AS Citadele banka

ANNUAL REPORT

For the year ended
31 December 2024

Key figures and events of the Group

Citadele's operating income in 2024 reached EUR 234.8 million. Return on equity stood at 17.5%, while the cost-to-income ratio (CIR) was 48.4%. In Q4 2024, operating income was EUR 60.0 million, reflecting a 2% increase quarter-over-quarter.

In 2024, the loan portfolio increased by 14%, reaching EUR 3,275 million as of 31 December 2024. EUR 1,346 million was issued in new financing to support Baltic private, SME, and corporate customers during this period, with EUR 402 million issued in Q4 2024.

The overall credit quality of the loan book remained strong. The Stage 3 loans to public gross ratio was 2.3% as of 31 December 2024, compared to 2.1% as of 31 December 2023.

Citadele's deposit base totalled EUR 4,023 million as of 31 December 2024 reflecting a 5% increase since the end of 2023.

Citadele's active customers increased by 6% year-over-year, reaching 400.7 thousand as of 31 December 2024. The number of active mobile app users reached 269 thousand, growing by 5% year-over-year. Active digital channel users accounted for 89.3% of total customers.

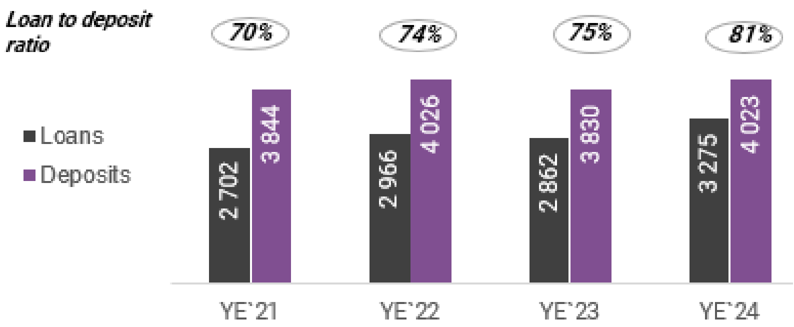
Citadele continues to operate with adequate capital and liquidity ratios. The Group's CAR was 21.4%, CET1 was 19.2%, and the LCR was 181% as of 31 December 2024.

As of 31 December 2024, Citadele had 1,342 full-time employees.

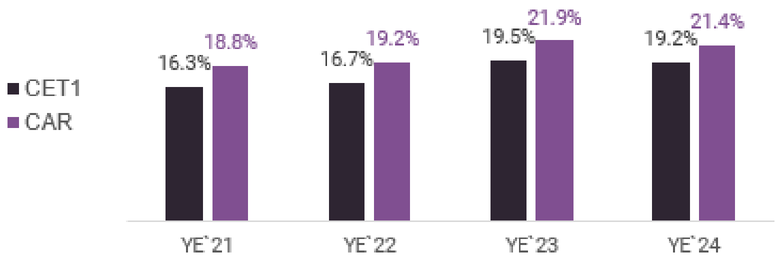
	Continuous operations only			
EUR millions	**2024**	**2023**	**Q4 2024**	**Q4 2023**
Net interest income	192.5	187.9	47.7	49.2
Net fee and commission income	36.3	37.8	10.9	8.8
Net financial and other income	6.0	8.2	1.4	1.6
Operating income	**234.8**	**233.9**	**60.0**	**59.6**
Operating expense	(113.6)	(104.5)	(32.1)	(31.0)
Net credit losses and impairments	0.6	4.5	(1.9)	(1.9)
Net profit from continuous operations (after tax)	**94.5**	**110.4**	**19.4**	**10.2**
Return on average assets (ROA)	1.9%	2.2%	1.6%	0.9%
Return on average equity (ROE)	17.5%	23.6%	14.1%	8.0%
Cost to income ratio (CIR)	48.4%	44.7%	53.5%	52.0%
Cost of risk ratio (COR)	(0.0%)	(0.2%)	0.2%	0.3%

Loans and deposits

EURm



Common equity Tier 1 (CET1) capital ratio and Total capital adequacy ratio (CAR) (including net result for the year, but decreased by the expected dividends of EUR 44.8 million)



For definitions of Alternative Performance Ratios refer to Definitions and Abbreviations section of these financial statements.

CONTENTS

Rounding and Percentages

Some numerical figures included in these financial statements have been subject to rounding adjustments. Accordingly, numerical figures shown for the same category presented in different tables may vary slightly, and numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

In these financial statements, certain percentage figures have been included for convenience purposes in comparing changes in financial and other data over time. However, certain percentages may not sum to 100% due to rounding.

For definitions of Alternative Performance Ratios used throughout these financial statements refer to Definitions and Abbreviations section of this report.

Rūta Ežerskiene
CEO and Chair of the Management Board

The Baltic region is demonstrating steady economic improvement

The global economy continues to face various challenges, including trade tensions and diverging monetary policies across regions. While the US economy demonstrates resilient growth, the eurozone economy struggles to recover from stagnation. Despite some recovery in the first three quarters of the year, economic momentum in the euro area weakened again, highlighting persistent vulnerabilities.

The Baltic economies followed distinct trajectories. Lithuania continued to demonstrate stable growth, underpinned by strong fundamentals. Latvia's economy remained broadly flat, but showed resilience in the face of external headwinds, with opportunities for strengthening through productivity gains. Estonia began to show early signs of recovery, signaling a potential turnaround in the coming quarters. Easing inflationary pressures have reinforced consumer confidence and purchasing power, while strong labour market has contributed to wage growth and bolstering household consumption. Given the relatively low debt levels among both households and businesses, lending activity in the Baltics continues to expand. Recently, growth in mortgage loans has become more pronounced. Lithuania's loan market has emerged as the most dynamic in the region.

Monetary policy decisions and developments in trade relations will continue to shape the economic landscape in the Baltics. Looking ahead, we remain cautiously optimistic about 2025. While external challenges persist, including geopolitical uncertainties, improving credit conditions, stabilizing inflation, and the potential for stronger economic momentum provide a solid foundation for continued growth.

Citadele is focused on becoming the leading modern financial partner for individuals and businesses across the Baltics. By combining innovation with a human approach, we continue to provide convenient, secure, and accessible banking services – both digitally and through personal relationships. Our strategy prioritizes sustainable growth, digital leadership, and customer experience, while supporting the region's development through active lending and tailored financial solutions. This focus has enabled us to consistently deliver results, deepen client trust, and strengthen our position in a competitive market.

Strong financial result

In 2024, Citadele demonstrated strong financial performance, achieving an operating income of EUR 234.8 million, maintaining stability compared to the previous year, with a return on equity of 17.5%. In Q4 2024, operating income reached EUR 60.0 million, while ROE stood at 14.1%.

As of 31 December 2024, Citadele's total loan book amounted to EUR 3,275 million, marking a 14% increase (EUR 413 million) compared to 31 December 2023. The loan-to-deposit ratio improved to 81%, up from 75% at year-end 2023, highlighting strong lending activity alongside stable deposit levels.

Citadele continued to support the economy with financing for growth and expansion. In 2024, new financing for private, SME, and corporate customers reached EUR 1,343 million. This represents a 50% increase compared to the previous year, driven by improving macroeconomic conditions and evolving interest rate expectations. In Q4 2024 alone, new financing reached EUR 401.5 million. The financial standing of our customers is stable, and the quality of our loan portfolio continues to be strong. As of 31 December 2024, the non-performing loan (NPL) ratio was 2.3% compared to 2.1% at year-end 2023.

Citadele's deposit base grew by 5% year-over-year, reaching EUR 4,023 million by 31 December 2024. As of 31 December 2024, Citadele continues to operate with strong capital and liquidity ratios. The total capital adequacy ratio (CAR) stood at 21.4%, the Tier 1 ratio was 19.2%, and the liquidity coverage ratio (LCR) remained robust at 181%, ensuring a solid financial position to support future growth.

Despite ongoing economic challenges and geopolitical uncertainty, Citadele remains focused on exploring various strategic opportunities to strengthen its market position.

Stable client base

Citadele continues to expand its customer base, earning the trust of more individuals and businesses across the region. As of 31 December 2024, the active customer base reached 400.7 thousand, marking a 6.1% year-over-year increase. Digital engagement remains strong, with 89.3%% of customers actively using digital channels. The number of active mobile app users rose to 269.1 thousand, reflecting a 5.1% year-over-year increase. While the majority of digital customers prefer the mobile app, others continue to use i-Bank services.

Bank with the best customer service for more than a decade

For the tenth consecutive year, Citadele has been recognized as the best bank for customer service in Latvia, according to the Dive Group customer service study. The bank also secured first place in Lithuania for both in-branch and remote service, while receiving high ratings in Estonia. The study assessed customer interactions across the Baltics, evaluating service quality, professionalism, and communication skills through secret shopper calls and in-person visits. Citadele's commitment to excellence, continuous investments in digital banking, and customer-first approach have set new industry benchmarks, earning both regional and international recognition, including a prestigious Global FinTech Award in 2024.

Innovations and development

Q4 2024 was marked by continued innovation and development, with the launch of Mobile App 3.0. The upgraded app introduced a redesigned UX/UI, the Request to Pay feature, integration with the Adele virtual assistant, and an improved customer support section, further elevating user experience and service efficiency. Additionally, the process for opening children's accounts in the Internet Bank was significantly improved, making it more accessible and user-friendly. Citadele maintained a 4.7-star customer review rating, reflecting consistently high levels of user satisfaction.

Klix, Citadele's e-commerce checkout solution, continued to expand, surpassing 3,000 merchants, with a registered user base exceeding 447 thousand and active users reaching 182 thousand as of 31 December 2024. Over the course of the year, Klix processed 20.2 million transactions, amounting to EUR 720.8 million. The "Buy Now, Pay Later" issuance reached EUR 42.6 million, a significant increase from EUR 11 million in 2023. Klix has been integrated into ESTO's Checkout product, expanding its reach across more than 5,500 points of sale in the Baltics. This partnership enhances payment reliability for merchants and further strengthens Citadele's presence in the regional e-commerce market.

Moody's upgrades Citadele's ratings

On 6 December 2024, Moody's Ratings (Moody's) announced an upgrade of Citadele's long-term deposit rating to Baa1 from Baa2, and the senior unsecured rating to Baa2 from Baa3. Following this, Moody's revised its rating outlook to stable.

Citadele successfully completed EUR 35 million Senior Preferred Bonds issuance

Citadele successfully completed an oversubscribed issuance of EUR 35 million of Senior Unsecured Preferred Bonds under the EUR 100 million First Senior Unsecured Preferred Fixed/Floating Rate Bonds Programme. Demand exceeded EUR 46 million, allowing Citadele to raise the issuance from the minimum EUR 10 million to the maximum EUR 35 million. The net proceeds from the Offer are to be used by Citadele for general corporate purposes, including compliance with the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) applicable to Citadele at the consolidated group level.

Recent changes in Management

Edward Rebane assumes role as Chief Retail Commercial Officer and Management Board Member

Edward Rebane assumed the role of Chief Retail Commercial Officer and Member of the Management Board following regulatory confirmation on December 10, 2024. He has extensive experience in the banking sector, with a focus on digital and retail banking solutions, and has worked in the industry for 14 years. Rebane has pursued studies at several universities, including the University of Oxford and the Estonian Business School.

Vladislavs Mironovs steps down from Citadele Management Board

Vladislavs Mironovs, Chief Strategy Officer, stepped down from his position as a Member of the Management Board of AS Citadele banka, effective December 26, 2024. Citadele remains committed to maintaining stability and continuing its growth trajectory. Under the leadership of Rūta Ežerskienė, the management team will continue to drive the bank's mission of delivering exceptional financial services, fostering long-term relationships with private and business customers, supporting communities and society, and contributing to the prosperity of the Baltic economies.

For all management changes in 2024, please refer to the Corporate Governance section of this report.

Financial review of the Group

Results and profitability in Q4 2024 and 2024

The Group delivered a strong financial performance with full year 2024 operating income reaching EUR 234.8 million, reflecting a 0.4% increase compared to 2023. Full year ROE stood at 17.5% and net profit at EUR 94.5 million, despite one-off expenses of EUR 2.9 million for internal ratings based approach feasibility project and EUR 3.3 million for project exploring strategic alternatives for Citadele's shareholders. For Q4 2024 operating income reached EUR 60.0 million, compared to EUR 58.7 million in Q3 2024.

Performance was driven by strong net interest income, which was EUR 47.7 million in Q4 2024, compared to EUR 49.2 million in Q3 2024. Net interest income for the full year 2024 amounted to EUR 192.5 million, reflecting a 2.0% increase compared to 12M 2023, primarily driven by a favorable interest rate environment and growth in the loan book.

The Group's net fee and commission income reached EUR 10.9 million in Q4 2024, reflecting a 33.9% quarter-over-quarter increase. For the full year 2024, net fee and commission income totaled EUR 36.3 million, representing a 4% decline compared to 12M 2023, primarily due to a decrease in income from cards, but benefiting from EUR 2.7 million variable performance fee income on management of pension plans.

Operating expenses in Q4 2024 reached EUR 32.1 million, reflecting a 29.1% quarter-over-quarter increase, primarily driven by higher consulting, advertising, and marketing expenses. Consulting include EUR 6.2 million one-off expenses for internal ratings based approach feasibility project and for project exploring strategic alternatives for Citadele's shareholders. For the full year 2024, operating expenses totaled EUR 113.6 million, marking a 9% increase compared to the same period in 2023.

Staff costs decreased by 4% quarter-over-quarter to EUR 15.7 million in Q4 2024. The number of full-time employees was 1,342 as of 31 December 2024, compared to 1,360 as of 30 September 2024, including 26 employees at Kaleido Privatbank AG, the Swiss subsidiary committed for sale (30 September 2024: 28 employees). For the full year 2024, staff costs amounted to EUR 69.4 million, reflecting a 6% increase compared to 2023.

Other operating expenses totaled EUR 12.9 million, doubling compared to the previous quarter, primarily due to an increase in consulting, advertising, and marketing expenses. Depreciation and amortization expenses stood at EUR 3.6 million, reflecting a 45% quarter-over-quarter increase. For 12M 2024, other operating expenses amounted to EUR 33.4 million, compared to EUR 30.1 million in 2023, mainly driven by a 9% rise in IT and communication expenses, and a 10% increase in advertising and marketing expenses.

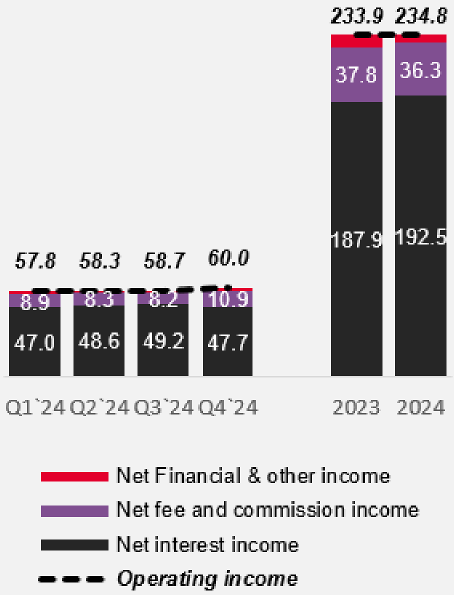
Citadele's cost-to-income ratio in Q4 2024 was 53.5%, compared to 42.3% in Q3 2024. Cost-to-income ratio in 12M 2024 stood at 48.4% compared to 44.7% in 12M 2023.

Net credit losses and impairment were recognized in the amount of EUR 2.0 million in Q4 2024 and EUR 0.5 million reversals in 12M 2024.

Net profit from continuing operations reached EUR 19.4 million in Q4 2024, with a 14.1% ROE, and EUR 94.5 million with a 17.5% ROE for the full year 2024. Kaleido Privatbank AG, the Swiss subsidiary committed for sale, is classified as discontinued operations. The Group's total net profit was EUR 19.0 million in Q4 2024 and EUR 89.8 million for 12M 2024.

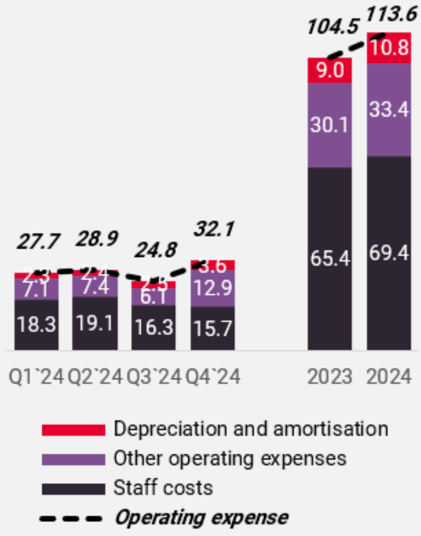
Operating income, EURm

Continuing operations



Operating expense, EURm

Continuing operations



Balance sheet overview

The **Group's assets** stood at EUR 5,137 million as of 31 December 2024, increasing by 6% since year-end 2023 (EUR 4,863 million). As of 31 December 2024, Kaleido Privatbank AG (Swiss subsidiary committed for sale) is presented as discontinued operations. Continuing operations assets were EUR 5,033 million as of 31 December 2024 (compared to EUR 4,731 million as of 31 December 2023).

The **net loan portfolio** was EUR 3,275 million as of 31 December 2024, increasing by 14% from year-end 2023. The overall credit quality of the loan book was good. **Stage 3 loans to public** gross ratio was 2.3% as of 31 December 2024, compared to 2.1% as of 31 December 2023.

New financing in 2024 reached EUR 1,345.5 million, representing a 50% increase year-over-year, mainly impacted by higher lending volumes in retail private, affluent and SME segments. EUR 498.1 million was issued to private customers (74% increase year-over-year), EUR 530.2 million to SMEs (72% increase year-over-year) and EUR 317.2 million to corporate customers (5% increase year-over-year).

In terms of the **loan portfolio's geographical profile**, as of 31 December 2024, Latvia accounted for 44% of the portfolio, with EUR 1,432 million (45% as of year-end 2023), followed by Lithuania at 37% with EUR 1,213 million (vs. 36% as of year-end 2023), Estonia at 19% with EUR 617 million (vs. 18% as of the year-end 2023) and EU and other countries at 0.4% with EUR 13.5 million.

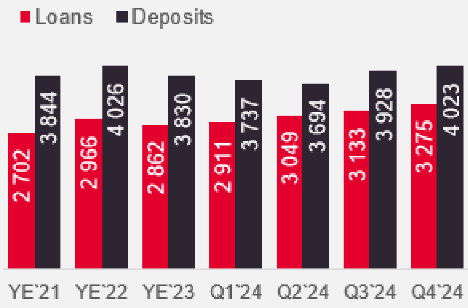
As of 31 December 2024, loans to Households represented 45% of the loan portfolio (46% as of year-end 2023). Mortgages have increased compared to year-end 2023 (7% increase) and constituted EUR 874 million. Finance leases increased by 8% and was EUR 376 million (vs. 344 million as of year-end 2023). Consumer lending increased by 19% vs. year-end 2023 and reached EUR 130 million. Card lending has decreased by 10% and was EUR 54 million. Overall, the main industry concentrations were Real estate purchase and management (13% of total loans), Transport and communications (6%), Manufacturing (7%) and Trade (7%).

The Group's **securities portfolio** forms a part of its liquidity resources and in Q4 2024 increased by 5% vs. the year-end 2023. 95% of the securities portfolio consist of securities with a rating of A and higher. The most significant changes included a 39% decrease (EUR 111 million) in AA/Aa-rated bonds since year-end 2023 and a 23% increase (EUR 182 million) in A-rated bonds.

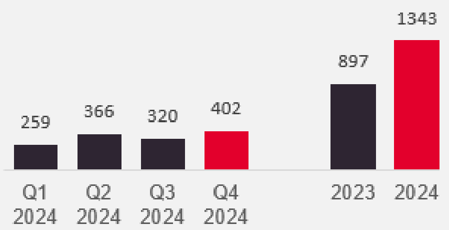
The Group's LCR and NSFR decreased from 206% and 147% at year-end 2023 to 181% and 143% as of 31 December 2024, respectively.

The main source of Citadele's funding, **customer deposits**, increased by 5% to EUR 4,023 million at year-end 2024 compared to year-end 2023. Term deposits share out of total deposits stood at 27% as of 31 December 2024, as compared to 26% as of end of year 2023. Baltic domestic customer deposits formed 99% of total deposits or EUR 3,965 million (compared to 98% as of year-end 2023).

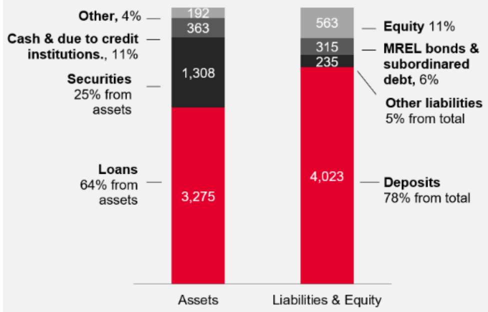
Loans and Deposits, EURm



New financing, EURm



Balance sheet structure, EURm



Ratings

On 6 December 2024 Moody's Ratings (Moody's) announced the upgrade of Citadele's long-term deposit rating to Baa1 from Baa2, and the senior unsecured rating to Baa2 from Baa3. Following this, Moody's revised its rating outlook to stable.

Moody's	
Bank deposits	Baa1/ P-2
Counterparty risk rating	A3/P-2
Baseline Credit Assessment	baa3
Adj.Baseline Credit Assessment	baa3
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured -Dom Curr	Baa2
Outlook:	Stable

Detailed information about ratings can be found on the web page of the rating agency www.moodys.com

Segment Highlights

Retail Private and Affluent segment

We are pleased to see that our continued strong customer focus and quality of service are recognized by our customers, allowing us to maintain the top position among banks in 2024 in the Baltics, as revealed by the annual mystery shopper survey conducted by the international customer service evaluation company DIVE. Citadele has been ranked as the top bank in Latvia and Lithuania and has demonstrated high-quality customer service performance in Estonia. The banking sector in the Baltics was evaluated across two channels – remote and face-to-face service. Citadele has been ranked as TOP 1 in Latvia and Lithuania for both remote and in-person service. In Latvia, we have maintained our position as the best customer service bank for 10 consecutive years, and across all Baltics, we outperform the industry average in in-person service.

At Citadele, we prioritize customer experience by consistently investing in it. This ongoing commitment reflects our promise to enhance customer experiences and customer service with the latest technology and security. In the fourth quarter of 2024, the new version of the mobile application was launched, featuring an updated interface design. Users can now send payment requests, and to reduce fraud risk, an authenticated call function has been introduced. The app maintained a high rating of 4.7, reflecting strong user satisfaction.

To provide faster and more efficient customer consultations, the bank introduced Adele, a generative AI (GenAI)-based chatbot capable of answering individual customer queries 24/7.

The number of active retail customers reached a new all-time high for Citadele, and primary customers continued to grow, reaching 208.3 thousand clients as of 31 December 2024, a 2% year-over-year increase. In 2024, the Retail Private & Affluent segment's operating income reached EUR 95.1 million.

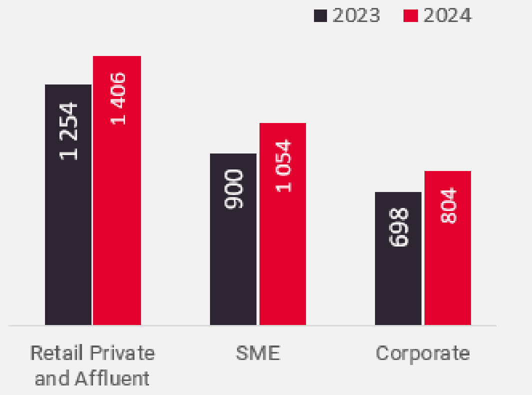
New lending to private individuals reached EUR 498.1 million in 2024, representing a 74% increase compared to the same period a year ago. Notable growth has been observed in the demand for green products, with green mortgage loans reaching EUR 37.3 million in 2024. Total loans to private individuals reached EUR 1,406 million as of 31 December 2024, an increase of EUR 152 million (12%) since December 31, 2023, with strong loan quality. Deposits from private individuals totaled EUR 2,033 million, up by EUR 121 million (6%) compared to December 31, 2023.

SME segment

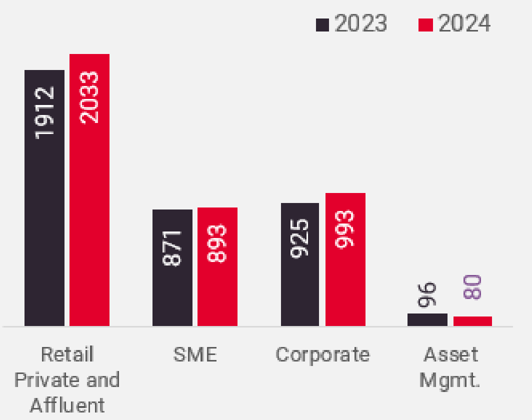
In 2024, the SME segment's operating income reached EUR 79.0 million, reflecting a 4% year-over-year increase. New lending totalled EUR 530.2 million in 2024, a 72% increase compared year 2023.

Total loans to SMEs stood at EUR 1,054 million as of 31 December 2024, marking a 17% increase year-over-year, while loan quality remained strong. SME deposits reached EUR 893 million, up 3% compared to 31 December 2023.

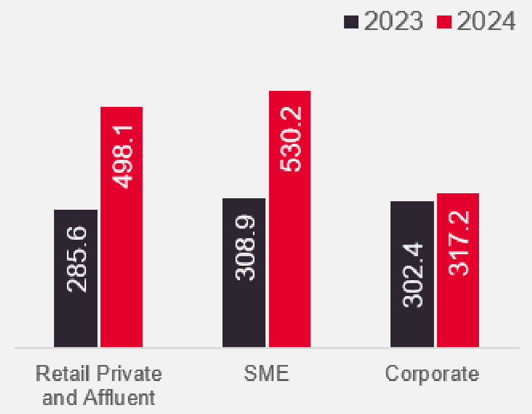
Loans, EURm



Deposits, EURm



New lending, EURm



Segment Highlights

Corporate segment

The corporate segment's operating income reached EUR 28.5 million, reflecting a 27% year-over-year decrease. This decline was primarily due to a higher proportion of term deposits within the total deposit base, which resulted in increased interest expenses.

Corporate new financing totalled EUR 317.2 million in 2024, marking a 5% increase year-over-year. The total corporate loan portfolio was EUR 804 million, representing a 15% increase compared to year-end 2023. Credit portfolio quality remained good.

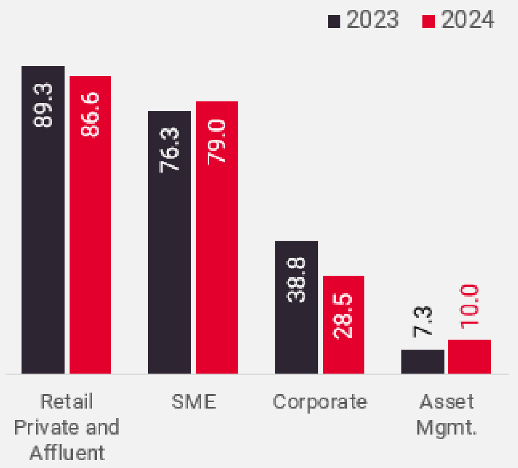
The deposit portfolio grew by 7% compared to year-end 2023, reaching EUR 993 million as of 31 December 2024.

Asset Management

The increase in the prices of financial assets - mainly risk-oriented - in the portfolios managed by the Asset Management company in 2024 was higher than expected. This had a positive impact on both the amount of assets under management and the level of operating income. In addition, thanks to a successful asset management strategy, the investment performance of several of the state funded pension plans managed by the Asset Management company outperformed the set benchmarks both in 2024 and over the longer term. This allowed the Asset Management company to retain an additional variable commission of EUR 2.7 million and to significantly outperform the budgeted return targets.

Asset Management segment's operating income reached EUR 10.0 million, reflecting a 38% year-over-year increase. Total customer assets under management grew to EUR 1.2 billion, up from EUR 1.1 billion at year-end 2023.

Operating income, EURm



Business Environment

The euro area economy continues to lag the US

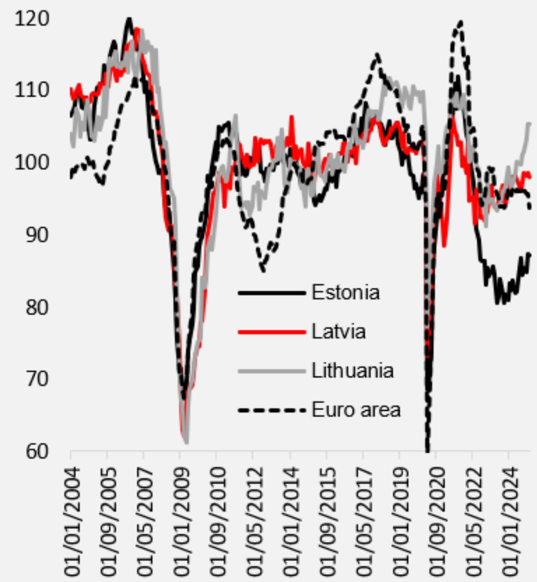
The eurozone economy experienced modest growth in 2024, with GDP expanding by 0.7% following a 0.4% increase in 2023. However, stagnation returned to the region's economy at the end of the year, following growth during the first three quarters. Germany, previously the region's economic powerhouse, recorded one of the weakest performances, with its economy contracting for the second consecutive year. Key factors behind Germany's weak performance included relatively high energy prices, weak demand in export markets, and an aging economic model heavily reliant on the automotive industry. The US economy in contrast has ended the past year on a solid footing. US household spending continued to grow steadily throughout the year, the labour market remained generally favourable and, towards the end of the year, the US manufacturing sector showed its first positive signs. US gross domestic product showed overall growth of 2.8% in 2024, almost unchanged from 2.9% a year earlier. While the US projections for 2025 foresee a slight slowdown, the US is still expected to grow twice as fast as Europe - above 2% against an average of 1% in the euro area. This means that the US economy could continue to pull away from the euro area this year.

The stabilization of inflation at lower levels in 2024 allowed the world's major central banks to begin reducing interest rates. The US Federal Reserve (Fed) and the European Central Bank (ECB) each cut their key interest rates by 1 percentage point in several steps since mid-2024. However, at the start of 2025, divergences in monetary policy became apparent between the two central banks. Due to accelerating inflation at the end of 2024, sustained economic growth, and relatively stable labor market conditions, the Fed paused its rate-cutting cycle in January 2025, keeping the federal funds rate unchanged at 4.25–4.50%. In contrast, the ECB continued cutting rates in January, bringing the deposit rate down to 2.75%. Given the weak economic background in the region, the ECB is expected to continue lowering rates in upcoming meetings, potentially reducing the deposit rate to 2% by the end of 2025. This means that EURIBOR rates, which are also important for the euro area borrowers, could stabilize close to these levels. Although the euro area economy has so far failed to regain the growth momentum lost during the pandemic, the further rate cuts could accelerate the economic growth. A reduction in borrowing costs could provide an additional stimulus to investments by the euro area companies and spending by households. The previously observed improvement in credit conditions has already started to reverberate positively in euro area lending/borrowing dynamics. The euro area businesses have also started the new year on a relatively optimistic note.

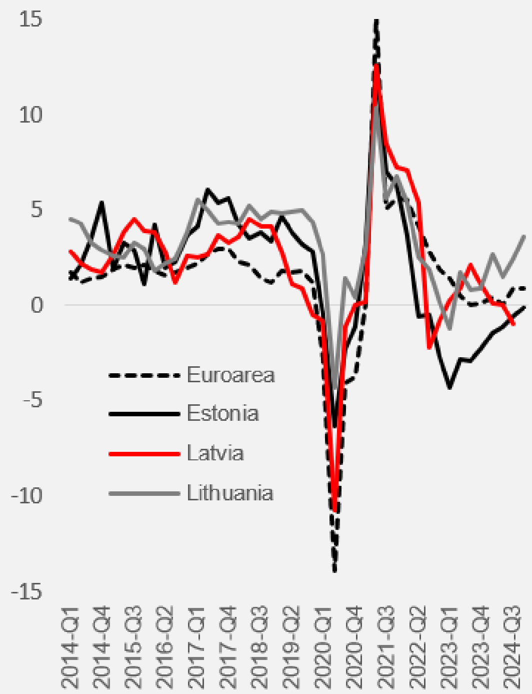
Economic growth varies across the three Baltic countries

Economic growth in the Baltics is improving, but the recovery exhibits differing economic growth patterns – from moderate growth in Lithuania, somewhat stagnation in Latvia to recovery from recession in Estonia. Although in the first half of 2024 Latvia showed slow economic growth, GDP in Q3 2024 in Latvia declined by 1% compared to Q3 2023. It is forecasted that 2024 GDP growth will be close to zero. In contrast Lithuania's economy grew by 0.9% quarter-on-quarter in Q4 2024, following 1.2% growth

Economic sentiment indicator



GDP (constant prices, % year-on year)



seen in the previous quarter. On a yearly basis, the country's GDP advanced 3.8% in the fourth quarter of 2024, accelerating from 2.4% in the previous period. In Q3 2024 Estonia's GDP showed modest growth 0.1% on quarter-to-quarter basis but decreased by 0.7% compared with the same period of 2023.

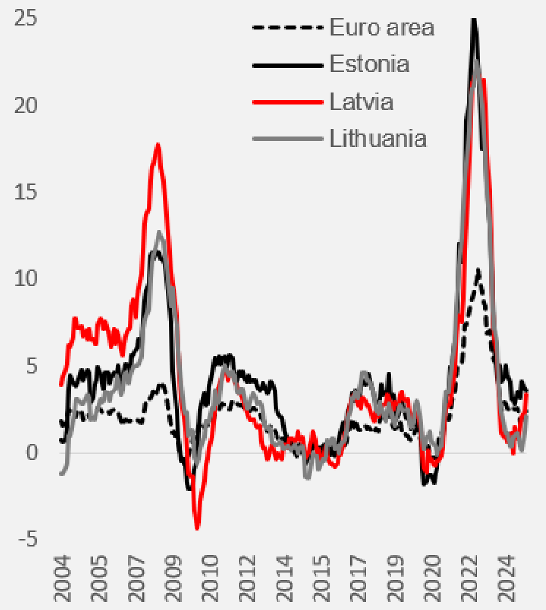
Inflation in the Baltics remains low, however at the end of 2024 we saw marginal increase from year's lowest levels in autumn. In December, inflation stood at 3.3% in Latvia, 2.1% in Lithuania, and 3.9% in Estonia.

