



AS Citadele Banka

Financial Results Presentation

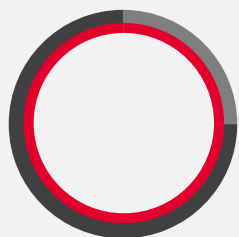
Q1 2024

About us

Citadele Group – pan-Baltic full-service financial group

- Universal bank offering a wide range of banking products to our retail, SME and corporate customer base. The bank also provides wealth management, asset management, life insurance, pension, leasing and factoring products.
- Alongside traditional banking services, Citadele offers a range of services based on next-generation financial technology, incl. a modern MobileApp, contactless and instant payments, modern client onboarding practices and technologically-enabled best-in-class customer service.
- The Group's main market is the Baltics (Latvia, Lithuania and Estonia).

Shareholders



74.2%
Ripplewood and co-investors

24.7%
EBRD

1.1%
Management and employees

Moody's

Baa2, positive

/25 January 2024⁽¹⁾/

History – key highlights

2010

Citadele was **registered** in Latvia as a joint stock company on 30 June and commenced operations on 1 August 2010.

2015

Change of ownership - Ripplewood Advisors LLC and co-investors acquired a 75% +1 share. EBRD holds a 25% -1 share. **European Commission's restrictions removed.**

2016

EUR 40 million subordinated bonds listed on Nasdaq Riga Stock Exchange Baltic Bond List.

2017

EUR 20 million subordinated bonds listed on Nasdaq Riga Stock Exchange Baltic Bond List.

2020

Citadele's **credit rating** upgraded to **investment grade** by Moodys, assigning Baa3 rating with stable outlook.

2021

Citadele becomes the **100% owner of SIA UniCredit Leasing**. Following the acquisition Citadele's aggregate leasing portfolio exceeds EUR bn

Citadele's **credit rating** upgraded by Moody's to **Baa2** with **stable outlook** (13 September 2021).

Citadele issues EUR 200 million of senior unsecured preferred bonds. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL).

2022

The European Central Bank (ECB) has concluded the Asset Quality Review (AQR) of Citadele. The result of ECB's exercise highlights the quality of Citadele's asset base and risk underwriting. CET1 ratio post-AQR is 16.03% (pre-AQR ratio being 16.31%).

2024

Moody's **affirms** Citadele's **Baa2 credit rating**, changing outlook to positive. Citadele completes a **x3 oversubscribed issuance** of EUR 20 million subordinated bonds.

Citadele overview

Complete portfolio of banking services

PRIVATE CUSTOMERS

Private individuals are serviced in Latvia, Lithuania and Estonia. The segment includes universal banking offer provided through branches, internet bank and mobile banking application.

LEASING

Leasing and factoring services provided to private individuals and companies in Latvia, Lithuania and Estonia.

WEALTH MANAGEMENT

Private banking, advisory, investment and wealth management services provided to high net-worth individuals serviced in Latvia, Lithuania and Estonia.

SME

Micro, Small and medium-sized companies in Latvia, Lithuania and Estonia serviced through branches, internet bank and mobile banking application. Focus on POS.

CORPORATES

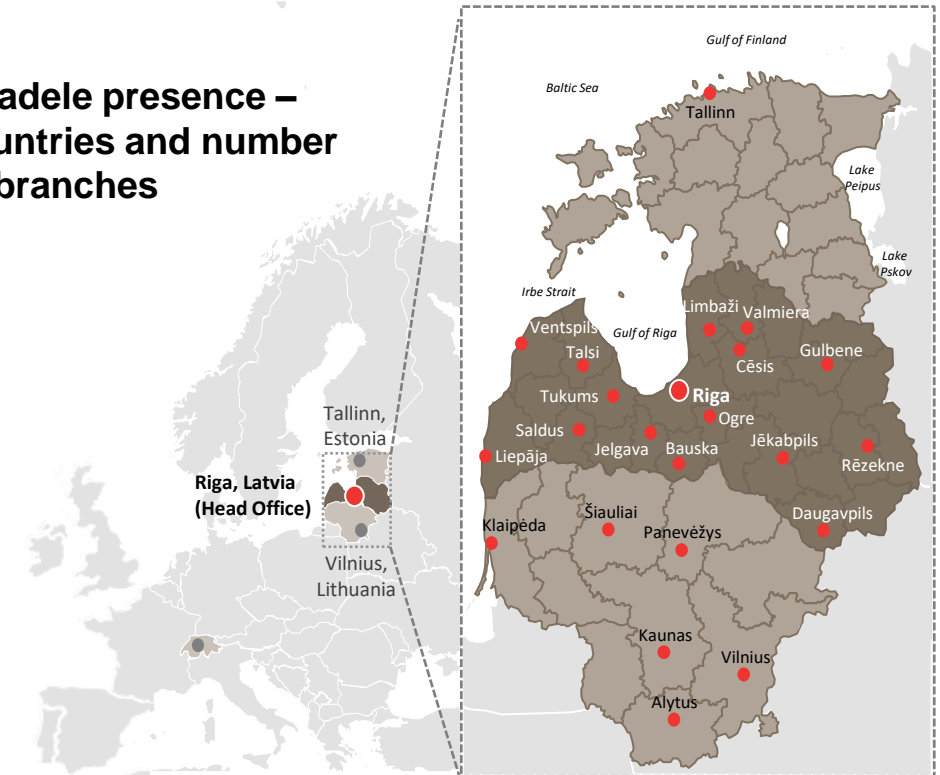
Large customers serviced in Latvia, Lithuania and Estonia. Yearly turnover of the customer is above EUR 5 million or total risk exposure with Citadele Group is above EUR 1 million or the customer needs complex financing solutions.

INVESTMENT MANAGEMENT

CBL Asset Management is one of the leading investment management companies in the Baltic area serving state-funded pension plans, corporations and other institutional clients.

**Citadele banka has 11 branches and client service centres in Latvia, 1 branch in Estonia and 1 branch in Lithuania as of the period end. AS Citadele banka has no client consultation centres in Latvia. The Lithuanian branch has 6 customer service units in Lithuania. Citadele is present also in Switzerland through AG Kaleido Privatbank (30 Employees), currently in a sales process.*

Citadele presence – countries and number of branches



Branches*
11 in Latvia
6 in Lithuania
1 in Estonia



380k
Active
Clients



97%
Unique digital
users, % of total
customers



260k
MobileApp
users
(+11% y-o-y)

Values and strategy

Strategic focus

Citadele aims to become a modern banking platform for the Baltics. Increasingly digital bank with a wide product suite and unique offerings for its private and business clients, complemented by innovative stand-alone solutions with unique value proposition.

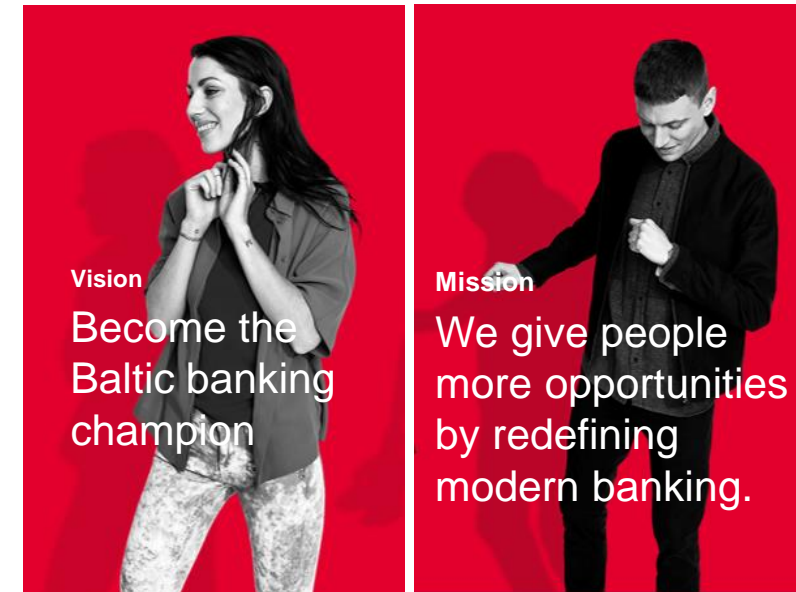
The strategy will be implemented using the following tactical steps:

Becoming Bank in the Pocket for mass and affluent retail customers by increasing new and existing customers that use Citadele as their primary bank

Driving growth in the underserved SMEs and micro-SMEs segments by offering most competitive proposition and digital tools to retailers in the region

Supporting growing Baltic Corporates, aiming for the leading roles in their industries

Establishing Citadele Leasing as flexible, digital and most trustful Vendor finance player in the Baltics



Act

We create our own opportunities and deliver on promises.

