying the Write-up Amount and the Write-up Effective Date (the “Write up Notice”).

Write-up must be made on a pro rata basis with any other Written-Down Additional Tier 1 Instruments (based on the then prevailing outstanding nominal value thereof). The Write-up Amount shall be set by the Issuer at its discretion, save that it shall, when aggregated together with the write up of the outstanding nominal value of temporarily written down Additional Tier 1 Instruments and distributions of the kind referred to in Article 141(2) of the CRD Directive, be limited to the extent necessary to ensure the Maximum Distributable Amount is not exceeded thereby and provided that the sum of:

- (i) the aggregate amount of the relevant principal write up on all the Additional Tier 1 Temporary Write-down Note (out of the same Net Profit of the Issuer);
- (ii) the aggregate amount of any payments of interest in respect of the Notes that were paid on the basis of an Outstanding Nominal Value lower than the Original Nominal Value at any time after the Reference Date;
- (iii) the aggregate amount of the relevant write-up on Written Down Additional Tier 1 Instruments at the time of the relevant write up (out of the same Net Profit of the Issuer); and
- (iv) the aggregate amount of any payments of interest or distributions in respect of each Written Down Additional Tier 1 Instruments that were paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the date as at which the applicable Profit were determined,

does not exceed the Maximum Write-up Amount.

Effecting the principal write-up

On the Write up Effective Date and subject to the prior consent of the Competent Authority (to the extent such consent is required by the Applicable Banking Regulations), the Issuer shall cause the Outstanding Nominal Value of each Note to be reinstated and written up by an amount equal to the relevant Write-up Amount on a pro rata basis with each Note. The Issuer shall organise and procure the registration of such increase of the Outstanding Nominal Value of the Notes in the NASDAQ CSD.

3.10. Taxation

The tax legislation of the investor's country of residence and of the Issuer's country of incorporation may have an impact on the income received from the Notes. All payments in respect of the Notes by the issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (Taxes), unless the withholding or deduction of the Taxes is required by laws of the Republic of Latvia. In such case, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amount

so required to be withheld or deducted. The Issuer shall not be obligated to gross-up or make any additional compensation to the Noteholders in respect of such withholding or deduction. See Section entitled —Taxes below in these Terms of the Notes issue for further information.

3.11. Payments

Payment of amounts (whether principal, interest or otherwise, including on the final redemption) due in respect of the Notes will be paid through Nasdaq CSD in accordance with the applicable rules of Nasdaq CSD, as amended or replaced from time to time. Payment of principal due in respect of the Notes will be paid to the Noteholders who were registered as the Noteholders at the end of Business Day prior the due date for such payment. Payments of interest due in respect of the Notes will be paid to the Noteholders who were registered as the Noteholders at the end of 5th (fifth) Business Day prior the due date for such payment (the “Record Date”). Payment of amounts due on the final redemption of Notes will be made simultaneously with deletion of the Notes, or, if so required by the Issuer, against delivery of the Notes to the Issuer. If the due date for payment of the final redemption amount of Notes is not a Business Day, the Noteholder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms of the Notes.

3.12. Applicable Law and Dispute Resolution

The Notes and all non-contractual obligations arising out of or in connection with any of them are governed by Latvian law. Any disputes relating to or arising from the abovementioned will be settled solely by the courts of the Republic of Latvia of competent jurisdiction. Claims arising from the Notes shall expire in accordance with the statutory terms of Latvian law.

3.13. Representation of the Noteholders

Within the framework of the issue, the rights of the Noteholders to establish and/or authorize an organization/person to represent the interests of all or a part of the Noteholders are not contemplated, but, on the other hand, these rights are not restricted. The Noteholders should themselves cover all costs/fees of such representative(s).

3.14. Notices

The Noteholders shall be advised of matters relating to the Notes through a press release and by a notice published in English and Latvian on the Issuer’s website or otherwise as prescribed by the applicable rules of Latvian law. Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified above. The Issuer may deliver the relevant notice to the NASDAQ CSD for communication by the Latvian SSS to the Noteholders in lieu of publication as set forth in this section. Any such notice shall be deemed to have been given to the Noteholders on the fifth calendar day after the day on which the said notice was given to the Latvian SSS.