Manufacturing in Baltics shows resilience, in Estonia tries to crawl out of recession. On a monthly basis, industrial activity picked up, accelerating to 2.8% in November from a 1.5% increase in October. However, year-on-year Estonia's industrial production declined by 2.5% in November. Manufacturing output shrank by 1.2%, compared to a 3.4% increase in the previous month, while the decline in electricity, gas, steam, and air-conditioning supply deepened (-15.3% vs. -7.4%). In contrast, the contraction in mining and quarrying eased slightly (-2.3% vs. -2.8%). Although industrial production in Latvia dropped by 6% year-on-year in December 2024, slipping further from an upwardly revised 4.2% fall in the previous month, manufacturing went up 3.2% year-on-year. Industrial production in Lithuania rose by 5.9% year-on-year in December 2024 from an upwardly revised 5.0% in the previous month. This marked the highest reading since July, as output increased for manufacturing (6.9% vs 6.2% in November).

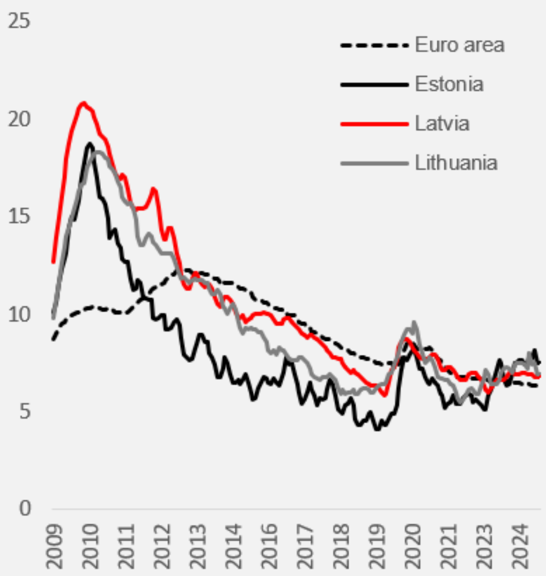
Low unemployment and slowing wage growth pace

Despite weak economic growth, unemployment in the Baltics remains low. The unemployment rate in Estonia stood stable at 7.3% throughout Q4 2024. In Latvia, the unemployment rate has been fluctuating between 6.5% and 7.3% during the year and stood at 6.8% at the end of December 2024. In Lithuania, the unemployment rate has been decreasing during Q4 2024 and at the end of the year was 6.5%. The pace of wages increase in 2024 gradually was slowing across Baltics, however, remains on high level, with average increases in Q3 2024 of 9.9% down from 11% at the beginning of the year in Latvia, 10.9% down from 11.1% in Lithuania, and 8.1%, down from 9.5% in Estonia. Relatively rapid growth of average wage in combination with low inflation notably improve purchasing power of households. That is reflected by increasing consumer confidence and subsequently growth of consumption across all three countries

Inflation (%, year-on-year)



Unemployment rate (%)



OTHER REGULATORY INFORMATION

Name	AS Citadele banka
Address	Republikas laukums 2A, Riga, LV-1010, Latvia
Web page	www.citadele.lv www.cblgroup.com
Phone	(+371) 67010 000
LEI code	2138009Y59EAR7H1UO97
Registration number	40103303559
License number	06.01.05.405/280
License issue date	30/06/2010
Branches	AS Citadele banka has 11 customer service units in Latvia, 1 branch in Estonia and 1 branch in Lithuania as of the period end. The Lithuanian branch has 6 customer service units in Lithuania. Information about branches, client service units and ATMs of Citadele is available in the Citadele web page's section "Branches and ATMs".
Dividends	As at issuance of the annual report the Bank's Management proposes to distribute EUR 44.8 million in dividends (EUR 0.282 per share) and to transfer the rest to the retained earnings account to strengthen the capital position. The Group aims to distribute dividends in the amount of 50% (but not exceeding) of the previous financial year profit, subject to the internal capital targets of the Group and the Bank and certain other conditions specified in the dividend policy. For more details refer to note *Share Capital* of the annual report.
Future development	Citadele aims to be the primary bank of choice for aspiring retail and small business customers across the Baltics and will continue to relentlessly improve products and services. Citadele will continue to provide high quality financial services to clients and their businesses with an objective to foster further growth across the whole Baltic region. A complete portfolio of banking, leasing, financial and wealth management services is to be offered for both private individuals and companies. The core market of Citadele remains unchanged: Latvia, Lithuania and Estonia.
Risk Management	The main risks to which the Group is exposed are credit risk, market risk, interest rate risk, liquidity risk, currency risk and operational risk. For each of these risks the Group has approved risk management policies and other internal regulations defining key risk management principles and processes, functions and responsibilities of units, risk concentration limits, as well as control and reporting system. The Group's risk management policies for each of the above-mentioned risks and certain other risks are briefly summarised in the note *Risk Management* of these financial statements.
Domicile of entity	Latvia
Country of incorporation	Latvia
Legal form	Stock company (in Latvian "Akciju sabiedrība")

CORPORATE GOVERNANCE

AS Citadele banka is the parent company of Citadele Group. AS Citadele banka is a stock company. Citadele's shareholders are an international group of investors with global experience in the banking sector. As of period end 73.9% shares in AS Citadele banka are owned by a consortium of international investors represented by Ripplewood Advisors LLC, 24.6% shares are owned by the European Bank for Reconstruction and Development (EBRD), and 1.5% shares are owned by the management, employees, and other investors.

The Statement of Corporate Governance is published on the Bank's website www.cblgroup.com.

Audit and Governance Committee's report to the shareholders

In 2024 Audit and Governance Committee of AS Citadele banka (hereinafter – the Committee) acted in the role of audit committee as required by the Financial Instruments Market Law.

The Committee performed tasks in line with the requirements of the law:

- Supervised the preparation of the annual report for the year ended 31 December 2024;
- Supervised the process of the audit of the annual report for the year ended 31 December 2024;
- Supervised the effectiveness of internal controls, risk management and internal audit systems as applicable to the process of the preparation of financial statements;
- Supervised the approval of the external auditor for audit of the annual report for the year ended 31 December 2024;
- Supervised the compliance of the auditor of the annual report for the year ended 31 December 2024 with independence and objectivity requirements set forth in the Law of the Provision of Audit Services;
- Communicated to the Supervisory Board the conclusions made by the auditor of the annual report for the year ended 31 December 2024.

In 2024 the Committee was not hindered in any way, and full access to any information required by the Committee was ensured. The Committee kept the Management Board and the Supervisory Board informed throughout the year about the conclusions and recommendations made by it. In the course of discharging its duties as related to the preparation of the annual report for the year ended 31 December 2024 the Committee did not encounter any evidence that would suggest that these financial statements would not be true and fair.

A detailed report on the activities of the Committee in 2024 has been submitted to the Supervisory Board of the Bank.

Supervisory Board of the Bank as of 31/12/2024:

Name	Current Position	Date of first appointment
Timothy Clark Collins	Chairman of the Supervisory Board	20 April 2015
Elizabeth Critchley	Deputy Chairperson of the Supervisory Board	20 April 2015
Dhananjaya Dvivedi	Member of the Supervisory Board	20 April 2015
Lawrence Neal Lavine	Member of the Supervisory Board	20 April 2015
Nicholas Dominic Haag	Member of the Supervisory Board	19 December 2016
Karina Saroukhanian	Member of the Supervisory Board	19 December 2016
Sylvia Yumi Gansser Potts	Member of the Supervisory Board	29 October 2018
Stephen Young	Member of the Supervisory Board	4 October 2023
Daiga Auzina-Melalksne	Member of the Supervisory Board	1 November 2023

There were no changes in the Supervisory Board of the Bank in the reporting period.

Timothy Clark Collins, Chairman of the Supervisory Board

Mr. Collins is the Chief Executive Officer of Ripplewood. Mr. Collins has led the Ripplewood team in investing around the globe, including in the U.S., Europe, the Middle East and Asia. Mr. Collins and Ripplewood have delivered outsized returns, deploying over USD 6 billion in equity, representing over USD 40 billion of total enterprise value, and played an instrumental role in transforming and strengthening two prominent institutions, Commercial International Bank of Egypt and Shinsei Bank of Japan. Before founding Ripplewood in 1995, Mr. Collins worked for Cummins Engine Company, Booz, Allen & Hamilton, Lazard Frères & Company and Onex Corporation. Mr. Collins is involved in several not-for-profit and public sector activities, including the Trilateral Commission, the Council on Foreign Relations, Neom Advisory Board and is a member of the Investment Advisory Committee to the New York State Common Retirement Fund. Mr. Collins has served on a number of public company boards, including Asbury Automotive, Shinsei Bank of Japan, Advanced Auto, Rental Services Corp., Commercial International Bank of Egypt, Gogo and Citigroup (after it accepted public funds). Mr. Collins also served as an independent director at Weather Holdings, a large private emerging markets telecom operator. Mr. Collins currently represents Ripplewood on the Boards of Citadele (Latvia) and RA Special Acquisition Corporation. Mr. Collins has a BA in Philosophy from DePauw University and a MBA in Public and Private Management from Yale University's School of Management. Mr. Collins received an honorary Doctorate of Humane Letters from DePauw University in 2004 and has been Visiting Fellow at New York University.

Elizabeth Critchley, Deputy Chairperson of the Supervisory Board

Ms. Critchley is the Managing Partner of Ripplewood Advisors I LLP. Ms. Critchley has been leading Ripplewood's investment efforts, including most recently into Eastern Europe and the Middle East. Ms. Critchley serves as a Director on the Board of Citadele (Latvia) and RA Special Acquisition Corporation. Before joining Ripplewood, Ms. Critchley was a Founding Partner of Resolution Operations, which raised GBP 660 million through a listed vehicle at the end of 2008, and went on to make three acquisitions in financial services (Friends Provident plc for USD 2.7 billion, most of Axa's UK life businesses for USD 4 billion and Bupa for USD 0.3 billion). This consolidation strategy was financed through a combination of debt and equity raisings, as well as structured vendor financing. Until forming Resolution Operations, Ms. Critchley was a Managing Director at Goldman Sachs International where she ran the European FIG Financing business. Ms. Critchley has structured, advised, or invested in transactions with more than fifty global financials and corporates. Ms. Critchley holds a First Class Honours Degree in Mathematics from University College London.

Dhananjaya Dvivedi, Member of the Supervisory Board

Mr. Dhananjaya Dvivedi headed the Banking Infrastructure Group and was the Corporate Executive Officer of Shinsei Bank from 2000 to 2010. Mr. Dvivedi was instrumental in transforming Shinsei's IT platform as part of its strategy to improve customer service with conveniences such as internet banking, 24-hr ATMs, managed and monitored remotely, and real-time data, while maintaining cost control. Mr. Dvivedi has also served as the External Director of SIGMAXYZ Inc. from 2008 until 2011 and has since been involved in various research and advisory capacities for the development of new technologies to benefit society. Mr. Dvivedi holds an engineering degree from the Madhav College of Engineering in India and an MBA from the Indian Institute of Management.

Lawrence Neal Lavine, Member of the Supervisory Board

Mr. Lavine is a Senior Managing Director of Ripplewood Advisors LLC, following a 28 year career in investment banking. At Ripplewood Advisors LLC, Mr. Lavine has focused primarily on companies in the financial services and telecommunications industries. Mr. Lavine was previously a Managing Director of Credit Suisse First Boston in its Mergers and Acquisitions Group. He joined Credit Suisse First Boston in 2000 as part of the acquisition of Donaldson, Lufkin & Jenrette where he had been a Managing Director in Mergers and Acquisitions since 1987. He started his career on Wall Street at Kidder Peabody & Co. in 1976. Mr. Lavine holds a BS from Northeastern University and an MBA from Harvard Business School.

Nicholas Haag, Member of the Supervisory Board

Mr. Haag until June 2021 was senior independent non-executive director (INED) and chairman of the audit committee of TBC Bank Group PLC, the largest Georgian bank and the premium listed FTSE 250 company. He is chairman of the Board, an INED and chairs the audit, risk and compliance committee of Bayport Management Ltd., the holding company for a leading African and Latin American financial solutions provider Prior to that, he was a Member of the Supervisory Board of Credit Bank of Moscow PJSC. Mr. Haag has a 30 year banking career, half at Managing Director level, with various financial institutions including Barclays, Banque Paribas, ABN AMRO and Royal Bank of Scotland, specialising in technology finance and equity capital markets. Mr. Haag holds a First Class Honours Degree from the University of Oxford.

Karina Saroukhanian, Member of the Supervisory Board

Ms. Saroukhanian is a Managing Director of Ripplewood Advisors Limited. Before joining the company, from 2008, she worked as senior banker in the Financial Institutions team of EBRD. At EBRD, she specialized in complex equity transactions, working with financial sponsors in multiple jurisdictions. Prior to joining the EBRD, Karina was an Associate Director in the M&A group at Nomura International in London and a Vice President at Sindicatum, a specialist financial advisory and asset management firm. Karina holds an MSc in Economics from the London School of Economics and a degree in mathematical economics from the Moscow State University.

Sylvia Gansser-Potts, Member of the Supervisory Board

Ms. Sylvia Gansser-Potts is a Director and member of the audit and risk committee of the European Fund for Southeast Europe (EFSE) which provides development finance to micro and small enterprises and private households via selected financial institutions. In 2023, Sylvia was appointed by the Cabinet of Ministers of Ukraine as an independent director of Ukreximbank JSC, the third largest bank in Ukraine, where she chairs the Nomination and Remuneration Committee and is a member of the Risk Committee. Until 2017, Sylvia was a Managing Director at the EBRD with the overall responsibility for EBRD's investments and operations in Central and Southeastern Europe. Over her 25 year career at the EBRD, Sylvia run a succession of banking teams including the financial institutions operations in Central Europe, in MENA/Turkey as well as the property and tourism team. Sylvia started her career at Swiss Bank Corporation (which later merged to become UBS) in Switzerland and Japan. She holds a master's in business from the Université Paris Dauphine -PSL, a bachelor's degree in Japanese language from the University of Paris and an MBA from INSEAD.

Stephen Young, Member of the Supervisory Board

Mr. Stephen Young is the International Chief Executive Officer of Mission Without Borders, a group of “not for profit” organizations working among the poor and marginalized in several countries in Eastern Europe, ranging from Albania to Ukraine. He has been a member of the Audit and Governance Committee of Citadele since 2017, joining the Supervisory Board in 2023. Prior to this Stephen was the senior partner of KPMG in the Baltics and Belarus from 2004 until his retirement in 2015. Stephen worked with KPMG in Central and Eastern Europe from 1992 to 2015 and was a member of the KPMG CEE Board. With KPMG, Stephen served a number of clients in the banking and finance sectors across the Baltics and other CEE countries, providing audit, transaction and forensic services. Stephen holds a BA Honors degree in Economics from the University of Durham in the United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Fellow of the Chartered Accountants of Australia and New Zealand.

Daiga Auzina-Melalksne, Member of the Supervisory Board

Ms. Daiga Auzina-Melalksne is an experienced board member with 20 years of leadership and management experience in financial services sector. Daiga was Chairperson of the Management Board of Nasdaq Riga (2005-2023), Member of the Management Board of Nasdaq Tallinn (2012-2023). Daiga has been responsible for Nasdaq Baltic Exchanges strategy and operations since 2012. Daiga also serves as an Elected Member of Board of the Baltic Institute of Corporate Governance (2016 – present) and as Head of Latvian Corporate Governance Board under the auspices of the Latvian Ministry of Justice (2020 - present) and is an advisory Board Member of Riga Business School (2021 – present). Daiga holds Master of Business Administration degree in Management from the University of Latvia, an Executive Master of Business Administration degree from the Riga Business School and a Professional Board members Certificate from the Baltic Institute of Corporate Governance.

Management Board of the Bank as of 31/12/2024:

Name	Current position	Responsibility
Rūta Ežerskienė	Chair of the Management Board	Chief Executive Officer
Valters Ābele	Member of the Management Board	Chief Financial Officer
Slavomir Mizak	Member of the Management Board	Chief Technology and Operations Officer
Vaidas Žagūnis	Member of the Management Board	Chief Corporate Commercial Officer
Jūlija Lebedinska-Ļitvinova	Member of the Management Board	Chief Risk Officer
Edward Rebane	Member of the Management Board	Chief Retail Commercial Officer

Vladislavs Mironovs resigned from his position of the Member of the Management Board of AS Citadele banka effective from 26 December 2024.

On 7 November 2024 Edward Rebane was nominated as the new Chief Retail Commercial Officer and member of the Management Board, pending regulatory confirmation.

On 20 May 2024 Rūta Ežerskienė was appointed as the new Chief Executive Officer and Chair of the Management Board of AS Citadele banka, subject to the regulatory confirmation. On 23 August 2024, after the regulatory confirmation, Rūta Ežerskienė commenced as Chief Executive Officer. Up till this time Rūta Ežerskienė was a Member of the Management Board and Chief Retail Commercial Officer.

On 4 April 2024 Chief Executive Officer and Chairman of the Management Board of the Bank Johan Åkerblom tendered his resignation to the Supervisory Board. Johan Åkerblom effectively remained in the position of Chief Executive Officer until regulatory approval of the new Chief Executive Officer was received on 22 August 2024.

Effective from 2 January 2024, Uldis Upenieks, previous Member of the Management Board of AS Citadele banka resigned from his duties and left the Management Board of the Bank.

Rūta Ežerskienė, Chair of the Management Board, Chief Executive Officer

Rūta Ežerskienė has been the CEO and Chairwoman of the Board of the bank since 2024. Previously, from January 2021, she served as a board member, overseeing retail banking. Before that, Rūta Ežerskienė held various leadership positions in the financial and insurance sectors. She was the Head of the Private Client Segment in the Baltics at AON Insurance Company and held various managerial positions at SEB Bank in Lithuania and at the Baltic level Rūta Ežerskienė holds a master's degree in business administration from Kaunas University of Technology.

Valters Ābele, Member of the Management Board, Chief Financial Officer

Valters Ābele holds Master of Business Administration from the University of Latvia. He has more than 17 years of banking experience at AS Citadele banka, a universal bank operating in the Baltic countries. His current position is a member of the Management Board and Chief Financial Officer. Until January 2021 he was Chief Risk Officer, in charge of risk management, compliance and anti-money laundering functions. Before moving to banking industry he has acquired 10 years of experience in auditing and financial consulting at international audit companies Ernst & Young and Arthur Andersen. He is a member of Latvian Association of Sworn Auditors and previously a member of Association of Chartered Certified Accountants.

Slavomir Mizak, Member of the Management Board, Chief Technology and Operations Officer

Slavomir Mizak is responsible for IT and technology development, as well as administrative services and bank operations. He has been with Citadele since 2017. Previously, Slavomir Mizak worked at Zuno Bank AG in Austria as a board member and held IT and operations management positions. Before that, Slavomir Mizak worked as a consultant and manager for the financial services sector at Accenture. He holds a master's degree in business administration from the University of Economics in Bratislava.

Vaidas Žagūnis, Member of the Management Board, Chief Corporate Commercial Officer

Vaidas Žagūnis has been working in the banking sector since 2001 and in Citadele since 2020. He began his career as a client relationship assistant and then held various management positions, mainly in the SME business area. In 2016, Vaidas Žagūnis was appointed to the management board and executive vice president of SEB Bank in Lithuania, responsible for Retail banking. Since 2020, he has been responsible for Corporate banking in the Baltics at Citadele banka. Vaidas Žagūnis holds a Master's degree in Business Administration from Kaunas University of Technology and has also studied at the Massachusetts Institute of Technology (MIT) and Harvard Business School (HBS) in the United States.

Jūlija Lebedinska-Ļitvinova, Member of the Management Board, Chief Risk Officer

Jūlija Lebedinska-Ļitvinova is responsible for the group's risk management area since 2021. Jūlija Lebedinska-Ļitvinova has an extensive experience of more than 15 years in risk management area in financial sector. Before joining the Bank, Jūlija Lebedinska-Ļitvinova was risk director of the Mogo Finance Group. Before that, she held the position of risk director at 4Finance Group, head of fraud prevention and risk processes at Home Credit and Finance Bank, and risk director at Home Credit Bank. Jūlija Lebedinska-Ļitvinova holds a PhD in natural sciences from the University of Latvia.

Edward Rebane, Member of the Management Board, Chief Retail Commercial Officer

Edward Rebane has been a board member of the bank since December 2024 and is responsible for retail banking. Edward Rebane started his career in the banking sector at SEB Bank in 2010, holding various leadership positions in Estonia and the Baltic region, and gained in-depth knowledge of the banking sector by developing digital solutions to improve customer experience and by building different distribution strategies. Edward Rebane has pursued advanced studies at five universities: University of Oxford (Executive Program), Birmingham City University (MBA), Estonian Business School (BBA), LIUC – Universita Cattaneo (EXC), Universita LUMSA (EXC).

ESRS 2 General disclosure

Basis for preparation

General basis for preparation of sustainability statement (BP-1)

This sustainability statement has been prepared in accordance with the requirements of the Directive of the European Parliament and of the Council on corporate sustainability reporting (EU) 2022/2464 (CSRD), European Sustainability Reporting Standards (ESRS), and the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The report represents our statement on corporate social responsibility in line with Sustainability Disclosure Law of Latvia and Financial Instrument Market Law of Latvia. It also represents our reporting on how our activities are associated with economic activities that qualify as environmentally sustainable, as described in Article 8 of the EU Taxonomy and underlying delegated acts.

Our sustainability statement is structured in accordance with the ESRS. It contains the double materiality assessment and disclosures related to the material topics identified therein. Our material impacts, risks and opportunities (IROs) and their interactions with our strategy and business model are disclosed in the respective sections of the sustainability statement.

The data is consolidated following the same principles as the financial statements. Qualitative disclosures and consolidated quantitative ESG data include the parent company, AS Citadele banka, and its subsidiaries (see financial statements, Note 19: Investments in Related Entities) for the financial year from 1 January 2024 to 31 December 2024. Kaleido Privatbank AG is excluded as it is classified as discontinued operations held for sale. Unless specified otherwise in each reported data point and tables in sections E, S, and G, these principles apply to both qualitative disclosures and quantitative ESG data consolidation. Taxonomy disclosures are applicable to the prudential Group which is different from the consolidated Group for accounting purposes and excludes AAS CBL Life (a licensed life insurance company).

The report is prepared to provide stakeholders with a clear, honest, and accurate overview of the Group's past and current performance, as well as future plans and targets related to its sustainability practices and the integration of ESG into Citadele's strategy and daily operations. This report provides an overview of our sustainability journey in 2024, highlighting performance data across Environmental, Social, and Governance (ESG) areas. It summarizes our progress toward fully integrating climate risk and opportunity identification and management into our overall business strategy and disclosure practices, covering material impact topics in the areas of Environment (E), Social Responsibility (S), and Corporate Governance (G).

Disclosures in relation to specific circumstances (BP-2)

Changes in preparation and presentation of sustainability information

As reporting under the ESRS includes information previously disclosed under the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD) frameworks, references to specific disclosures under these frameworks have been omitted from this year's report.

Value chain estimation

Citadele incorporates upstream and downstream value chain data in its GHG emissions calculations, primarily relying on indirect sources such as sector-average data and other proxies. For details on key estimates, judgments, and assumptions applied, please refer to the GHG Emission Calculations sections (ESRS 2 IRO-1 and E1-6). Citadele is committed to enhancing data accuracy by engaging with key suppliers and clients in 2025 to obtain primary emissions data, ensuring more precise and reliable disclosures.

Sources of estimation and outcome uncertainty

We have identified Scope 3 emissions and taxonomy KPIs as subject to significant measurement uncertainty. The primary sources of uncertainty include the availability and quality of upstream and downstream value chain data, reliance on third-party data, and evolving measurement methodologies. Scope 3 category 15 emission calculation assumptions include external data sources, such as sectoral average emission factors and proxies. Over time, the assessment of our portfolio's climate impact will improve as value chain information and data availability evolve, enabling more precise and reliable reporting. Taxonomy KPIs are dependent on evolving interpretations of qualifying activities under the EU Taxonomy. Further details on assumptions, approximations, and judgments applied are provided alongside quantitative ESG data tables.

Incorporation by reference

Citadele's corporate governance principles, including the functions of the Management Board and Supervisory Board, are described in the Corporate Governance Statement included in this report (Corporate Governance Statement is not subject to limited assurance or audit). Citadele's Remuneration report is available on group's website *https://www.cblgroup.com/en/about/governance/remuneration-policy/.* Citadele's Corporate Governance statement is available on group's website *https://www.cblgroup.com/en/about/governance/statement/.*

Governance

Citadele's corporate governance principles, including the functions of the Management Board and Supervisory Board, are described in the Corporate Governance Statement included in this report.

The role of the administrative, management and supervisory bodies with regard to sustainability matters (GOV-1)

The Supervisory Board is responsible for overseeing the establishment and implementation of the ESG strategy. It considers ESG risks when setting Citadele's overall business strategy, business objectives, and risk management framework and exercises oversight of climate-related and environmental risks. The Supervisory Board conducts quarterly reviews of the progress toward ESG objectives and targets, while also assessing and updating specific topics related to the ESG strategy as part of the annual budgeting cycle. The Supervisory Board is also responsible for ESG related policies and the sustainability statement's approval.

The Management Board is responsible for sustainability performance and the implementation of sustainability processes, including establishing the ESG strategy and ensuring the implementation of the ESG Risk Policy across the Group. ESG-related impacts, risks, and opportunities are integral to Citadele's business operations and strategy. Updates to the Supervisory Board are provided on a quarterly basis, ensuring timely communication of identified risks, mitigations, and ongoing assessments.

Oversight includes quarterly and ad hoc updates, if needed, from the ESG Officer and Enterprise Risk Management Division representatives to either the Management Board or the respective Management Board member, where actionable recommendations for ESG integration are addressed, if needed. Sustainability matters are reported to the Supervisory Board for information through a structured reporting format, ensuring transparent reporting against goals and targets. The Management Board also integrates ESG considerations into strategic planning workshops to ensure alignment with emerging risks and opportunities. The Management Board is also responsible for ESG related policies and the sustainability statement.

The Management Board is responsible for approving double materiality assessment (DMA) results, including material IROs, and approving the implementation of new actions, KPIs, and targets necessary to manage material IROs. The Management Board oversees target setting related to material IROs, ensuring periodic reviews and progress tracking against defined objectives through annual sustainability reports and ESG performance reviews.

The ESG Officer, which is directly subordinate to the Chief Executive Officer (CEO), leads the organization's ESG agenda. The ESG Officer's responsibilities include defining the ESG framework, implementing the ESG strategy, and establishing key goals in collaboration with department heads and structural units. This role also encompasses updating the ESG Policy regularly, training employees on ESG topics, raising awareness of ESG issues through targeted communication, and ensuring corporate sustainability reporting. Additionally, the ESG Officer works closely with the Enterprise Risk Management and department heads to develop strategic ESG targets and KPIs, ensuring organization-wide alignment.

The ESG Officer is responsible for executing the annual DMA, including the establishment and maintenance of a structured process to identify and assess sustainability IROs, incorporating stakeholder input as part of the assessment. The ESG Officer is also responsible for managing the IRO register, ensuring transparent and effective oversight of identified IROs. This includes conducting annual reviews and updates as new IROs are identified, as well as performing monitoring and reporting to the Management Board—annually or more frequently if required—on actions, KPIs, and targets related to material IROs.

The Enterprise Risk Management Division is part of Risk function, reporting directly to the CRO and it participates in developing, reviewing, and updating the ESG Risk Policy; integrates key ESG risk drivers in the Risk Management Framework, Risk Appetite Framework, and relevant Risk Strategies; implements the principles set in the ESG Risk Policy and other regulatory requirements into existing policies, procedures, and processes; cooperates in defining ESG framework, key goals, and critical drivers; and ensures all risk management employees are familiar with these new processes and adhere to them.

The ESG Working Group, led by the ESG Officer, meets as required to ensure efficient implementation of the ESG objectives and strategy set by the Management Board. The ESG Working Group, composed of key stakeholders - including dedicated representatives from business, risk management, finance, compliance, legal, subsidiaries, and an economist - is responsible for validating DMA results, including IROs, and suggesting new IROs. The Working Group ensures cross-functional coordination and provides recommendations to the Management Board for approval.

The responsibilities of each body and individual for managing impacts, risks, and opportunities are outlined in Citadele's relevant internal policies defining the roles, accountabilities, and oversight mechanisms to ensure effective governance and integration of sustainability considerations into the Group's operations and strategic decision-making.

Citadele governance structure related to ESG

Supervisory Board	**Supervisory Board (SB)** Oversight of the establishment and implementation of ESG Strategy. ESG risks consideration when setting the institution's overall business strategy, objectives, and risk management framework. Oversight of C&E risks.	**Audit and Governance Committee** Supporting the Supervisory Board in sustainability governance matters; review and recommendation of ESG Policy changes	**Risk Committee** Monitoring the level of risks to which Citadele Group is exposed and the compliance of its operations with permitted level of risks, incl. C&E risks
Management Board	**Management Board** Establishment and execution of ESG strategy. Ensuring the implementation of the ESG Policy and ESG Risk Policy in the Group. Regular reporting to the Group's Supervisory Board on ESG risk management.	**Chief Executive Officer** Execution of ESG Strategy. Implementation of the governance structure set by the Management Board	**Chief Risk Officer** Implementation of ESG risk in the risk management framework ensuring regular monitoring and reporting to the Group's Supervisory Board on management of ESG risk.
Management	**ESG Office/ ESG Officer** Leading overall ESG agenda in the organisation. Defining the ESG framework and key goals related to the ESG area. ESG Policy development and update. Training employees on ESG topics. Increasing awareness of ESG and climate change-related issues. Developing ESG strategic targets and KPIs in cooperation with other units.	**Enterprise Risk Management** ESG Risk Policy development and update. Integration of key ESG risk drivers in the Risk Management and Risk Appetite Frameworks, and relevant risk strategies. Cooperation in defining ESG framework, key goals and critical drivers.	
Management	**ESG Working Group** Dedicated representatives from all key functions and subsidiaries. Led by ESG Officer of the Group. Responsible of ensuring transparent and efficient driving of the overall ESG agenda and having procedures and controls in place to reach ESG objectives, strategy and policies set by the Management Board.		
Supporting Functions	**Supporting Functions** Supporting functions ensure analyses and implementation support to all Working Group streams due to cross-functional scope of ESG integration. All employees of the Group are responsible for ESG risk identification, mitigation, management, and reporting within their area of activity.		

Sustainability expertise and diversity of management bodies

The Supervisory Board and the Management Board consist of members with diverse competencies, experiences, perspectives, nationalities, age groups, and genders, enhancing the quality of decision-making. As of 31 December 2024, the Supervisory Board comprised nine members, including four women (44%) and four independent members. The Management Board included six members, two of whom (33%) were women.

All members possess the knowledge, skills, and senior-level experience required for their roles, bringing valuable insights from various sectors and geographies. This expertise ensures effective governance and decision-making, including managing impacts, risks, opportunities, and sustainability matters. Sustainability is one of the categories evaluated as part of the Collective suitability assessment of the Management Board and the Supervisory Board. Supervisory Board members, Management Board members and Internal Audit keep up their competences through annual external trainings to maintain regulatory compliance and to address governance and risk management issues.

The Risk Committee of the Supervisory Board consults the Supervisory Board regarding overall risk strategy, appetite and management of the current and future risks of the Group, including environmental, social, and governance (ESG) risk factors, and money laundering and financing of terrorism risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of the Group.

The Audit and Governance Committee of the Supervisory Board oversees the integrity of sustainability reporting, monitors the financial reporting process and the effectiveness of the Group's internal quality control and risk management systems. It also monitors the assurance of the annual and consolidated sustainability reporting, ensuring the independence and objectivity of the auditors.

The Remuneration and Nomination Committee of the Supervisory Board oversees the diversity of the Supervisory Board and the Management Board and the Remuneration Policy of the Group and the nomination and assessment of suitability of the Supervisory Board and the Management Board, and the Head of the Internal Audit Division.

Management diversity

	2024	2023	ΔYoY
Distribution by gender of the Supervisory Board			
Male	56%	56%	0.0%
Female	44%	44%	0.0%
Distribution by age of the Supervisory Board			
Less than 30	0%	0%	-
30 to 50	11%	11%	0.0%
Over 50	89%	89%	0.0%
Supervisory Board members who are independent	44%	33%	33.3%
Distribution by gender of the Management Board			
Male	67%	75%	-10.7%
Female	33%	25%	32.0%
Distribution by age of the Management Board			
Less than 30	0%	0%	-
30 to 50	100%	87%	14.3%
Over 50	0%	13%	-100.0%

Information provided to and sustainability matters addressed by management bodies (GOV-2)

The Supervisory Board and Risk Committee receive quarterly updates on the implementation of the ESG strategy, which is prepared by the ESG Officer and Enterprise Risk Management team. In 2024, the Supervisory Board and Risk Committee received four updates on key developments and achievements in the ESG area, including climate-related and environmental risk disclosures and reporting, climate and environmental risk materiality assessments, the potential impacts of climate risks on the Group's assets and green lending target fulfilment. These updates also covered Citadele's GHG emissions and their comparison with other market participants. The exchange of information on climate-related issues has been integrated into regular management reporting processes. Climate-related risk reporting and the monitoring of risk appetite thresholds are part of the monthly and quarterly internal reporting cycles to the Management Board, alongside the tracking of green lending target fulfilment.