Aspire

We find solution for every client to support local economy.

Innovate

We set the standard through innovative experience.

Personalize

We see people first and add human touch to banking.

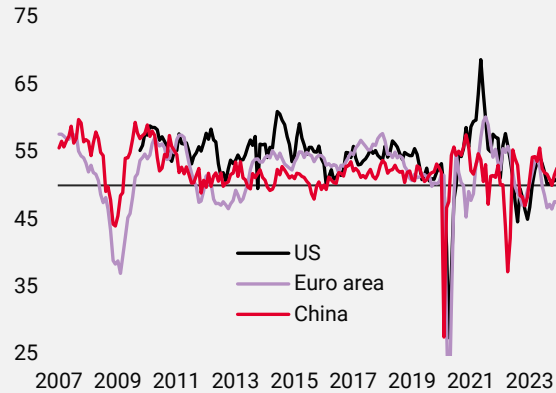
Core values

Citadele

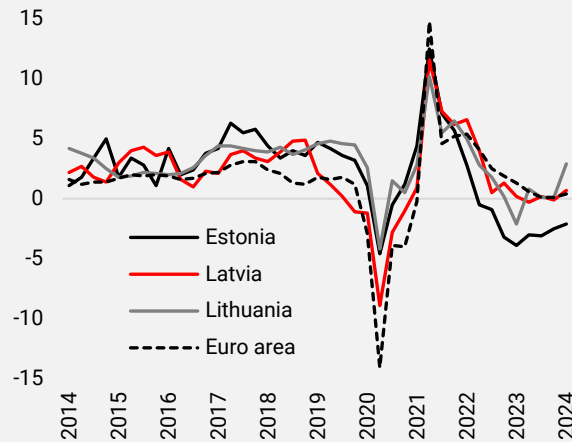
Business environment

IHS Markit Composite PMI

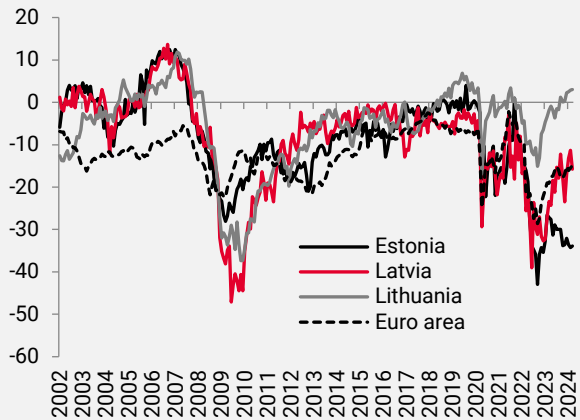
(Values above 50 indicate expansion)



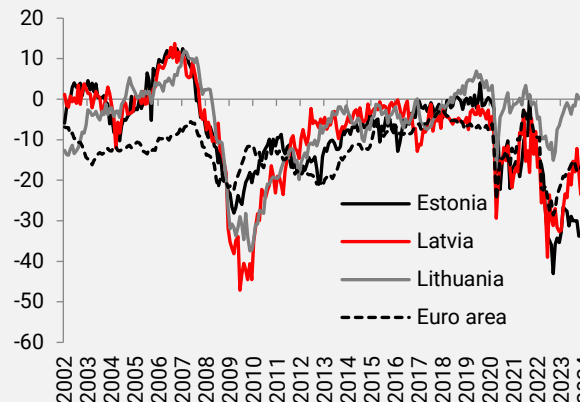
GDP (constant prices, % year-on-year)



Inflation (% year-on-year)



Consumer confidence



Growth is returning to the Baltic region

In the first quarter of 2024, global economic growth remained robust, and in the euro area, business surveys show gradually improving business confidence despite widening geopolitical instability, persistent inflation, and high interest rates. Although inflation has remained above central bank targets longer than expected, it is now declining, and financial markets anticipate interest rate cuts to begin in 2024. High interest rates are holding back new lending and construction in the euro area, but strong labour markets continue to support real income growth, while business surveys point to ongoing de-stocking in the industry. At the same time, the situation is also starting to improve in the Baltic region. In the first quarter, GDP in both Latvia and Lithuania grew by 0.8%, while it remained unchanged in Estonia compared to the previous quarter. While this is still modest growth, on a quarterly basis, GDP growth in the first quarter in the Baltics was one of the strongest since the end of 2021. Meanwhile, inflation in the Baltics has declined rapidly and is now below the euro area level, while the labour market situation in the Baltics remains stable. Despite a slight increase over the past year, unemployment in the Baltics remains historically low, while wage growth once again exceeds inflation, which has led to a notable improvement in consumer confidence in Latvia and Lithuania.

Key figures and events

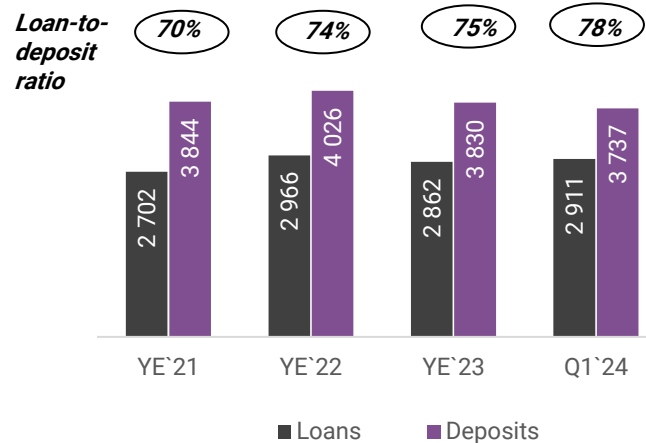
- Citadele's Baltic operations' operating profit before bank tax in Q1 2024 reached an all-time high of EUR 32.9 million, representing a 22% increase year-over-year. Return on equity reached 19.4%, and the cost-to-income ratio (CIR) was 48.0%.
- Citadele's ambition for growth has materialized over the last two quarters, as evidenced by the growing loan book. In Q1 2024, the loan portfolio increased by 2% and reached EUR 2,911 million as of 31 March 2024. EUR 256 million was issued in new financing to support Baltic private, SME, and corporate customers in Q1 2024.
- The overall credit quality of the loan book was good. The Stage 3 loans to public gross ratio was 2.3% as of 31 March 2024, compared to 2.1% as of 31 December 2023.
- Citadele's deposit base totaled EUR 3,737 million as of 31 March 2024, reflecting a slight decrease of 2% quarter-over-quarter.
- Citadele's active customers increased by 1% year-over-year, reaching 380 thousand as of 31 March 2024. The number of active mobile app users reached an all-time high of 260 thousand, growing by 11% year-over-year. Active digital channel users accounted for 97% of total customers.
- Citadele continues to operate with more than adequate capital and liquidity ratios. The Group's CAR was 21.6%, CET1 was 19.3%, and the LCR was 206% as of 31 March 2024.
- Economic and geopolitical uncertainty has led to a slower pace in evaluating strategic options. Nonetheless, despite the volatility, the bank continues to assess various strategic options, including the possibility of an IPO.