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at 6 Smilšu street, Riga, Latvia, LV-1050 or by e-mail to info@bluorbank.lv (or at such other contact details as may have been notified to the Noteholders in accordance with this Terms of the Notes or via the Issuer’s website) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer’s principal office is open for business. Such notices may be given by any Noteholder via Latvian SSS in such manner as the issuer and the Latvian SSS may approve for this purpose.

3.15. Meeting of the Noteholders

If the Issuer intends to amend these Terms of the Notes or the Final Terms of the relevant Tranche, the Issuer shall convene a meeting of the Noteholders to decide on amendments of these Terms of the Notes, the Final Terms of the relevant Tranche or other matters that may significantly affect the interests of the Noteholders.

Any modification or waiver of the Terms of the Notes or the Final Terms of the relevant Tranche which affects the Notes will be effected in accordance with Applicable Banking Regulations.

Only those who, according to the information gathered by the Nasdaq CSD in respect of the Notes, were registered as the Noteholders on the 5th (fifth) Business Day prior to the date of respective Noteholders’ Meeting or proxies

authorised by such Noteholders, shall be entitled to vote at the meeting and shall be recorded in the list of the Noteholders participating in the respective Noteholders Meeting.

Modifications of and amendments to the Terms of the Notes (including the Trigger Level) and the Final Terms of the relevant Tranche may be effected by the Issuer, and future compliance with any Terms of the Notes by the Issuer may be waived, with the prior consent of noteholders of the Notes representing not less than three-fourths of the Outstanding Nominal Value of Notes (excluding any Notes held by the Issuer or its Subsidiaries) or, in the case of a written consent without a meeting, the consent of persons holding or representing not less than three-fourths in Outstanding Nominal Value of the Notes (excluding any Notes held by the Issuer or its Subsidiaries). Any modification shall be binding on the Noteholders and, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter.

The Issuer shall have a right at its sole discretion to amend the technical procedures and aspects relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders or the Noteholders Meeting, if such amendments are necessitated by the changes in applicable rules of Latvian law or otherwise, if such amendments are not prejudicial to the interests of the Noteholders.

3.16. Further issues

The Issuer may from time to time without the consent of the Noteholders create and issue further Additional Tier 1 Temporary Write-down Notes and other debt securities having terms and conditions the same as those of the Notes in all respects (or in all respects except for the issue date and /or issue price) so as to form a single series with the Notes and bear the same ISIN code as the outstanding Notes.

3.17. Acknowledge of Bail-in Powers

By its acquisition of the Notes, each Noteholder also acknowledges and agrees to be bound by the exercise of any Bail-in Power by the relevant Resolution Authority (any authority with the ability to exercise the Bail-in Power in Latvia) that may result: (i) the amount outstanding of the Notes is reduced, including a possible reduction to zero; (ii) the Notes are converted into ordinary shares or other instruments; (iii) the Notes or payments under the Notes may be cancelled, fully or partially; or (iv) all or some of the terms of the Notes may be amended.

For the avoidance of doubt, the potential Write-down or cancellation or the conversion of the Notes into shares, other notes or other obligations in connection with the exercise of any Bail-in Power by the relevant Resolution Authority is separate and distinct from Write-down following a Trigger Event although these events may occur consecutively.

Upon the Issuer being informed or notified by the relevant Resolution Authority of the actual exercise of the date from which the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this clause.

The exercise of the Bail-in Power by the relevant Resolution Authority with respect to the Notes shall not constitute an event of default and the terms and conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions and investment firms incorporated in Latvia.

Each holder of the Notes also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the Notes.

3.18. Disclosure of information

During term of Notes, the Issuer shall publish all the information required by regulatory enactments on Issuer's website at www.bluorbank.lv.

3.19. Taxes

3.19.1. Notice

This summary is of general nature and should not be considered a legal or tax advice. This section does not contain full and complete information on all the taxes that relate to investment in the Notes. Tax rates and conditions for paying taxes may change during the life of the Notes. Prospective Noteholders should consult with their own tax

advisors with respect to their particular circumstances and the effects of the Latvian or foreign tax laws to which they may be subject to.