Integration of sustainability-related performance indicators in incentive schemes (GOV-3)

Sustainability risks are embedded in Citadele remuneration practices, including performance-based variable remuneration, deferral periods, and ensuring a balance between fixed and variable components. Lack of compliance with regulations or deficiencies in risk management capabilities are viewed as inconsistent with organizational values.

The commitment to sustainability performance cascades from the Management Board to all organizational levels. Key Performance Indicators (KPIs) linked to the Group's sustainability goals. e.g., financing the green transition, are tracked and evaluated annually. Variable remuneration is influenced by the achievement of these KPIs, which are integrated into the overall performance evaluation framework for employees directly involved in sustainability-related responsibilities. While no fixed proportion of variable remuneration is explicitly tied to sustainability-related targets, sustainability KPIs are considered alongside other performance metrics for employees working in relevant areas. Their achievement contributes to the overall performance assessment, which determines eligibility for variable remuneration, such as bonuses.

Progress on the Management Board goals, including sustainability KPIs, is overseen by the Supervisory Board. These goals are cascaded to top management and further to relevant business functions and employees, ensuring alignment with responsibilities.

The terms of the incentive schemes are approved and updated at the senior management level. The Remuneration Policy applies to the Bank and Group entities. Subsidiaries may adopt both Group-level sustainability KPIs and specific KPIs aligned with their business needs.

Statement on due diligence (GOV-4)

Citadele carries out due diligence to identify, monitor, prevent, mitigate, remediate or bring an end to the principal actual and potential adverse impacts connected with its activities and identifies how Citadele addresses those adverse impacts. Impacts connected with Citadele's activities include impacts directly caused by the Bank, impacts to which Citadele contributes, and impacts which are otherwise linked to Citadele's value chain. The due diligence process concerns the whole value chain of the Bank including its own operations, its products and services, its business relationships and its supply chain.

Core elements of due diligence	Relevant parts in the Sustainability statement
Embedding due diligence in governance, strategy and business model	GOV-1; GOV-2; SBM-1; SBM-3; G1-1
Engaging with affected stakeholders in all key steps at the due diligence	SBM-2; S1-3; S2-3; S4-3; G1-3
Identifying and assessing adverse impacts	IRO-1; SBM-3
Taking actions to address those adverse impacts	MDR-A; E1-3; S1-4; S2-4; S4-4; G1-6
Tracking the effectiveness of these efforts and communicating	E1-4; E1-6; S1-3; S1-5; S2-5; S4-5; G1-6

Risk management and internal controls over sustainability reporting (GOV-5)

The main risks identified in relation to sustainability disclosures include omissions, inaccuracies, and misestimations. These risks are identified through systematic reviews of reporting processes, analysis of historical data errors, feedback from prior reports, and compliance with regulatory requirements. The risk management framework encompasses all stages of sustainability reporting, from data collection and verification to final disclosure.

Risk log is maintained by the ESG Office to track identified risks, their levels, and actions taken. Risks are prioritized based on their severity - how significantly they could affect reporting accuracy – and likelihood - how likely they are to occur. High-priority risks are addressed immediately with targeted actions, while lower-priority risks are monitored for potential escalation. Annual reviews ensure risks are reassessed, and necessary adjustments are made.

Mitigation measures, such as the application of the 'at least four eyes principle,' internal validations, automated checks (where possible), and targeted cross-departmental reviews, are implemented to address identified risks. These controls are embedded into daily operations to ensure that mitigation efforts are consistent and integrated into routine decision-making and reporting workflows. Significant issues, if identified, are escalated to the Management Board for oversight and resolution.

Sustainability strategy

Strategy, business model and value chain (SBM-1)

Citadele's ESG strategy integrates sustainability into its core business practices, aligning with international frameworks such as the UN Sustainable Development Goals and the Paris Agreement. Citadele aims to lead the green transition in the Baltic region by embedding sustainability into financial products, governance, and workplace culture, fostering long-term resilience, mitigating risks, and capturing opportunities across its operations and value chains. Sustainability for Citadele means aligning its business with environmental, social, and economic goals, including respect for the natural environment and ethical practices in decision-making, products, and services.

Environment	Social	Governance
Key priorities and targets ▪ Achieving net-zero carbon emissions by 2050 ▪ Financing the transition ▪ Sustainable own operations ▪ Enhance climate risk management and adapt to climate-related challenges.	**Key priorities and targets** ▪ Promote an inclusive, fair workplace with a focus on employee well-being, equal opportunities, and skill development. ▪ Ensure ethical practices and work safety across the value chain, minimizing reputational risks. ▪ Availability, accessibility, affordability, quality of resources & services while safeguarding customer data and promoting financial literacy.	**Key priorities and targets** ▪ Strengthen corporate governance with transparency, ethical practices, and robust risk management. ▪ Uphold zero tolerance for corruption, bribery, and unethical behaviour. ▪ Foster a strong corporate culture and protect whistleblowers to ensure accountability. ▪ Ensure compliance with tightened regulatory requirements and improve data quality for reliable reporting.
Sustainability Targets 2024 (2025) ▪ New green financing EUR 100m (EUR 100m) ▪ 2 (3) funds under SFDR Article 8 (CBL Asset Management) ▪ Develop decarbonization pathways for key GHG contributing industries in portfolio by the end of 2025	**Sustainability Targets 2024 (2025)** ▪ eNPS > 35% (>40%) ▪ NPS retail > 35% (> 35%) ▪ NPS mobile app > 40% (> 50%) ▪ I-bank and MobileApp Prime time system availability 99.9% (99.9%)	**Sustainability Targets 2024 (2025)** ▪ % of trained employees in AML/CTPF, sanctions area p.a. close to 100% (close to 100%)
Approach Drive the transition to a low-carbon economy by financing sustainable projects, minimizing operational emissions, and integrating climate risk into governance frameworks to ensure long-term environmental and economic resilience.	**Approach** Foster a culture of fairness and inclusivity, prioritize employee well-being, collaborate with partners to uphold ethical standards, and deliver transparent, secure, and accessible financial services.	**Approach** Embed ethical values and transparency into decision-making, ensure accountability through robust policies, and maintain compliance with evolving regulations to build stakeholder trust and confidence.

Environmental

Citadele's climate strategy addresses the risks and opportunities posed by climate change and the transition to a low-carbon economy. Its three pillars - achieving net-zero emissions, financing the transition, and sustainable office operations - guide these efforts. The bank is committed to achieving net-zero financed emissions by 2050, aligning its operations with the Paris Agreement goals. A transition plan, set for completion in 2025, will outline actionable steps to reduce emissions across its portfolio. To enhance transparency, Citadele joined the Partnership for Carbon Accounting Financials (PCAF) in 2023 and published its first GHG emission estimates based on the PCAF methodology.

Citadele supports the green transition by offering a range of green financing solutions for both private individuals and businesses, including renewable energy projects, energy-efficient housing and renovations, and green vehicle leasing. The bank collaborates with supranational institutions to provide funding that accelerates local economies' sustainability efforts. As the first in the Baltics to introduce green deposits, Citadele empowers clients to participate in financing sustainability efforts.

As part of our commitment to minimizing our operational impact, Citadele retired 3,720 Verified Carbon Units in March 2024 to offset 2023 emissions. However, moving forward, our focus will shift from offsetting to tangible emission reduction initiatives within our office operations.

Citadele integrates climate risk management into its operations by assessing both physical and transition risks across key sectors and monitors its exposure to carbon-related assets and continuously enhances policies to address evolving risks and opportunities.

Social

Citadele places a strong emphasis on fostering a supportive and inclusive workplace culture. This includes ensuring fair treatment, promoting equal opportunities, and supporting employee well-being through health programs, professional development, and diversity initiatives. These efforts align with Citadele's commitment to long-term employee engagement and productivity as a cornerstone of its operational strategy.

Citadele collaborates closely with suppliers and partners to uphold ethical labour practices throughout its value chain. By incorporating sustainability standards into procurement and supplier relationships, Citadele minimizes risks and ensures alignment with its responsible business principles, fostering trust and reliability across partnerships.

Citadele is dedicated to protecting customers by ensuring data privacy, delivering clear and reliable information, and offering inclusive financial products and services, which are designed to be accessible and beneficial to a diverse range of customers. This aligns with its strategic goal to build customer trust and loyalty, foster financial literacy, and promote economic inclusion across the regions it serves.

Governance

Citadele emphasizes transparency, integrity, and accountability in its operations, fostering a strong ethical corporate culture, robust anti-corruption measures, and adherence to regulatory standards to mitigate reputational and compliance risks. This commitment is underpinned by a sound institution-wide risk culture developed through risk management and compliance policies, staff training, and clear communication. The Group employs a comprehensive three lines of defense model for effective risk oversight and ensures mechanisms such as whistleblower protection to promote accountability. Furthermore, Citadele integrates ethical values into its Code of Ethics, maintains strict conflict-of-interest policies, and improves data quality for reliable reporting.

Policy-level commitments

The Group's sustainability strategy is structured around UN Sustainable Development Goals framework. Citadele has prioritised five of the SDGs (below) that are linked to our business strategy and sustainability work, and which are in the areas where we have the largest opportunity to make an impact. We are also contributing to other SDGs in our daily operations.

<u>SDG 3:</u> Good health and well-being - Promoting health and well-being is essential to sustainable development. Citadele supports employees with health insurance, well-being programs, and mental health resources, fostering a balanced lifestyle. CBL Life and CBL Open pension fund offers products contributing to health and well-being in society by providing financial security and independence, while also promoting long-term financial planning and inter-generational equity and contributing to economic stability.

<u>SDG 7:</u> Affordable and clean energy - Access to an affordable, reliable and sustainable energy is crucial for social well-being and transitioning to green economy. Citadele contributes to increasing the share of renewable energy in the global energy mix by providing financing to our corporate customers for green sector technology project development, incl. solar panel acquisition, development of wind farms and modernisation of production facilities. CBL Asset Management offers sustainable investments for clean energy infrastructure through funds classified under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR).

<u>SDG 8:</u> Decent work and economic growth - Citadele contributes to sustainable growth of the Baltic economy through promoting development of our private, SME and corporate customers by providing access to financing, investment products, innovative banking solutions and job creation. We work towards ensuring equal opportunities for everyone, and youth development to transition to a decent job opportunity by investing in education events and training that match labour market demands and increase financial literacy. CBL Asset Management allows access to financing driving economic growth. Support to investee company's efforts towards decent work conditions and job creation.

<u>SDG 9:</u> Industries, innovation and infrastructure - Citadele's mission is to modernize the banking sector and provide greater opportunities for clients and businesses across the Baltics. We strive to promote resilient infrastructure and innovation. By fostering long-term relationships with our corporate clients, we contribute to strengthening infrastructure and advancing technological development. The digitalization of our services, functional and reliable online and e-commerce solutions, and the continuous introduction of new remote products enable us to support the development of an innovative environment. This approach allows us to meet the expectations of our private and SME customers across multiple channels and help them achieve their goals.

<u>SDG 13:</u> Climate action - Citadele recognizes the urgent need for clear and decisive action to combat climate change and its impacts. The financial sector plays a key role in redirecting capital flows to support a more sustainable economy. Citadele actively encourages environmentally friendly and sustainable business practices and is committed to developing new offerings that support the green economy transition. To minimize its direct climate impact, Citadele works on reducing its GHG emissions from own operations and works on identifying and disclosing the GHG emissions of its financed customers, with the goal of achieving a GHG-neutral portfolio by 2050. CBL Asset Management promotes investments with a beneficial impact on the climate change through funds classified under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR).

CBL Asset Management is a signatory of Principles for Responsible Investment since 2019. CBL Asset Management has committed to the principles of responsible investment - when evaluating and selecting which companies to invest in, the company gives additional weight to environmental, social and governance considerations, as well as promoting this practice within the industry. CBL Asset Management is dedicated to addressing climate change by aligning its operations with the United Nations Framework Convention on Climate Change and Paris Agreement.

There are two funds and one investment plan which CBL Asset Management manages with particular attention to ESG factors: CBL Global Emerging Markets Bond Fund, CBL European Leaders Equity Fund and CBL Sustainable Opportunities Investment Plan. Managing the CBL Global Emerging Markets Bond Fund CBL Asset Management has prioritized three of the UN SDGs that are linked to CBL Asset Management `s business strategy and where CBL Asset Management sees the largest opportunity to make an impact through its managed portfolio investment goals: Affordable and clean energy (SDG 7), Decent work and economic growth (SDG8) and Climate action (SDG13). Managing the CBL European Leaders Equity Fund CBL Asset Management prioritizes the following SDGs: Clean water and sanitation (SDG 6), Decent work and economic growth (SDG8), Climate action (SDG13) and Peace, justice and strong institutions (SDG 16).

Citadele follows the European Bank for Reconstruction and Development (EBRD) Environmental and Social risk management procedures, EBRD being a shareholder in Citadele, with approximately 25% stake. This includes compliance with the Performance Requirements (PR2 Labour and Working Conditions, PR4 Occupational Health and Safety, and PR 9 Financial Intermediaries) set out in the EBRD's Environmental and Social Policy. Citadele has defined industries that it does not finance due to significant negative environmental and/ or social impacts and applies environmental and social risk management procedures in financing.

Sustainability related products, markets and customers

The transition to a low-carbon economy is today's defining opportunity for innovation and growth. There is an opportunity for Citadele to play a significant role in the Baltic region in helping to meet the demand for climate change-related financing to support the transition. The transition will require a significant increase in green finance from financial institutions like Citadele. Our position as a local bank close to our customers presents us with the opportunity to support our clients where they need it most. We are working with leading multilateral development banks to achieve our targets in helping finance the transition.

In 2024, Citadele has continued to pursue the opportunities in financing a green transition by disbursing green lending through the existing green products, developing new specialized products, and by attracting more financing earmarked for green lending. Citadele aims to contribute to sustainable economic growth while decreasing negative environmental impacts and motivating environmentally responsible operations of our customers.

Green lending is targeted for different customer groups and the offered loan categories have a specific selection for both private individuals and business customers. In 2024 our portfolio of green lending included the following loan categories:

- Green vehicles leasing – for purchasing zero and low emission vehicles;
- Green mortgage loans – for purchasing green home with high energy efficiency standards;
- Multi apartment building energy efficiency improvement in Latvia;
- Loans classified as green under EBRD Green framework;
- Loans classified as green under EIB/EIF Green framework;
- Real estate loans financing buildings with highest BREAM and LEED certification classes;
- Energy efficiency loans for corporate customers (evaluated on case-by-case basis)

In 2024, we disbursed EUR 102.4 million in green lending (EUR 115 million in 2023). Green lending accounted for 8% of total new lending in 2024 (13% in 2023), primarily due to a 50% increase in overall new lending, which led to a relative decrease in green lending's share as a percentage of total new lending. EUR 37.3 million was issued in green mortgage loans, EUR 27.7 million in green electric vehicle leasing and EUR 37.4 million to corporate customers.

Our green savings account which was introduced in 3rd quarter of 2023 and was the first in the Baltic market, grew in popularity. Deposited funds are used to finance projects aimed at reducing carbon emissions. As of 31 December 2024, funds in the green savings account reached EUR 62 million (EUR 36 million in 2023).

Noting the importance of sustainability considerations in the financial system, CBL Asset Management has developed new methodology for CBL Sustainable Opportunities Investment Plan, a 2nd pillar pension plan where savings are invested in equity funds and businesses that have committed to achieve sustainability goals or promote environmental or social characteristics. The plan's aim is to ensure long-term capital growth, with a special focus on ESG factors in the portfolio composition and securities selection process, at the same time maintaining return on investment for the plan's participants.

CBL Global Emerging Markets Bond Fund and European Leaders Equity Fund are aligned with the Sustainable Finance Disclosure Regulation (SFDR), which means that selection of the investments of the fund is based on indicators directly related to selected SDGs and it gives fund's investors the opportunity to gain capital growth by investing in the debt securities of companies that contribute to the achievement of environmental and social sustainability goals. CBL Asset Management considers the principle adverse impacts of its investment decisions on sustainability factors as part of investment management process of CBL Global Emerging Markets Bond Fund and CBL European Leaders Equity Fund.

CBL Life provides life insurance with savings, giving an opportunity for private customers to link their savings to investment funds that adhere to sustainability principles – CBL Global Emerging Markets Bond Fund and European Leaders Equity Fund.

Value chain overview

Citadele's value chain is integral to delivering sustainable financial services and aligning with its ESG commitments. By embedding sustainability considerations into both upstream and downstream activities, the Group ensures responsible procurement, effective risk management, and the delivery of meaningful products and services that support a greener, more inclusive economy. This approach reinforces Citadele's commitment to creating value for stakeholders while driving long-term resilience and sustainability.

The Group's upstream value chain encompasses the goods and services acquired by the Group, such as IT services, financial resources, and consultancy work, among others. The procurement process is designed to establish and maintain an optimal supplier network that fosters healthy and fair competition. It focuses on selecting reliable suppliers with the necessary expertise and quality standards to avoid over-reliance on a single supplier in any area of activity. The Group's procurement activities are carried out in accordance with the Procedure for the Procurement Process.

The Group's downstream value chain comprises the distribution channels through which financial services and products are delivered to customers and clients, including their value chains, via lending, financial services, and asset management. These channels ensure that the Group's offerings are accessible, convenient, and tailored to meet diverse market segment needs, enhancing customer satisfaction and loyalty. A key element of the lending process involves comprehensive client checks, which include evaluating counterparty risk factors such as ESG and climate-related risks during onboarding and when increasing exposure.

Value chain overview

Suppliers	Product and service development	Distribution	Product and service usage
Upstream value chain	*Own operations*	*Downstream value chain*	
Goods and services purchased to run daily operations and provide financial products and services *(e.g. IT services, premises, electricity, consultancy, advertising and marketing, office supplies, etc.)* **Source of capital / Funding**	**Development of financial products and services** **Employees** *(as drivers of the processes that create and deliver value to customers)*	**Channels through which the financial services and products are delivered to customers** ▪ MobileApp and I-Bank ▪ Physical branches ▪ ATMs ▪ Partner networks	**Citadele Group clients (and their value chains) via usage of financial services**, e.g. loan disbursement, wealth management, insurance products, etc.

Interests and views of stakeholders (SBM-2)

Citadele prioritizes being a sustainable bank through its actions and behaviours, rather than focusing on outward appearances. For us, the transition to sustainability involves transforming attitudes and behaviours - a gradual journey that necessitates the involvement of stakeholders in both setting strategic directions and contributing to daily efforts to drive change.

Stakeholder Engagement Approach and stakeholder Groups. Citadele is committed to maintaining open, constructive, and meaningful dialogue with stakeholders. The Group identifies internal and external stakeholders. Internal stakeholders include employees, management, and shareholders. External stakeholders include customers, suppliers, regulators, investors (shareholders and bondholders) and broader society (media, NGOs, educational institutions, students, etc). Citadele further distinguishes stakeholders into two main groups, acknowledging that some, but not all, stakeholders may belong to both groups:

- affected stakeholders: individuals or groups whose interests are affected or could be affected – positively or negatively – by the Group's activities and its direct and indirect business relationships across its value chain; and
- users of sustainability statements: primary users of general-purpose financial reporting, including but not limited to existing and potential investors, lenders and other creditors, including asset managers, as well as other users, including the Group's business partners and social partners, civil society and non-governmental organisations, governments, analysts and academics.

Engagement and Materiality Assessment. Engagement with affected stakeholders is central to Citadele's sustainability materiality assessment. This process helps identify key sustainability topics and assess actual and potential impacts, risks, and opportunities. Insights gained from stakeholder feedback guide the Group in understanding expectations, prioritizing topics, and improving sustainability performance.

Engagement methods and frequency. Stakeholder engagement methods are tailored to the specific needs and characteristics of each group. Citadele evaluates multiple approaches to determine the most suitable engagement method for each stakeholder type. Engagement frequency is regularly reviewed to ensure it aligns with the Group's goals, considering the broad and dynamic nature of sustainability. Key stakeholder feedback forms the foundation for setting priorities and focusing efforts.

Collaboration and Feedback Mechanisms. We engage stakeholders and external experts to better understand sustainability challenges, societal expectations, and the broader impacts of our decisions. This includes regular dialogue with our closest stakeholders, such as proactively gathering employee and customer feedback and interacting with management and supervisory bodies. Operating in a highly regulated industry, we collaborate with regulators and authorities, offering our expertise and perspectives through public consultations and industry association memberships.

We regularly interact with our customers to collect their feedback on our services. Citadele conducts regular customer satisfaction surveys for its banking and MobileApp customers, as well as Brand Personality and Brand Awareness surveys. We monitor our customer NPS score against internally set target, to ensure continued customer satisfaction and engagement.

Customers can share their feedback, report a violation, or share suspicion of prohibited conduct through various channels: both electronically and in person, including through a dedicated section on our website Customer complaints are handled in accordance with a dedicated procedure, aligned with the requirements of external and internal regulations, and recommendations of industry associations.

Integration of Stakeholder Perspectives. The outcomes of stakeholder engagement are analyzed and integrated into Citadele's strategy, business models, products, and services. The Management Board and the Supervisory Board are regularly updated on stakeholder interests, ensuring alignment with organizational goals and ESG priorities.

Roles and responsibilities. Responsibilities for proposing appropriate engagement methods and determining the frequency for each stakeholder group rest with the respective function responsible for that area. The ultimate accountability for ensuring effective stakeholder engagement and integrating its outcomes into the organization's strategy and operations lies with the Management Board, which oversees the alignment of engagement activities with Citadele's ESG goals and business priorities. The ESG Officer, reporting directly to the CEO, is tasked with ensuring effective and appropriate stakeholder engagement for the double materiality assessment (DMA), coordinating engagement activities, and ensuring that the process is inclusive, comprehensive, and aligned with the organization's broader objectives.

Our key stakeholder groups, engagement channels and goals

Stakeholder group*	Engagement form	Purpose of the engagement	Examples of outcomes
Investors – Shareholders, Bondholders *AS, USS*	▪ Public disclosures ▪ Meetings ▪ EBRD/ EIB/ EIF expectations regarding ESG requirements ▪ Capital market days	▪ Gathering feedback on key expectations and needs ▪ Informing the materiality assessment process	▪ Integrated into ESG strategy and roadmap ▪ Prompt responses to investor queries.
Supervisory Board *AS*	▪ Regular Supervisory Board meetings ▪ SB committee meetings ▪ Monthly/ quarterly/ annual reporting	▪ Overseeing the establishment and implementation of ESG strategy. ▪ Informing the materiality assessment process.	▪ Taken into account in ESG strategy implementation.
Management Board *AS*	▪ Board meetings ▪ Management meetings ▪ Monthly/ quarterly/ annual reporting	▪ Establishment and execution of ESG strategy. ▪ Gathering feedback to assess sustainability topic relevance	▪ Integrated into roadmap for ESG objectives ▪ Priority topics weighted significantly in the double materiality assessment
Employees *AS*	▪ Survey on material sustainability topics	▪ Collecting opinions on sustainability relevance	▪ Input integrated into the double materiality assessment
	▪ Quarterly Pulse / eNPS surveys	▪ Find out satisfaction with employment aspects.	▪ Improvements in work environment, corporate culture, etc
	▪ Quarterly live sessions with the Management Board ▪ Trainings on sustainability ▪ ESG intranet section interactions	▪ Gauging satisfaction with employment aspects ▪ Enabling feedback and communication ▪ Building capacity and well-being initiatives	▪ Enhanced work environment, corporate culture, and well-being ▪ ESG-related feedback incorporated into roadmap updates
	▪ Personal development dialogue/ performance review	▪ Promoting sustainable work practices	▪ Talent development.
Customers – corporate *AS*	▪ Survey on material sustainability topics	▪ Understanding corporate customer priorities	▪ Integrated into double materiality assessment.
	▪ Individual meetings ▪ Customer contact center interactions ▪ Customer satisfaction surveys/ NPS surveys	▪ Understanding corporate customer priorities ▪ Building trust.	▪ Process and service enhancements as applicable
Customers – private *AS*	▪ Survey on material sustainability topics ▪ NPS surveys	▪ Obtaining an opinion in the process of assessing the relevance of sustainability topics.	▪ Integrated into double materiality assessment.
	▪ Complaints monitoring	▪ Understanding private customer priorities	▪ Process enhancements based on relevant feedback
Suppliers *USS*	▪ Feedback during regular business engagements ▪ Procurement policies ▪ In-depth reviews	▪ Identifying supplier expectations regarding ESG topics. ▪ Ensure compliance with Supplier Code of Conduct, Terms against Prohibited Conduct etc. ▪ Informing the materiality assessment process.	▪ Adjustments in procurement processes as needed ▪ Improved supplier selection informed by ESG considerations
Authorities, government and regulators *AS, USS*	▪ Regulatory expectations and requirements ▪ Regular updates and meetings with European Central Bank / Bank of Latvia ▪ Conveying the financial sector's perspective through Finance Associations ▪ Meetings with ministers and ministries staff	▪ Identifying expectations and ensuring regulatory compliance ▪ Informing the materiality assessment ▪ Promoting shared understanding of the implications of government decisions to ensure alignment on long-term economic development, tax framework and societal interests.	▪ Expectations and feedback integrated into processes
Society - media, NGOs, educational institutions, students, etc *USS*	▪ Surveys ▪ Academic research contributions and interviews ▪ Student internships ▪ Press releases and interviews	▪ Identifying societal issues and trends ▪ Informing the materiality assessment ▪ Addressing community concerns	▪ Monitoring of Bank's strategic approach alignment with society's expectations ▪ Early identification of areas requiring strategic adjustments

**AS – Affected stakeholders, USS – users of sustainability statements*

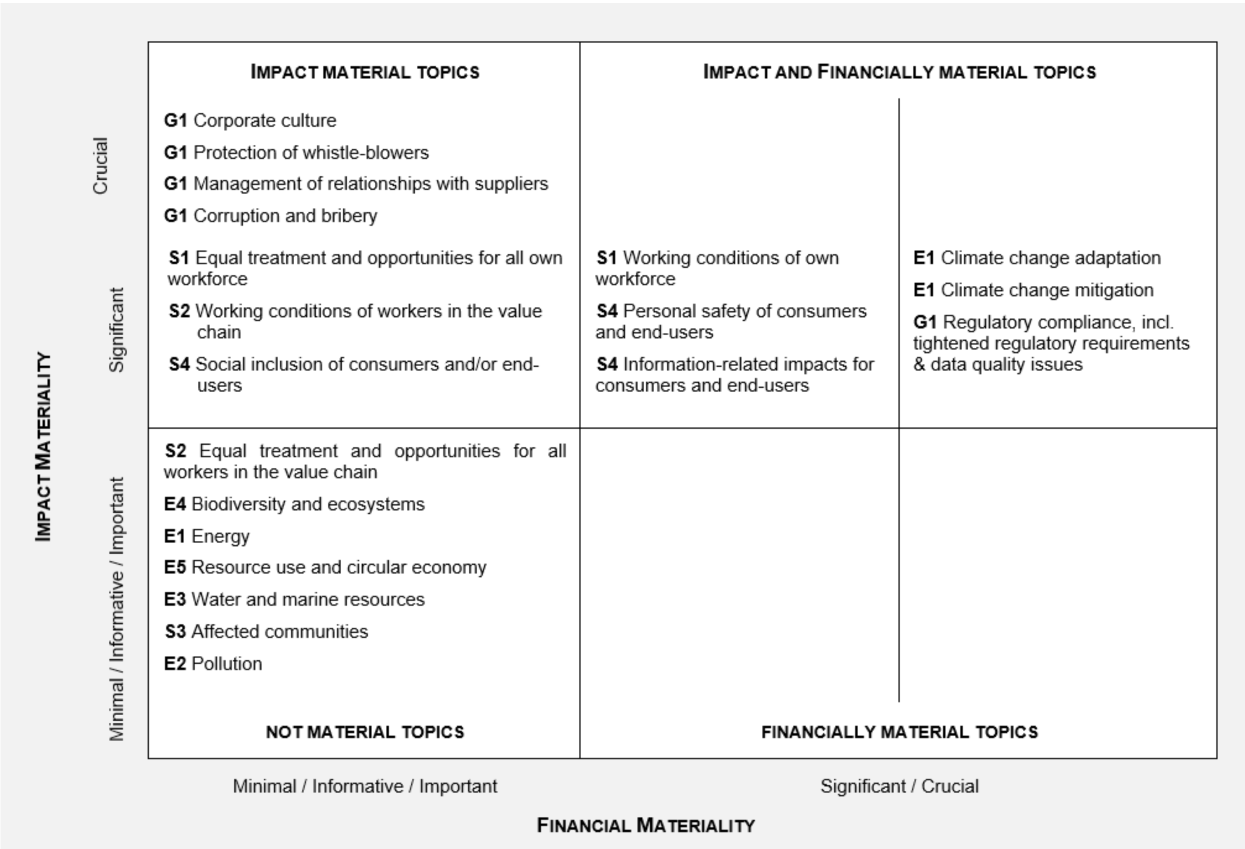
Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

We have identified our impacts on the environment and society (impact materiality assessment) as well as the sustainability-related risks and opportunities to which we are exposed (financial materiality assessment). Through our double materiality assessment (DMA), we have determined our most material sustainability matters, which include the following topics and sub-topics which forms the basis of our sustainability reporting:

- E1 Climate Change - Climate change adaptation and mitigation
- S1 Own Workforce - Working conditions and equal treatment and opportunities
- S2 Workers in the Value Chain - Working conditions
- S4 Consumers and End Users - Personal safety, information-related impacts, and social inclusion
- G1 Business Conduct - Corporate culture, protection of whistle-blowers, management of relationships with suppliers, corruption and bribery, regulatory compliance

Based on the double materiality assessment five out of the ten ESRS topics were not deemed material for this reporting period (Pollution (E2), Water and marine resources (E3), Biodiversity and ecosystems (E4), Resource use and circular economy (E5), Affected communities (S3)). Based on available studies and guidelines, we recognize that pollution, biodiversity, water and marine resources, and resource use and the circular economy are potentially significant both from an impact and financial materiality perspective. However, a detailed evaluation is not currently performed as assessment of the topics requires a more complex approach, which is currently not feasible but is planned to be included in our agenda in the future

Materiality matrix



The sustainability-related impacts, risks, and opportunities (IROs) identified as material through our double materiality assessment process are presented in the tables below, categorized by ESRS topic and sub-topic. The tables specify whether the impacts and risks occur within our own operations (OO) or across our value chain (VC) and indicate whether the impacts are positive, negative, actual, or potential. Brief descriptions of the IROs are included, with additional details on how these are addressed provided in the respective sections on Environment, Social, and Governance.

ENVIRONMENT

Climate change (E1)

The following table presents the material impacts, risks, and opportunities (IROs) related to the material climate change subtopics: Climate Change Mitigation and Climate Change Adaptation. The table specifies whether the IROs occur within the bank's own operations (OO) or across its value chain (VC), and whether the impacts are positive or negative, actual or potential. Each element includes a brief description of the respective IRO's interaction with the bank's strategy and business model. More details on our response to material IROs are available in the respective topical sections of the sustainability statement.

	Material IRO	Interaction with strategy and business model
Climate change mitigation		
Positive actual impact (OO, DVC, ST, MT,LT)	Green & transition financing	Directing capital towards projects that reduce carbon emissions, promote renewable energy, and enhance sustainability practices accelerates the transition to a low-carbon economy, fosters environmental resilience, and supports long-term economic growth. Citadele advances these goals through green loans and products like green savings accounts and green mortgages, funding renewable energy initiatives and energy-efficient housing in the Baltic region.
Negative actual impact (OO, DVC, UVC, ST, MT,LT)	GHG emission generation from portfolio and own operations	GHG emissions contribute to global warming, driving changes in weather patterns that impact the environment and pose financial, operational, and reputational risks for the bank, potentially affecting its operations and portfolio. Citadele addresses these challenges by committing to net-zero portfolio emissions by 2050, reducing its operational footprint, and setting green lending targets to mitigate environmental and financial risks.
Risks (OO, DVC, MT, LT)	Transition risks resulting in increasing ESG related requirements impacting costs and client profitability.	Transition risks stemming from stricter ESG-related requirements lead to rising compliance and operational costs, impacting business margins and reducing client profitability, particularly for less adaptable companies. Citadele mitigates these risks by supporting clients' transitions through targeted green financing and integrates environmental risk assessments into its lending processes to ensure resilience and sustainable growth.
Risks (OO, DVC, MT, LT)	Change in client preferences and behaviour due Group missing client expectations regarding green transition.	Clients perceiving that the Group is not aligning with their values or offering competitive green financing solutions may seek alternative financial service providers, impacting the bank's market share and overall client retention. Citadele addresses this risk by aligning with client values through innovative green financing initiatives, such as the introduction of the Baltic region's first green savings account and offering green lending products. The Group also ensures regular stakeholder engagement and market monitoring to remain responsive to client needs and expectations, enabling timely adjustments to its offerings and reinforcing client trust and loyalty.
Opportunities (OO, DVC, MT, LT)	Development of new products for green and/ or transition financing.	Introducing new products for green and transition financing presents an opportunity for Citadele to expand its market offerings and attract environmentally conscious clients, while also raising awareness among other market participants. Citadele remains committed to enhancing its green lending capabilities to support society's shift toward sustainability.
Climate change adaptation		
Potential negative impact (OO, DVC, MT, LT)	Extreme weather events impact on Group's assets (e.g. real estate portfolio, equipment).	Extreme weather events, such as droughts, floods, and storms, may negatively impact the Group's assets by disrupting operations, causing physical damage to collateral and infrastructure, and leading to operational facility interruptions. Citadele regularly assesses these risks as part of its operational and climate risk management processes.
Risks (OO, DVC, MT, LT)	Decline in asset value due to negative impact of extreme weather events on Group's assets Increased loan defaults due to climate change.	Decline in asset value due to extreme weather and increased loan defaults from climate-impacted industries, such as agriculture and tourism, pose risks by reducing collateral value and affecting portfolio quality. Citadele addresses these challenges through physical risk assessments of real estate collateral, climate risk evaluations in lending, stress testing, and supporting client resilience with green financing solutions.
Potential positive impact / Opportunity (DVC, OO, MT, LT)	Development of products and services for climate change adaptation.	Launching specific products aimed at climate change adaptation presents an opportunity for the bank to differentiate itself in the market by offering solutions that help clients cope with the impacts of climate change that are already occurring or anticipated. Regular market monitoring is conducted to ensure a timely response to client needs and expectations.