**Only continuous operations shown. Comparatives are restated for discontinued operations of Kaleido Privatbank AG (Swiss subsidiary bank of the Group) which is committed for sale and thus excluded from the presented key figures. Comparative figures for 2022 have been restated due to the adoption of IFRS 17, earlier comparative figures are not restated for IFRS 17. ** Common equity Tier 1 (CET1) capital ratio and Total capital adequacy ratio (CAR), (including 50% of the net result for the period, i.e. decreased by the expected dividends)*

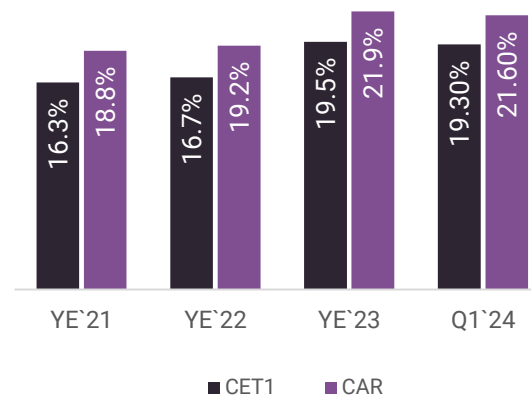
<i>EUR millions</i>	Continuous operations*		
	Q1 2024	Q4 2023	Q1 2023
Net interest income	47.0	49.2	40.5
Net fee and commission income	8.9	8.8	8.2
Net financial and other income	1.9	1.6	3.3
Operating income	57.8	59.6	52.0
Operating expense	(27.7)	(31.0)	(23.7)
Net credit losses and impairments	2.9	(1.9)	(1.3)
Net profit from continuous operations (after tax)	25.6	10.2	26.0
Return on average assets (ROA)	2.2%	0.9%	2.0%
Return on average equity (ROE)	19.4%	8.0%	24.1%
Cost to income ratio (CIR)	48.0%	52.0%	45.6%
Cost of risk ratio (COR)	(0.4%)	0.3%	0.2%

Loans to and deposits from the public

EURm



CET1 and CAR ratios**



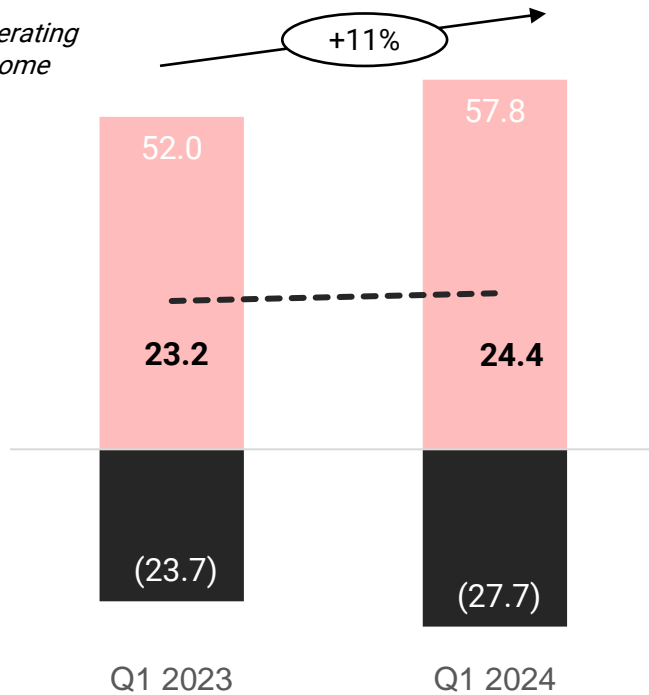
Financial Highlights

Financial result development

Q1 2024 vs. Q1 2023

EURm

Operating income

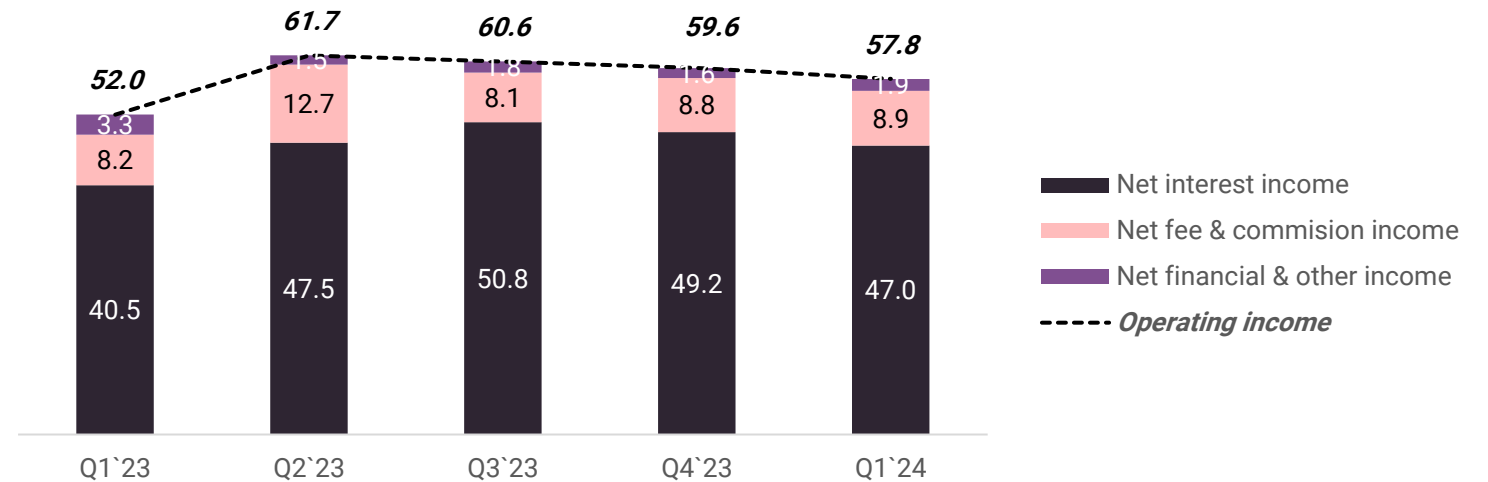


- Operating income
- Operating expense
- Net profit

Operating income by revenue line

Q1`2024 vs. previous periods

EURm



Comment

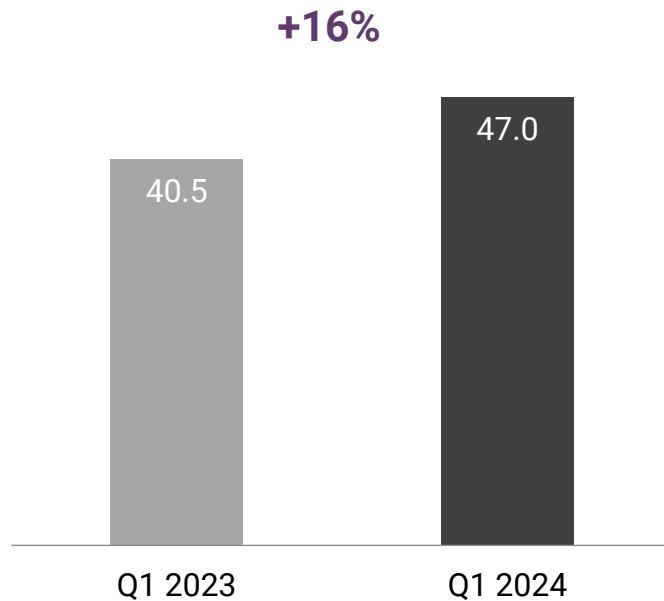
Strong financial performance with **operating income** for Q1 2024 ending 31 March 2024 reaching EUR 57.8 million, as compared to EUR 59.6 million in Q4 2023.

Net interest income

Net interest income

Q1 2024 vs. Q1 2023

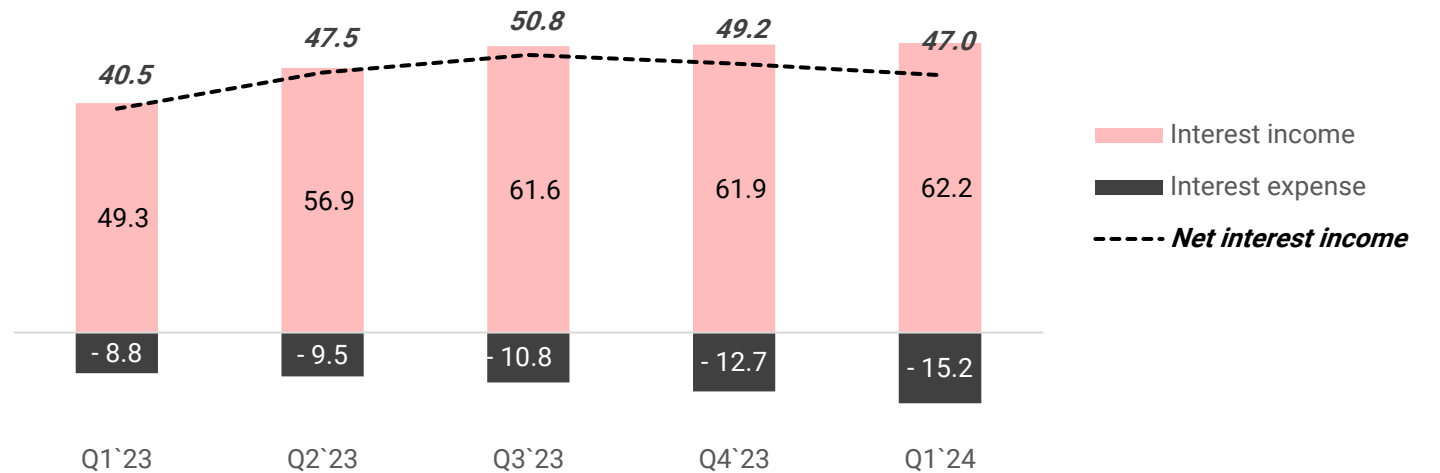
EURm



Net interest income development

Q1`2024 vs. previous periods

EURm



Comment

Strong **net interest income**, which reached EUR 47.0 million in Q1 2024 ended 31 March 2024 (EUR 49.2 million in Q4 2023).