3.19.2. Definition of residents and non-residents

An individual is considered resident of Latvia for tax purposes if his or her permanent place of residence is Latvia; or he or she stays in Latvia for more than 183 days within any 12-month period; or he or she is a citizen of Latvia and is employed abroad by the government of Latvia. If an individual does not meet any of the above-mentioned criteria, he or she is considered a non-resident for tax purposes.

Any legal entity is considered resident of Latvia for tax purposes if it is or should be established and registered in Latvia according to the Latvian legislation. Other legal entities are considered non-residents for tax purposes.

Table 1 – Tax consequences in Latvia regarding the income derived from Notes that are issued by a legal entity registered in Latvia (being a credit institution) effective as of 1 January 2025:

Legal status of income beneficiary	Notes that are not in the Public Circulation		Conditions
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	25,5% (except for the interest disbursed into an investment account)	25,5% ¹	<p>25,5% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia.</p> <p>(Exception: Self-assessment and payment of a tax on interest income disbursed into an investment account is performed by a beneficiary of income – a resident individual filing the Annual Income Statement. 25,5% tax is payable from the profit only when the amount withdrawn from the account exceeds the amount invested).</p> <p>The portion of individuals' total annual taxable income that exceeds EUR 200,000 is subject to an additional 3% tax. Self-assessment and payment of additional tax on taxable income [incl. interest (coupon) income and capital gains] in Latvia is performed by a beneficiary of income – a resident individual filing the Annual Income Statement.</p> <p>¹ - Capital gains from a sale of Notes are considered equivalent to an interest income and taxed at 25,5% rate in Latvia. Self-assessment and payment of a tax on capital gains [i.e. profits] in Latvia is performed by a beneficiary of capital gains – a resident individual filing the Annual Income Statement.</p>
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	<p>Interest (coupon) income and a capital gain from the Notes not being in the Public Circulation constitute a part of the beneficiary - Latvian company's overall income.</p> <p>The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year). Credit Institutions and consumer credit service providers shall also pay the corporate income tax surcharge.</p>

Individual non-resident:			<p>5% or 25,5% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia.</p> <p>² - The reduced 10%, 7%, 5%, 2.5% or 0% tax rate on interest (coupon) income can be applicable in Latvia only, if provisions of the Double Tax Treaty concluded between Latvia and other relevant country stipulate it.</p> <p>³ - A capital gain from the Notes is considered equivalent to an interest income and taxed at 5% or 25,5% rate. The purchaser of the Notes, if it is registered in Latvia, performs calculation and withholding of a tax on capital gain [i.e. a profit]. If no profit is derived from a sale transaction, the 5% or 25,5% tax is not withheld/paid. The Double Tax Treaty provisions may stipulate a tax exemption in Latvia for a capital gain derived by a non-resident individual.</p> <p>⁴ - A non-resident individual being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>
- resident Of EU or EEA	5% ^{2, 4}	5% ^{3, 4}	
- non-residents of EU or EEA	25,5% ^{2, 4}	25,5% ^{3, 4}	
Company non-resident	exempt ^{5, 7}	exempt ^{6, 7}	<p>Interest (coupon) income and a capital gain derived by a non-resident company (except a company from one of the “black listed countries or territories”) are tax exempt in Latvia.</p> <p>⁵ - An issuer of Notes withholds 20% tax from interest (coupon) payments, if they are made to a company non-resident registered in one of the low tax or non-tax countries or territories specified in the list published in the official gazette “Latvijas Vēstnesis” and by the Regulations of Latvian Government (so called “the black listed countries and territories”).</p> <p>⁶ - Sale of Notes by a company non-resident from one of the “black listed countries or territories” may be subject to 20% or 25,5% tax. The purchaser of the Notes, if it is registered in Latvia or any individual being required to submit Annual Income Statement in Latvia, performs calculation and withholding of tax. Taxation is determined in accordance with Article 17 (17) of the Law on Personal Income Tax or Article 5 (6) of the Corporate Income Tax Law.</p> <p>⁷ - A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>

Source: Legal acts of the Republic of Latvia

4. General Terms and Condition of the Offer

4.1. Subscription to the Notes

4.1.1. General Terms of the Offer

BluOr Bank AS (the “Issuer”) has decided to issue EUR 8 000 000 Additional Tier 1 Temporary Write-down Notes (the “Notes”).