OO – own operations, UVC – upstream value chain, DVC – downstream value chain, Time horizon: ST – short term, MT – medium term, LT – long term

SOCIAL

Own workforce (S1)

The following table presents the material impacts, risks, and opportunities (IROs) related to the material own workforce subtopics: Working conditions and Equal treatment and opportunities for all. The table specifies whether the impacts are positive or negative, actual or potential. Each element includes a brief description of the respective IRO's interaction with the bank's strategy and business model. More details on our response to material IROs are available in the respective topical sections of the sustainability statement.

	Material impact or risk	Interaction with strategy and business model
Working conditions		
Positive actual impact (OO, ST, MT, LT)	Human rights in employment relations - ensuring good working conditions, work-related rights, wellbeing and welfare.	Ensuring good working conditions and wellbeing fosters a positive work environment, boosts employee satisfaction, and strengthens the Group's reputation. This is an essential part of Citadele's people strategy, supported through employee benefits, wellbeing programs, mental health resources, and work-life balance initiatives. Citadele invests in employee development with training opportunities and volunteer days, enabling staff to contribute to social causes and further enhancing engagement and loyalty.
Risks (OO, ST, MT, LT)	Talent retention challenges/ War for talent.	Talent retention challenges and the war for talent may lead to a loss of valuable expertise and affect overall productivity, while also making it more difficult to attract and retain top talent and increasing recruitment costs. Citadele addresses these challenges through its people strategy, good working conditions and employee wellbeing activities.
Opportunities (OO, ST, MT, LT)	Becoming an employer of choice.	The Group's people strategy aims to become an employer of choice, enabling the bank to attract and retain top talent by fostering a supportive and engaging work environment. This approach enhances employee satisfaction and productivity, strengthens the Group's reputation as a preferred employer, and contributes to long-term organizational success and innovation.
Equal treatment and opportunities for all		
Positive actual impact (OO, ST, MT, LT)	Ensuring inclusive workplace and equal opportunities for all employees.	Citadele ensures inclusive workplace with equal opportunities which fosters a positive environment where employees feel valued and respected, leading to higher job satisfaction and engagement. This approach enhances team collaboration and innovation, as diverse perspectives contribute to more effective problem-solving and decision-making.
Positive actual impact (OO, ST, MT, LT)	Professional skill and competence development for all employees.	Professional skill and competence development for all employees involves providing training and growth opportunities to enhance employee expertise and performance. This supports career advancement, improves job satisfaction, and helps the bank maintain a highly skilled and adaptable workforce. Citadele offers a range of training programs tailored to employee development, fostering continuous learning and career progression.

OO – own operations, Time horizon: ST – short term, MT – medium term, LT – long term

SOCIAL

Workers in the value chain (S2)

The following table presents the material impacts, risks, and opportunities (IROs) related to the material Workers in the value chain subtopic: working conditions. The assessment revealed a positive impact within both the upstream (UVC) and downstream (DVC) value chains, particularly in advancing human rights in employment relations and enhancing work safety standards. No material risks or negative material impacts identified in this area. More details on our response to material IROs are available in the respective topical sections of the sustainability statement.

	Material impact or risk	Interaction with strategy and business model
Working conditions		
Positive impact (DVC, UVC, ST, MT, LT)	Human rights in employment relations incl. work safety standards in value chain.	In the value chain workforce, a bank's commitment to human rights and work safety enhances conditions and safety for suppliers and partners, fostering reliable operations and stronger stakeholder relationships. Citadele Group contributes by embedding these principles into its Supplier Code of Conduct, which emphasizes fair labour practices, safe working conditions, and ethical standards, as well as integrating them into its lending practices.

UVC – upstream value chain, DVC – downstream value chain, Time horizon: ST – short term, MT – medium term, LT – long term

SOCIAL

Consumers and end users (S4)

The following table presents the material impacts, risks, and opportunities (IROs) related to Consumers and end users subtopics: Information-related impacts for consumers and/or end-users and Personal safety of consumers and end-users. The table specifies whether the IROs occur within the bank's own operations (OO) or across its value chain (VC), and whether the impacts are positive or negative, actual or potential. No negative material impacts identified in this area. Each element includes a brief description of the respective IRO's interaction with the bank's strategy and business model. More details on our response to material IROs are available in the respective topical sections of the sustainability statement.

	Material impact or risk	Interaction with strategy and business model
Social inclusion of consumers and/ or end-users		
Positive actual impact (DVC, ST, MT, LT)	Availability, accessibility, affordability, quality of resources (housing, mobility, finance) and access to financial services.	Access to essential resources such as housing, mobility, and finance is vital for fostering economic growth, improving quality of life, and supporting sustainable development. Citadele contributes by providing financing and digital banking services, enabling private individuals and businesses to manage their finances effectively, obtain loans, and make investments. These efforts ensure broader access to financial solutions that create opportunities for growth, expansion, and long-term success.
Information-related impacts for consumers and/or end-users		
Positive actual impact (DVC, ST, MT, LT)	Access to quality product information to make informed decisions about a product or service.	Citadele ensures access to quality information about products and services, enabling customers to make well-informed choices that best meet their needs.
Risks (OO, DVC)	Operational disruptions affecting access to financial information	Operational disruptions can cause service outages and transaction delays, limiting customer access to financial services and real-time financial data. This may hinder customers' ability to make timely financial decisions and potentially impact the bank's reputation. Citadele mitigates these risks through resilient digital banking, continuous risk monitoring, and disaster recovery plans.
Personal safety of consumers and end-users		
Positive actual impact (OO, DVC, ST, MT, LT)	Ensuring customer data protection.	Ensuring customer data protection is critical in maintaining privacy, building trust, and complying with regulatory requirements. Safeguarding personal and financial information from unauthorized access, breaches, or misuse is essential to preserving the integrity of financial institutions and fostering long-term customer relationships. Citadele is committed to protecting customer data through robust security measures, advanced encryption technologies, and strict compliance with data protection regulations.
Risks (OO, DVC, ST, MT, LT)	Cyber security.	Managing cybersecurity risks is essential for protecting sensitive financial information, maintaining operational integrity, and safeguarding customer trust against cyber threats and breaches. Citadele is committed to robust cybersecurity practices, employing advanced security technologies, continuous risk monitoring, and strict compliance with industry standards to mitigate potential threats.
Risks (OO, DVC, ST, MT, LT)	Customer data misuse.	Customer data misuse, involving the inappropriate or unauthorized use of personal and financial information, can result in privacy violations, identity theft, and financial loss. For Citadele, preventing data misuse is one of the top priorities, achieved through stringent data handling policies, advanced monitoring systems, and adherence to regulatory standards.

OO – own operations, DVC – downstream value chain, Time horizon: ST – short term, MT – medium term, LT – long term

GOVERNANCE

Business conduct (G1)

The following table presents the material impacts, risks, and opportunities (IROs) related to Business conduct subtopics: Corporate culture, Protection of whistle-blowers, Management of relationships with suppliers including payment practices and Corruption and bribery. The table specifies whether the IROs occur within the bank's own operations (OO) or across its value chain (VC), and whether the impacts are positive or negative, actual or potential. No negative material impacts identified in this area. Each element includes a brief description of the respective IRO's interaction with the bank's strategy and business model. More details on our response to material IROs are available in the respective topical sections of the sustainability statement.

	Material impact or risk	Short description
Corporate culture		
Positive actual impact (OO, ST, MT, LT)	A strong corporate culture driving the bank toward common goals.	Citadele fosters a strong corporate culture that unites employees around shared values and common goals, promoting collaboration and a sense of purpose across the organization. This approach aims to enhance motivation, productivity, and engagement, driving the bank toward achieving its strategic objectives more effectively.
Protection of whistle-blowers		
Positive actual impact (DVC, UVC, OO, ST, MT, LT)	Protection of whistleblowers through policies and procedures that prevent adverse actions.	Protection of whistleblowers is ensured through policies and procedures that safeguard them from retaliation or adverse actions. These measures create a secure environment where employees can report unethical or illegal activities without fear of negative consequences, promoting transparency and accountability within the organization.
Management of relationships with suppliers including payment practices		
Positive actual impact (UVC, OO, ST, MT, LT)	Effective management of suppliers, compliance with the supplier code of conduct, and maintaining proper payment practices.	Effective management of suppliers and maintaining proper payment practices are essential to fostering ethical and sustainable business operations. Citadele establishes clear expectations for suppliers through its Supplier Code of Conduct, addressing ethical behaviour, labour practices, environmental responsibility, and business integrity. The bank ensures transparent and timely payment practices to maintain strong, fair relationships with suppliers, reflecting its commitment to responsible business practices and sustainability.
Regulatory compliance, incl. tightened regulatory requirements and data quality issues		
Actual positive impact (OO, DVC, ST, MT, LT)	Strong compliance with sanctions and ML/TF/PF regulations.	Strong compliance with sanctions and ML/TF/PF regulations is essential for responsible business conduct and long-term stability. This is achieved through robust risk management processes and regular training.
Risks (OO, DVC, ST, MT, LT)	Noncompliant products, customer treatment and business practice resulting from tightened regulatory requirements	Noncompliant products, customer treatment, and business practices resulting from tightened regulatory requirements, including the ESG area and changes in government policies and regulations, can lead to reputational damage and potential legal penalties. The bank addresses this risk through a robust compliance framework, continuous regulatory monitoring, ESG integration within the overall risk management framework, and regular staff training.
Risks (OO, DVC, ST, MT, LT)	Data quality issues impacting business decisions and/or reporting.	Data quality issues can affect business decisions and reporting by causing inaccuracies and leading to less reliable insights. This may result in challenges with decision-making and reporting, potentially impacting strategic outcomes and stakeholder confidence. Data governance and data quality are among top priorities that the bank continuously works to strengthen to ensure accuracy, reliability, and compliance in decision-making and reporting.
Risks (OO, DVC, ST, MT, LT)	Sanctions breaches and ML/TF/PF issues	Sanctions breaches and ML/TF/PF (Money Laundering, Terrorist Financing, and Proliferation Financing) issues pose legal, financial, and reputational risks. To mitigate these risks, the bank has implemented a robust compliance framework, including transaction monitoring, sanctions screening, and regular staff training.
Corruption and bribery		
Positive actual impact (OO, ST, MT, LT)	Strong ethical and transparent corporate governance with zero tolerance for corruption and bribery	Citadele is committed to strong ethical and transparent corporate governance with zero tolerance for corruption and bribery, fostering a culture of integrity and trust. This commitment is reinforced through a comprehensive internal governance framework, alongside policies and procedures that promote responsible and ethical business practices.

OO – own operations, UVC – upstream value chain, DVC – downstream value chain, Time horizon: ST – short term, MT – medium term, LT – long term

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)

The Group reports on sustainability matters based on the double materiality principle (as defined and explained in ESRS 1 General requirements) encompassing its two key aspects: impact materiality and financial materiality. The process of identifying material sustainability topics was started in 2021 through discussions with the Management and Supervisory Boards, supported by the ESG team. These initial efforts established Citadele's sustainability direction, ambitions, and priorities, resulting in the prioritization of five UN Sustainable Development Goals (SDGs) closely aligned with the Group's business strategy and existing contributions to social and environmental practices.

In 2022, a company-wide materiality assessment expanded this process by incorporating employee feedback, recognizing employees as a key stakeholder group. Using the UNEP FI Portfolio Impact Analysis Tool, Citadele assessed the sustainability impacts of its core business areas - Retail and Corporate (including SMEs) - representing 90% of the Group's total operating income. This assessment analyzed customer profiles (legal entities and households) and covered all three Baltic countries, weighing each country's contribution by its share in the lending portfolio. Lending, as a core product, was identified as a direct opportunity for impact, with all legal entity loans and household products like mortgage loans and finance leases included in the analysis. Findings were contextualized within national policy priorities and 2030 targets, the EU Recovery and Resilience Plan, and National Development Plans of each country.

In 2023, the materiality assessment was further refined to align with the ESRS requirements. Insights from peer dialogues, industry association meetings, and stakeholder engagement were incorporated to ensure alignment. Building on prior efforts, Citadele assessed both - impact materiality, evaluating the sustainability-related effects of operations and the value chain, and financial materiality, quantifying sustainability-related risks where possible and supplementing them with qualitative evaluations.

The first step of IRO identification included compilation of a comprehensive long list of topics relevant to Group's operations, business strategy, and business model. This list incorporated sustainability topics from ESRS 1 AR16, existing internal impact areas such as those identified through risk identification and GRI reporting, relevant SDGs, impact areas from the Principes for Responsible Banking (PRB) assessment, and financial industry-specific topics highlighted by Sustainability Accounting Standards Board (SASB). The long list was then consolidated by eliminating duplicates, aggregating or disaggregating impacts as necessary, and integrating all identified topics into the ESRS 1 AR16 structure. Thematic grouping is used to streamline the list by merging related sub-topics across frameworks. Overlapping areas are integrated to ensure no critical topics are overlooked. Harmonization of terms, such as aligning definitions and criteria across different frameworks, further refines topics. By using ESRS as the structural foundation while incorporating inputs from other frameworks, the process achieves a unified and comprehensive perspective. The result is a refined, actionable list of sustainability topics that balances breadth and practicality, enabling Citadele to effectively prioritize its assessments and make informed decisions about impacts, risks, and opportunities.

The identified IROs are further assessed for materiality, incorporating stakeholder engagement to validate impacts and ensure completeness. Sustainability topics with no identified impacts, risks, or opportunities are excluded from further materiality assessment. The materiality of impacts is evaluated based on severity (scale, scope, and irremediable character for negative impacts; scale and scope for positive impacts) and likelihood. Financial materiality is assessed using quantitative and qualitative thresholds, focusing on likelihood and magnitude of anticipated financial effects on performance, financial position, cash flows, and access to finance.

For its own operations, Citadele evaluates impacts on people and the environment, along with associated risks and opportunities. Value chain assessments were based on internal knowledge and mainly focused on our first-tier impacts. 2024 year's assessment focused on key stakeholders, including internal subject-matter experts, management, employees, and corporate customers, and integrated insights from scientific studies.

A new process has been developed to ensure that material impacts, risks, and opportunities are recorded in the IRO register and are regularly monitored and reported to the Management Board—annually or more frequently if necessary—on actions, KPIs, and targets related to material IROs. These impacts, risks, and opportunities are reassessed annually to determine their inclusion in the sustainability statement. The results of the double materiality assessment are reviewed and validated by the ESG Working Group and subsequently approved by the Management Board.

For each identified material IRO, we disclose whether it relates to own operations or the value chain and indicate the relevant time horizon. Potential risks and financial impacts of environment-related risks are identified in a parallel process via risk identification process and quantified via Internal Capital Adequacy Assessment Process (ICAAP). Both these processes are informed by the Climate-related Scenario Analysis performed within the extended ESG Working Group. The IROs identified are further assessed for materiality. This step of assessment also includes engagement with key stakeholders to support assessment and validation of impacts and ensure completeness of the outcome.

When assessing materiality of impacts, the Group considers the following time intervals defined in accordance with the principles of the ESRS:

- for the short-term time horizon: the period adopted as the reporting period in the Group's financial statements -1 year;
- for the medium-term time horizon: from the end of the short-term reporting period to five years; and
- for the long-term time horizon: more than five years.

Sustainability matter is deemed "material" for the Group when it meets the criteria defined for impact materiality or financial materiality, or both. Impact materiality pertains to the Group's actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term time horizons. Impacts include those caused or contributed to by the Group and those which are directly linked to the Group's own operations, products, or services through its business relationships. Business relationships include the Group's upstream and downstream value chain and are not limited to direct contractual relationships. In this context, impacts on people or the environment include impacts in relation to environmental, social and governance matters. Financial materiality pertains to the material information about risks and opportunities related to a sustainability matter if it triggers or may trigger material financial effects on the Group. This is the case when a sustainability matter generates or may generate risks or opportunities that have a material influence (or are likely to have a material influence) on the Group's cash flows, development, performance, position, cost of capital or access to finance in the short-, medium- and long-term time horizons.

When conducting the double materiality assessment (DMA), we leverage regular dialogue with affected stakeholders and engage specific stakeholder groups as part of the DMA process. In 2024, an ESG survey was conducted to support the DMA, involving two key stakeholder groups: employees and corporate customers (legal entities). Stakeholder views will be updated at least every three years as part of the materiality assessment process. Stakeholder groups not engaged in this assessment are planned for inclusion in future DMA reviews.

Scoring impacts. Three parameters of 'scale', 'scope', and 'irremediable character' have been used in the scoring of the 'severity' of our actual impacts at a 5-point scale (1 = minimal, 5 = crucial). When scoring 'scale', we assessed how great the impact is on the environment or people, after consideration of mitigation actions already in place. When scoring 'scope', we assessed how widespread the impact is based on parameters such as percentage of sites, employees, or financial spending that the impact relates to. When scoring 'irremediable character' for negative impacts, we assessed how difficult it is to reverse the damage in terms of cost and time horizon. For potential impacts, an additional parameter of 'likelihood' was scored.

Scoring of impacts

	Severity			Likelihood	Impact assessment	
	Scale *How great the impact is on the environment or people*	**Scope** *How widespread the impact is*	**Irremediability** ***(for actual negative impact)*** *How difficult it is to reverse the damage in terms of cost and time horizon*	*For potential impacts*	*Overall impact score*	*Materiality Yes /No*
Scale – impact assessment						
1	minimal	limited	easy to remedy short-term	low	Low	No
2	informative	concentrated	remediable with effort (time&cost)	medium-low	medium-low	No
3	important	medium	difficult to remedy or mid-term	medium	medium	No
4	significant	widespread	very difficult to remedy or long-term	medium-high	medium-high	Yes
5	crucial	global/total	non-remediable/ irreversible	high	high	Yes

For negative actual impacts, the parameters (scale, scope, irremediability) are weighted equally. If any parameter is significant (or the same category), the impact is classified as significant or crucial. For negative potential impacts, severity and likelihood are weighted equally (50/50). For positive actual impacts, scale and scope are weighted equally. For positive potential impacts, likelihood is also factored in.

Scores are based on a combination of expert-based evaluations and stakeholder engagement inputs (both internal and external stakeholders). If no impacts, risks, or opportunities (IROs) are identified, no materiality scores are assigned. Topics flagged as material by stakeholders but lacking identified IROs (e.g., animal welfare) are documented for deeper review in future DMA cycles.

Scoring risks and opportunities. When scoring risks, we assessed the potential magnitude of financial effects based on different triggers, using appropriate quantitative and/or qualitative thresholds, as part of Climate-related Risk Materiality assessment and ICAAP process. The opportunities are assessed based on the scenario analysis conducted using the Network for Greening the Financial System (NGFS) scenario framework.

The financial materiality assessment evaluates and quantifies sustainability-related risks, which are integrated into Citadele's overall risk management framework. On top of regular assessment of risks associated with lending and trading credit exposures, ongoing monitoring of portfolios, assessment of risks in new business activities and processes, operational Risk and Control Self-assessment, Citadele has an annual process to identify all the material risks that the Group is subject to under the economic and normative perspectives that feeds as an input into the ICAAP. Both, bottom up (i.e. risks are identified in the day-to-day business activity, New Product Approval Process, 2nd line challenge) and top down (enabling to identify larger bank-wide risks) approaches are used. The risk identification process is led by a dedicated working team and includes number of training sessions and workshops for the involved employees – representatives of essential functions.

The double materiality assessment assumes that risks identified through the risk identification process and included in the ICAAP are classified as significant or crucial, irrespective of the likelihood of the risk or opportunity materializing. A financial materiality impact score is determined based on the magnitude – potential financial impact (potential loss threshold in EUR million – % of assets below). If no associated risks or opportunities are identified within the relevant sustainability topics or subtopics during the internal risk identification process, the respective sustainability topic or subtopic is assessed as not material and assigned a score of 1.

Scoring of risks and opportunities

Scale	Likelihood	Magnitude	% of assets	Overall impact score	Materiality Yes/No
1	Rare (once in 15 years)	Minimal	n/a	Minimal	No
2	Low (once in 10 years)	Informative	n/a	Informative	No
3	Medium (several times per 5 years)	Important	up to 0.02%	Important	No
4	High (at least once a year)	Significant	0.02%-0.4%	Significant	Yes
5		Crucial	>0.4%	Crucial	Yes

Materiality thresholds. To identify which sustainability matters are material for reporting purposes, materiality thresholds are established based on severity, likelihood, and financial magnitude. For reporting purposes, the threshold is set at 'significant'. This means that impacts, risks and opportunities scored as 'significant' or higher, along with their associated ESRS topics, are considered material.

Disclosure requirements in the ESRS covered by the undertaking's sustainability statement (IRO-2)

List of datapoints in cross-cutting and topical standards that derive from other EU legislation (IRO-2)

Disclosure requirement	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21(d)	Indicator Nr. 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2 GOV-1
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2 GOV-1
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator Nr. 10 Table #3 of Annex 1				ESRS 2 GOV-4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators Nr. 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator Nr. 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator Nr. 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	ESRS E1-1
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.		Not material
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator Nr. 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		ESRS E1-4
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator Nr. 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not material
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator Nr. 5 Table #1 of Annex 1				ESRS E1-5
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator Nr. 6 Table #1 of Annex 1				Not material
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators Nr. 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		ESRS E1-6

Disclosure requirement	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators Nr. 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		ESRS E1-6
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	ESRS E1-7
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not material (phase-in)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not material (phase-in)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not material (phase-in)
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not material (phase-in)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator Nr.8 Table #1 of Annex 1 Indicator Nr.2 Table #2 of Annex 1 Indicator Nr. 1 Table #2 of Annex 1 Indicator Nr. 3 Table #2 of Annex 1				Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator Nr.7 Table #2 of Annex 1				Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator Nr. 8 Table 2 of Annex 1				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator Nr. 12 Table #2 of Annex 1				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator Nr. 6.2 Table #2 of Annex 1				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material

Disclosure requirement	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				ESRS 2 – SBM-3 - S1
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				ESRS 2 – SBM-3 - S1
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				ESRS S1-1
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		ESRS S1-1
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				ESRS S1-1
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				ESRS S1-1
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				ESRS S1-3
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		ESRS S1-14
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				ESRS S1-14
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		ESRS S1-16
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				ESRS S1-16
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				ESRS S1-17
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		ESRS S1-17
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				ESRS 2 – SBM-3 - S2
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				ESRS S2-1
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				ESRS S2-1
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		ESRS S2-1
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		ESRS S2-1

Disclosure requirement	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				
ESRS S3-1 Human policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				ESRS S4-1
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art12 (1)		ESRS S4-1
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				ESRS S4-3
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				ESRS G1-1
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				ESRS G1-1
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (b)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		ESRS G1-4
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				ESRS G1-4

ESRS E1 Climate change

Strategy - Transition plan for climate change mitigation (E1-1)

Citadele recognizes that climate change impacts our operations by posing risks to our staff, customers, facilities, and the societies in which we operate. We also acknowledge that our operations affect the climate and environment, both directly and indirectly. As a financial institution, we have the opportunity to play a positive role in addressing climate change by adopting sustainable practices, financing green and transition projects, and encouraging our clients to adopt more sustainable practices.

Our activities and business model can impact the climate and environment in several ways. Our **direct impact** includes energy consumption for powering Citadele offices, branches, and data centers; products and services purchased from our suppliers; emissions from transportation related to business travel and employee commuting. Our **indirect impact** includes: the environmental effects of the economic activities we support through our financial products and services; loans and financing for projects and companies that may contribute to climate change or other environmentally harmful practices.

Citadele recognizes environmental impact as a material topic and as a means to contribute to several of our focus Sustainable Development Goals (SDGs).

Citadele's contribution to SDGs 7 – Affordable and clean energy, 8 – Decent work and economic growth, and 9 – Innovation and infrastructure are part of our indirect environmental impact through our financing and work with clients and suppliers.

Citadele's contribution to SDG 13 – Climate action is part of our environmental impact both directly through our own operations and indirectly through our financed portfolio and work with clients and suppliers.

In 2023, Citadele achieved carbon neutrality in its own operations by reducing emissions where possible and offsetting the remainder. From 2024 onward, we are shifting focus to strategies aimed at directly reducing and eliminating emissions within our operations, with concrete reduction targets and regular progress reporting as we believe that addressing emissions at their source offers greater long-term value than relying on offsets. While the environmental impact of our operations is relatively small compared to our indirect impact, it is an area where we can exert direct control and drive meaningful improvements. By minimizing our carbon footprint and enhancing the accuracy of emissions calculations, we aim to make a more sustainable and lasting contribution to combating climate change.

Citadele is committed to achieving net-zero carbon financed emissions by 2050, in alignment with the Paris Agreement. A critical step in this journey is establishing a clear baseline of Scope 3 emissions from our loan portfolio. We calculate these financed Scope 3 GHG emissions in accordance with the Global GHG Accounting and Reporting Standard by PCAF. However, we recognize the need for more accurate data to set meaningful and measurable reduction targets. While Citadele does not currently have a fully developed Transition Plan, we are working toward one and are committed to finalizing it by the end of 2025. To achieve this, we will focus on collecting detailed client-level data, developing decarbonization pathways for high-emission industries, and preparing a comprehensive GHG emissions reduction roadmap.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Citadele supports the economy with financing for growth and expansion, with new financing for private, SME, and corporate customers reaching EUR 1,346 million in 2024. As part of its commitment to sustainable growth, Citadele Group promotes the transition to a low-carbon economy through green lending, which amounted to EUR 102.4 million, ensuring financial resilience and long-term value creation in the Baltic region.

The resilience of Citadele's strategy and business model in relation to climate change is evident in its approach to integrating sustainability into core operations. The bank has committed to achieving net-zero financed emissions by 2050, aligning its practices with the Paris Agreement's objectives. To support this goal the bank will develop transition plan in 2025, and will remain focused on calculation and reducing of both operational and financed emissions. To support green and transition financing, Citadele issues green financing and sets annual new green financing targets. Stakeholder engagement supports the bank's strategy with societal and client expectations, ensuring that its offerings remain resilient. The bank conducts regular business environment monitoring and stakeholder engagement, to follow the market trends and client needs. Citadele was the first in the Baltics who introduced green savings account, giving opportunity to clients to participate in green transition knowing that deposited funds are used to finance projects aimed at reducing carbon emissions. The bank offers a range of green lending products and is committed to aligning with market expectations, ensuring the availability of financing while proactively assessing demand for new products and introducing them as market needs evolve.

Citadele evaluates climate-related risks and opportunities across the Baltic region, where its operations are primarily concentrated. Climate risk management is embedded in the bank's operations. Physical and transition risks are assessed on portfolio level, integrated into decision-making processes and stress testing framework. Additionally the bank performs annual Climate-related risk materiality assessment, defining climate-related risks across all portfolios and segments. The bank's major material impacts and risks in relation to climate change primarily arise from its lending portfolio. The integration of ESG principles into governance framework enables Citadele to adapt to emerging risks and opportunities effectively. Transparency and regulatory compliance are central to the bank's approach. By adhering to ESRS standards, Citadele ensures clear and comprehensive climate-related disclosures. Its governance bodies oversee the development and execution of ESG strategies, monitoring progress regularly. Citadele's green financing products are distributed through various channels, including digital banking platforms, branch networks, and corporate relationship managers. These channels help reach a broad customer base and ensure the accessibility of sustainable financing solutions. For more information, please see sections Management of Climate-related risks.

Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2 IRO-1)

GHG emission calculations. Greenhouse gas emissions are calculated based on Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard methodology. The results are expressed in CO2 equivalents, the universal greenhouse gas unit of measurement which indicates the potential for causing global warming. Citadele accounts for scope 1 and scope 2 GHG emissions and includes significant scope 3 categories for its operations.

Citadele's direct emissions (scope 1) are emissions from stationary combustion diesel generators in Citadele premises ensuring operational continuity in case of electricity disruptions, mobile combustion through use of company owned vehicles, and fugitive emissions from air-conditioning devices used in Citadele's office premises & data center devices. Citadele's indirect GHG emissions (scope 2) are purchased electricity and heat. Scope 3 upstream activity emissions include purchased goods and services; electricity & heat grid loss, indirect effects of heat production; emissions from employee commute, remote work and travel, and waste generated in operations. Scope 3 downstream emissions include financed investments (scope 3, category 15 emissions), which is the most significant category in terms of emissions generated compared to total scope 3 and total GHG emissions of the Group.

Citadele reports GHG emissions on an operational control basis. Under this approach, a company accounts for 100% of the GHG emissions from operations over which it or one of its subsidiaries has operational control. It does not account for GHG emissions from operations in which it owns an interest but does not have operational control. Facilities falling under the operational control of the company – Bank's subsidiaries, branches and client service centres in Latvia, Lithuania, and Estonia. Kaleido Privatbank AG (Swiss subsidiary committed for sale) has been presented as discontinued operations since 31 December 2022, and not in the scope for GHG emission calculations.

Activity data for GHG emission calculations were obtained either from the internal data management systems of Citadele or external service providers. Emission factors used in the calculations are derived from one of the following sources: country specific emission factors for heat production in Latvia, Lithuania and Estonia obtained from national reports or data officially published by the government; UK Government GHG Conversion Factors for Company Reporting; Greenhouse gas reporting: conversion factors 2023 – GOV.UK (www.gov.uk). For green electricity purchased in Latvia, Lithuania, and Estonia, supplier-provided certificates were used to confirm the renewable origin of the electricity. Based on these certificates, a zero emission factor was assumed in line with market-based accounting. For Scope 2 purchased electricity, the Association of Issuing Bodies (AIB) residual mix emission factors were used for the market-based approach and supplier mix emission factors for the location-based approach. For Scope 2 purchased heat, both the location-based and market-based methods are calculated; however, in the absence of supplier-specific data, both approaches currently rely on the same grid average emission factors. These factors are derived from publicly available national methodologies and scientific publications relevant to Latvia, Lithuania, and Estonia. Partnership for Carbon Accounting Financials (PCAF) data base for scope 3 category 15 emissions calculations. Emission factors were selected based on the principles and guidelines outlined in the GHG Protocol Corporate Standard. Priority was given to the most accurate and relevant factors for the specific industry, location, and operational context. Whenever possible, regional or country-specific emission factors were applied, along with sector-specific values.

Carbon offset. In line with our commitment to operate carbon neutral own operations, in March 2024 3,720 Registry Verified Carbon Units (VCU) were retired on behalf of Citadele to cover emissions in 2023 (project type – wind power). The VCU were issued in accordance to Verified Carbon Standard protocol. The issuance and ownership of these instruments are tracked in Verra Registry using unique serial numbers to prevent double counting or double selling. No GHG removal activities have been implemented. We are not exposed to regulated emissions trading systems, and no internal carbon pricing schemes were applied in the reporting period

Significant and non-significant scope 3 emissions

Based on Citadele assessment, the Group has concluded that the majority of its Scope 3 emissions (over 99%) originate from its customers' operations and investments securities (category 15). The remaining Scope 3 emissions in categories 1–14 represent less than 1% are therefore considered as insignificant. As a result, categories 1 to 14 are excluded from Citadele's scope 3 emissions reporting. However, Citadele will continue to calculate and monitor Scope 3 emissions from all categories for internal planning and climate target tracking. For the first report in accordance with ESRS, Citadele is using figures for 2024 as the baseline year.

Scope 3 emissions from the lending portfolio (category 15)

Citadele calculates emissions in accordance with the Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition, PCAF (2022). Financed emissions are calculated by multiplying an attribution factor by the emissions of the borrower or investee (the Global GHG Accounting and Reporting Standard for the Financial Industry, p. 38) as described in more detail further for each type of assets.

For business loans, commercial real estate, residential mortgages, and motor vehicle loans, emissions are estimated using indirect sources, such as data from external databases like PCAF or estimated sector averages where data not available. These estimations reflect client emissions, and the preparation of these metrics relies on proxies as information from customers is not available. Consequently, the level of accuracy varies. Lower PCAF scores (1, 2, and 3) are achieved when more accurate, customer-specific data is available, while higher scores (4 and 5) indicate reliance on generalized estimates. Data quality scores, which range from 1 (most accurate) to 5 (least accurate), are provided in the Scope 3 Financed Emission Intensity table. We have based our calculations on the best available data currently accessible, but we acknowledge that this data is subject to uncertainty. To enhance accuracy, Citadele plans to start engaging with clients in 2025, collecting data from customers, and continues to work towards integrating more precise customer data into future assessments.

Motor Vehicles Loans. This asset class includes financing of motor vehicles - passenger cars, vans and heavy vehicles. In accordance with the PCAF standard, the method covers scope 1 and scope 2 emissions of motor vehicles. The financed emissions of motor vehicle loans are calculated by multiplying an attribution factor by the emissions of the vehicle. The attribution factor is equal to the financing provided for each motor vehicle, divided by the market value of the vehicle at loan origination (purchase price). Vehicle emissions are sourced from PCAF database, based on vehicle type and fuel type.

Business loans. This asset class includes on-balance sheet loans and lines of credit provided to businesses and other organizational structures that are not publicly traded. The method covers scope 1, scope 2 and scope 3 emissions of the bank's customers. The calculation of financed emissions for business loans consists of two components: the attribution factor and the company's emissions. The attribution factor is determined by dividing the outstanding loan balance by the company's total assets, serving as a proxy for total debt plus equity. Total assets are taken as of the latest available date. When such data is unavailable, calculations are based on estimated average of the portfolio assets. Customer emissions data is estimated using region-specific and industry-level proxy information provided by PCAF.