Net fee and commission income development

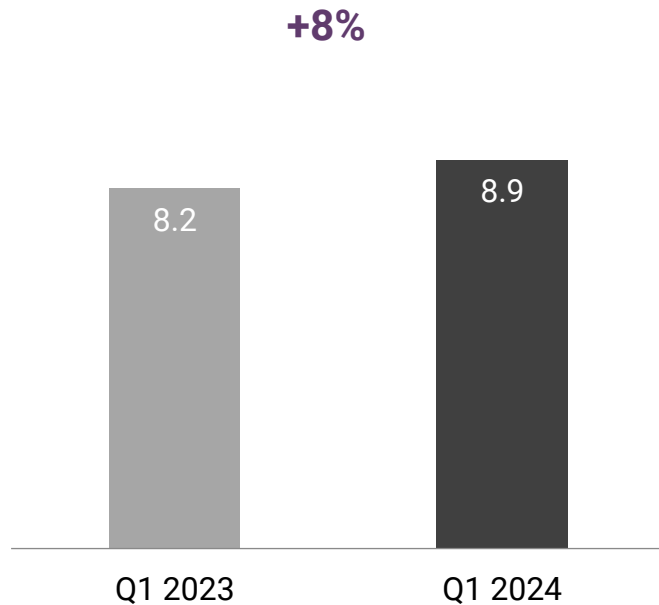
Continuous operations

Citadele

Net fees and commissions

Q1 2024 vs. Q1 2023

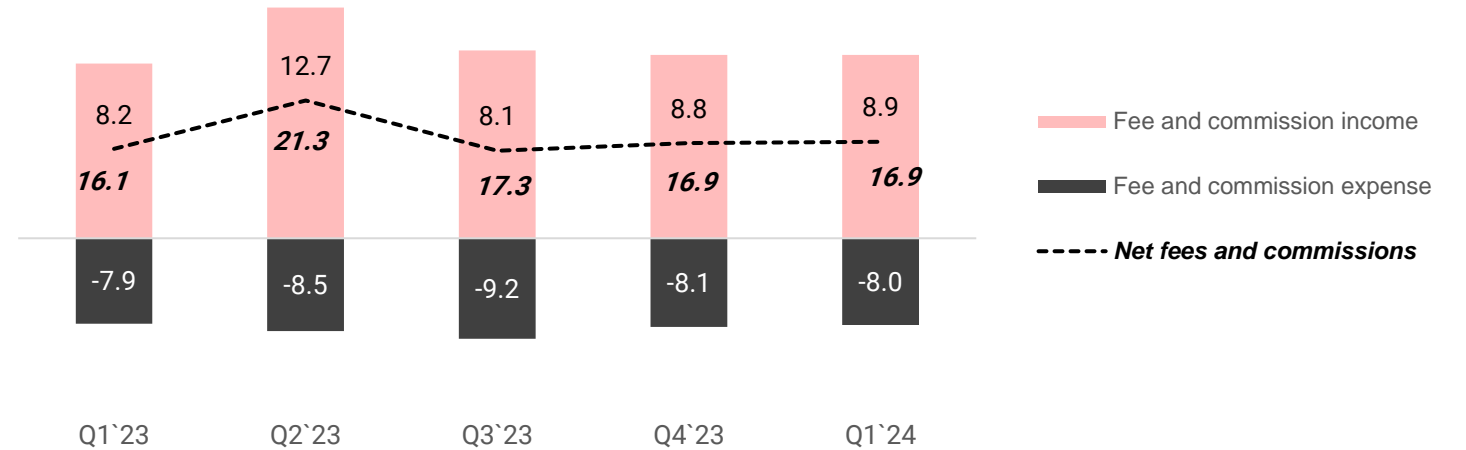
EURm



Net fee and commission income development

Q1`2024 vs. previous periods

EURm



Comment

The Group's **net fee and commission income** reached EUR 8.9 million in Q1 2024, increasing by 2% quarter-over-quarter.