The offering of the Notes shall be carried out by way of private placement in accordance with applicable law. The private placement of the Notes will be conducted through one or several Tranches.

On 24 April 2025, the Issuer’s shareholders passed the resolution (No. 05/2025) to approve the issue of Additional Tier 1 Temporary Write-down Notes with total nominal issue value EUR 8,000,000 and annual interest rate from 9.00% to 12.00% .

On 27 May2025, the Issuer’s management board passed the resolution to approve the final terms and conditions of the Notes issue.

The decisions of the Issuer’s management board by which each Tranche of the Notes shall be issued shall be specified in the Final Terms.

The Final Terms will contain information about the established aggregate principal amount of the respective Tranche and definitive amount of the Notes to be issued, as well as the Subscription period, Interest Rate, Issue Price, Issue Date and Interest Payment Dates.

4.1.2. Subscription period

The Subscription period of each Tranche shall commence and shall end on the dates and at time specified by the Final Terms of the relevant Tranche.

The Issuer may amend the Subscription period at its sole discretion once or several times.

At any time the Issuer may decide to discontinue and cancel offering of the Notes. The total issue size is equal to the actual issue size of the Notes before such decision.

4.1.3. Minimum subscription amount

The Minimum Subscription Amount is EUR 100 000.

4.1.4. Subscription Order

The investors wishing to purchase the Notes shall submit their order to purchase the Notes (the “Subscription order”), whether directly or via his or her Custodian, to the Issuer every Business day during normal working hours by completing a form of the Subscription order provided by the Issuer. The form of the Subscription order shall include the following information:

Issuer:	BluOr Bank AS, registration № 40003551060, legal address 6 Smilšu street, Riga, Latvia, LV-1050
Security:	
ISIN code:	
Type of transaction:	Purchase
Issue date:	
Type of settlement:	Delivery versus payment
Nominal Value of Notes to be acquired:	
Accrued interest:	EUR _____

Total transaction amount:	
Subscription order date:	DD/MM/YYYY
Settlement date:	DD/MM/YYYY
Warranties and confirmations of the Investor:	
Investor:	
Registration number/personal code:	
Address:	
Country of registration / Nationality:	
E-mail:	
Phone:	
Financial instrument account/investment account:	
Bank - custodian:	
Date:	
Name and signature:	
Information about Investor's knowledge, experience, financial situation and investment objectives:	

Business relations between potential investors and Custodian are regulated by contracts between them and by the applicable legal acts.

All Subscription orders constitute a binding and irrevocable commitment to acquire the allotted Notes. Potential Investors have the right to submit several Subscription orders during the Subscription period. The Issuer will register all submitted Subscription orders according to legal requirements and internal procedures.

By submitting the Subscription order each investor agrees with and accepts these Terms of the Notes and the Final Terms of the relevant Tranche and undertakes to adhere thereto.

The Subscription Order shall not be considered valid and shall not be processed in case the purchase amount indicated in the Subscription order is less than the Minimum Subscription Amount, the Subscription order was received after the Subscription period, the Issue Price indicated in the Subscription order is lower than the Issue Price.

The Issuer may cancel the Offering of the Tranche of any Tranche at any time prior to the Settlement Date without disclosing any reason for doing so. The Issuer may also change the dates of opening and closing of the Subscription Period, or decide that the Offering of any of the Tranches will be postponed and that new dates of the Offering will be provided by the Issuer later.

More detailed information on the submission of the Subscription orders is available in the Final Terms of the relevant Tranche and by phone: +371 67 031 333.

4.1.5. Notes Issue price

The Notes may be issued at their nominal value or at a discount or a premium to their nominal value. The Issuer has a right at its sole discretion to amend the Issue Price once or several times until the end of the Subscription period.

Notes purchase price will be equal to Issue price of the Nominal value plus accrued and unpaid interest from the Issue date to settlement date.

4.1.6. Allocation of the Notes to investors

The Issuer shall at its sole discretion decide upon the final allocation of the Notes to each investor and the Issuer is entitled to accept or reject any Subscription Orders, in whole or in part, for any reason at its sole discretion. No person is guaranteed to receive any number of Notes.

The Notes are allocated to investors in the amount not larger than the amount specified in the Subscription order and not less than the Minimum subscription amount.