Commercial Real Estate. This asset class includes on-balance sheet loans for the purchase and refinance of commercial real estate (CRE). The property is used for commercial purposes. CRE investments listed in the stock market are included in listed equity asset class. Loans secured by CRE for other purposes than CRE and loans to CRE companies that are unsecured are classified as business loans. Emissions are calculated by multiplying the attribution factor by the building's emissions. The attribution factor is calculated by dividing the outstanding loan amount by the property value at origination. The methodology for calculating building emissions depends on data availability. Estimated building energy consumption is based either on floor area (if available) or the number of buildings. Estimated building emissions based on floor area are based on building type and location-specific statistical data from PCAF data base. Emissions are calculated using estimated building energy consumption and average emission factors specific to the respective energy source from PCAF data base.

Mortgages. This asset class includes on-balance sheet loans for the purchase and refinancing of residential property, including flats, individual homes, and multi-family housing with a small number of units. The property is used exclusively for residential purposes and not for commercial activities. Emissions are calculated by multiplying the attribution factor by the building's emissions. In accordance with the PCAF standard, the method covers Scope 1 and Scope 2 emissions. The attribution factor is calculated by dividing the outstanding loan amount by the property value at origination. The methodology for calculating building emissions depends on data availability. Estimated building energy consumption is based either on floor area (if available) or the number of units/buildings. If the floor area is available, emissions are calculated by multiplying the floor area by the average emission factors from the PCAF database. If the floor area is not available, the calculation is based on the unit and the respective PCAF database factor.

Listed equity and corporate bonds. This asset class includes all on-balance sheet listed corporate bonds and all on-balance sheet listed equity that are traded on a market and are for general corporate purposes (i.e., unknown use of proceeds as defined by the GHG Protocol). The financed emissions are calculated by multiplying the attribution factor by the emissions of the respective counterparty. The attribution factor is calculated by dividing outstanding amount by the enterprise value for listed equity or by the sum of equity and debt for corporate bonds. The same methodology is applied to off-balance sheet investments (assets under management (AuM)).

Sovereign debt. This asset class includes sovereign bonds issued in domestic or foreign currencies issued predominantly by the central government or treasury. The financed emissions of sovereign debt are calculated by multiplying the attribution factor by the emissions of the respective sovereign borrower. The attribution factor is estimated by dividing the outstanding amount of the debt by PPP-adjusted GDP of the issuer country. List of public data sources, such as OECD and the World Bank Group, proposed in PCAF methodology is used to obtain Scope 1, 2 and 3 issuer's country emissions.

Management of Climate-related risks

Citadele recognizes that the Group's operations and business model can be affected by climate-related risks, both physical and transition risks, in several ways: (i) as direct risks to Citadele and (ii) as risks to Citadele through our clients, partners and suppliers affected by climate-related risks.

The Group views climate-related risks as risk drivers affecting existing major risk categories such as credit risk, operational risk, market risk, liquidity risk and strategic risk. Our climate-related risk management follows four step approach of risk identification, assessment, management and monitoring, that is embedded in the bank's key processes.

Integrating climate-related risks into Citadele's risk management framework is an ongoing process, regularly reviewed and updated to stay aligned with scientific consensus and regulatory requirements. In 2024, Citadele further incorporated the ECB's expectations for the prudent management of climate-related risks into its processes, while continuously enhancing its methodologies.

Climate-related risk management

Identification	Assessment	Managing risk	Monitoring
Identification of material climate-related risks through identification of risk drivers and risk materiality assessment process	Climate-related risk assessment on portfolio level and individual level in lending process ESG flags integrated in Operational risk assessment process ESG scenarios integrated in stress testing within ICAAP	Integration of climate-related risks in Risk management framework	Monitoring of limits defined in Risk Strategy and Risk Appetite Framework Monitoring of environmental and social risk events

Climate-related risk identification

Climate-related risks are classified as physical and transition risks. Physical risks are further classified as acute or chronic, following general practice in the area. Climate-related risks manifest through other risk categories, thus it is important to identify the transmission channels through which these risk drivers are influencing the bank (e.g. through its counterparties and invested assets). Potential effects of climate-related risk drivers have been identified for all key risk types of the bank. Climate-related risks both transition and physical are identified at portfolio level and on individual level for Clients with large exposures. Additionally, environmental and social risks are assessed for lending transactions.

Climate-related risk assessment

To understand Citadele Group's exposure and potential vulnerability to physical and transition risks, annual Climate-related Risk Materiality Assessment is performed where materiality of climate-related risks is assessed for credit risk, liquidity risk, market risk, operational risk and strategic risk. In the process of integrating climate-related risk aspects into the existing risk management framework, Citadele has defined acceptable climate-related risk levels and portfolio concentration for high-risk industries in its Risk Appetite Framework and in Risk Strategy.

All climate-related risks identified as material are incorporated in Risk Appetite Framework and Risk Strategy within the individual risk areas in accordance with the Group's ESG Risk Policy. This process includes setting appropriate risk limits, the development of Key Risk indicators, and regular monitoring and reporting. Further monitoring is carried out for sectors with increased climate-related risks. Follow-up actions in case of limit breaches are included in the Risk Strategy.

Citadele is enhancing climate-related risk materiality assessment approach and have finalised integrating it in the stress testing and scenario analysis within ICAAP in the first quarter of 2024. Quantification of exposure to climate-related risks is part of stress testing procedures, with scenarios developed for credit risk (both physical and transition risk scenarios), market risk (combined physical and transition risk scenario), operational risk (physical and transition risk scenarios) and strategic risk (transition risk scenario).

Given the complex and diverse impacts of climate-related and environmental risk drivers, we consider these risks in existing risk categories individually and jointly across short term (up to 1 year), medium-term (2-5 years) and long-term (>5 years) horizons. It is assumed that climate-related risk will increase over time, meaning that the impact will be milder in the short-term and will become more severe in the longer perspective.

Climate-related risks can manifest as both financial and nonfinancial risks. Financial risks involve the probability of financial losses due to climate-related and environmental events. Nonfinancial risks are viewed as the probability that such events will negatively impact the bank's reputation, which can lead to financial consequences. We assess the linkage between financial and nonfinancial risks using transmission channel approach. Transmission channels are the causal chains that explain how climate risk drivers may impact Citadele either directly or indirectly through our counterparties, assets, and the wider economic environment.

The potential transmission channels and effects of Climate-related risk drivers on each prudential risk type

Risk type	Potential effects
Credit risk	▪ Physical and transition risk drivers increase the Bank's credit risk through both the income effect and wealth effect. The Bank identifies income effect as a transmission channel of physical risk when physical hazard events have a negative effect on a borrower's ability to repay and service debt via loss or reduction of income from affected real estate or manufacturing equipment. The Bank recognizes the effect via reduced ability to fully recover the value of a defaulted loan because of the reduction in the value of the pledged collateral. ▪ Climate-related events may lead to increase in human mortality and decline in labour productivity. In the long-run it could be key driver of reductions in output, resulting in negative economic implications.
Market risk	▪ Physical and transition risks can alter or reveal new information about future economic conditions or the value of financial assets, resulting in downward price shocks and an increase in market volatility in traded assets. ▪ Changes in asset value may be driven by a policy change and/or investor's preferences towards more sustainable assets.
Liquidity risk	▪ Climate-related risk drivers may impact liquidity risk directly by affecting the Bank's ability to raise funds or liquidate assets. ▪ Climate-related risk drivers may cause indirect impact through affected counterparties drawing down deposits and credit lines.
Operational risk	▪ If physical hazards disrupt critical services and telecommunications infrastructure, the Bank's operational ability may be impacted. ▪ Increasing legal and regulatory compliance risk associated with climate-sensitive investments and businesses. ▪ Increasing reputational risk to banks based on changing market or consumer sentiment.
Strategic risk	▪ Failure to reach sustainability-related targets may result in negative customer reaction and loss of market share.

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (E1-9)

Climate-related Physical risk

The Group's economic activity is focused on the Baltic countries with similar geographical conditions and similar exposure to physical risks, both acute and chronic. Physical risk assessment considers 8 climate hazards, including riverine flood, coastal flood, water stress, drought, extreme heat, wildfire, earthquake and landslide. Where feasible, physical risk assessment is performed at the level of geospatial location. Physical risk level is assigned based on the evaluation approach provided in selected external sources. Material physical risks are considered those with estimated risk level medium-high and above.

Riverine flood risk is estimated as material for all commercial and residential real estate portfolio. Drought and water stress risk materiality is established for agricultural and forestry segment only, as these sectors are highly dependent on water resources availability and optimal weather conditions.

Based on physical risk assessment performed in the second half of 2024, 19% of real estate collateralized portfolio is exposed to high and medium-high riverine flood risk, 63% to low-medium risk and the remaining 17% to low risk. Additionally, drought and water stress risk is assessed for agricultural and forestry segment clients, resulting in 3.9% share of high and medium-high risk, 1% of low-medium low, and 2.7% of low risk.

Based on widely accepted climate scenarios, such as those developed by NGFS and supported by scientific consensus, rising global and regional temperatures are expected to increase the frequency and severity of physical hazards. Citadele Group considers climate-related outlooks and latest research outcomes to establish approach in monitoring of material physical risks in lending portfolio.

Concentration of material physical risk in real estate collateralized portfolio, as of 31.12. 2024

Risk level	Riverine flood risk for the portfolio	Drought and water stress risk for agricultural and forestry segment
High and Medium High Risk	19%	3.9%
Low-Medium	63%	1.0%
Low	17%	2.7%

High/Medium-high risk exposure breakdown by real estate collateral type, as of 31.12. 2024

Real estate collateral type	Exposure to riverine flood risk, EUR m	% from total exposure	Exposure to drought risk, EUR m	% from total exposure
Residential	190.6	11.54%	0.0	0.00%
Commercial	92.4	5.56%	24.0	1.45%
Agricultural land	11.8	0.72%	37.5	2.27%
Land	4.5	0.30%	0.0	0.00%
Forest	0.9	0.06%	3.2	0.19%
Other	20.7	1.27%	0.0	0.00%
Total with elevated risk	**320.9**	**19.45%**	**64.7**	**3.91%**
Total Real Estate portfolio	**1 655.6**			

Climate-related Transition risk

Transition risk is considered the most significant for the Bank's lending portfolio; consequently, the assessment primarily focuses on the credit risk area. Transition risk drivers have been assessed using external sources, such as European Environment Agency (EEA) and National Energy and Climate Development Plans for Latvia, Lithuania and Estonia to understand impacts that green transition may have on different industries. Additionally, Transition risk is assessed considering greenhouse gas (GHG) emission intensity by industry. Companies representing industries with higher GHG emissions are more likely to be affected by regulatory requirements; therefore, these industries are considered potentially vulnerable to transition risk.

Based on Transition risk assessment as of 31.12.2024, the following industries in Citadele's lending portfolio are considered with elevated transition risk: Agriculture, Electricity and gas supply, Transport, some Manufacturing segments. Construction, real estate activities, and wholesale of motor vehicles are closely monitored, as these industries are likely to be affected by regulatory requirements, such as energy efficiency standards and clean transport initiatives, during the transition to a greener economy.

It is important to note that transition risks are not expected to manifest immediately. Material time horizon is assessed as medium term or long term, as major changes in policies and taxation system are anticipated from 2030 onwards. For this reason, the table (Table below) should not be interpreted as indicating imminent risks to existing exposures. Instead, it highlights exposures we are proactively identifying to focus on. The Bank will continue to refine its assessment methodology to more effectively capture the latest trends in transition risk developments.

Citadele has set its initial focus on the higher-risk, higher-exposure sectors. However, additional due diligence will be required to differentiate the vulnerabilities of individual counterparties within each sector, taking into consideration differences in business models and climate adaptation and/or mitigation plans.

Industries with elevated transition risks, EURm as of 31.12.2024

	Industry (NACE)	Comment	Exposure with elevated transition risk EURm	% in total portfolio
Industries with elevated transition risk included in monthly transition risk monitoring process	Agriculture	Crop and animal production activities	191	10.11%
	Transport	n/a	133	7.04%
	Electricity, gas, steam and air conditioning supply	n/a	123	6.51%
	Sewerage, waste management, remediation activities	n/a	9	0.48%
	Manufacturing	Manufacture of coke and refined petroleum products; Manufacture of chemicals and chemical products; Manufacture of other non-metallic mineral products	5	0.26%
	Total industries with elevated transition risk		**461**	**24.40%**
Total industries with transition risk uncertainty included in the annual review of climate-related risks	Real estate activities	Industry not assessed as high risk based on the Bank's internal approach, however closely monitored due to elevated transition risk	450	23.77%
	Construction	n/a	150	7.93%
	Wholesale of motor vehicles	n/a	43	2.28%
	Total industries with transition risk uncertainty		**643**	**33.98%**
	Total corporate lending portfolio		**1 890**	

Scenario analysis

Citadele has been using climate change scenario analysis to assess the future implications of potential climate change pathways on Citadele's business model and strategy. To guide this analysis, Citadele used the NGFS (Network for Greening the Financial System) scenario framework to explore various pathways and their potential effects on its business model. The NGFS scenarios enable Citadele to conduct a detailed analysis of the financial risks posed by climate change, providing comparable results based on a consistent set of global variables. For this report, Citadele used NGFS scenarios to conduct climate stress tests, further enhancing its understanding of climate-related risks. These scenarios are supplemented with additional climate and macroeconomic variables required for internal climate risk methodologies and stress testing models.

Citadele's approach is structured around three key working lines: (i) Work on climate scenarios, key assumptions, main drivers & outputs of the scenarios, (ii) Translating climate scenarios to risk to incorporate into strategic planning, and (iii) Adapting climate risk factors to be used as inputs for our climate-risk stress testing.

Our selected scenarios are based on the following assumptions:

- Orderly - Net Zero 2050 - assumes that climate policies are introduced early and become gradually more stringent. It is based on the NGFS Net Zero 2050 scenario, in which global warming is limited to below 1.5 °C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050.
- Disorderly - Delayed Transition - assumes new climate policies are not introduced until 2030, as in the years prior policymakers do not set the right incentives for a green transition to take place.
- Hot house world - NDCs and Current Policies - capture the long-term physical risks to the economy and financial system if the world continues on the current path to a hot house world

The output of scenario analysis was a qualitative assessment of risks and opportunities in the immediate, middle- and long- term, assuming portfolio mix, size, and macroeconomic variables remained unchanged throughout the periods. The analysis shows that Citadele's portfolio is well-positioned for the transition, with material opportunities for business development and limited financial risks. We see continued growth in the clean energy subsector, with the potential to increase the market size for green and climate finance, as costs fall, and new technologies develop. Key risk under most scenarios includes climate-change mitigation related public policy measures halting or significantly limiting client operations or leading to stranded assets in certain industries, such as agriculture, transportation, utilities, RE & construction, leading to increased credit risk for the Group in all time horizons: short-, medium-, and long-term.

Physical and Transition risk stress test - based on NGFS scenarios covering entire lending portfolio - is integrated into ICAAP. Assumptions have been used to assess effect of climate-related changes over short, medium and long-time horizons. Different time horizons were used for each climate scenario, including long-term horizon 2024-2026 for Net Zero 2050, 2032 – 2034 for Delayed Transition and 2048-2050 for Current Policies.

Managing climate-related risks

Citadele has reinforced the risk management framework where the impact of climate-related risk factors is identified as material, to include the climate-related risk factor identification and management. The following transmission channels are identified as the most significant for ESG risks: the lending portfolio and the Bank's own operations, particularly through environmental, social, and governance-related practices. Consequently, credit risk and operational risk are considered the most impacted areas, also reflected in the Bank's ESG risk-related internal documentation. ESG risk management in lending operations is based on transition and physical risk assessment on portfolio and individual level.

The management of Environmental, Social, and Governance (ESG) risks in the Bank's operations is integrated into Operational Risk Management. This involves assessing the potential adverse impacts of events on the Business Continuity Plan, as well as addressing potential reputational and litigation risks. Social media, a key communication channel for ESG topics, is monitored by the Marketing and Communication Department, with insights from this monitoring incorporated into the Reputational Risk Management process.

Monitoring climate-related risks

ESG risk related risk concentration limits and thresholds are defined in Risk Strategy and Risk Appetite Framework. Key Risk Indicators (KRIs) for both transition and physical risk are being monitored on a regular basis. Citadele monitors exposure concentration by risk levels in Lending portfolio, based on concentration limits set in Risk Strategy and industry environmental risk score and real-estate collateralized portfolio physical risk score defined in Risk Appetite Framework. For corporate debt securities portfolio KRIs include industry environmental risk level and weighted external ESG rankings. As at 31.12.2024 all monitored C&E risk concentration levels were within acceptable thresholds set in the Risk Appetite Framework and Risk Strategy.

In addition, Citadele has defined industries that it avoids financing due to significant negative environmental and/ or social impact. The exclusion list prohibits or restricts financing in the production of or trade in hazardous substances and highly toxic chemicals, ozone depleting substances, persistent organic pollutants, thermal coal mining or coal-fired electricity generation among others to avoid negative environmental or social impact.

Citadele regularly reviews thresholds and concentration limits to ensure alignment with its strategy and adherence to sound banking practices, maintaining a risk appetite consistent with these principles.

Policies related to climate change mitigation and adaptation (E1-2 and ESRS 2 MDR-P)

AS Citadele banka has adopted a number of policies, procedures and internal documents related to climate change mitigation and adaptation. The main policy and framework level documents include ESG Policy, ESG Risk Policy, Risk Strategy and Risk Appetite Framework, Credit Risk Management Policy, Operational and Reputational Risk Management Policy and Green Lending Framework. Citadele has also adopted a number of procedures and instructions aimed to address environmental related topics, including, Credit Risk Assessment of Lending Transactions, Operational Risk and Control Self-Assessment, and Environmental, Social and Climate-related Risk Assessment in Lending Process. All documents are regularly reviewed and updated as needed. Policy-level documents are adopted by the Management Board and approved by the Supervisory Board. Procedures and instructions are approved by the respective heads of functions. To ensure accountability in implementation, all documents are reconciled with the involved parties responsible for their execution.

The ESG Policy of AS Citadele banka establishes a framework and principles for managing Environmental, Social, and Governance (ESG) topics within the Citadele Group. Its purpose is to define the Group's sustainability ambitions and objectives, integrate ESG factors into daily operations, and embed ESG considerations into its overall business strategy. One of its key elements is environmental responsibility, particularly addressing climate change through initiatives such as green financing, renewable energy investments, and transitioning to climate-neutral operations. The policy aligns with the Paris Agreement in its focus on reducing greenhouse gas emissions and promoting a sustainable, low-carbon economy. Citadele has not adopted specific targets or policies related to energy efficiency.

The Risk Strategy and Risk Appetite Framework defines ESG risk related risk concentration limits and thresholds and prioritizes sustainable development as essential for improving quality of life while preserving resources for future generations. In alignment with EU and regional goals, the Group has committed to achieving net-zero emissions in its financed portfolio by 2050, reflecting its ambition to enhance sustainability and support clients transitioning to green operations. The Group incorporates ESG factors into its risk management framework, assessing climate-related and environmental risks, including physical and transition risks, as well as social and governance risks. An annual ESG Risk Materiality Assessment informs its Risk Appetite Framework and adapts to evolving risks over short, medium, and long-term horizons. Citadele promotes sustainable practices to reduce its environmental footprint, lower greenhouse gas emissions, and expand green financing and investment opportunities.

The ESG Risk Policy determines the core elements in general for the ESG risk management framework in the Group, ESG risk management interaction, and integration in the Group's processes. An annual ESG Risk Materiality Assessment identifies, assesses, and monitors risks across short-, medium-, and long-term horizons, focusing on transition and physical climate risks while incorporating social and governance risks into operational frameworks. ESG risks are embedded within individual risk areas, such as credit, operational, market, liquidity, and strategic risks, through detailed assessments, risk appetite definitions, and the development of Key Risk Indicators (KRIs). The policy outlines a three-line defense governance structure, with specific responsibilities assigned to business functions, risk management teams, and internal audit to ensure oversight and mitigation of ESG risks. Regular stress testing and scenario analyses evaluate ESG impacts on the Group's risk profile, and measures such as client due diligence, portfolio monitoring, and risk-adjusted decision-making are employed to manage exposure. The policy also includes zero tolerance for greenwashing and mandates alignment with regulatory standards and sustainability goals, with an aim to ensure transparency and accountability in ESG risk management practices.

The Credit Risk Management Policy incorporates ESG assessment as part of the client evaluation process, includes provisions for collateral valuation, and specifies the consideration of ESG and climate-related risk factors, where applicable. It also mandates the inclusion of climate-related factors in the client annual review process. The Operational and Reputational Risk Policy defines ESG risk management process in operational risk area.

The Green Lending Framework of AS Citadele banka establishes principles to guide the Group's green financing practices, aligning with the Paris Climate Agreement, the UN Sustainable Development Goals, and the EU Taxonomy. This framework aims to support environmentally sustainable initiatives by providing green financing solutions for private and corporate customers, such as green mortgages, vehicle leasing, renewable energy projects, and energy efficiency improvements. Green lending focuses on projects and assets that reduce carbon emissions and promote sustainability, including renewable energy, energy-efficient buildings, and clean transportation. The framework applies across all business units and emphasizes long-term environmental, social, and economic goals.

CBL Asset Management has adopted (adopted also by CBL Life) a separate Sustainability and Engagement Policy. This policy defines the core principles and elements to ensure that ESG factors and engagement principles are followed in managing investment funds, state funded pension schemes or pension plans established by private pension funds and individual investment portfolios). Additionally, it provides details of the integration of ESG factors into the asset manager's investment management process, including material adverse impacts (within the meaning of Regulation (EU) 2019/2088) mitigation, methods used, sources of information and data, limits, if any, and monitoring of compliance.

Actions and resources in relation to climate change policies (E1-3 and ESRS 2 MDR-A)

In 2024, Citadele introduced its Green Lending Framework to guide the Group's green financing efforts and promote environmentally sustainable initiatives by providing green financing options to both private and corporate clients. The framework highlights Citadele's commitment to achieving long-term environmental, social, and economic objectives. In 2025, Citadele plans to explore the development of new green products and expand its existing green product offerings if feasible. Seeing the strong and growing interest of our customers in climate-related products, we expect there to be further opportunities to expand and enhance our current green offerings for both retail and corporate customers.

Citadele has enhanced its climate-related risk identification and management processes in 2024 to align with ECB requirements and strengthen its risk assessment methodologies. The Climate-related Risk Materiality Assessment was updated to include a more detailed explanation of physical risk assessment and the identification of risk drivers, increased granularity in segments of the transition risk assessment, the inclusion of a long-term horizon for operational and strategic risks, and consideration of litigation, reputational, and liability risks in the assessment. Based on the Climate-related Risk Materiality Assessment outcomes, the methodology for assessing transition risk was updated. In addition to previously identified high transition-risk industries based on GHG emissions (e.g., agriculture, transport, energy supply), this list now includes sectors that could be directly or indirectly affected by policy changes (e.g., certain manufacturing segments, real estate-related industries, and motor vehicle sales). The transition risk assessment methodology enhances both the regular Risk Strategy monitoring process and individual ESG client assessments within the lending process.

Citadele has prioritized ESG data governance by focusing on developing an internal framework and identifying key data requirements. Efforts are underway to enhance data collection capabilities, including automating processes and enhancing internal systems to include additional parameters for ESG related information. Externally, Citadele is initiating an ESG data collection process in 2025, targeting high transition-risk industries identified in the Climate-related Risk Materiality Assessment. This process aims to benchmark client profiles against industry averages and establish a foundation for future climate-related disclosure requirements and decision-making.

Through these initiatives, Citadele allocates resources to achieve its climate policy goals, including operational improvements, client engagement, and product development, all while contributing to long-term environmental sustainability and adaptation. A roadmap for 2025 includes ESG data collection, refining the Green Lending Framework, and implementing further measures to align with climate neutrality objectives.

Overview of key actions

Material IRO	Key actions in 2024
Green & transition financing (Impact)	• Provided EUR 102.4 million in green lending • Green Lending Framework developed guiding the bank's sustainable financing initiatives
GHG emission generation from portfolio and own operations (Impact)	• Conducted GHG emissions calculations for 2024 (Scope 1, 2, and 3 emissions) • Engaged external consultants to enhance emissions calculation methodologies
New product development for green and/ or transition financing (Opportunity)	• Continued exploring market demand to expand green product offerings when market indicates the right timing
Transition risks resulting in increasing ESG related requirements impacting costs and client profitability (Risk)	• Strengthened climate-related risk identification and management processes to align with ECB requirements • Updated climate risk assessment methodology to incorporate climate-related policy changes for different industries
Change in client preferences and behaviour due to Group missing client expectations regarding green transition (Risk)	• Conducted market scans and peer benchmarking • Performed regular stakeholder engagement to align with client expectations
Decline in asset value due to negative impact of extreme weather events on Group's assets (Risk) and Increased Loan Defaults due to climate change (Risk)	• Conducted physical risk assessments • Performed scenario analysis and stress testing for climate risks

Targets related to climate change mitigation and adaptation (E1-4)

Citadele's long-term goal is to achieve net-zero emissions across all Scopes by 2050, in alignment with global climate neutrality goals and the Paris Agreement. We are currently working to establish a comprehensive understanding of our emissions, particularly Scope 3 emission of own operations and financed emissions, to serve as a foundation for meaningful target setting. While a detailed Transition Plan is not yet in place, Citadele is committed to finalizing a GHG emissions reduction roadmap by the end of 2025, including decarbonization pathways for key GHG-contributing industries within our portfolio.

Targets relating to climate change mitigation and adaptation

Target	Target 2024 (2025)	2024	2023
New green financing	EUR 100m (100m)	102	115
Funds under SFDR 8 (CBL Asset Management)	2 funds (3 funds)	2	2
Develop decarbonization pathways for key GHG contributing industries in portfolio	Completed by 2025	n/a	n/a

We prioritize direct and indirect emission reductions and do not currently plan to rely on carbon offsets or credits to meet our targets. Additionally, we aim to support climate adaptation by ensuring the resilience of our financing activities and aligning with emerging regulatory and market expectations.

Progress toward the above targets will be monitored throughout 2025, with fulfilment assessed at year-end and reported in the subsequent annual sustainability reporting cycle.

Energy consumption and mix (E1-5)

Energy consumption is vital to Citadele's operations to ensure the continuous availability of our services and through our services – contribute to overall economic activity and growth. However, inefficient or excessive energy use negatively impacts the environment and accelerates climate change, particularly when energy is sourced from fossil fuels.

Citadele is committed to improving energy efficiency in its facilities through proactive operational measures. In 2024, the bank had various energy-saving initiatives across its offices and branches, such as replacing traditional lighting with LED lamps, lowering indoor temperatures during nights and weekends, switching off ventilation and air conditioning systems outside working hours, and reducing internal and external outdoor lighting.

Reducing energy consumption and transitioning to green energy sources are critical steps toward achieving carbon-neutral office operations. In 2024, all Baltic headquarters and several branches operated on green energy. Energy is not sourced from nuclear sources. In 2025, Citadele plans to further explore opportunities to transition additional branches to green electricity.

The methodologies, assumptions, and calculations behind the metrics for disclosed ESRS E1 are in line with respective ESRS disclosure requirements and the metrics as defined in the ESRS are used. The metrics are not validated by any external body apart from the assurance provider.

Energy consumption and Mix disclosure

Category	Units	2024	2023
Scope 1 - stationary non renewable	MJ	-	76 847
Scope 1 - stationary renewable	MJ	-	-
Scope 1 - mobile non renewable (diesel)	L	7 303	8 486
Scope 1 - mobile non renewable (petrol)	L	5 781	6 440
Scope 1 - mobile renewable		-	-
Scope 2 - non renewable	KWh	2 429 220	2 147 946
Scope 2 - renewable	KWh	2 533 363	2 409 709
Total Energy consumption	**MWh**	**5 095.0**	**4 730.2**
Total energy consumption from fossil sources	MWh	2 561.6	2 320.5
	%	50%	49%
Total energy consumption from renewable sources, of which	MWh	2 533.4	2 409.7
	%	50%	51%
purchased / acquired renewable energy	MWh	2 533.4	2 409.7
self-generated non-fuel renewable energy	MWh	-	-
Total energy consumption/ employee	**MWh / FTE**	**3.9**	**3.6**

Gross Scope 1, 2, 3 and total GHG emissions (E1-6)

	Retrospective				**Milestones and Target years**			
(tCO2eq)	**Baseline year [1]**	**Compa-rative**	**2024**	**Change, %**	**2025**	**2030**	**2050**	**Annual % target/ Base year**
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions	79.2		79.2					
Scope 2 GHG emissions								
Gross location-based Scope 2 emissions	1 652.4		1 652.4					
Gross market-based Scope 2 emissions	539.4		539.4					
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) emissions	1 632 857.5		1 632 857.5					
1 Purchased goods and services [2]								
2 Capital goods[2]								
3 Fuel and energy-related activities (not included in Scope1 or Scope 2) [2]								
4 Upstream transportation and distribution[2]								
5 Waste generated in operations[2]								
6 Business traveling[2]								
7 Employee commuting and remote work[2]								
8 Upstream leased assets[2]								
9 Downstream transportation[2]								
10 Processing of sold products[2]								
11 Use of sold products[2]								
12 End-of-life treatment of sold products[2]								
13 Downstream leased assets[2]								
14 Franchises[2]								
15 Investments[2]	1 632 857.5		1 632 857.5					
of which loans and securities	1 278 568.9		1 278 568.9					
of which AuM	354 288.6		354 288.6					
Total GHG emissions								
Total GHG emissions (location- based)	1 634 589.2		1 634 589.2					
Total GHG emissions (market- based)	1 633 476.1		1 633 476.1					

Note: 1) Baseline year refers to 2024; 2) Non-significant emissions

Citadele has the greatest impact on climate through the Group's customers. These indirect emissions arise from customers' operations and activities. Citadele's total financed emissions through the lending portfolio are presented in the table below, broken down into the following sectors (in line with PCAF method) categories: mortgages, commercial real estate, motor vehicles and business loans. The purpose of the table below is to give insight of Citadele's total financed emissions through the lending portfolio, and emissions from securities and assets under management (AuM).

Scope 3: Financed emission intensity

Type	Total Gross balance, EURm	tCO2 e	Emission intensity tCO2e /EURm	Average PCAF data quality score
Securities	1 236.0	236 004	191	2.3
Motor vehicle loans	977.9	101 581	104	4.7
Business loans	793.1	842 166	1 062	4.0
Commercial RE	435.1	30 108	69	4.0
Mortgages	814.8	68 710	84	4.1
AuM	1 211.4	354 289	292	2.3

GHG emission intensity based on net revenue

GHG emission intensity represents the total greenhouse gas emissions (Scopes 1, 2, and 3) relative to the bank's net revenue, measured in metric tonnes of CO2 equivalent per million euros of revenue (tCO2e/EURm).

	Unit	2024
Net revenue (Operating income)	EUR m	234.76
GHG intensity (location-based)	tCO2e /EURm	6 962.8
GHG intensity (market-based)	tCO2e /EURm	6 958.1

Reconciliation Note: Refer to Note 34 in Financial Statements

GHG removals and GHG mitigation projects financed through carbon credits and Internal carbon pricing (E1-7, E1-8)

In 2024, Citadele has not undertaken any GHG removals or storage in metric tonnes of CO2eq from projects developed within its own operations or those contributed to in its upstream and downstream value chain. Additionally, Citadele has neither financed nor committed to financing GHG emission reductions or removals from climate change mitigation projects outside its value chain through the purchase of carbon credits. While the bank acknowledges the potential role of carbon credits in achieving long-term climate targets, its current approach focuses on direct emissions reduction efforts within its portfolio and operational scope. In 2025, the bank's priority will be the development of decarbonization pathways for key GHG-contributing industries within its portfolio. In 2024, Citadele did not apply internal carbon pricing schemes within its operations.

EU Taxonomy disclosures

The Regulation (EU) 2020/852 (EU Taxonomy Regulation) establishes a classification system that defines criteria for economic activities to be considered as environmentally sustainable (i.e. Taxonomy-aligned) in respect of six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Regulation (EU) 2021/2139 (Climate Delegated Act) and Regulation (EU) 2023/2486 (Environmental Delegated Act) define the technical screening criteria for these objectives.

An activity can be classified as sustainable if it:

- substantially contributes to at least one of these six environmental objectives,
- does not significantly harm (DNSH) any of the other environmental objectives,
- fulfils the technical screening criteria set out in the above delegated acts, and
- complies with the minimum social safeguards (MSS) of human and labour rights.

Following the requirements of the Commission Delegated Regulation (EU) No.2021/2178 (Disclosures Delegated Act) for the financial year 2023 Citadele disclosed the proportion of exposures to Taxonomy non-eligible and Taxonomy-eligible activities. For year 2024 we disclose all relevant key performance indicators (KPI), including any accompanying information required and provided for clarity, in accordance with Articles 8 and 10 of the Disclosures Delegated Act. Please see the templates below.

We recognise that 2024 disclosures demand a far greater volume of information, which is not directly available. Facing challenges in the process of documentation collection to provide sufficient evidence for our alignment analysis, we have adopted a conservative approach as a result and for this reporting period based the alignment data only on the publicly disclosed data by the counterparties. Concurrently, we are developing internal data acquisition processes and preparing methodologies and approaches to provide more comprehensive and detailed information on the Taxonomy alignment of our portfolios.

For 2024 Citadele reports how assets contribute to the EU´s two climate objectives: climate change mitigation (CCM) and climate change adaptation (CCA) as data on other four objectives: water and marine resources, circular economy, pollution and biodiversity and ecosystems are not yet available and reported by our counterparties in their reports of 2023, consequently the respective columns in the Templates below containing no data on these objectives are omitted.

The EU Taxonomy disclosures cover the prudential consolidation group determined in the Regulation (EU) 575/2013.

Defining of Taxonomy-eligible and Taxonomy-aligned exposures

The main KPI we disclose as a financial institution is a green asset ratio (GAR) that shows the proportion of the exposures to the Taxonomy-aligned assets compared to the total covered assets.