Operating expenses development

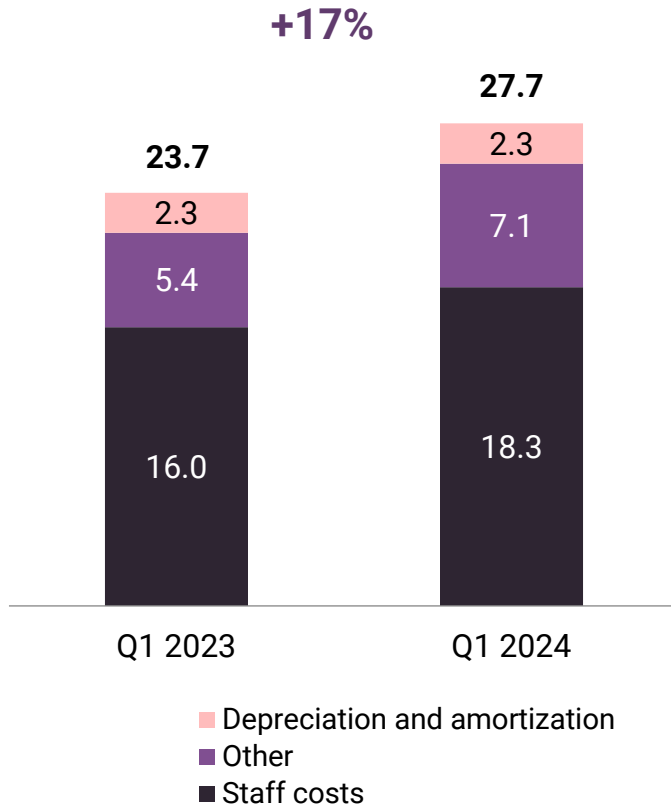
Continuous operations



Operating expenses

Q1 2024 vs. Q1 2023

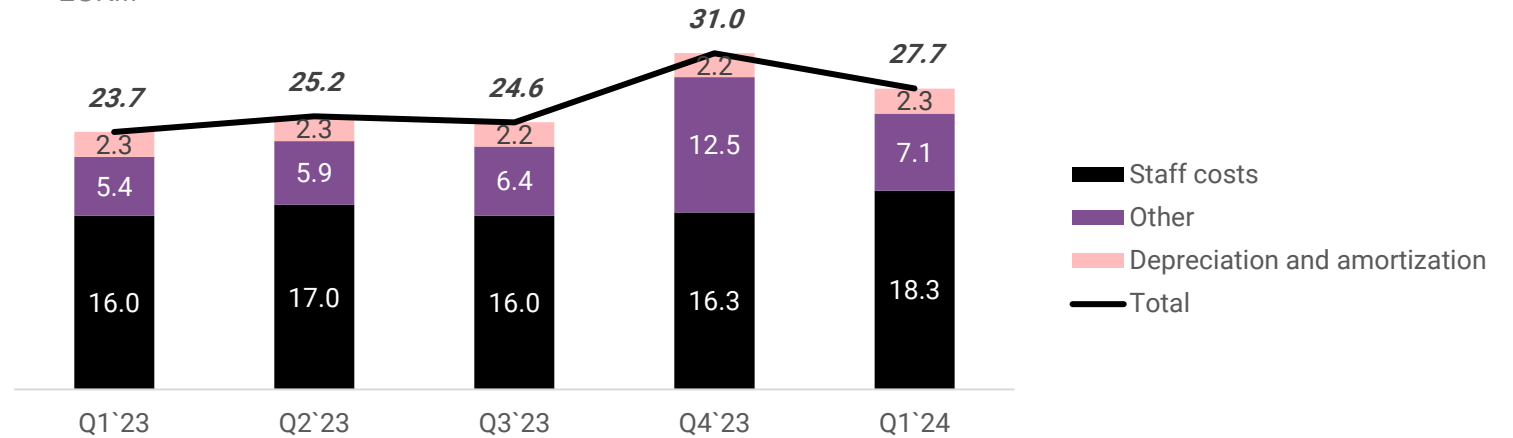
EURm



Operating expenses development

Q1`2024 vs. previous periods

EURm



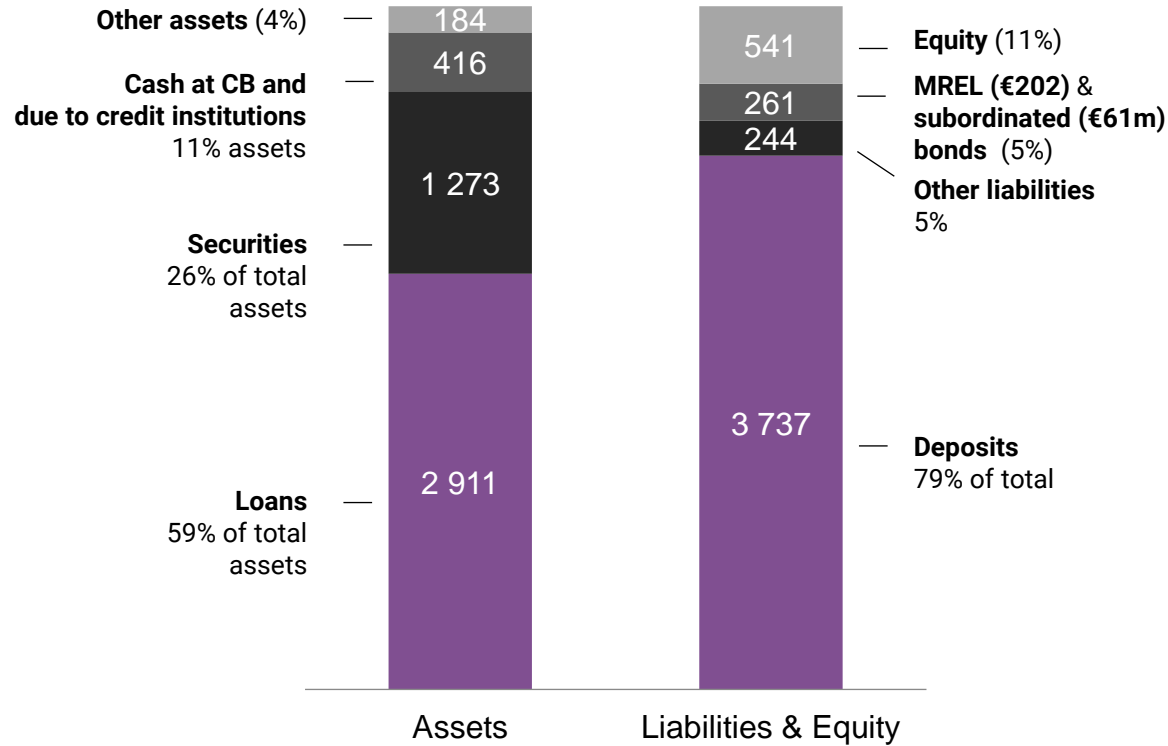
Comment

Operating expenses in Q1 2024 ended 31 March 2024 reached EUR 27.7 million, representing an 11% decrease quarter-over-quarter. Staff costs increased by 12% to EUR 18.3 million. The number of full-time employees was 1,371, compared to 1,329 as of year-end 2023, of which 30 (2023: 28) were with discontinued operations. Other costs were EUR 7.1 million, representing a 43% decrease quarter-over-quarter, mainly impacted by decrease in consulting expenses (68% decrease quarter-over-quarter) and advertising and marketing expenses (51% decrease quarter-over-quarter). Depreciation and amortization expenses stood at EUR 2.3 million (a 5% increase quarter-over-quarter).

Stable asset quality and strong balance sheet



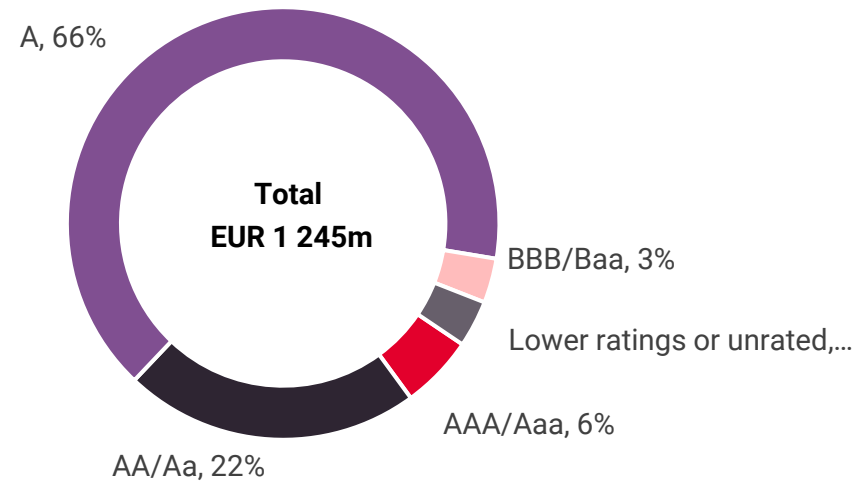
€4 783m Total assets | **€4 242m** Liabilities | **€541m** Equity



Securities

The Group's **securities portfolio** forms a part of its liquidity resources and in Q1 2024 increased by 2% vs. the year-end 2023. 93% of the securities portfolio consist of securities with a rating of A and higher. The largest changes were in A rated bonds, which increased by 4% or EUR 30 million.