After completion of the allotment with respect to each accepted Subscription order the Issuer shall submit a Notification to each investor. The Notification will evidence the extent of satisfaction or rejection of the Subscription Order submitted by the investor, the number of Notes allotted to the investor, Issue Price, Accrued Interest and the purchase price payable for the Notes.

4.1.7. Settlement and delivery of the Notes

The settlement date for the Notes can be any Business Day starting from Issue Date, but not later than the 20th Business Day after Subscription order is fully submitted to the Issuer.

For all Subscription orders that were aggregated during the Subscription period with a settlement date on the Issue date the Notes are offered without accrued interest. If settlement date is after the Issue Date, then the investor will pay the Issuer the accrued interest between the Issue date and the settlement date in addition to the principal amount of the Notes purchased.

The Settlement of the Notes will be carried out in accordance with the delivery-versus-payment (DVP) principle pursuant to the applicable rules of Nasdaq CSD. All paid up notes shall be treated as issued. The notes which are not paid up shall be cancelled in accordance with the applicable rules of Nasdaq CSD. In this case the Issuer shall submit to the Nasdaq CSD appropriate application.

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

Settlement for the Notes can be executed according to other procedure, which is agreed to by the Issuer and Potential Investor.

No dealing may begin before full completion of the settlement and delivery of the Notes.

4.2. Pre-emptive rights

None of Potential investors have a priority right to acquire such Notes.

4.3. Information about the result of the offer

Information about the result of the offer (amount of the Notes issued) can be published on the Issuer's web-site.

4.4. Including of the Notes on the market and trading regulations

The Issuer does not plan to request the admission to trading of the Notes on regulated or alternative market, but Issuer is not prohibited to include list Notes on Nasdaq Riga, if Potential Investors will express such requirement.

The Issuer has not signed any agreement with any person for Notes liquidity maintenance on the secondary market.

4.5. Issue Agent

Functions of the Issue Agent will be performed by the Issuer.

4.6. Exchange of the Notes

Within the Subscription Period of each Tranche the Issuer may offer to all investors holding the existing notes of the Issuer (ISIN: LV0000802437) (the "Existing Notes") to exchange the Existing Notes with the Notes, as specified in the Final Terms. The Issuer will obtain prior approval from the Competent Authority before making an offer to exchange the Existing Notes.

5. Additional Information

5.1. Advisors involved in the Issue

The Issuer has not concluded any agreements with advisers to organize the Notes Issue, market it to Potential Investors, provide liquidity on the secondary market, but it may conclude such agreement in the future.

5.2. The external audit of the information included in the securities description

The auditors have not verified the information included in the Terms of the Notes.

5.3. Statements or reports included in the securities description

The Terms of the Notes does not contain any expert statements or reports.

5.4. Credit ratings

There is no credit rating assigned to the Issuer or to the Notes issue.

6. Information about the Issuer

6.1. General Information on the Issuer

Country of location: Republic of Latvia.

Legal form: joint-stock company, legal status — legal person.

Date and place of registration: in the Commercial Register of the Republic of Latvia on 22 June 2001

Registration number: 40003551060

Legal address: Smilšu iela 6, Rīga, Latvia, LV-1050

The Issuer country of foundation is the Republic of Latvia.

The main regulatory enactments which regulate Issuer's activities are

- Credit Institution Law;
- The Commercial Law;
- Labour Code;
- Deposit Guarantee Law;
- Law on the Recovery and Resolution of Credit Institutions and Investment Firms;
- Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;
- Latvijas Banka Law;
- Law on the Financial Instruments Market
- Financial Collateral Law;
- Law on Audit Services.

6.2. A description of the Issuer's position within the group

The Issuer is a 100 per cent subsidiary of AS BBG. At the moment of signing the Terms of the Notes, the Issuer is a licensed banking institution and holds interest in ten Subsidiaries. Issuer has no dependence on other entities.

6.3. Auditor

The Issuer's financial auditor of the last audited annual report is PricewaterhouseCoopers SIA (registration number: 40003142793, legal address: Krišjāņa Valdemāra iela 21 - 21, Rīga, Latvia, LV-1010).

7. Business overview

7.1. Brief summary

BluOr Bank AS (ex AS Bluorange Bank and Baltikums Bank) was founded in 2001 by AS BBG holding owned by four Latvian entrepreneurs Aleksandrs Peškova, Sergejs Peškova, Andrejs Kočetkovs and Olegs Čepuļskis.