In line with the Disclosures Delegated Act, we provide not only the aggregate GAR for covered on-balance-sheet assets but also a breakdown by environmental objectives: CCM and CCA and by type of counterparty, which allows for more detailed insights into the level and structure of our Taxonomy-eligible and Taxonomy-aligned activities. We disclose information on whether and how the Taxonomy eligibility and Taxonomy alignment have been assessed for:

- exposures to financial and non-financial undertakings that are required to publish non-financial information under the Non-Financial Reporting Directive 2014/95/EU (NFRD);
- exposures to households;
- exposures to local governments.

All the above are included in the numerator of the GAR. Assets that are not covered by the GAR KPI are exposures towards central banks, central governments, supranationals, and the bank’s trading portfolio. Detailed reporting on the trading portfolio is planned to be available in 2026.

Exposures to financial and non-financial undertakings. Exposures (loans and advances, debt securities, equity instruments) to financial and non-financial undertakings identified as subject to the NFRD is based on gross carrying amount of relevant accounting items in line with the FINREP reporting. The reporting uses data from internal core banking systems and external sources such as Bloomberg or the Sustainability reports of the counterparties for Taxonomy eligibility and Taxonomy alignment. It encompasses information disclosed by counterparties on their Taxonomy eligibility and Taxonomy alignment based on their reported Turnover KPI and CapEx KPI of the underlying assets. Where no counterparty data is available, the exposure is considered as non-eligible or not aligned, i.e. a zero value is entered into GAR numerator. Where the EU Taxonomy reports for the year 2024 are unavailable (not published on the report date), disclosure on Taxonomy eligibility and Taxonomy alignment of exposures is based on the 2023 EU Taxonomy reports.

Exposures to households. In line with the Disclosures Delegated Act, the household exposures are separated into exposures to residential real estate (i.e., household loans collateralised by immovable property), loans granted for house renovation purpose and vehicle leasing.

Loans collateralised by residential immovable property. Eligibility of household exposures were assessed for the loans collateralised by residential immovable property. When the purpose of a household mortgage loan is the acquisition of real estate collateralised by residential immovable property, the loan is marked as Taxonomy-eligible. The energy performance certificate (EPC) class data are collected to further assess the Taxonomy alignment. However, for this reporting period Taxonomy alignment for household exposures collateralised by residential immovable property were not assessed due to incomplete or unavailable data for screening substantial contribution (SC) criteria and DNSH criteria.

Building renovation loans. Eligibility of household renovation loans were assessed based on the purpose of the loan, which is indicated in our internal banking systems, and on the year of construction of the collateral. Household loans with the purpose of house renovation and an EPC label for the building (built before 31 December 2020) of class A or above are considered Taxonomy-eligible. Taxonomy alignment for renovation loans of households were not assessed due to incomplete or unavailable data for screening SC criteria and DNSH criteria.

Motor vehicle loans. For motor vehicle loans, fully electric vehicles are considered Taxonomy-eligible, as well as all motor vehicle exposures under the relevant vehicle category: M1 category (low emission passenger cars), N1 category (light commercial vehicles) L category (motor vehicles with less than four wheels) generated after January 1, 2022 (which is the date of application of these disclosure requirements) are considered Taxonomy-eligible. Taxonomy alignment for motor vehicle loans were not assessed due to incomplete or unavailable data for screening SC criteria and DNSH criteria.

Exposures to local governments. The assessment and reporting of Taxonomy eligibility and alignment of exposures to local governments for 2024 have not been conducted. This is due to the incomplete or unavailable information regarding the extent and proportion of these exposures that finance Taxonomy-eligible and Taxonomy-aligned economic activities.

Taxonomy-eligible sector information is determined based on the eligibility of the customer' s principal business activity, using NACE codes and criteria for sector allocation as specified for CCA or CCM in the EU Taxonomy Regulation

Evolution of Taxonomy-aligned activities over time

The Bank's key responsibility is to support the sustainable long-term development of the economy while building lasting relationships with its customers and other stakeholders. The EU Taxonomy is used to enhance monitoring and reporting capabilities, enabling more informed decisions regarding our sustainability commitments.

Currently, we are in the initial phase of recognising and aligning our activities with the EU Taxonomy. This process not only ensures our adherence to regulatory requirements but also reflects our commitment to sustainable finance, promoting transparency, reducing greenwashing, and fostering investments in environmentally sustainable projects.

We use the Taxonomy alignment data provided by our counterparties as an important reference point to understand the sustainability of our economic activities. This data plays a key role in guiding our investment choices and shaping our strategic planning.

Our methodology for calculating the KPIs required by the EU Taxonomy Regulation is based on the Group's most informed understanding of the Disclosures Delegated Act and the current guidelines from the European Commission. Since these disclosures depend heavily on the availability of accurate and comprehensive data, the reported exposures are subject to continuous updates. This is primarily due to the ongoing data revisions from companies subject to the NFRD, as well as energy data for properties used as collateral by households and local governments.

Year 2024 is the second year Citadele reports the proportion of Taxonomy-eligible and Taxonomy aligned assets. In 2024, Taxonomy alignment showed a slight increase compared to 2023, largely due to the improved availability of data from counterparties in their reports. We anticipate further progress in the next reporting period, driven by the increasing availability of more comprehensive data.

Additionally, it should be noted that loans to SMEs and non-EU businesses are not included in the GAR. Moreover, the GAR does not fully reflect Citadele's commitment to transforming our customers' economic practices to meet ESG requirements. We support businesses that are already on the path to sustainability, even if their transactions are not yet fully green as defined by the EU Taxonomy Regulation. As a result, our reported exposures are subject to continuous change, and we expect the proportion of green assets in our portfolio to increase over time.

We do not have assets reported under Trading book. The Bank has FX derivatives that are held for non-trading purposes for hedging FX position risk. While we do not have a trading portfolio under Regulation (EU) 2020/852, our overall objectives and policies remain focused on aligning with sustainable finance principles.

Integration of EU Taxonomy into business processes and activities

Our business strategy for lending and investment activities strives to align with the EU's sustainability goals, ensuring that our operations contribute to the EU's climate and environmental objectives while supporting the transition to a sustainable economy.

Our CBL Global Emerging Markets Bond Fund and CBL European Leaders Equity Fund are aligned with the Sustainable Finance Disclosure Regulation (SFDR) Article 8, meaning that selection of the investments of the fund is based on indicators directly related to selected SDGs. Currently the funds promote environmental or social characteristic, but do not have as their objective a sustainable investment with an environmental objective aligned with the EU Taxonomy. While these funds do not fully align with the EU Taxonomy's environmental objectives, they represent a significant step towards integrating sustainability into our financial products.

We have started to integrate the criteria outlined by the EU Taxonomy Regulation, wherever possible, into the product design phase of our green lending initiatives to ensure that new financial products meet the required sustainability standards. Our goal is to progressively enhance our processes to align with the EU Taxonomy Regulation in the future. With the integration of the criteria outlined in the EU Taxonomy Regulation, the weight of financing dedicated to Taxonomy-aligned economic activities within our overall activity is expected to increase.

General Citadele green lending principles are in line with the EU Taxonomy's overall approach, and its objectives that the green projects and green assets should make a substantial contribution to at least one of the EU's climate and environmental objectives. Although our green lending principles not yet directly incorporate DNSH and MSS criteria outlined in the Climate Delegated Act for all loan categories, the principles for private and corporate customer segments mostly incorporates the SC criteria. The DNSH and MSS criteria are taken into consideration in specific projects, where relevant information can be collected.

By constantly developing approaches to assess SC and DNSH criteria, and MSS criteria into our project evaluations, we aim to ensure that products not only meet environmental standards but also uphold social and governance principles, thereby further increasing the proportion of Taxonomy-aligned financing. By integrating these principles and criteria, we aim to report in more detail on Taxonomy alignment of asset categories classified as green lending in the next reporting periods. For more information on green lending and loan categories, please refer to the section Sustainability-related products, markets and customers (SBM-1).

We monitor ESG risks in the companies we finance. Each financing decision is preceded by the ESG analysis, assessing environmental and social impacts. This process is integrated into new client onboarding, exposure increase, and the monitoring and review of ongoing clients. Responding to the growing demand for standardization and simplification in ESG data collection processes, Baltic banking associations and financial service providers have created the Unified cross-Baltic ESG Client Questionnaire. This will enable us to collect higher quality data for the EU Taxonomy reporting and to refine our sustainability framework for better future alignment.

Nuclear and fossil gas activities reporting

This is the first year that Citadele is reporting on its exposures to economic activities in specific nuclear and gas sectors. We base this reporting on the data reported by our counterparties operating in these sectors which have published their Taxonomy eligibility and Taxonomy alignment for their relevant nuclear and gas activities in 2023 and 2024, where available.

Citadele has a restrictive policy regarding the nuclear sector, in line with our Risk Strategy. The processing of nuclear fuel is classified as a No-Go industry, which prohibits financing for electricity providers that generate energy from nuclear sources for purposes related to nuclear power plants. Consequently, no nuclear activities were reported by our counterparties.

For the specific fossil gas activities of the relevant counterparties, all revenue-based and investment-based Taxonomy KPIs are included in the report regarding their Taxonomy eligibility and Taxonomy alignment.

Off-balance sheet exposures

In 2024, Citadele started to examine the assessment of economic activities for its off-balance-sheet exposure for CCM and CCA objectives, distinguishing data on financial guarantees and assets under management (AuM). Specifically, it includes data of financial guarantees supporting loans and advances and debt securities financing Taxonomy-aligned economic activities and AuM (equity, debt instruments and real estate) financing Taxonomy-aligned economic activities.

Templates to be disclosed by credit institutions under Article 8 of the EU Taxonomy Regulation

Summary of KPIs

31 December 2024		**Total environmentally sustainable assets, million EUR**	**KPI (a)**	**KPI (b)**	**% coverage (over total assets) (c)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Main KPI	Green asset ratio (GAR) stock	*9.4*	*0.2%*	*0.5%*	*0.2%*	*40.0%*	*24.8%*

31 December 2024		**Total environmentally sustainable activities, million EUR**	**KPI (a)**	**KPI (b)**	**% coverage (over total assets) (c)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V) (f)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V) (g)**
Additional KPIs	*GAR (flow)*	*0.0*	*0.0%*	*0.0%*	*0.0%*	*54.5%*	*7.3%*
	Trading book (d)	-	-	-			
	Financial guarantees	*0.0*	*0.0%*	*0.0%*			
	Assets under management	*11.8*	*57.5%*	*81.0%*			
	Fees and commissions income (e)	-	-	-			

(a) Based on the Turnover KPI of the counterparty
(b) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.
(c) % of assets covered by the KPI over banks' s total assets.
(d) KPIs related to trading book are due for reporting from 2026 for the reporting period 2025.
(e) Fees and commissions income from services other than lending and AuM are due for reporting from 2026 for the reporting period 2025.
(f) Article 7(2) = derivative exposures, 7(3) = exposures to non-NFRD undertakings, Section 1.1.2. of Annex V = exposures to sovereigns, held for trading, on-demand interbank loans, cash/cash-related, other assets, over total assets.
(g) Article 7(1) = Sovereigns (central banks, central governments, supranationals), Annex V Section 1.2.4. = exposures held for trading (trading portfolio).

Assets for the calculation of GAR (Turnover)

		31 December 2024														
Million EUR		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					o/w Use of Proceeds	o/w transitional	o/w enabling			O/w Use of Proceeds	O/w enabling			o/w Use of Proceeds	o/w transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,819.1	1,175.5	9.4	0.9	0.0	4.3	0.8	-	-	-	1,176.3	9.4	0.9	0.0	4.3
2	**Financial undertakings**	90.7	26.7	1.0	0.9	0.0	0.0	-	-	-	-	26.7	1.0	0.9	0.0	0.0
3	Credit institutions	83.5	26.7	1.0	0.9	0.0	0.0	-	-	-	-	26.7	1.0	0.9	0.0	0.0
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	83.5	26.7	1.0	0.9	0.0	0.0	-	-	-	-	26.7	1.0	0.9	0.0	0.0
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-							
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
16	of which insurance undertakings	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	89.1	11.8	8.4	-	0.0	4.3	0.8	-	-	-	12.6	8.4	-	0.0	4.3
21	Loans and advances	74.9	9.9	6.8	-	-	3.1	0.8	-	-	-	10.7	6.8	-	-	3.1
22	Debt securities, including UoP	14.2	1.9	1.6	-	0.0	1.2	-	-	-	-	1.9	1.6	-	0.0	1.2
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
24	**Households**	1,541.5	1,137.0	-	-	-	-	-	-	-	-	1,137.0	-	-	-	-
25	of which loans collateralised by residential immovable property	871.8	871.8	-	-	-	-	-	-	-	-	871.8	-	-	-	-
26	of which building renovation loans	38.2	9.1	-	-	-	-	-	-	-	-	9.1	-	-	-	-
27	of which motor vehicle loans	419.2	263.4	-	-	-	-					263.4	-	-	-	-
28	**Local governments financing**	97.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	97.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	2,068.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	1,902.5														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1,805.8														
35	Loans and advances	1,702.6														
36	of which loans collateralised by commercial immovable property	-														
37	of which building renovation loans	-														
38	Debt securities	102.3														
39	Equity instruments	1.0														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	96.7														
41	Loans and advances	44.8														
42	Debt securities	51.2														
43	Equity instruments	0.7														
44	Derivatives	5.7														
45	On demand interbank loans	12.1														
46	Cash and cash-related assets	42.8														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	105.7														
48	**Total GAR assets**	3,887.9	1,175.5	9.4	0.9	0.0	4.3	0.8	-	-	-	1,176.3	9.4	0.9	0.0	4.3
49	**Assets not covered for GAR calculation**	1,283.4														
50	Central governments and Supranational issuers	976.3														
51	Central banks exposure	307.1														
52	Trading book	-														
53	**Total assets**	5,171.3	1,175.5	9.4	0.9	0.0	4.3	0.8	-	-	-	1,176.3	9.4	0.9	0.0	4.3
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	102.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	1,218.2	18.1	9.3	0.3	0.6	7.0	2.5	2.5	-	2.2	20.6	11.8	0.3	0.6	9.2
56	Of which debt securities	314.3	17.0	9.1	0.3	0.6	6.8	2.5	2.3	-	2.2	19.5	11.4	0.3	0.6	9.0
57	Of which equity instruments	134.9	1.1	0.2	-	0.0	0.2	0.0	0.2	-	-	1.1	0.4	-	0.0	0.2

Assets for the calculation of GAR (CapEx)

	Million EUR	31 December 2024														
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					o/w Use of Proceeds	o/w transitional	o/w enabling			O/w Use of Proceeds	O/w enabling			o/w Use of Proceeds	o/w transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,819.1	1,186.0	19.2	0.9	0.0	5.3	0.5	-	-	-	1,186.5	19.2	0.9	0.0	5.3
2	**Financial undertakings**	90.7	26.4	1.0	0.9	0.0	0.0	0.0	-	-	-	26.4	1.0	0.9	0.0	0.0
3	Credit institutions	83.5	26.4	1.0	0.9	0.0	0.0	0.0	-	-	-	26.4	1.0	0.9	0.0	0.0
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	83.5	26.4	1.0	0.9	0.0	0.0	0.0	-	-	-	26.4	1.0	0.9	0.0	0.0
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
16	of which insurance undertakings	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	89.1	22.6	18.2	-	0.0	5.3	0.5	-	-	-	23.1	18.2	-	0.0	5.3
21	Loans and advances	74.9	17.0	12.9	-	-	3.1	0.5	-	-	-	17.5	12.9	-	-	3.1
22	Debt securities, including UoP	14.2	5.6	5.3	-	0.0	2.2	-	-	-	-	5.6	5.3	-	0.0	2.2
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
24	**Households**	1,541.5	1,137.0	-	-	-	-	-	-	-	-	1,137.0	-	-	-	-
25	of which loans collateralised by residential immovable property	871.8	871.8	-	-	-	-	-	-	-	-	871.8	-	-	-	-
26	of which building renovation loans	38.2	9.1	-	-	-	-	-	-	-	-	9.1	-	-	-	-
27	of which motor vehicle loans	419.2	263.4	-	-	-	-					263.4	-	-	-	-
28	**Local governments financing**	97.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	97.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	2,068.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	1,902.5														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1,805.8														
35	Loans and advances	1,702.6														
36	of which loans collateralised by commercial immovable property	-														
37	of which building renovation loans	-														
38	Debt securities	102.3														
39	Equity instruments	1.0														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	96.7														
41	Loans and advances	44.8														
42	Debt securities	51.2														
43	Equity instruments	0.7														
44	Derivatives	5.7														
45	On demand interbank loans	12.1														
46	Cash and cash-related assets	42.8														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	105.7														
48	**Total GAR assets**	3,887.9	1,186.0	19.2	0.9	0.0	5.3	0.5	-	-	-	1,186.5	19.2	0.9	0.0	5.3
49	**Assets not covered for GAR calculation**	1,283.4														
50	Central governments and Supranational issuers	976.3														
51	Central banks exposure	307.1														
52	Trading book	-														
53	**Total assets**	5,171.3	1,186.0	19.2	0.9	0.0	5.3	0.5	-	-	-	1,186.5	19.2	0.9	0.0	5.3
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	102.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	1,218.2	32.8	26.1	0.3	0.9	13.1	2.7	2.6	-	0.0	35.5	28.7	0.3	0.9	13.1
56	Of which debt securities	314.3	31.0	25.6	0.3	0.9	12.8	2.6	2.4	-	0.0	33.6	28.1	0.3	0.9	12.8
57	Of which equity instruments	134.9	1.8	0.5	-	0.0	0.3	0.1	0.2	-	-	1.9	0.7	-	0.0	0.3

GAR - Sector information (Turnover)

Breakdown by sector - NACE 4 digits level (code and label)		31 December 2024											
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environ-mentally sustain-able (CCM)	Mn EUR	Of which environ-mentally sustain-able (CCM)	Mn EUR	Of which environ-mentally sustain-able (CCA)	Mn EUR	Of which environ-mentally sustain-able (CCA)	Mn EUR	Of which environ-mentally sustain-able (CCM + CCA)	Mn EUR	Of which environ-mentally sustain-able (CCM + CCA)
1	1.50 - Mixed farming	-	-			-	-			-	-		
2	10.51 - Operation on dairies and cheese making	-	-			-	-			-	-		
3	14.14 - Manufacture of underwear	-	-			-	-			-	-		
4	35.12 - Transmission of electricity	5.4	1.5			-	-			5.4	1.5		
5	35.14 - Trade of electricity	39.2	6.8			-	-			39.2	6.8		
6	35.22 - Distribution of gaseous fuels through mains	19.7	-			-	-			19.7	-		
7	41.20 - Construction of residential and non-residential buildings	-	-			-	-			-	-		
8	42.11 - Construction of roads and motorway	-	-			-	-			-	-		
9	52.21 - Infrastructure of rail transport	-	-			-	-			-	-		
10	66.19 - Other activities auxiliary to financial services, except insurance and pension funding	-	-			-	-			-	-		
11	84.11 - General public administration services	-	-			-	-			-	-		
12	84.13 - Regulation of and contribution to more efficient operation of businesses	-	-			-	-			-	-		

GAR - Sector information (CapEx)

Breakdown by sector - NACE 4 digits level (code and label)		31 December 2024											
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environ-mentally sustain-able (CCM)	Mn EUR	Of which environ-mentally sustain-able (CCM)	Mn EUR	Of which environ-mentally sustain-able (CCA)	Mn EUR	Of which environ-mentally sustain-able (CCA)	Mn EUR	Of which environ-mentally sustain-able (CCM + CCA)	Mn EUR	Of which environ-mentally sustain-able (CCM + CCA)
1	1.50 - Mixed farming	-	-			-	-			-	-		
2	10.51 - Operation on dairies and cheese making	-	-			-	-			-	-		
3	14.14 - Manufacture of underwear	-	-			-	-			-	-		
4	35.12 - Transmission of electricity	5.4	5.1			-	-			5.4	5.1		
5	35.14 - Trade of electricity	39.2	12.8			-	-			39.2	12.8		
6	35.22 - Distribution of gaseous fuels through mains	19.7	-			-	-			19.7	-		
7	41.20 - Construction of residential and non-residential buildings	-	-			-	-			-	-		
8	42.11 - Construction of roads and motorway	-	-			-	-			-	-		
9	52.21 - Infrastructure of rail transport	-	-			-	-			-	-		
10	66.19 - Other activities auxiliary to financial services, except insurance and pension funding	-	-			-	-			-	-		
11	84.11 - General public administration services	-	-			-	-			-	-		
12	84.13 - Regulation of and contribution to more efficient operation of businesses	-	-			-	-			-	-		

GAR - KPIs Stock based (Turnover)

% (compared to total covered assets in the denominator)		31 December 2024														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	30.2%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	30.2%	0.2%	0.0%	0.0%	0.1%	22.7%
2	Financial undertakings	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.5%
3	Credit institutions	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.5%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.5%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	Non-financial undertakings	0.3%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.0%	0.0%	0.1%	0.2%
21	Loans and advances	0.2%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%	0.0%	0.0%	0.1%	0.2%
22	Debt securities, including UoP	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
24	Households	29.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.2%	0.0%	0.0%	0.0%	0.0%	22.0%
25	of which loans collateralised by residential immovable property	22.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.4%	0.0%	0.0%	0.0%	0.0%	16.9%
26	of which building renovation loans	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
27	of which motor vehicle loans	6.8%	0.0%	0.0%	0.0%	0.0%					6.8%	0.0%	0.0%	0.0%	0.0%	5.1%
28	Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	30.2%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	30.2%	0.2%	0.0%	0.0%	0.1%	22.7%

GAR - KPIs Stock based (CapEx)

% (compared to total covered assets in the denominator)		31 December 2024															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	30.5%	0.5%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	30.5%	0.5%	0.0%	0.0%	0.1%	22.9%
2	Financial undertakings	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.5%
3	Credit institutions	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.5%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.5%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	Non-financial undertakings	0.6%	0.5%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.6%	0.5%	0.0%	0.0%	0.1%	0.4%
21	Loans and advances	0.4%	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	0.1%	0.3%
22	Debt securities, including UoP	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.0%	0.0%	0.0%	0.1%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
24	Households	29.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.2%	0.0%	0.0%	0.0%	0.0%	22.0%
25	of which loans collateralised by residential immovable property	22.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.4%	0.0%	0.0%	0.0%	0.0%	16.9%
26	of which building renovation loans	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
27	of which motor vehicle loans	6.8%	0.0%	0.0%	0.0%	0.0%					6.8%	0.0%	0.0%	0.0%	0.0%	5.1%
28	Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	30.5%	0.5%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	30.5%	0.5%	0.0%	0.0%	0.1%	22.9%

GAR - KPIs flow based (Turnover)

% (compared to flow of total eligible assets)		31 December 2024														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	26.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.6%	0.0%	0.0%	0.0%	0.0%	24.7%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	Non-financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
24	Households	26.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.6%	0.0%	0.0%	0.0%	0.0%	24.6%
25	of which loans collateralised by residential immovable property	16.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.4%	0.0%	0.0%	0.0%	0.0%	15.2%
26	of which building renovation loans	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
27	of which motor vehicle loans	10.0%	0.0%	0.0%	0.0%	0.0%					10.0%	0.0%	0.0%	0.0%	0.0%	9.2%
28	Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	26.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.6%	0.0%	0.0%	0.0%	0.0%	24.7%

GAP - KPIs flow based (CapEx)

% (compared to flow of total eligible assets)		31 December 2024														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	26.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.8%	0.0%	0.0%	0.0%	0.0%	24.8%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	Non-financial undertakings	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
21	Loans and advances	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
24	Households	26.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.6%	0.0%	0.0%	0.0%	0.0%	24.6%
25	of which loans collateralised by residential immovable property	16.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.4%	0.0%	0.0%	0.0%	0.0%	15.2%
26	of which building renovation loans	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
27	of which motor vehicle loans	10.0%	0.0%	0.0%	0.0%	0.0%					10.0%	0.0%	0.0%	0.0%	0.0%	9.2%
28	Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	Total GAR assets	26.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.8%	0.0%	0.0%	0.0%	0.0%	24.8%

KPI off-balance sheet exposures (Turnover)

% (compared to total eligible off-balance sheet assets)		31 December 2024													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	88.0%	45.0%	1.6%	3.0%	34.0%	12.0%	12.5%	0.0%	10.9%	100.0%	57.5%	1.6%	3.0%	44.9%

KPI off-balance sheet exposures (CapEx)

% (compared to total eligible off-balance sheet assets)		31 December 2024													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	92.4%	73.6%	0.9%	2.6%	37.0%	7.6%	7.4%	0.0%	0.0%	100.0%	81.0%	0.9%	2.6%	37.0%

Templates to be disclosed by credit institutions under Article 10 of the EU Taxonomy Regulation

Nuclear and fossil gas related activities (Turnover and CapEx based)

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Taxonomy-aligned economic activities (denominator) (Turnover)

	Economic activities, million EUR	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**9.4**	**0.2%**	**9.4**	**0.2%**	**-**	**0.0%**
8	**Total applicable KPI**	**9.4**	**0.2%**	**9.4**	**0.2%**	**-**	**0.0%**

Taxonomy-aligned economic activities (denominator) (CapEx)

	Economic activities, million EUR	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**19.2**	**0.5%**	**19.2**	**0.5%**	**-**	**0.0%**
8	**Total applicable KPI**	**19.2**	**0.5%**	**19.2**	**0.5%**	**-**	**0.0%**

Taxonomy-aligned economic activities (numerator) (Turnover)

	Economic activities, million EUR	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**9.4**	**0.2%**	**9.4**	**0.2%**	**-**	**0.0%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**9.4**	**0.2%**	**9.4**	**0.2%**	**-**	**0.0%**

Taxonomy-aligned economic activities (numerator) (CapEx)

	Economic activities, million EUR	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**19.2**	**0.5%**	**19.2**	**0.5%**	**-**	**0.0%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**19.2**	**0.5%**	**19.2**	**0.5%**	**-**	**0.0%**

Taxonomy-eligible but not taxonomy-aligned economic activities (Turnover)

	Economic activities, million EUR	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.7	0.1%	0.7	0.1%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2.1	0.2%	2.1	0.2%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.5	0.0%	0.5	0.0%	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**1,163.6**	**29.7%**	**1,162.8**	**29.7%**	**0.8**	**0.0%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**1,166.9**	**30.0%**	**1,166.1**	**30.0%**	**0.8**	**0.0%**

Taxonomy-eligible but not taxonomy-aligned economic activities (CapEx)

	Economic activities, million EUR	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.1	0.0%	0.1	0.0%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.0	0.1%	1.0	0.1%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**1,166.2**	**29.9%**	**1,165.7**	**29.9%**	**0.5**	**0.0%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**1,167.3**	**30.0%**	**1,166.8**	**30.0%**	**0.5**	**0.0%**

Taxonomy non-eligible economic activities (Turnover)

	Economic activities, million EUR	Amount	Per cent
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.7	0.0%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2.1	0.1%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.6	0.0%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,708.2**	**69.7%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**2,711.6**	**69.8%**

Taxonomy non-eligible economic activities (CapEx)

	Economic activities, million EUR	Amount	Per cent
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.0	0.1%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,700.4**	**69.4%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**2,701.4**	**69.5%**

More information on GAR and climate and environmental-risk management processes is available in our Risk Management and Capital Adequacy Report (Pillar 3 disclosures) available online at https://www.cblgroup.com/en/about/governance/risk-management

ESRS S1 Own workforce

Strategy

Citadele is dedicated to creating a positive and inclusive work environment that supports the well-being and development of its employees. The Bank recognizes its workforce as a key driver of success and is committed to providing equal opportunities, fair labour practices, and continuous learning. Through structured policies and programs, Citadele ensures compliance with international labour standards while fostering engagement, professional growth, and a culture of respect and integrity across all levels of the organization.

Interests and views of stakeholders (ESRS 2 SBM-2)

Citadele places a strong emphasis on integrating the interests, views, and rights of its workforce into its strategy and business model, recognizing employees as a key stakeholder group. Citadele fosters an inclusive and transparent work environment where employee perspectives are regularly gathered through engagement channels such as quarterly Employee Net Promoter Score (eNPS) survey and quarterly live sessions with the Management Board. These interactions, both anonymous and open, help shape workplace improvements and inform strategic priorities. Survey results are reviewed by senior leadership to identify trends and implement necessary improvements aligned with Citadele’s goals. Quarterly live sessions also keep employees informed about strategic developments while providing a platform for direct interaction. By actively considering employee input, Citadele ensures its workforce remains engaged, valued, and aligned with the Bank’s long-term objectives and corporate values.

The bank’s commitment to respecting human rights aligns with international frameworks such as the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. These principles are embedded in the bank's policies to promote equal opportunities and a discrimination-free work environment. Confidential whistleblowing channels are in place to address concerns related to employment conditions and ethical conduct, ensuring employees’ rights and interests are protected.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Citadele identifies and evaluates material impacts, risks, and opportunities related to its own workforce as part of its broader sustainability strategy. These impacts originate from and are directly connected to the bank’s strategy and business model, influencing key business decisions and operational practices. The bank recognizes that dependencies on critical talent and evolving labour market trends directly influence operational efficiency and regulatory compliance, shaping workforce planning and talent development strategies. Regular assessments through engagement surveys, employee feedback channels, and grievance mechanisms provide valuable insights that inform strategic planning and continuous improvements in workplace policies. The integration of employee perspectives helps Citadele adapt its approach to evolving workforce needs.

Citadele’s workforce primarily consists of full-time employees, with no substantial reliance on self-employed individuals. Outsourcing services related to servicing the bank's core activities are assessed and approved in accordance with internal risk management procedures. These outsourcing relationships are subject to regulatory confirmation to ensure compliance with applicable standards and guidelines. The bank’s operations do not involve risks associated with forced or child labour, and there are no identified geographical areas or types of operations considered at risk for such practices. Employee engagement processes and workplace policies are designed to proactively address any potential ethical concerns and ensure compliance with international labour standards.

To mitigate potential risks and leverage opportunities, Citadele has implemented various initiatives, including regular trainings and well-being initiatives to enhance employee engagement and productivity. All risks and opportunities identified in relation to the bank’s workforce are tracked and monitored through structured reporting to the Management and Supervisory Boards, with a commitment to ongoing transparency and accountability.

Citadele does not differentiate or categorize specific groups of people within its workforce when assessing material risks and opportunities. Our material risks and opportunities, identified through the double materiality assessment, are considered for all employees, irrespective of any distinguishing factors. We take a holistic approach, addressing overall impacts without focusing on any particular group, ensuring inclusivity and fairness in workforce-related risk and opportunity management.

Policies related to own workforce (S1-1)

Citadele’s employment policy framework defines all key aspects of the employment relationship within the bank and its subsidiaries, ensuring compliance with national and international labour standards. This framework is applicable to all employees and is overseen by the Management Board, which is responsible for its implementation and continuous improvement.

The Code of Ethics establishes the principles of professional conduct across the Group, defining core values, ethical guidelines, and approaches to managing conflicts of interest. The Code of Ethics explicitly promotes tolerance and respect for diversity, ensuring that all employees perform their responsibilities without prejudice or discrimination based on nationality, race, gender, religion, age, sexual orientation, appearance, social status, or political affiliation. The Ethics and Disciplinary Committee is tasked with addressing non-compliance issues, including handling and resolving discrimination-related concerns within the organization.

Citadele is committed to providing a safe and secure work environment, adhering to labour-related regulations, social insurance requirements, and occupational health and safety standards. These standards inherently prohibit forced labour, human trafficking, and child labour, ensuring the well-being of all employees.

The Bank's Whistleblowing Policy, included in the Code of Ethics, encourages employees to report any concerns regarding potential risks, ethical misconduct, or violations of internal policies. Employees can report issues confidentially to their managers or through the Bank's whistleblower procedure.

The Human Resources Policy outlines all aspects of an employee's journey within Citadele, setting the foundation for an efficient human resources management system. It aims to:

- Attract and retain high-performing professionals;
- Ensure employee productivity and alignment with the Group's long-term strategy;
- Support employees' initiatives and career development;
- Maintain a work environment aligned with legal and regulatory standards.

Citadele's Diversity and Inclusion Policy ensures equal opportunities and an inclusive work environment for all employees. The policy promotes diversity at all organizational levels, including the Supervisory Board, Management Board, and senior management. The bank promotes diversity by considering gender, age, educational and professional background, and geographical provenance. It has set a 40/60% gender balance target for the Supervisory and Management Boards by 2027 and integrates diversity considerations into succession planning and recruitment. Citadele monitors diversity challenges, fosters an inclusive workplace culture, and ensures gender-neutral policies in recruitment, remuneration, and career growth.

The Group has implemented a Succession Planning Policy, and other procedures supporting staff planning and recruitment, training and development, and performance management, while offering competitive perks and benefits.

The Remuneration Policy is designed to attract, motivate, and retain top talent while ensuring fairness and equity across the organization. The policy applies a gender-neutral approach in all remuneration and performance management decisions, with no differentiation based on gender or other personal attributes. The policy outlines: fixed base salaries and variable compensation - including performance-based bonuses and incentive plans. The Remuneration Policy is available on Citadele's internal network for all employees and accessible to relevant stakeholders involved in its implementation.

To promote responsible business conduct, Citadele's remuneration practices incorporate sustainability risks, ensuring alignment with long-term strategic goals, corporate culture, and risk management principles. Measures such as deferral periods and claw-back provisions help prevent excessive risk-taking. Further details are available in the Remuneration Report of AS Citadele banka, accessible online.

Citadele is committed to human rights and adheres to key international framework principles, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, ensuring fair labour practices and ethical business operations. Compliance with human rights policies is regularly monitored and reviewed across the organization through employee feedback mechanisms.

In recruitment and leadership development processes, the bank adheres to the highest ethical standards, ensuring non-discriminatory practices. Citadele's Employee Performance Management Principles regulate performance evaluations, ensuring fairness and transparency.

Citadele follows occupational health and safety measures, ensuring compliance with national regulations and internal policies that include workplace accident prevention strategies and health monitoring initiatives to safeguard employees' well-being.