Debt securities by credit rating grade

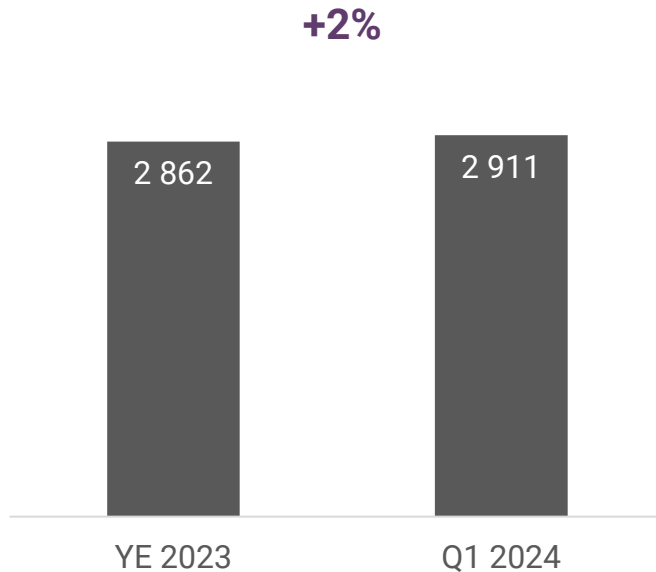


Balance sheet overview - loans

Loans

Q1 2024 vs. YE 2023

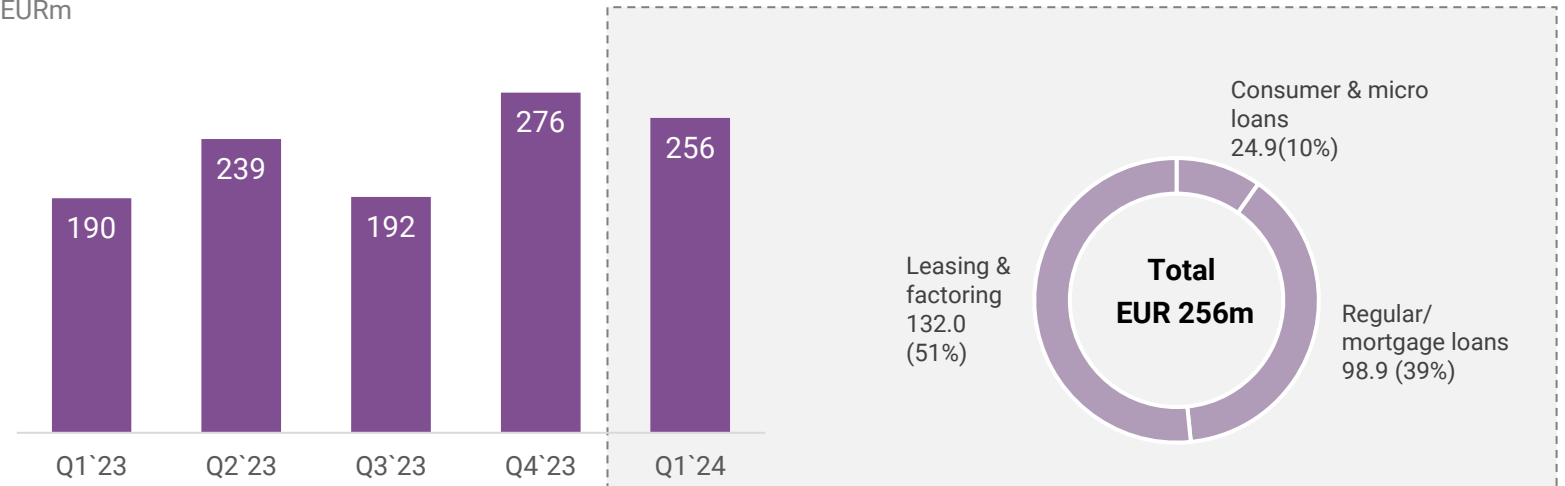
EURm



New financing

Q1 2024 vs. previous periods

EURm



Comment

Citadele's ambition for growth has materialized over the last two quarters, as evidenced by the growing loan book. In Q1 2024, the loan portfolio increased by 2% and reached EUR 2,911 million as of 31 March 2024. **New financing** in Q1 2024 constituted EUR 255.8 million, representing a 7% decrease quarter-over-quarter. EUR 96.3 million was issued to private customers, EUR 87.8 million to SMEs and EUR 71.7 million to corporate customers.

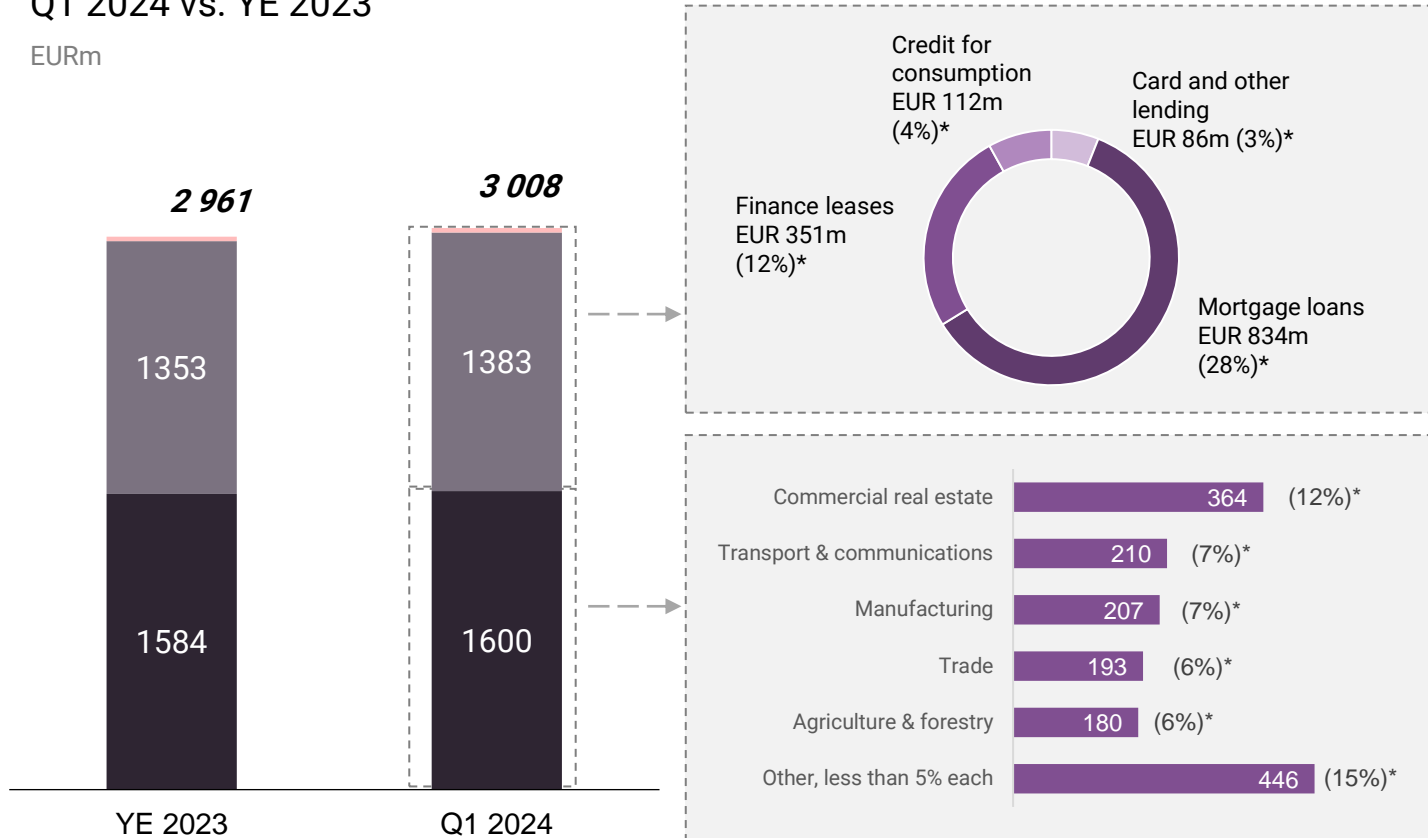
Balance sheet overview - loans



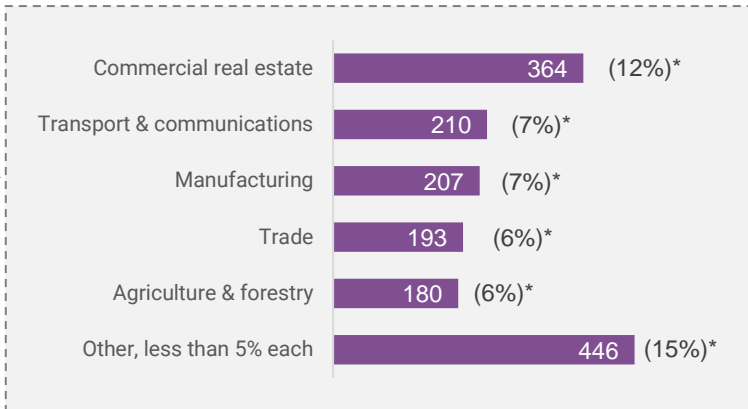
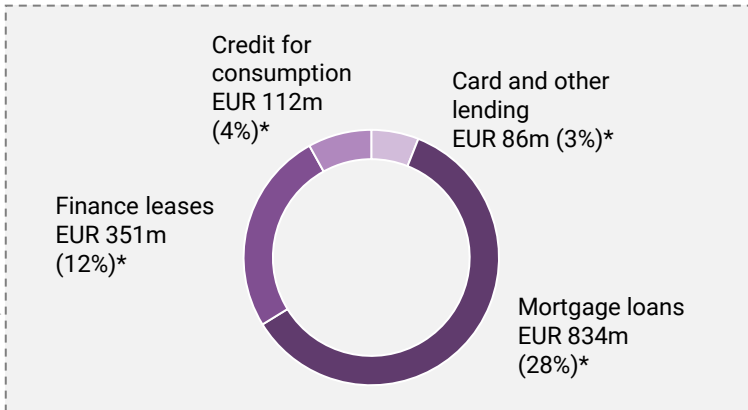
Gross loans by customer profile