On 8 June 2001, BluOr Bank AS received a license for conducting the activities of a credit institution, which was re-registered on 28 June 2011 and on 14 September 2017 – license No. 06.01.05.002/483 at the license register of the Competent Authority.

BluOr Bank AS offers a wide range of banking products to its private and corporate customer base. In its strategy BluOr Bank AS is focusing on corporate banking, small and medium-sized enterprises financing, brokerage services and wealth management.

For the 24 years BluOr Bank AS has grown its reputation of a reliable partner and financially stable organization – Bank shows high liquidity each year and even during the economic slowdown remained profitable. Currently BluOr Bank AS employs at least 250 people.

7.2. Significant recent developments

2017	The Bank announced the rebranding. BlueOrange new brand was presented. The Bank implemented a new website, new mobile app. The Bank opened a new Client Service Centre on Jekaba iela 2. The Bank partnered with Raisin GMBH and started offering deposit acceptance services in Europe.
2018	The Bank Installed the first ATMs for contactless cards in Latvia. The Bank became the first online bank in Latvia to provide customers with the opportunity to open an account remotely. The Bank became a member of Nasdaq Riga and Nasdaq Vilnius Stock Exchanges. The Bank started offering services of the largest safe deposit box storage in the Baltics. The Bank redeemed EUR 10 million of subordinated bonds ahead of the schedule.
2019	The Bank implemented a new business strategy - a bank for corporate clients. The Bank partnered with Deposit Solution and expanded its deposit products offering in Europe.
2020	The Bank launched new lending programs for corporate clients. The Bank joined the European Instant Payment system. The Bank became a Primary Dealer in Lithuanian Government Securities. The Bank issued a hybrid instrument Additional Tier 1 Temporary Write-Down notes.
2021	The Bank started to offer online onboarding and account opening services for legal and private individuals from EEA, Switzerland and the United Kingdom.
2022	The Bank changes its brand and legal name to BluOr Bank AS in March 2022. The Bank issued non-convertible unsecured and unguaranteed subordinated bonds which were admitted for trading on the Baltic Bond List of Nasdaq Riga Stock Exchange.
2023	The Bank issued a hybrid instrument Additional Tier 1 Temporary Write-Down notes.
2024	The Bank issued non-convertible unsecured and unguaranteed subordinated bonds which were admitted for trading on the Baltic Bond List of Nasdaq Riga Stock Exchange.

7.3. Management of the Issuer

- **Dmitrijs Latiševs** (CEO, Chairman of the Management Board and Executive Committee)

Mr. Dmitrijs Latiševs is a banking industry expert and a top-level executive. He held executive positions at GE Money Bank and Parex Bank. This is Dmitrijs' twentieth year with the bank, and since 2011 he has been the bank's CEO. His professional experience is matched by his in-depth knowledge in finance and strategy. Dmitrijs holds a Master's Degree in Finance and Lending from the University of Latvia.

- **Inga Preimane** (Member of the Management Board)

Ms. Inga Preimane has over 23 years of banking industry experience. She is a highly qualified manager for financial risk and compliance, internal audit functions, and a member in two worldwide professional associations – IIA (Institute of Internal Auditors) and ACAMS (Association of Certified Anti-Money Laundering Specialists), with a CAMS certificate. Inga has a Master's degree in economics from the Riga Technical University.

- **Vadims Morozs** (Member of the Management Board)

Mr. Vadims Morozs has more than 23 years of experience in the banking sector. Vadims has been working with BluOr Bank AS team in the capacity of chief accountant since 2016. A number of complex accounting projects have been carried out under his leadership and the effectiveness of important accounting processes has been improved. Vadims Morozs is responsible for the general management and control of the Bank's accounting.

- **Aleksejs Peškova** (Deputy CEO, Member of the Executive Committee)

Mr. Aleksejs Peškova joined Bank in 2009. He holds a BA in Business (Durham University) and MSc in Investment Management (Cass Business School). Member of the Society of Trust and Estate Practitioners.