Processes for engaging with own workforce and workers' representatives about impacts (S1-2)

Fostering a culture of feedback is fundamental to ensuring that every employee feels valued, heard, and understood. Employees participate in quarterly engagement surveys, providing both anonymous and open feedback on their experiences at Citadele. The bank engages directly with employees without the involvement of workers' representatives. Managers across various units and functions receive detailed reports and are encouraged to discuss findings with their teams, ensuring that employee feedback drives continuous organizational improvements. Citadele welcomes input on all aspects impacting employee well-being - both positive and negative - recognizing it as a valuable tool for ongoing development. Employee engagement is managed by existing employees as part of their regular job responsibilities; no additional resources are allocated for this.

To further strengthen employee engagement, Citadele continuously enhances its internal communication channels to ensure they remain technologically up-to-date and aligned with employees' needs. Regular updates on the bank's operations are shared via the intranet and VivaEngage channel. Additionally, quarterly Live@Citadele sessions, hosted by the Management Board, provide employees with insights into the bank's strategy, performance, and future plans. These sessions include interactive Q&A opportunities, enabling employees to engage directly with leadership and receive responses to their queries.

The culture of feedback is continuously reinforced across the organization. In 2024, 68.8 thousand feedback items were shared via the Peero App, the platform used for providing and receiving feedback (72.8 thousand in 2023). Through this app, employees can recognize colleagues for their assistance, collaboration, support, and contributions.

Citadele's Lithuanian branch has a Labour Council, a six-member employee representation body that protects employees' professional, labour, economic, and social rights. It serves as a platform for social dialogue, allowing employees to raise concerns about working conditions and improvements to be taken into consideration when shaping policies and targets. Employees can contact the Labour Council directly via e-mail or through the common mailbox to ensure equal rights and address any violations.

Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)

Citadele is committed to fostering a workplace environment where employees feel empowered to voice their concerns and contribute to continuous improvement. The Group has established multiple channels to ensure employees can raise concerns, provide feedback, and seek resolution for any negative impacts they may experience. Employees can voice their concerns through direct communication with managers or regular engagement surveys which allows for anonymous feedback. Additionally, a formal grievance mechanism is in place to address any employment-related issues, ensuring transparency and accountability. The effectiveness of these processes is monitored through participation rates and engagement scores, with results being reported to the Management Board and the Supervisory Board to guide strategic decision-making. A dedicated whistleblowing system is available to report any ethical concerns confidentially, in compliance with internal policies and regulatory standards. Citadele continuously evaluates and enhances these processes to ensure accessibility, responsiveness, and trustworthiness, reinforcing our commitment to employee well-being and corporate responsibility.

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

Employee well-being is a top priority at Citadele, with a strong commitment to fostering a supportive work environment that promotes physical and mental health, work-life balance, and job satisfaction. The Group provides health insurance, flexible working arrangements, and financial support for major life events. The Wellbeing@Citadele program, launched in 2021, offers various tools and activities to encourage healthier lifestyles, earning the prestigious Family-Friendly Workplace designation by the Society Integration Fund in Latvia in Q3 2023. In 2023, Citadele introduced the Little Champions Co-Working Space at its Riga headquarters, enabling employees to work while their children engage in recreational activities, further supporting work-life integration.

Citadele promotes an inclusive and equitable workplace through its Diversity and Inclusion Policy, ensuring equal opportunities for all employees. The bank actively supports professional development by offering personalized growth plans, training programs, and leadership development initiatives. In 2024, Citadele is providing training in compliance and professional skills, with employees accessing a wide range of courses through its internal e-learning platform. Regular performance reviews help align personal goals with business objectives.

Recognizing the challenges of talent retention, Citadele continuously invests in attracting and engaging top talent by enhancing its onboarding process, communication channels, including specifically created career web page, and structured employee engagement initiatives. In 2024, the bank has strengthened its retention efforts by offering new growth opportunities and engagement programs, for example, internal shadowing days, Newcomers Day, Children Day.

Aiming to be the most attractive employer in the Baltics, Citadele has expanded its collaborations with universities and schools, launched a summer internship program, and plans to enhance its employer brand through branding campaigns and an updated career page. The introduction of Employee Volunteering Days allows employees to dedicate a paid workday to community service, reinforcing the bank's commitment to social responsibility (219 days were used in 2024). Additionally, Citadele's sustainability efforts are reflected in the installation of beehives at its headquarters to support biodiversity and provide employees with a green space to relax, further demonstrating its commitment to environmental responsibility.

Overview of key actions in response to material identified IROs

Material IRO	Key actions in 2024	
Ensuring good working conditions, inclusive workplace and equal opportunities to all employees (Impact) Becoming an employer of choice (Opportunity)	Regular eNPS surveys conducted to assess engagement and satisfaction, monitoring results, and address raised concerns	▪ Job evaluation conducted with an aim to ensure equal pay for employees with the same knowledge and skill-set, incl. compensation benchmarking against the market results, pay gap analyses ▪ Well-being program (sports activities & gym) launched
Professional skill and competence development for all employees (Impact)		▪ Critical skills for Citadele managers defined and Leadership Transition Program launched ▪ Wide range of trainings, incl. mandatory and voluntary ▪ Succession planning ▪ Internal shadow days
Talent retention challenges/ War for talent (Risk)		▪ Employer value proposition (EVP) approved, setting competitive advantages to attract and retain talent ▪ A job evaluation is conducted to ensure fair and competitive pay, supporting talent retention in a competitive job market ▪ Career page launched ▪ Citadele became the General Partner of Stockholm School of Economics ▪ ELEVATE Internship program launched

Metrics and targets

Targets related to managing principal adverse impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

Citadele is dedicated to fostering a positive and engaging work environment by setting clear, measurable targets to monitor and enhance employee well-being, satisfaction, and overall workplace experience. These targets help the bank address material impacts, risks, and opportunities related to its workforce while ensuring continuous improvement in key areas such as engagement and organizational culture.

While Citadele monitors a number of key performance indicators (KPIs), such as the Employee Turnover Rate, Employee Net Promoter Score (eNPS), Mood Barometer, and participation rate, to assess the strength of employee engagement and satisfaction, it sets specific targets only for eNPS, which serves as a comprehensive measure of workplace sentiment and employee experience, providing valuable insights into employee engagement, loyalty, and areas for improvement. By tracking progress and aligning with strategic objectives, Citadele aims to create a supportive and productive work environment that meets the evolving needs of its employees.

Citadele has set a diversity target at the Board level (e.g., Supervisory Board and Management Board), aiming to achieve a gender balance of at least 40/60% for the underrepresented gender by 2027. As of 2024, the gender balance at the Group level, including the Management and Supervisory Boards of subsidiary companies, stands at 50%. To achieve this target, diversity status and challenges of the Group are monitored and evaluated on regular basis, considering solutions to the identified challenges.

The targets below are strategically established as part of the bank's business approach, without direct involvement of Citadele employees in the target-setting process. However, in setting these targets, stakeholder feedback, industry best practices, and past performance are considered to ensure alignment with broader sustainability objectives.

Target	Target	2023	2024
eNPS	>35% (>40% in 2025)	47%	53%
Underrepresented gender in the Boards	40% by 2027	50%	50%

The methodologies, assumptions, and calculations behind the metrics for ESRS S1 disclosed below are in line with specific Disclosure Requirements. The metrics as defined in the ESRS are used. The metrics are not validated by any external body apart from the assurance provider.

Characteristics of the undertaking's employees (S1-6)

In 2024, Citadele Group's total number of employees reached 1,316 FTEs compared to 1,301 in 2023. The majority of employees are based in Latvia, representing 73.6% of the total workforce, followed by Lithuania at 18.8% and Estonia at 7.5%. The gender distribution remained stable across all regions, with female employees accounting for the majority of the workforce. The average number of employees during the year grew by 1.9%. A positive trend was observed in employee retention, with the total turnover rate decreasing significantly from 19.6% in 2023 to 16.9% in 2024. Voluntary turnover accounted for 11.2%, while involuntary turnover stood at 5.7%.

Data point	2024	2023	ΔYoY
Total number of employees	**1 316**	**1 301**	1.1%
Latvia	**969**	**967**	0.1%
Male	317	319	-0.7%
Female	652	648	0.5%
Lithuania	**248**	**242**	2.5%
Male	78	76	2.0%
Female	170	166	2.7%
Estonia	**99**	**92**	7.6%
Male	29	27	7.4%
Female	70	65	7.7%
Latvia, % of total	**73.6**	**74.3**	-1.0%
Lithuania, % of total	**18.8**	**18.6**	1.4%
Estonia, % of total	**7.5**	**7.1**	6.4%
Average number of employees during the year	**1 334**	**1 309**	1.9%
Employee turnover rate, total	**16.9%**	**19.6%**	**-14.0%**
Voluntary employee turnover rate	11.2%		
Involuntary employee turnover rate	5.7%		

Note: Cross reference with Financial Statements Note 9

New hires in 2024 by age group, gender and region

Gender/age group	Latvia	Lithuania	Estonia	Total #	Total %
Female	**90**	**60**	**17**	**167**	**70.2%**
< 30	44	33	5	82	34.5%
30-50	42	25	12	79	33.2%
> 50	4	2		6	2.5%
Male	**48**	**20**	**3**	**71**	**29.8%**
< 30	22	10	2	34	14.2%
30-50	26	9	1	36	15.1%
> 50		1		1	0.4%
Total	**138**	**80**	**20**	**238**	**100.0%**

Leavers in 2024 by age group, gender and region

Gender/age group	Latvia	Lithuania	Estonia	Total #	Total %
Female	**94**	**54**	**11**	**159**	**70.3%**
< 30	25	20	3	48	21.4%
30-50	58	33	6	97	42.7%
> 50	11	1	2	14	6.2%
Male	**47**	**18**	**2**	**67**	**29.7%**
< 30	21	9	1	31	13.6%
30-50	24	6	1	31	13.9%
> 50	2	3		5	2.2%
Total	**141**	**72**	**13**	**226**	**100.0%**

Employees by country by age group and gender

Gender / age group	Latvia	Lithuania	Estonia	Total #	Total %
Female	**652**	**170**	**70**	**892**	**67.8%**
< 30	84	56	10	150	11.4%
30-50	461	87	49	597	45.4%
> 50	107	27	11	145	11.0%
Male	**317**	**78**	**29**	**424**	**32.2%**
< 30	41	25	2	68	5.2%
30-50	224	50	18	292	22.1%
> 50	51	4	9	64	4.9%
Total	**969**	**248**	**99**	**1 316**	**100.0%**

Characteristics of non-employees in the undertaking's own workforce (S1-7)

Employment arrangements	2024
Permanent employees	**1 306**
Latvia	960
Lithuania	247
Estonia	99
Temporary/Part-time employees	**10**
Latvia	9
Lithuania	1
Estonia	0
Permanent employees	**1 306**
Female	884
Male	422
Temporary/Part-time employees	**10**
Female	9
Male	1

No employees with non-guaranteed hours. Reference to the methodology and assumptions used: The number of employees and proportions are indicated as of 31.12.2024. Employees who are on maternity, paternity leave are excluded. FTEs are the total number of full-time equivalent employees.

Collective bargaining coverage and social dialogue (S1-8)

Citadele has not entered into any collective bargaining agreements and in social dialogue in the European Economic Area (EEA). AS "Citadele banka" Lithuanian branch has the Labour Council which is an employee representation institution that protects the professional, labour, economic, and social rights of the Bank's employees and represents their interests. This body is a social dialogue within the organization and consists of 6 employee members. Each employee of the Lithuanian branch may refer to the Labour Council with questions or issues related to working conditions and their improvement. The Labour Council ensures equal rights for all employees and in case of violations, employees should not hesitate to contact any member of the Labour Council directly by e-mail or via the common mailbox.

Diversity metrics (S1-9)

Gender diversity

	Unit	2024	2023	ΔYoY
Gender diversity				
Supervisory Board	Number	**9**	**9**	**0.0%**
Female	%	44%	44%	0.0%
Male	%	56%	56%	0.0%
Management Board	Number	**6**	**8**	**-25.0%**
Female	%	33%	25%	32.0%
Male	%	67%	75%	-10.7%
Identified staff*	Number	**154**	**168**	**-8.3%**
Female	%	47%	47%	0.0%
Male	%	55%	53%	0.0%
Staff	Number	**1 147**	**1 116**	**2.7%**
Female	%	71%	71%	0.0%
Male	%	29%	29%	0.0%
Total	Number	**1 316**	**1 301**	**1.2%**

**Staff that fall or are likely to fall under Capital Requirements Directive Art. 92(3), points (a)-(c) or under the criteria of RTS Art. 5 for a period of at least three months in a financial year are treated as identified staff.*

Adequate wages (S1-10)

Citadele is committed to providing fair, competitive, and equitable compensation to all employees. Our compensation practices comply with local minimum wage requirements while striving to meet living wage standards in every country where we operate. To ensure our pay remains competitive and reflective of the evolving labour market, we benchmark salaries against the Finance and IT sectors, targeting the median market level.

When determining compensation, we take into account education, professional experience, job complexity, mental effort, collaboration, leadership skills, and accountability for work processes, resource management, and decision-making. Additionally, our total compensation structures (fixed and variable) consider employees' seniority, skills, competencies, and performance, ensuring alignment with our business strategies, culture, values, and long-term objectives.

To promote internal equity and inclusivity, we maintain a gender-neutral approach, ensuring equal pay for equal work or work of equal value while actively working to prevent discrimination. We continuously strive for transparency and fairness by participating in market compensation surveys and assessing living wage benchmarks to guide our decisions.

From 2024 to 2027, we are conducting a comprehensive review and update of our job architecture. This initiative will enable us to precisely identify positions of equal value across the Group's companies and countries, allowing for accurate gender pay gap (GPG) comparisons. It will also help us monitor GPGs more effectively and take the necessary actions to adjust compensation where discrepancies are identified.

Social protection (S1-11)

Citadele ensures that its employees are covered by social protection against loss of income due to major life events in accordance with applicable national regulations in the countries where it operates. Social protection is provided either through public state programs or benefits offered by the bank to support employees in mitigating financial risks associated with respective life events. The coverage includes protection related to sickness, unemployment, employment injury and acquired disability, parental leave, and retirement.

Persons with disabilities (S1-12)

In 2024, Citadele employed seven persons with disabilities, representing 0.5% of the total workforce (compared to six employees, or 0.5%, in 2023). This data was collected through self-disclosure. As employees have the right to withhold this information, the data might be incomplete.

Training and skills development metrics (S1-13)

Citadele is committed to fostering the continuous professional growth of its employees by providing extensive training and development opportunities that enhance their skills and career prospects while aligning with business objectives. We support our employees' professional development through a variety of learning resources, development programs, and both mandatory and voluntary training initiatives.

Our training and skills development channels include compliance and professional skills training delivered through our internal e-learning platform, as well as the VIVA learning platform. Our programs encompass leadership development initiatives designed to equip managers with essential leadership skills, individual training programs tailored to align with employees' career goals and the organization's objectives, and a range of mandatory and voluntary soft-skill training opportunities. Employees are offered the opportunity to develop numerous skills through the Open.lv learning platform, including over 50 various courses, and other learning initiatives, like Digital Friday, which encourage employees to engage in digital literacy and innovation. Performance reviews are conducted annually in line with Citadele Group Employees Performance Management principles. The annual review assesses an employee's overall contributions to the Group by their line manager. This process evaluates the employee's skills, goals, achievements, growth potential, and development needs.

Training overview	**2024**	**2023**
% of employees that participated in regular performance and career development reviews	100%	100%
Average number of training hours per person for employees	28.6	32.8
Female	32.8	37.9
Male	19.6	21.8

Health and safety metrics (S1-14)

In the reporting year 2024, Citadele ensured that 100% of its workforce was covered by its health and safety management system, in line with legal requirements. There were no recorded incidents of work-related injuries or fatalities among its employees. Citadele had one case of recordable work-related ill health in 2024 and two cases in 2023. The total number of days lost due to work-related ill health was five in 2024. Compliance with occupational health and safety standards is regularly reviewed, and employees are provided with necessary training and resources to maintain a safe working environment.

Health and safety indicators	2024	2023
Percentage of own workers who are covered by the health and safety management system	100%	100%
Number of fatalities as a result of work-related injuries and work-related ill health	0	0
Number and rate of recordable work-related accidents (own workforce)	0	1
Number of cases of recordable work-related ill health (own workforce)	1	2
Number of days lost to work-related ill health (own workforce)	5	0

Work-life balance metrics (S1-15)

Employees on family related leave as of 31.12.2024

Gender	Latvia	Lithuania	Estonia	Total #	Total %
Female	652	170	70	892	67.8%
Entitled to leave	652	170	70	892	67.8%
Took the leave	49	13	5	67	7.5%
Male	317	78	29	424	32.2%
Entitled to leave	317	78	29	424	32.2%
Took the leave	0	1	0	1	0.2%
Total	969	248	99	1 316	100.0%

AR 96 of Regulation (EU) 2023/2772; Family-related leaves include maternity leave, paternity leave, parental leave, and carers' leave. Data on the family-related leaves are collected from the internal HR management system.

Remuneration metrics (pay gap and total remuneration) (S1-16)

Gender pay gap	2024	2023	ΔYoY
Supervisory Board pay gap	100%	100%	0.0%
Management Board	127%	82%	55.1%
Identified staff	84%	88%	-5.0%
Staff (all employees)	70%	72%	-2.7%
Annual total remuneration ratio*	**27.85%**	**25.29%**	**10.12%%**

*The annual total remuneration ratio is calculated by encompassing fixed pay, variable pay in cash for the previous calendar year, including the employer's social contributions.

Incidents, complaints and sever human rights impacts (S1-17)

In the reporting year 2024, Citadele did not record any work-related incidents of discrimination on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination involving internal and/or external stakeholders across its operations. No serious incidents of harassment were reported in 2024. One case was reported regarding a manager's misuse of position and the creation of a negative team atmosphere due to manager's communication style. The case was followed up and reviewed in accordance with relevant internal procedures, with team satisfaction monitored through the regular eNPS survey. In 2024, Citadele did not identify any cases of severe human rights incidents, such as forced labour, human trafficking, or child labour, within its workforce.

Incidents, complaints and severe human rights impacts	2024	2023
Incidents of discrimination	0	0
Complaints filed through channels for own workers to raise concerns (incl. grievance mechanisms)	1	0
Complaints filed through channels of the National Contact Points for OECD Multinational Enterprises	0	0
Fines, penalties, compensation for damages as a result of above incidents and complaints	0	0

ESRS S2 Workers in the value chain

We recognize the significance of our impact on workers within our value chain. Upstream value chain workers include the employees of our vendors and suppliers of services and products, used in our operations, including on-site workers, engaged through third-party arrangements. Downstream value chain workers include the employees of our customers and end users.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Citadele identifies a positive impact within both the upstream (UVC) and downstream (DVC) value chains, particularly in ensuring human rights in employment relations and work safety standards. Citadele's strategic approach to managing these impacts is embedded in its Supplier Code of Conduct, which emphasizes fair labour practices, safe working conditions, and ethical standards. These principles are also integrated into the bank's lending practices, ensuring alignment with its corporate values and long-term business objectives. Citadele does not differentiate or categorize specific groups of value chain workers when assessing material impacts, risks or opportunities. Material impacts identified through the double materiality assessment are considered for value chain workers, irrespective of any distinguishing factors.

IRO management

Policies related to value chain workers (S2-1)

Upstream value chain workers include the employees of our vendors and suppliers of services and products. Our primary interaction with suppliers is through the procurement process, which aims to build and maintain an optimal supplier network that fosters healthy and fair competition. The Procurement Process Procedure defines various supplier assessment criteria, including environmental, social, and governance (ESG) risk evaluation and compliance with the principles outlined in the Supplier Code of Conduct. The Supplier Code of Conduct is designed to ensure sustainable cooperation with Citadele's suppliers by promoting professional, fair, and ethical business practices, including environmental and social responsibility, strong business ethics, and sound governance. It clearly outlines Citadele's expectations for suppliers to actively manage sustainability aspects related to human rights, labour practices, business ethics, and environmental impact. The Supplier Code of Conduct is publicly available on the Group's website. It is overseen by the Management Board, which is responsible for its implementation and for making enhancements as deemed necessary.

Downstream value chain workers include the employees of our customers and end users. Citadele's expectations for its clients to respect human rights in employment relations and uphold workplace safety standards are integrated into the Bank's lending evaluation and monitoring processes. To verify compliance with these principles and assess ESG and climate-related risks, the Bank follows the Environmental, Social, and Risk Assessment in Lending Process Procedure. In addition, the General Provisions of the Loan Agreement require clients to comply with Citadele's Terms Against Prohibited Conduct.

Processes for engaging with value chain workers about impacts (S2-2)

Citadele has not adopted specific processes to engage with workers in the value chain. We engage with our corporate clients, rather than directly with value chain workers. Client-related events involving legal violations, sanctions, or significant risks to the environment, public health, or employee safety are handled as part of process of Environmental, Social, and Risk Assessment in Lending.

Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)

All stakeholders, including workers in the value chain, can raise concerns and provide feedback through various electronic channels. They can submit an online form in Latvia, Lithuania and Estonia, send an e-mail to: notifications@citadele.lv, or address sustainability-related concerns, including environmental and social matters, to esg@citadele.lv. concerns can be raised with a name or anonymously. Additionally, stakeholders can contact the Head of Internal Audit directly via the "Report a Violation" link on the bank's web page. No specific processes are in place to assess whether value chain workers are aware of and trust the above channels. The processing and assessment of received concerns and feedback follow internal instructions, including analyzing the information, identifying issues, determining actions, and implementing necessary steps to address them.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action (S2-4)

Citadele has identified positive impact on workers in the value chain through contributing to ensuring human rights in our value chain's employment relations and work safety standards. To ensure that labour management and human rights principles are upheld throughout the value chain, Citadele requires its suppliers to adhere to the Citadele Supplier Code of Conduct. This code encompasses fundamental worker rights and principles. Citadele expects its suppliers to adhere to labour protection and work safety requirements, and to commit to respecting human rights and business ethics for all workers. Suppliers are also encouraged to operate in an environmentally responsible and efficient manner to minimize adverse environmental impacts. The Supplier Code of Conduct explicitly prohibits trafficking in human beings, forced labour and the restrictions on the employment of children. Furthermore, we expect our suppliers and customers to conduct their business in a way that ensures fair social conditions and respects the universally accepted human rights principles, including labour rights, under the United Nations' Guiding Principles on Business and Human Rights and respects and protects the fundamental principles and rights of workers as guided by International Labour Organization (ILO) Conventions. Citadele does not operate in geographies (at country level or other levels) or produce commodities for which there is a significant risk of child labour, forced labour, or compulsory labour, neither within its own operations nor among workers in the value chain.

We follow the European Bank for Reconstruction and Development (EBRD) Environmental and Social Policy, EBRD being a shareholder in Citadele, with approximately 25% stake. This includes compliance with the Performance Requirements (PR2 Labour and Working Conditions, PR4 Occupational Health and Safety, and PR 9 Financial Intermediaries) set out in the EBRD's Environmental and Social Policy.

In relation to our downstream value chain workers - the employees of our customers - the Bank verifies compliance with working condition expectations through the Environmental, Social, and Risk Assessment in Lending Process Procedure. Additionally, the General Provisions of the Loan Agreement require clients to comply with Citadele's Terms Against Prohibited Conduct.

As part of the lending transaction process, the Bank may conduct site visits to the client's business location. If reasonable suspicions arise during the inspection regarding the client's compliance with environmental and social risk policies, the Bank assesses the need for enhanced due diligence by an independent expert or requests assessment reports prepared by regulatory body supervising the respective industry.

The terms of the Citadele lending agreement and the lending transaction monitoring procedure require clients to submit a written confirmation upon the Bank's request, verifying compliance with health protection, occupational safety, labour rights, and environmental protection regulations. If the client reports an incident in the monitoring form, the Bank may impose additional environmental and social monitoring or control measures to address potential non-compliance.

Under the lending transaction agreement, clients must notify the Bank of accidents or events related to their activities that may involve legal violations, sanctions, or significant negative impacts on the environment, public health, or employee safety. Clients must take all necessary actions to remedy or mitigate adverse consequences. In such cases, an Environmental and Accident Form must be submitted to the Bank, enabling the Bank to take appropriate action.

The above actions are carried out on an ongoing basis, with no additional specific measures planned at this time. There are no action plans requiring significant operational or capital expenditures related to workers in the value chain.

We have no information on severe human rights issues and incidents connected to our upstream and downstream value chain that have been reported in 2024.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5)

No specific measurable, outcome-oriented targets have been adopted as of the reporting date to track the effectiveness of policies and actions addressing material sustainability-related impacts and risks in relation to workers in the value chain. We are committed to continuously evaluating these impacts, risks, and opportunities and will work towards establishing measurable targets once deemed feasible and when they provide additional value to our sustainability objectives.

ESRS S4 Consumers and end users

Strategy

Citadele places customers and their needs at the centre of its business activities, aiming to offer its customers products and services that help them achieve and maintain their business goals and prosperity. We aim to offer solutions that meet customer needs at an appropriate level of risk. This approach is a key factor in building and maintaining long-term customer relations. Citadele ensures high quality advisory services by continuously training its employees, focusing on the relationship with the customer.

Interests and views of stakeholders (ESRS 2 SBM-2)

Customers are key stakeholders of the Group, and their actions, in turn, influence our operations. Customer satisfaction, positive experiences, and loyalty are essential for the Group's sustainable growth and long-term success. Citadele continuously adapts its products and services to meet and exceed customer expectations and needs.

We are guided by globally recognized principles for respecting and protecting human rights, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. These principles are embedded in our internal policies and procedures, ensuring that our employees uphold the highest standards when interacting with customers. To maintain ethical business practices, confidential whistleblowing channels are available, allowing consumers and end-users to raise concerns regarding ethical conduct.

The perspectives of consumers and end-users are regularly considered through various engagement channels, including surveys such as the Net Promoter Score (NPS). These surveys provide customers with an opportunity to share their views both anonymously and openly, helping us identify areas for improvement and stay aligned with their priorities and expectations. The survey results are reviewed and presented to senior leadership, ensuring that customer insights play a role in shaping the Bank's approach to customer satisfaction and service enhancements.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Citadele identifies and evaluates material impacts, risks, and opportunities related to customers and end-users as part of its broader sustainability strategy. These impacts originate from and are directly connected to Citadele's strategy and business model, influencing key business decisions and operational practices. Citadele does not differentiate between specific groups of customers or end-users based on particular characteristics or the use of specific products or services that may pose a greater risk of harm. Instead, it addresses all customers and end-users collectively.

Key material IROs include access to quality product information, enabling customers to make informed choices about financial products and services, and the availability, accessibility, and affordability of financial services to ensure inclusive access to banking, financing, and digital resources, both of which have a positive impact. Operational disruptions pose a risk to service continuity, requiring robust resilience measures. Ensuring customer data protection through strict compliance with data privacy regulations and cybersecurity protocols contributes to a positive impact, while cybersecurity threats necessitate continuous risk monitoring, security enhancements, and preventive measures. The risk of customer data misuse is mitigated through stringent data handling policies and regulatory adherence.

By embedding these considerations into its strategy, Citadele ensures its operations remain resilient, customer-focused, and aligned with long-term sustainable growth objectives.

Policies related to consumers and end-users (S4-1)

The Bank's policies related to consumers and end-users are designed to ensure compliance with regulatory requirements, safeguard customer rights, and promote trust and financial well-being. These policies cover key areas such as responsible lending, fair treatment of customers, data protection and cybersecurity, accessibility of financial services, and ethical marketing practices. Policy-level documents are adopted by the Management Board and approved by the Supervisory Board.

The Data Protection Policy, aligned with the General Data Protection Regulation (GDPR), establishes principles for the processing and protection of personal data, ensuring individuals' right to privacy. Customers have full control over their personal data, including the rights to erase, rectify, complete, or amend the information stored by the Bank. The policy mandates transparent data handling practices, keeping customers fully informed about how their data is collected, used, and protected. To enhance security, the Bank implements advanced security protocols to prevent unauthorized access and data breaches, providing the highest level of data protection.

The Group's human rights policy is guided by internationally recognized frameworks, including the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the International Bill of Human Rights along with its underlying covenants. In line with these commitments, our Code of Ethics strictly prohibits harassment, violence, and unethical or disrespectful behaviour toward any individual, including consumers and end-users. It also upholds the protection of consumer interests, requiring employees to provide clear, accurate, explicit, and non-misleading information about the Bank's products and services, including all material risks, to enable customers to make informed decisions. The Code of Ethics further establishes confidential reporting channels for raising concerns about potential or actual regulatory breaches or unethical behaviour, ensuring that all issues, including human rights concerns, are effectively addressed. The Code of Ethics is publicly available on the Bank's website, ensuring accessibility for all stakeholders.

While the Bank does not have a formalized standalone policy on product and service communication, it adheres to the principles outlined in the Consumer Rights Protection Law, Advertising Law, and the Good Practice Guidelines of the Finance Latvia Association. Recognizing the impact of information quality on customers, the Bank is committed to delivering high-quality, clear, and truthful product and service information. Before publication, all information undergoes a rigorous review and approval process by the product owner and legal team to ensure accuracy and objectivity.

Processes for engaging with consumers and end-users about impacts (S4-2)

Citadele engages with its customers through regular customer satisfaction surveys for its banking and MobileApp customers, as well as Brand Personality and Brand Awareness surveys. Engagement occurs directly, welcoming input on both the positive and negative impacts experienced by our customers and is a part of our stakeholder engagement approach. For details on stakeholder engagement, please refer to section Interests and views of stakeholders (SBM-2).

We monitor our customer NPS and NPS mobile app scores quarterly against internally set target to ensure customer engagement and measure satisfaction. Due to significant difference in customers base sizes, these scores are monitored separately for Latvia and Lithuania. The results are being reported to the Management and the Supervisory Board to guide strategic decision-making.

To further strengthen customer engagement, Citadele continuously enhances its communication channels to ensure they remain technologically up-to-date. Customers expect easy service interactions when they need assistance with digital banking. Customers can contact Citadele through several channels for their convenience: chat in MobileApp, message in I-bank, phone or e-mail. Customer support also includes an interactive assistant to help clients find answers to common questions.

Customers who prefer traditional sales and communication channels or have more complex customer needs are provided direct contact through branches. Citadele aims to ensure that customers are served by qualified advisors in a professional and quick way. As of 31 December 2024, Citadele had 11 branches in Latvia, 1 branch in Estonia and 1 branch in Lithuania with 6 customer service units.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)

For raising concerns, customers and end-users may use the external whistleblowing system, which can be found on Citadele's website for the respective country. Customers can share feedback, report violations, or raise suspicions of prohibited conduct through various external channels, both electronically and in person in client service centers, or by submitting an electronic report form on the website. The confidentiality of the information source is ensured, as well as the anonymity of those who choose to report breaches anonymously.

Customer complaints can be submitted through various channels, either electronically or in person at customer service centers. Complaints are processed following a dedicated procedure that aligns with external and internal regulations, as well as industry association recommendations. Issues raised by customers are categorized, reviewed, and analyzed to identify recurring concerns. The deadlines for reviewing complaints and providing the Bank's response are determined in accordance with the legal requirements of the respective country, based on the date the complaint is received by the Bank.

We have no information on severe human rights issues and incidents connected to our customers that have been reported in 2024.

Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)

Commitment to Fair and Responsible Banking

Citadele has processes in place to ensure that clients are treated fairly and professionally. Our customer servicing standard sets the professional requirements we expect from our employees when dealing with customers. Our client and product- related procedures and instructions follow the entire cycle of client interaction with the Bank. Our values and the Code of Ethics guides our behaviour in all client-related situations. We reinforce our standard with regular training.

To provide banking services responsibly, we purposefully communicate with our clients to increase their awareness of banking services and the opportunities, obligations, and underlying risks. To provide responsible lending we carefully evaluate the ability of each potential customer to repay the loan. In business financing the Bank, in addition to industries prohibited by law, does not support financing of industries with high negative Environmental and Social impacts. Our exclusion list is available publicly as part of our ESG Policy.

One of our key priorities is to ensure that customers have access to quality product and service information, enabling them to make well-informed choices that enhance customer satisfaction and loyalty. By leveraging comprehensive financing solutions and digital banking services, Citadele supports economic growth and quality of life. To maintain operational resilience, we implement secure digital platforms and continuous risk monitoring, ensuring uninterrupted service delivery and fostering customer trust.

Transparency and Accessibility

Citadele is committed to providing clear, comprehensive, and easily accessible information about its services and products. Customers can obtain detailed descriptions through our website and branch network. By offering accessible formats, such as plain language, visual aids, and user-friendly interfaces, we ensure that customers can fully understand and navigate our banking solutions. This transparency empowers them to make informed financial decisions tailored to their needs.

As a signatory of the UN Principles for Responsible Banking, Citadele has conducted an impact assessment to identify key socio-economic needs at the regional level. One of the primary impact areas identified is the availability, accessibility, affordability, and quality of resources and services. Citadele prioritizes availability, accessibility, affordability, and service quality, aligning with its commitment to inclusive and sustainable development.

To measure the effectiveness of these efforts, Citadele tracks customer service quality, prime-time system availability, and the percentage of digital service users among total customers. The bank has set a target of maintaining digital banking accessibility and stability above 99.9%.

Customer Engagement and Service Excellence

Customer engagement is a core priority. We conduct regular customer satisfaction surveys for banking and MobileApp users, as well as Brand Personality and Brand Awareness surveys. By tracking our NPS score against internally set targets, we ensure ongoing improvements in customer satisfaction and service quality.

Customers can provide feedback, report violations, or raise concerns through various channels, including electronic and in-person options, as well as a dedicated section on our website. All complaints are handled through a structured procedure aligned with external and internal regulations and industry best practices.

We actively collect and analyze customer feedback, gaining valuable insights into their experiences and expectations. This ongoing engagement allows us to identify areas for improvement and refine our services. Our commitment to transparency and accessibility ensures that customers have the necessary tools to assess their options and make financial decisions that align with their needs.