Q1 2024 vs. YE 2023

EURm



- General government
- Private individuals
- Legal entities



*(%) of total gross loans

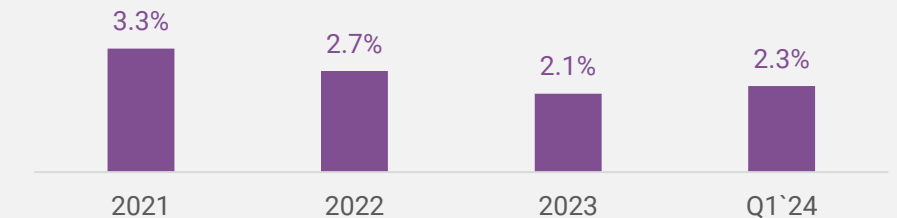
Loan portfolio's geographical profile

31 March 2024

Geography	Percentage	Value (EUR million)	Percentage of YE '23
Latvia	44.8%	1,304	44.9%
Lithuania	36.0%	1,047	36.3%
Estonia	18.8%	546	18.3%
EU & other	0.5%	13	0.5%

Non-performing loans, % of total gross loans

31 March 2024 vs. previous periods



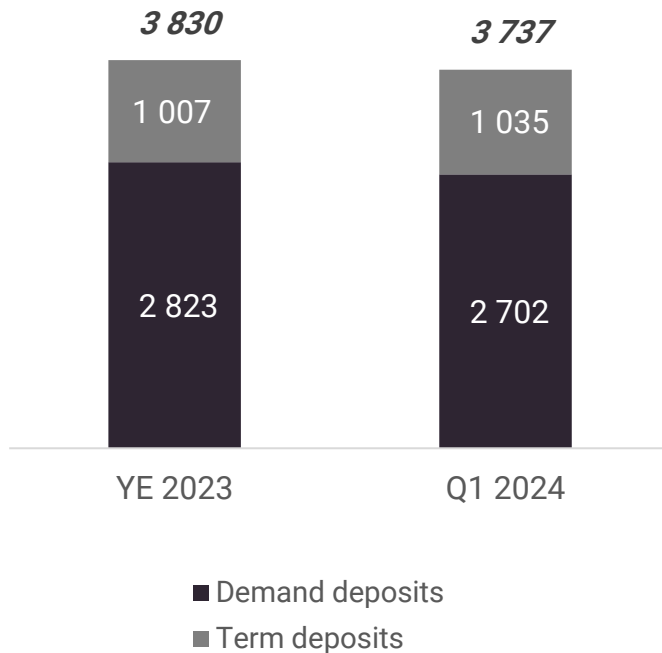
Stable Funding structure



Deposits

Q1 2024 vs. YE 2023

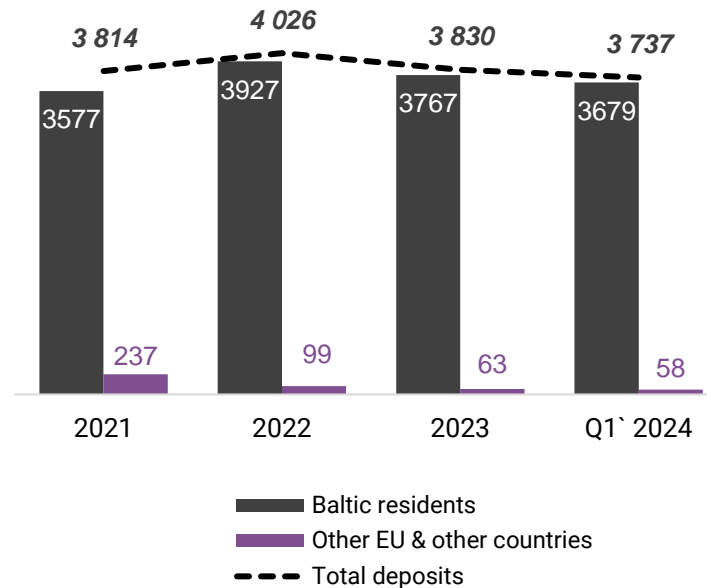
EURm



Domestic deposits – 98% of total

Q1 2024 vs. previous periods*

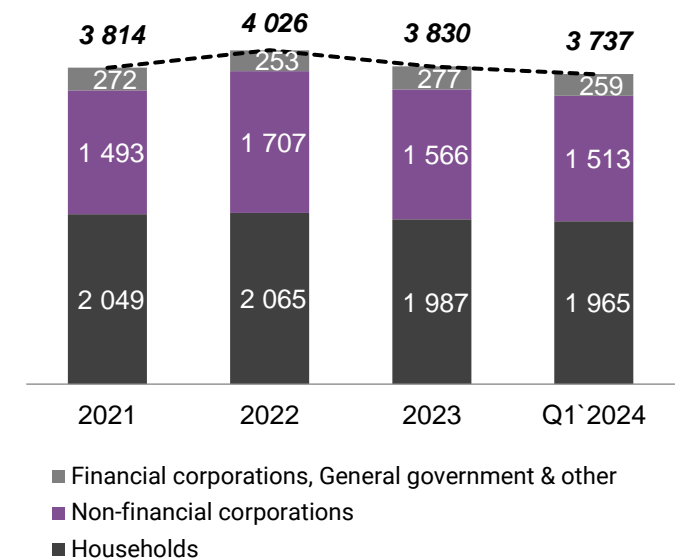
EURm



Deposits by customer profile

Q1 2024 vs. previous periods*

EURm



Comment

The main source of Citadele’s funding, **customer deposits** of continuing operations, decreased by 2% to EUR 3,737 million in the Q1 2024, compared to year-end 2023. Term deposits share out of total deposits stood at 28% as of 31 March 2024, as compared to 26% as of end of year 2023. Baltic domestic customer deposits formed 98% of total deposits or EUR 3,679 million (compared to 98% as of year-end 2023).

*previous periods include discontinued operations (Kaleido Privatbank AG, Swiss registered banking subsidiary currently in a sales process)

Customer overview

- ✓ Increasing customer base and user experience
- ✓ Bank with one of the best customer service in the Baltics
- ✓ NPS of individual banks – 1st place in Latvia and 2nd in Lithuania
- ✓ NPS Mobile Apps – 2nd place in Latvia and 3rd in Lithuania



Awards

1st place in Latvia and Lithuania, 2nd place in Estonia for servicing clients remotely

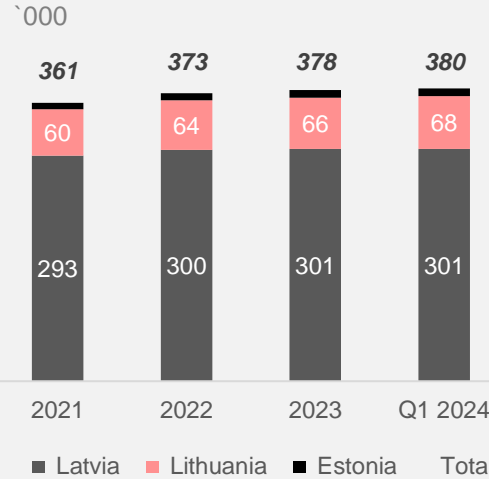
1st place in Latvia and 2nd place in Lithuania and Estonia for servicing clients in-person