7.4. Council of the Issuer

The Council of Issuer consists of four members:

- Aleksandrs Peškova, chairman,
- Sergejs Peškova,
- Andrejs Kočetkova,
- Natalja Zolova,
- Regina Lubgane.

7.5. Shareholders of the Issuer

The only shareholder of Issuer is AS BBG, that holds 100% of voting shares of the Issuer. AS BBG is a financial management company registered in Latvia, with registration number 40003234829 and legal address: Smilšu iela 6, Rīga, Latvia, LV-1050. AS BBG is owned by four Latvian companies and two private individuals, none of the ultimate beneficial owners controls the Issuer as at 31 December 2024.

At the moment of signing the Terms of the Notes, the Issuer has no information at its disposal regarding any agreements, the fulfilment of which might cause changes in the Issuer's control.

7.6. Legal proceedings and arbitration

At the moment of signing the Terms of the Notes, the Issuer is not involved in any government interventions, lawsuits or arbitration processes, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

7.7. Substantial changes in financial situation of the Issuer

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.

7.8. Important agreements

The Issuer has no knowledge of any important agreements that could have been concluded between the Issuer and any related company and that could affect the Issuer's capability to fulfil its liabilities due to investors regarding the securities to be issued.

7.9. Significant recent and known trends

At the moment of signing the Terms of the Notes, the Issuer has no information at its disposal regarding any identified tendencies that have negatively affected the Issuer or the activity of the banking industry.

7.10. Documents available to the public

During term of Notes, the Issuer shall publish all the information required by regulatory enactments on Issuer's website. The Terms of the Notes and the Final Terms of the relevant Tranche are available upon written request to the Issuer.

8. Financial information

8.1. General information

Information, which is disclosed in this section of the Terms of the Notes, is taken from the Group's and Issuer's consolidated financial reports and Issuer's quarterly report prepared in accordance with the LB regulations. The Issuer's annual reports are prepared in accordance with International Financial Reporting Standards and the Group's financial statements are prepared in accordance with the legislation of the Republic of Latvia. They are available on the Bank's website at www.bluorbank.lv.

The Issuer does not provide pro forma financial information. The profit/loss forecast has not been carried out.

8.2. Income Statement

The Group's consolidated and the Issuer's separate income statements:

	Note	2024		2023	
		Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income at effective interest rate		50 363	50 363	36 720	36 720
Other interest income		1 297	176	342	342
Interest expenses		(22 442)	(22 792)	(11 523)	(11 838)
Net interest income	6	29 218	27 747	25 539	25 224
Fee and commission income		16 369	16 370	12 607	12 608
Fee and commission expense		(2 235)	(2 234)	(1 743)	(1 743)
Net fee and commission income	7	14 134	14 136	10 864	10 865
Net loss from trading and revaluation of financial instruments	8	(152)	(152)	(217)	(217)
Net foreign exchange trading and revaluation income	9	674	674	61	61
Other operating income	10	2 572	2 515	1 670	1 595
Total operating income		46 446	44 920	37 917	37 528
Administrative expenses	11	(19 524)	(18 558)	(16 200)	(15 539)
Other operating expenses	12	(2 016)	(2 024)	(1 879)	(1 882)
Credit loss allowances	16,17,18	(2 898)	(1 945)	(2 081)	(2 081)
Impairment of non-financial assets		-	-	-	(1 400)
Total operating expenses		(24 438)	(22 527)	(20 160)	(20 902)
Profit before taxation		22 008	22 393	17 757	16 626
Corporate income tax	13	(4 543)	(4 543)	(4 060)	(4 060)
Profit for the year		17 465	17 850	13 697	12 566