Bank with the best customer service in Latvia



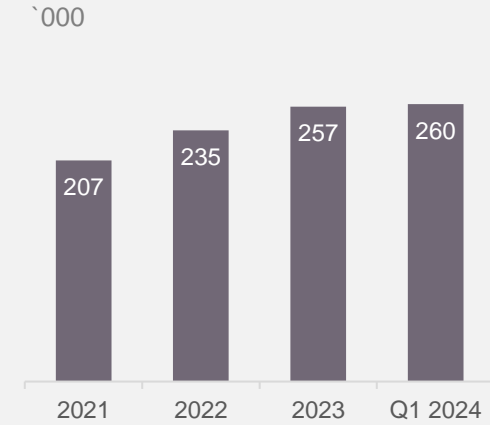
Active customers

Q1 2024 vs. previous years



Mobile App active users

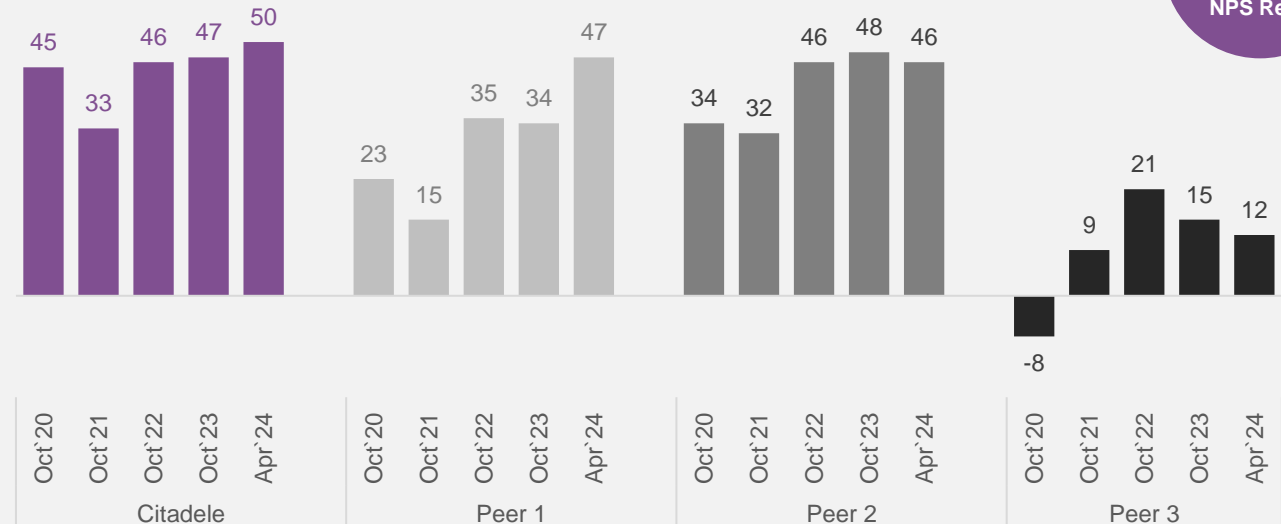
Q1 2024 vs. previous years



LV 58 / LT 51

Mobile App NPS

Net Promoter Scores of individual banks in Latvia



LV 50 / LT 35

NPS Retail

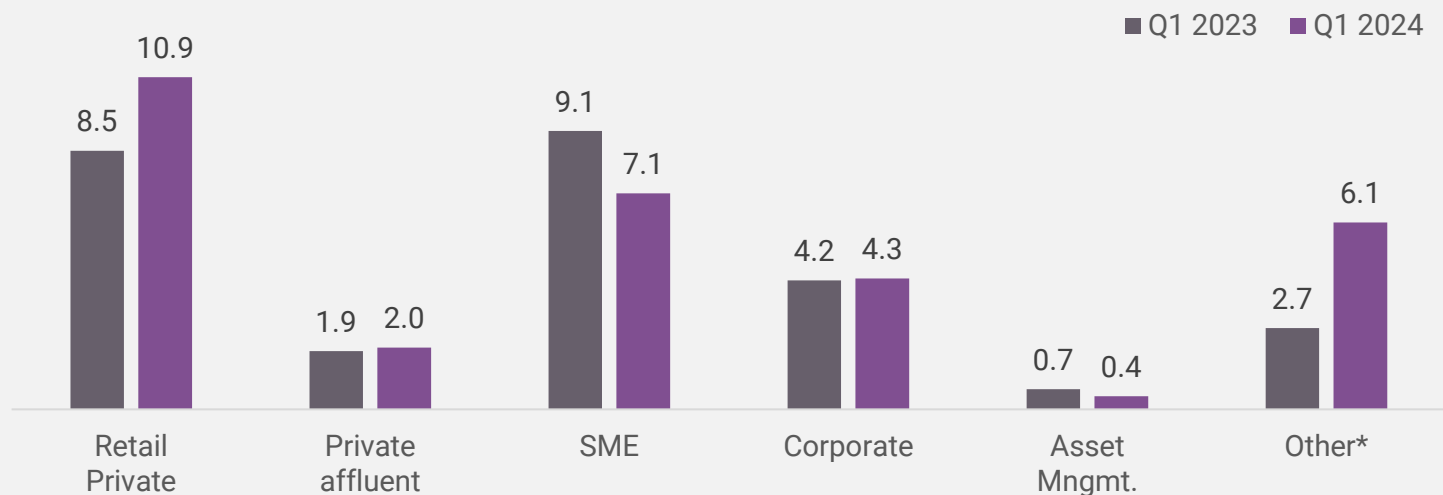
Segment overview

Q1 2024, EURm	Retail Private	Private affluent	SME	Corporate	AM	Other*	Total
Net interest income	18.6	-0.3	11.8	10.3	0.1	6.6	47.0
Net fee & commission income	3.4	0.6	2.3	1.0	1.6	0.1	8.9
Net financial and other income	-0.4	0.0	0.4	-0.6	0.2	2.4	1.9
Operating income	21.5	0.3	14.5	10.6	1.8	9.0	57.8

Operating profit before tax by segment

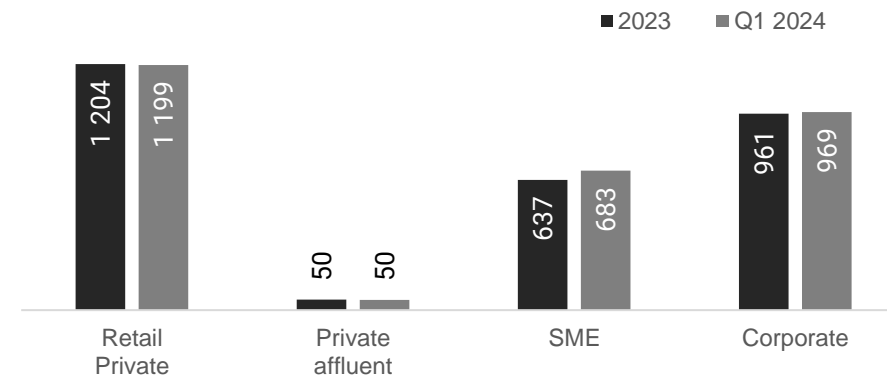
Q1 2024 vs. Q1 2023

EURm



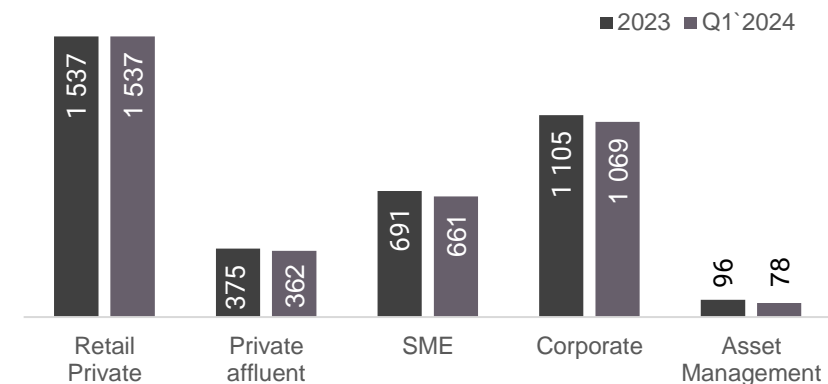
Loans

Q1 2024 vs. YE 2023, EURm



Deposits

Q1 2024 vs. YE 2023, EURm



Citadele

*Group's treasury functions and other business support functions, including results of the subsidiaries of the Group operating in non-financial sector. This comprises discontinued operations, namely operations of Kaleido Privatbank AG (a Swiss registered banking subsidiary) which Citadele has agreed to sell.

Medium Term Targets

Metrics	Targets	Commentary
Loan Growth	5-10%	Achieve at least 5-10% annual growth over the medium term
Customer Growth	5-10%	At least 5-10% annual growth in active customers over the medium term (including Klix)
Net Promoter Score	#1 Position >30pts	NPS above 30pts across the Baltics and #1 position in Latvia, Lithuania and Estonia
Cost to Income	<45%	Maintain cost to income ratio lower than 45% (or lower than 44% excluding extraordinary items)
Cost of Risk	<50bps	Maintain cost of risk target of less than 50bps over the cycle, reflecting the evolving business mix
RoAE	High teens <i>(on normalised capital base)</i>	Achieve a return on average equity in the high teens on an adequate capital base
CET1	≥16%	Maintain fully-loaded CET1 ratio of at least 16% over the medium term
Capital Returns	50% payout	<ul style="list-style-type: none"> ▪ Distribute dividends of 50% of the Group's profits, inclusive of all relevant taxes, taking into account internal capital targets ▪ Excess capital above CET1 target deployed into growth or inorganic M&A opportunities or considered for additional returns



Citadele

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