8.3. Statement of Financial Position

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

Assets	Note	31.12.2024		31.12.2023		01.01.2023	
		Group	Bank	Group	Bank	Group	Bank
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
				(Restated)	(Restated)	(Restated)	(Restated)
Cash and demand deposits with central bank	14	409 545	409 545	338 024	338 024	120 527	120 527
Loans and receivables from credit institutions	15	7 730	7 622	11 255	11 247	9 704	9 690
<i>Demand deposits with credit institutions</i>		7 730	7 622	11 255	11 247	9 704	9 690
Investment securities	16,18	69 506	69 506	97 835	97 835	162 968	162 968
<i>Fixed income securities</i>		68 940	68 940	97 422	97 422	162 630	162 630
<i>Non fixed income securities</i>		566	566	413	413	338	338
Loans and receivables	17	508 656	489 930	412 087	412 087	323 912	323 912
Investments in associates	19	827	-	827	-	827	-
Investments in subsidiary undertakings	19	-	47 715	-	28 871	-	30 266
Investment property	20	2 850	1 614	2 934	1 614	2 830	1 614
Property and equipment	21	22 470	3 011	23 549	3 232	24 610	3 438
Right-of-use assets	21	-	8 598	-	9 261	-	9 924
Intangible assets	22	203	193	267	267	256	256
Non-current assets classified as held for sale		-	-	11 150	11 150	11 150	11 150
Prepayments and accrued income	23	566	559	854	844	1 661	1 657
Other assets	24	10 876	10 854	9 494	9 428	10 095	10 060
Total assets		1 033 229	1 049 147	908 276	923 860	668 540	685 462
Liabilities and Equity	Note	31.12.2024		31.12.2023		01.01.2023	
		Group	Bank	Group	Bank	Group	Bank
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
				(Restated)	(Restated)	(Restated)	(Restated)
Due to monetary financial institutions on demand	25	3 457	3 457	4 407	4 407	6 623	6 623
Financial liabilities carried at amortized cost		926 432	929 347	814 212	816 637	581 695	583 711
<i>Deposits</i>	26	886 537	889 452	800 584	803 009	573 707	575 723
<i>Deposits (subordinated)</i>	26	5 711	5 711	2 623	2 623	1 984	1 984
<i>Additional Tier 1 Debt securities (subordinated)</i>	27	8 813	8 813	6 123	6 123	1 122	1 122

<i>Debt securities (subordinated)</i>	27	25 371	25 371	4 882	4 882	4 882	4 882
Lease liabilities	21	-	9 330	-	9 912	-	10 476
Deferred income and accrued expenses		2 759	2 740	2 263	2 243	1 112	1 107
Provisions		121	121	298	298	129	130
Income tax liabilities	13	4 455	4 455	3 770	3 770	-	-
Other liabilities	28	5 610	5 551	2 004	1 904	3 120	3 065
Total liabilities		942 834	955 001	826 954	839 171	592 679	605 112
Shareholders' equity							
Share capital	29	44 493	44 493	44 493	44 493	44 493	44 493
Statutory reserves	29	24	24	24	24	24	24
Revaluation reserve – financial assets at fair value through other comprehensive income		(764)	(764)	(1 371)	(1 371)	(2 144)	(2 144)
Other reserves		(3 412)	(2 400)	(3 412)	(2 400)	(3 413)	(2 400)
Retained earnings		50 054	52 793	41 588	43 943	36 901	40 377
Total equity attributable to equity holders of the Bank		90 395	94 146	81 322	84 689	75 861	80 350
Total equity and liabilities		1 033 229	1 049 147	908 276	923 860	668 540	685 462

8.4. Issuer's (Bank's) capital

The last reported and audited equity of the Issuer is EUR 94,1 mil. EUR.

8.5. Capital adequacy calculation

The Issuer's (Bank's) capital adequacy calculation

	2024 EUR'000	2023 EUR'000
Equity	122 423	89 835
Total Tier 1	93 284	83 092
Tier 1	84 575	77 032
Share capital	44 493	44 493
Statutory reserves	24	24
Retained earnings for the previous periods	34 943	31 377
Profit for the reporting period	17 850	12 566
Dividends proposed	(9 000)	(7 000)
Revaluation reserves	(3 163)	(3 771)
Intangible assets	(193)	(267)
Other deductions	(15)	(21)
Insufficient coverage for non-performing exposures	-	(5)
Reduction of Tier 1 capital (Pillar 2 adjustments)	(364)	(364)
Additional Tier 1	8 709	6 060
Tier 2 capital	29 139	6 743

Subordinated debt	29 139	6 743
Risk-weighted value		
Banking portfolio	595 274	500 840
Operational risk	68 006	56 935
Total risk weighted assets	663 280	557 775
Total capital as a percentage of risk weighted assets (total capital ratio)	18.46%	16.11%
Total tier 1 capital expressed as a percentage of risk-weighted assets ("tier 1 capital ratio")	14.06%	14.90%