Recognizing the importance of seamless service interactions, Citadele offers multiple customer support channels, including chat in the MobileApp, messaging via Internet Banking, phone, and email. Customers also benefit from an interactive assistant that helps answer common queries. For those who prefer traditional banking services or require personalized assistance, Citadele provides branch-based services, ensuring access to qualified advisors for professional and efficient support. As of December 31, 2024, Citadele operated 11 branches in Latvia, 1 branch in Estonia, and 1 branch with 6 customer service units in Lithuania.

To enhance functionality, security, and user experience, Citadele regularly updates its mobile application and internet banking solutions, ensuring they remain in line with market standards and evolving customer demands. The stability of internet and mobile banking services is a key focus, with prime-time system availability reaching 99.90% in 2024, compared to 99.86% in 2023 and 2022.

Citadele's customer service continues to be recognized as one of the best in the Baltic region. In 2024, the bank was ranked as the top provider of customer service in Latvia and Lithuania, excelling in both remote and in-person banking. In Estonia, Citadele has demonstrated consistently strong service performance. In Latvia, it has maintained its position as the best customer service bank for 10 consecutive years.

Significant investments in digital banking innovation have further strengthened Citadele's reputation, earning global recognition. At the Global Fintech Awards 2024, Citadele received the Digital Banking Award, reaffirming its position as a leader in customer-centric, seamless, and innovative financial solutions.

Commitment to Accessibility and Operational Resilience

Recognising the importance of creating an environment that allows for a more **inclusive society** and in response to the Law on the Accessibility of Goods and Services, which will come into force on June 28, 2025 taking over the over the requirements of Directive (EU) 2019/882 of the European Parliament and of the Council (the Accessibility Directive) aimed at ensuring that services and products are accessible to all, including people with disabilities, Citadele continuously works to adapt that its services and products are accessible to all people.

As part of its commitment to accessibility, Citadele has introduced several web accessibility improvements. Additionally, the bank has launched C Cards, which are made of 95% recycled plastic and feature braille code and a blind notch to enhance usability for individuals with visual impairments.

Citadele continuously expands and enhances its digital channels to ensure that banking services remain **accessible** anytime and anywhere, meeting customer needs and expectations. The bank provides digital onboarding for SMEs in Latvia and Lithuania, the Citadele Business Portal, convenient e-commerce solutions, and extensive mobile app functionality. These remote solutions have been widely adopted across different customer segments and continue to be a preferred choice among users.

To ensure uninterrupted service delivery, Citadele Group maintains comprehensive disaster recovery plans and robust operational resilience measures. These initiatives are essential for mitigating operational disruptions, maintaining system stability, and supporting the bank’s strategic objectives.

Customer privacy and data security

The security of customer data is a prerequisite for long-term success in the banking industry and remains a top priority for Citadele. The bank applies the highest standards to its IT infrastructure and security, supported by a dedicated, group-wide cybersecurity team. A structured incident management process is in place, covering identification, mitigation, documentation, and root cause analysis to prevent recurrence of security incidents.

To enhance cybersecurity awareness and preparedness, Citadele provides annual mandatory training on information security and quarterly phishing alertness tests. In 2024, the participation rate in phishing tests remained at 97.3%, with a pass rate of 99.4%, compared to 98.6% in 2023. Additionally, all new employees are required to complete GDPR and IT security training within their first month of employment to ensure compliance with data protection policies.

Recognizing the increasing sophistication of cybersecurity threats, Citadele continues to invest in strengthening security infrastructure and maintaining compliance with evolving industry standards and regulations. The bank prioritizes data protection, cybersecurity risk management, and the prevention of customer data misuse through stringent data handling policies and advanced monitoring systems.

Citadele safeguards customer data through robust security measures, continuous risk monitoring, and strict regulatory compliance to ensure privacy and operational integrity. The bank's cybersecurity approach integrates employee training, proactive risk management, and adherence to industry best practices to protect sensitive financial information and prevent privacy violations.

Overview of key actions

Material IROs	Key actions in 2024
Access to quality product information for making informed choices re product or service (Positive impact)	• Enhanced customer support resources through website updates, visual aids, and simplified language to enhance understanding
Availability, accessibility, affordability, quality of resources (housing, mobility, finance) and access to financial services (Positive impact)	• Mobile App 3.0 version introduced with new UX/UI and Request to Pay functionality • Chatbot Adele available in App • C Cards introduced with Braille code and a blind notch, improving accessibility for visually impaired users. • Digital onboarding improvements for business • Several new features introduced in I-bank to enhance SMEs self-service • Enhanced digital leasing and lending services
Ensuring customer data protection (Positive impact) / Customer data misuse (Risk)	• Controls are in place and regularly reviewed to prevent customer data misuse through strict access controls with role-based permissions, encryption applied to data in transit and at rest, data loss prevention (DLP) and user activity monitoring to prevent leaks. • Incident response and breach notification procedures in place. • Regular trainings performed to all employees
Operational disruptions and Cyber threats (Risk)	• Citadele has robust security measures in place to ensure operational resilience. • The bank conducts regular security audits and penetration testing while utilizing SIEM and vulnerability management for real-time threat detection. • Additionally, Citadele has implemented comprehensive cybersecurity measures and a disaster recovery plan to enhance resilience and data security. • Weekly phishing awareness tests are conducted using automated software to enhance employee cybersecurity awareness and resilience against phishing attacks.

Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities *(S4-5)*

To effectively manage risks, Citadele monitors number indicators, including customer complaints ratio, a key risk indicator (KRI) that tracks the risk of losses and reputation impact related to claims due to personnel errors, process inefficiencies and IT system downtimes. In 2024, customer complaints ratio was 0.01%, significantly below the monitoring threshold of <0.04%.

Citadele has set targets for NPS retail and NPS mobile app to measure customer experience and satisfaction, providing valuable insights in customer loyalty and areas for improvement, which are monitored on a quarterly basis. In Q4 2024, the NPS score reached 44% in both Latvia and Lithuania, exceeding the target of >35%. The NPS mobile app score were 59% in Q4 2024 in Latvia and 56% in Lithuania, both exceeding the target of > 40%.

Citadele has set also Internet and Mobile App Prime time system availability as a target to measure the stability and reliability of the Internet and mobile banking applications to ensure that these platforms are consistently accessible to users during peak usage time, minimising downtime. By tracking this target on a monthly basis, Citadele can maintain high service availability standards and promptly address any potential issues that may impact customer satisfaction.

There is no specific baseline year defined for measuring progress. Instead, targets are reviewed annually and set for the upcoming year, ensuring flexibility and alignment with evolving priorities and circumstances. Targets are not defined using specific methodologies or assumptions; rather, they are strategically established as part of the bank's business approach, incorporating stakeholder feedback, industry best practices, and other relevant factors to ensure alignment with evolving priorities and objectives. Targets for NPS Retail, NPS Mobile App, and System Availability are designed to address material impacts, risks, and opportunities by ensuring high service accessibility, customer satisfaction, and digital banking reliability. While consumers and end-users are not directly involved in target setting, their feedback is considered as part of broader stakeholder engagement to enhance service quality and customer experience.

Target	Target 2024 (2025)	2024	2023
NPS retail	>35% (> 35%)	44.0% (LV) 36.0% (LT)	42.5% (LV) 41.5% (LT)
NPS mobile app	>40% (> 50%)	60.0% (LV) 49.5% (LT)	59.75% (LV) 58.5% (LT)
I-bank and MobileApp Prime time system availability	99.9% (99.9%)	99.9%	99.86%

ESRS G1 Business Conduct

Governance

The role of the administrative, management and supervisory bodies related to business conduct (ESRS 2 GOV-1)

Citadele's administrative, management, and supervisory bodies play a critical role in shaping and overseeing the Bank's business conduct policies and ethical framework. The Supervisory Board provides strategic oversight, ensuring that the Bank's policies on business conduct, such as anti-corruption, bribery prevention, and whistleblower protection, align with regulatory requirements and corporate values. The Management Board is responsible for the execution of business conduct policies, embedding them into daily operations and corporate culture.

Citadele's administrative, management, and supervisory bodies possess extensive expertise in corporate governance, regulatory compliance, and ethical business practices. Board members have backgrounds in areas such as risk management, legal compliance, and financial ethics, enabling them to provide informed oversight and strategic guidance on business conduct matters. For more details regarding management and supervisory boards experience, please refer to section Corporate Governance.

Business conduct aspects are a part of collective suitability assessment of the Management Board. Supervisory Board members, Management Board members and Internal Audit keep up their competences through regular trainings to maintain regulatory compliance and to address governance and risk management issues.

The group's administrative, management and supervisory bodies does not have representation of employees.

Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2 IRO-1)

Citadele operates under strict regulatory requirements, ensuring compliance through internal policies that monitor operational effectiveness and risk management. During the double materiality assessment of business conduct topics, Citadele identified the following material impact areas: strong ethical and transparent corporate governance with zero tolerance for corruption and bribery, effective management of suppliers, a strong corporate culture driving the bank toward common goals, and the protection of whistleblowers through policies and procedures that prevent adverse actions.

Material risks identified include data quality issues impacting business decisions and reporting, as well as noncompliant products, customer treatment, and business practices resulting from tightened regulatory requirements, including ESG-related changes in government policies and regulations and risk of sanction breaches and ML/TF/PF issues.

For details on IRO identification and assessment process, please refer to section Identification and assessment of material sustainability impacts, risks and opportunities (IRO-1).

Business conduct policies and corporate culture (G1-1)

Citadele Group has a comprehensive corporate governance and risk management structure to operate in a transparent and prudent manner, to balance and protect the interests of its various stakeholders. The Group has developed a robust internal legal framework which sets a clear and transparent corporate governance. For timely identification and understanding of corruption risk in operations of its counterparties, the Bank ensures explicit and unequivocal internal rules for risk screening, identification and continuous monitoring, described in a number of policies and procedures, including Corporate Governance Policy, Code of Ethics, Anti-corruption Policy, Anti-Money Laundering and Counter Terrorism and Proliferation Financing Policy, Policy for Conflict of Interest in the Rendering of Investment and Ancillary Investment Services, Procedures for Assessment of Reports on Breaches, Monitoring of Transactions, Procurement, and more.

Our Corporate Governance Policy promotes effective decision-making and risk management, while upholding ethical standards. It sets out procedures for transparency, integrity, and regulatory compliance, supporting the overall governance structure and sustainable business practices.

The Bank adheres to Code of Ethics, based on regulatory requirements and industry good practices, which is publicly available on the Bank's website. The Code of Ethics outlines the Group's ethical principles and core values, promoting high standards and consistent behaviour as well as stipulates whistleblowing process within Citadele Group. This shapes the corporate culture, fostering an environment of integrity and respect.

Citadele expects its suppliers to uphold the same standard of commitment. The Supplier Code of Conduct, published on the Bank's website, is designed for effective relationship management with suppliers by promoting professional, fair, and legitimate business practices, including environmental and social responsibility, high business ethics and sound governance. Citadele expects its suppliers to manage sustainability topics related to human rights and labour practices. Citadele does not tolerate any kind of prohibited conduct, expecting the same from customers and service providers. This commitment is formalised in Citadele Terms against Prohibited Conduct, which is publicly available on our website. Prohibited conduct includes corruption, fraud, coercion, collusion, obstruction, money laundering and financing of terrorism, proliferation, as well as sanctions violations and/or evasion, artificial arrangements aimed at tax avoidance, and tax crimes. The Terms against Prohibited Conduct incorporates the measures to prevent the prohibited conduct to be taken by the customers and service providers and the principles for the conduct of investigation of allegations of prohibited conduct.

The Anti-Corruption Policy, which is in line with United Nations Convention against Corruption principles and applies to the whole Group, establishes core principles for preventing situations where the Group might be exposed to corruption risk. It outlines procedures to investigate business conduct incidents, including incidents of corruption and bribery, promptly, independently and objectively.

To timely identify and address corruption risk in our operations and those of our counterparties, the Bank has established clear internal rules for risk screening, identification and continuous monitoring. These are described in various policies and procedures: Fraud Prevention Policy, Anti-Money Laundering and Counter Terrorism and Proliferation Financing Policy, Conflict of Interest Policy, Conflict of Interest Prevention Policy in Investment Area, Compliance Policy.

Internal whistleblower's channel is introduced at the Group's intranet for the employees to inform if they have observed or possess information on corruption, bribery, unethical behaviour, violence and harassment or other actions that might harm the Group, employees, clients or damage the Group's reputation. For raising concerns, customers, suppliers and other third parties may use the external whistleblowing system which can be found on Citadele website of the respective country. Confidentiality of the source of information as well as anonymity of an employee who has reported on the breach if the employee has chosen an anonymous way of reporting is guaranteed. The Code of Ethics includes measures to ensure the protection of whistleblowers, safeguarding them from any form of retaliation for reporting misconduct or violation.

The Anti-Corruption Policy provides that all employees of the Group shall undergo mandatory annual anti-corruption training, including whistleblower issues. In addition, employees must confirm their compliance with the Bank's anti-bribery/ corruption and ethics policies on an annual basis. New employees are required to complete the ethics and anti-corruption course within their first month of employment in accordance with the Code of Ethics to acquaint them with key ethical principles, guidelines of giving and accepting of business gifts and gratitude from customers and business partners.

The Group's Anti-Money Laundering and Counter Terrorism and Proliferation Financing Policy establishes a robust internal control framework to prevent money laundering, terrorism financing, and proliferation financing, ensuring compliance with applicable laws and international best practices. It follows a structured Three Lines of Defense model, emphasizing due diligence, enhanced monitoring, compliance oversight, employee training, and independent audits. The Policy mandates ongoing risk assessments, strict client verification, cooperation with regulators, and clear accountability at all levels, reinforcing the Group's commitment to financial integrity and regulatory compliance.

Citadele does not distinguish specific functions as being at higher risk for corruption and bribery. All employees are required to adhere to the relevant policies and uphold ethical standards across all roles.

Management of Relationships with Suppliers (G1-2)

Citadele is committed to fair, transparent, and responsible supplier relationships, ensuring that procurement practices align with ethical, quality, and sustainability standards.

The procurement process at Citadele is designed to select reliable suppliers with the appropriate competences and quality standards efficiently and effectively. Suppliers are evaluated and selected based on a comprehensive set of criteria, including reputation, financial situation, qualifications, relevant technical capabilities, and previous experience. Equal, neutral and fair treatment of all participants in the procurement process is upheld. The procurement process is documented to provide transparency and accountability. This includes market research, applicant selection, determination of requirements, submitted proposals, assessments and other information obtained and prepared during the process. Additionally, environmental, social and governance risk assessment and compliance with the principles set in the Supplier Code of Conduct is among supplier's assessment criteria.

The Bank has formalized its supplier assessment practices in ESG area through the Supplier Code of Conduct, which sets the minimum ESG requirements to which the suppliers are expected to adhere.

Citadele does not have specific policy to prevent late payments, specifically to SMEs. For payment practices, please refer section Payment practices (G1-6).

Prevention and detection of corruption and bribery (G1-3)

Our internal procedure on handling whistleblowing reports outlines how incidents related to corruption and bribery are detected, investigated, and addressed. The Head of the Compliance Division assesses employee reports on cases of fraud, bribery, and corruption, involving the Legal Division and the Information Analysis and Due Diligence Unit as required to ensure independent investigations. If the reported cases involve members of the Bank's Management Board, the Internal Audit Department independently assesses the situation to ensure impartiality. If an investigation confirms misconduct, law enforcement agencies are promptly informed.

Incidents related to corruption and other illegal activities are subject to immediate action.

To ensure employee awareness of anti-corruption policies, mandatory ethics and anti-corruption training is conducted for all employees, including Management and Supervisory Board members. The training covers core principles of anti-corruption, whistleblowing, gift policies and conflict of interest management. Employees are tested on their knowledge and must submit an annual confirmation of compliance with the Anti-Corruption Policy. In 2024, all functions-at-risk (100%) were covered by anti-corruption training programs.

Citadele has consistently maintained a high compliance rate with its training programs, achieving a completion rate of 99.61% in 2024 for mandatory Compliance and AML training programs, compared to 98.53% in 2023.

Metrics and targets

Incidents of corruption and bribery (G1-4)

There have been no confirmed incidents of corruption and bribery in 2024 (compared to 0 in 2023). No fines or legal convictions related to anti-corruption laws were imposed during the reporting period. In 2024, no breaches of anti-corruption and anti-bribery procedures and standards were identified at Citadele. No incidents involving actors in the value chain were identified where Citadele or its employees were directly involved.

Political influence and lobbying activities (G1-5)

Citadele does not support political projects, either directly or indirectly, and does not make donations to political parties.

Citadele is a member of the Finance Latvia Association, the Lithuanian Banking Association, and the Estonian Banking Association

Payment practices (G1-6)

Citadele adheres to timely payment practices for all suppliers, regardless of their size, ensuring that small and medium enterprises (SMEs) and larger companies are treated equally. The invoice payment term is determined by the terms and conditions of the agreement and/or the payment deadline specified in the invoice. All suppliers are considered equally important, and payments are aimed to be settled within the invoice term. There were no legal proceedings or fines imposed for late payments in 2024.

Currently, Citadele does not track the average number of days taken to pay an invoice. However, Citadele's payment process is structured to ensure accuracy and timeliness, involving several key stages: receipt of the invoice, verification and registration in the system, approval by the responsible division, authorization by the senior accountant, and final payment execution.

To prevent delays, Citadele actively monitors its payment practices and emphasizes timely invoice registration, processing, and approval to avoid penalties, tax implications, and reputational risks.

Statement of Management's Responsibility

The Management of AS Citadele banka (hereinafter – the Bank) is responsible for the preparation of the financial statements of the Bank and for the preparation of the consolidated financial statements and the sustainability statement of the Bank and its subsidiaries (hereinafter – the Group).

The financial statements are prepared in accordance with the source documents and present the financial position of the Bank and the Group as of 31 December 2024 and the results of their operations for the year ended 31 December 2024, changes in shareholders' equity and cash flows for the year ended 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the European Union. The management report presents fairly the financial results of the reporting period and future prospects of the Bank and the Group.

The financial statements are prepared on a going concern basis in accordance with IFRS Accounting Standards as adopted by the European Union. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Management of AS Citadele banka is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. They are also responsible for operating the Bank in compliance with the Law on Credit Institutions, regulations of the Bank of Latvia and other legislation of the Republic of Latvia and European Union applicable for credit institutions.

Management Board of AS Citadele banka on 14 March 2025 and Supervisory Board of AS Citadele banka on 25 March 2025 executed a power of attorney appointing Rūta Ežerskienė empowering her to sign this report on their behalf. This document on 25 March 2025 is signed using a qualified electronic signature by Rūta Ežerskienė and Valters Ābele. Valters Ābele is responsible for accounting and preparation of the annual report.

Rūta Ežerskienė	Valters Ābele
Chair of the Management Board Chief Executive Officer	Member of the Management Board Chief Financial Officer

STATEMENT OF INCOME

	Note	2024 Group	2023 Group	2024 Bank	2023 Bank
		EUR thousands			
Interest income calculated using the effective interest method	5	170,508	152,526	228,510	205,023
Other interest income	5	82,786	77,088	-	-
Interest expense	5	(60,771)	(41,678)	(62,630)	(42,263)
Net interest income		**192,523**	**187,936**	**165,880**	**162,760**
Fee and commission income	6	72,971	71,584	64,599	66,320
Fee and commission expense	6	(36,708)	(33,787)	(34,615)	(31,164)
Net fee and commission income		**36,263**	**37,797**	**29,984**	**35,156**
Net financial income	7	9,654	10,668	9,444	10,070
Net other income / (expense)	8	(3,680)	(2,507)	2,491	(522)
Operating income		**234,760**	**233,894**	**207,799**	**207,464**
Staff costs	9	(69,382)	(65,381)	(58,681)	(55,469)
Other operating expenses	10	(33,415)	(30,139)	(31,280)	(27,865)
Depreciation and amortisation	20	(10,753)	(9,003)	(9,637)	(8,416)
Operating expense		**(113,550)**	**(104,523)**	**(99,598)**	**(91,750)**
Profit from continuous operations before impairment, bank tax, mortgage loan levy and non-current assets held for sale		**121,210**	**129,371**	**108,201**	**115,714**
Net credit gains/(losses)	11	466	4,617	1,399	4,291
Other impairment losses and other provisions	12	91	(71)	1,138	48
Operating profit from continuous operations before bank tax, mortgage loan levy and non-current assets held for sale		**121,767**	**133,917**	**110,738**	**120,053**
Mortgage loan levy and bank tax	13	(9,647)	(895)	(9,605)	(895)
Result from non-current assets held for sale and discontinued operations, net of tax	21	(4,636)	(6,117)	(14,943)	(5,621)
Operating profit		**107,484**	**126,905**	**86,190**	**113,537**
Income tax	13	(17,728)	(23,118)	(15,534)	(21,837)
Net profit		**89,756**	**103,787**	**70,656**	**91,700**
Basic earnings / (loss) per share in EUR	27	0.57	0.66	0.45	0.58
from continuing operations		*0.60*	*0.70*	*0.45*	*0.58*
from discontinued operations		*(0.03)*	*(0.04)*	-	-
Diluted earnings / (loss) per share in EUR	27	0.56	0.65	0.44	0.58
from continuing operations		*0.59*	*0.69*	*0.44*	*0.58*
from discontinued operations		*(0.03)*	*(0.04)*	-	-

The notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Net profit	**89,756**	**103,787**	**70,656**	**91,700**
Items that may be reclassified to profit or loss:				
Debt securities at fair value through other comprehensive income (continuing operations)				
Gains or losses transferred to profit or loss	(72)	-	(72)	-
Valuation gains or losses taken to equity	5,806	6,866	4,972	5,626
Income tax taken to equity (*Note 13*)	1,149	-	1,149	-
Debt securities at fair value through other comprehensive income (discontinued operations)				
Gains or losses transferred to profit or loss	172	388	-	-
Valuation gains or losses taken to equity	255	831	-	-
Income tax taken to equity	(103)	(295)	-	-
Other reserves (discontinued operations)				
Foreign exchange retranslation	(294)	1,750	-	-
Items that will not to be reclassified to profit or loss:				
Equity and similar instruments at fair value through other comprehensive income (continuing operations)				
Valuation gains or losses taken to equity	4	22	4	22
Transfer to retained earnings at disposal	-	-	-	-
Other comprehensive income / (loss)	**6,917**	**9,562**	**6,053**	**5,648**
Total comprehensive income	**96,673**	**113,349**	**76,709**	**97,348**

The notes are an integral part of these financial statements.

BALANCE SHEET

		EUR thousands			
		31/12/2024 Group	**31/12/2023 Group**	**31/12/2024 Bank**	**31/12/2023 Bank**
Assets					
Cash and cash balances at central banks	14	349,940	520,569	349,940	520,569
Loans to credit institutions		12,944	34,640	23,748	53,019
Debt securities	15	1,275,958	1,220,032	1,234,827	1,178,936
Loans to public	16	3,274,581	2,861,958	3,170,572	2,768,436
Equity instruments	18	835	1,239	835	1,239
Other financial instruments	18	25,108	26,372	838	1,235
Derivatives	28	5,690	1,019	5,690	1,019
Investments in related entities	19	-	248	48,759	47,939
Tangible assets	20	17,993	11,183	14,204	7,309
Intangible assets	20	6,132	8,065	3,876	6,010
Current income tax assets	13	22	81	-	-
Deferred income tax assets	13	1,636	714	1,572	579
Bank tax assets	13	180	1,777	180	1,777
Discontinued operations and non-current assets held for sale	21	103,636	132,574	779	12,788
Other assets	22	61,942	42,865	50,273	35,369
Total assets		**5,136,597**	**4,863,336**	**4,906,093**	**4,636,224**
Liabilities					
Deposits from credit institutions and central banks	23	3,228	47,434	54,096	66,994
Deposits and borrowings from customers	24	4,023,480	3,829,582	4,003,611	3,799,406
Debt securities issued	25	315,422	259,560	315,422	259,560
Derivatives	28	4,008	3,331	4,008	3,331
Provisions	11	2,733	4,899	2,675	4,839
Current income tax liabilities	13	14,218	17,696	12,301	17,247
Deferred income tax liabilities	13	-	375	-	-
Discontinued operations	21	133,131	121,660	-	-
Other liabilities	26	77,695	63,404	33,704	31,894
Total liabilities		**4,573,915**	**4,347,941**	**4,425,817**	**4,183,271**
Equity					
Share capital	27	158,813	158,145	158,813	158,145
Reserves and other capital components		7,388	(92)	717	(5,899)
Retained earnings		396,481	357,342	320,746	300,707
Total equity		**562,682**	**515,395**	**480,276**	**452,953**
Total liabilities and equity		**5,136,597**	**4,863,336**	**4,906,093**	**4,636,224**
Off-balance sheet items					
Guarantees and letters of credit	28	88,398	57,085	97,033	64,903
Financial commitments	28	351,912	359,360	409,329	377,276

The notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Group, EUR thousands						
	Issued share capital	Share premium	Securities fair value revaluation reserve *(Note 15)*	Foreign currency retrans-lation	Share based payments	Retained earnings	Total equity
Balance as of 31/12/2022 *(restated for IFRS 17)*	**157,258**	**444**	**(20,343)**	**5,939**	**2,902**	**273,446**	**419,646**
Dividends to shareholders (*Note 27*)	-	-	-	-	-	(20,000)	(20,000)
Share repurchase	(2)	(2)	-	-	-	-	(4)
Share based payments to employees *(Note 9 and Note 27)*	889	733	-	-	673	109	2,404
Total comprehensive income	***-***	***-***	***7,812***	***1,750***	***-***	***103,787***	***113,349***
Net result for the period	-	-	-	-	-	103,787	103,787
Other comprehensive income / (loss) for the period	-	-	7,812	1,750	-	-	9,562
Balance as of 31/12/2023	**158,145**	**1,175**	**(12,531)**	**7,689**	**3,575**	**357,342**	**515,395**
Dividends to shareholders (*Note 27*)	-	-	-	-	-	(50,617)	(50,617)
Share repurchase	-	-	-	-	-	-	-
Share based payments to employees *(Note 9 and Note 27)*	668	1,038	-	-	(475)	-	1,231
Total comprehensive income	***-***	***-***	***7,211***	***(294)***	***-***	***89,756***	***96,673***
Net profit for the period	-	-	-	-	-	89,756	89,756
Other comprehensive income / (loss) for the period	-	-	7,211	(294)	-	-	6,917
Balance as of 31/12/2024	**158,813**	**2,213**	**(5,320)**	**7,395**	**3,100**	**396,481**	**562,682**

	Bank, EUR thousands					
	Issued share capital	Share premium	Securities fair value revaluation reserve (*Note 15*)	Share based payments	Retained earnings	Total equity
Balance as of 31/12/2022	**157,258**	**444**	**(16,297)**	**2,902**	**228,898**	**373,205**
Dividends to shareholders (*Note 27*)	-	-	-	-	(20,000)	(20,000)
Share repurchase	(2)	(2)	-	-	-	(4)
Share based payments to employees *(Note 9 and Note 27)*	889	733	-	673	109	2,404
Total comprehensive income	***-***	***-***	***5,648***	***-***	***91,700***	***97,348***
Net result for the period	-	-	-	-	91,700	91,700
Other comprehensive income / (loss) for the period	-	-	5,648	-	-	5,648
Balance as of 31/12/2023	**158,145**	**1,175**	**(10,649)**	**3,575**	**300,707**	**452,953**
Dividends to shareholders (*Note 27*)	-	-	-	-	(50,617)	(50,617)
Share repurchase	-	-	-	-	-	-
Share based payments to employees *(Note 9 and Note 27)*	668	1,038	-	(475)	-	1,231
Total comprehensive income	***-***	***-***	***6,053***	***-***	***70,656***	***76,709***
Net profit for the period	-	-	-	-	70,656	70,656
Other comprehensive income / (loss) for the period	-	-	6,053	-	-	6,053
Balance as of 31/12/2024	**158,813**	**2,213**	**(4,596)**	**3,100**	**320,746**	**480,276**

The notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		EUR thousands			
	Note	2024 Group	2023 Group	2024 Bank	2023 Bank
Operating activities					
Operating profit before tax (discontinued net of tax and continuing)		107,484	126,905	86,190	113,537
Tax expense from discontinued operations	21	(6)	28	-	-
Interest income	5	(256,805)	(233,962)	(228,510)	(205,023)
Interest expense	5	60,995	41,907	62,630	42,263
Dividends income		(20)	(21)	(4,952)	(21)
Depreciation and amortisation		11,193	9,702	9,637	8,416
Impairment allowances and provisions		290	(3,884)	12,530	1,763
Currency translation and other non-cash items		(957)	1,455	(2,411)	2,989
Cash flows from the income statement		**(77,826)**	**(57,870)**	**(64,886)**	**(36,076)**
(Increase) / decrease in loans to public		(413,473)	100,453	(403,071)	117,509
Increase / (decrease) in deposits and borrowings from customers		203,580	(242,507)	202,423	(182,214)
(Increase) / decrease in loans to credit institutions		20,983	(2,646)	28,465	(21,559)
Increase / (decrease) in deposits from central banks and credit institutions		(39,000)	(430,000)	(7,632)	(414,209)
(Increase) / decrease in derivatives at fair value through profit or loss		(3,994)	(4,053)	(3,994)	(4,053)
(Increase) / decrease in other assets		10,632	27,450	(16,354)	(11,739)
Increase / (decrease) in other liabilities		(20,308)	(23,465)	(4,636)	7,068
Cash flows from operating activities before interest and corporate income tax		**(319,406)**	**(632,638)**	**(269,685)**	**(545,273)**
Interest received		257,517	230,836	228,459	202,732
Interest paid		(52,484)	(21,077)	(54,032)	(21,304)
Corporate income tax paid		(21,437)	(3,925)	(20,480)	(2,656)
Cash flows from operating activities		**(135,810)**	**(426,804)**	**(115,738)**	**(366,501)**
Investing activities					
Acquisition of tangible and intangible assets		(7,929)	(6,898)	(4,574)	(5,699)
Disposal of tangible assets		3,385	2,868	668	397
Investments in debt securities and other financial instruments		(198,998)	(131,868)	(193,053)	(127,922)
Proceeds from debt securities and other financial instruments		165,996	556,514	145,923	505,266
Dividends received		20	21	4,952	21
Sale or (investments) in subsidiaries and associates		844	-	844	-
Cash flows from investing activities		**(36,682)**	**420,637**	**(45,240)**	**372,063**
Financing activities					
Dividends paid		(50,617)	(19,861)	(50,617)	(19,861)
Proceeds from issue of debt securities	25	54,734	-	54,734	-
Interest paid on debt securities issued	25	(7,150)	(6,350)	(7,150)	(6,350)
Share repurchase		-	(4)	-	(4)
Repayment of lease liabilities		(3,758)	(3,608)	(3,392)	(3,498)
Cash flows from financing activities		**(6,791)**	**(29,823)**	**(6,425)**	**(29,713)**
Cash flows for the period		**(179,283)**	**(35,990)**	**(167,403)**	**(24,151)**
Cash and cash equivalents at the beginning of the period		**545,654**	**581,644**	**520,844**	**544,995**
Cash and cash equivalents at the end of the period	31	**366,371**	**545,654**	**353,441**	**520,844**

The Group has elected to present a statement of cash flows that includes both continuing and discontinued operations within operating, investing and financing activities. For more details on discontinued operations refer to note *Discontinued Operations and Non-current assets held for sale*.

The notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

If not mentioned otherwise, referral to the Group's policies and procedures should be also considered as referral to the respective Bank's policies and procedures. Figures in parenthesis represent amounts as of 31 December 2023 or for the twelve months period ended 31 December 2023.

NOTE 1. AUTHORISATION OF THE FINANCIAL STATEMENTS

These financial statements have been authorised for issuance on 26 March 2025 and comprise the financial information of AS Citadele banka (hereinafter – the Bank or Citadele) and its subsidiaries (together – the Group). For more details refer to the Statement of Management's Responsibiltiy. In accordance with the Commercial Law of the Republic of Latvia, the shareholders' have the right to make the decision on the approval of these financial statements.

NOTE 2. GENERAL INFORMATION

Citadele is a Latvian-based full-service financial group offering a wide range of banking products to retail, SME and corporate customer base as well as 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, including a modern mobile application, contactless and instant payments, modern client onboarding practices and technologically-enabled best-in-class customer service.

As of period end the Bank operates branches in Latvia, Lithuania and Estonia. AS Citadele banka is the parent company of the Group. The Group's main market is the Baltics (Latvia, Lithuania and Estonia). Citadele was registered as a stock company on 30 June 2010. Citadele commenced its operations on 1 August 2010.

As of 31 December 2024, the Group had 1,342 (2023: 1,329) and the Bank had 1,112 (2023: 1,097) full time equivalent active employees. From total Group's full time equivalent active employees 26 (2023: 28) were with discontinued operations.

The legal address of AS Citadele banka is Republikas laukums 2A, Riga, LV-1010, Latvia. Domicile of the entity is Latvia, country of incorporation is Latvia. Legal form is stock company (in Latvian "akciju sabiedrība").

NOTE 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared in accordance with IFRS Accounting Standards as adopted in the European Union and relevant statutory regulations and laws on a going concern basis. The financial statements are prepared under the historical cost convention, except for assets measured at fair value through other comprehensive income, financial assets and financial liabilities measured at fair value through profit or loss and all derivative contracts, which have been measured at fair value.

The Management considers going concern basis of accounting appropriate in preparing these financial statements; there are no material uncertainties in applying going concern basis of accounting. The Group's financial and capital position, business activities, its risk management objectives and policies and the major risks to which the Group is exposed to are disclosed in the Risk Management section of these financial statements. Liquidity risk management is particularly important in respect to the going concern convention, as a failure to have a sufficient funding to meet payment obligations due may result in an extraordinary borrowing at excessive cost, regulatory requirement breach, delays in day-to-day settlements activities or cause the Group to no longer be a going concern; for more details refer to Liquidity risk management section. Regulatory compliance, especially capital adequacy requirements, is also significant to the going concern of the Group. The Group conducts and plans business in accordance with the available capital and in line with other regulatory requirements. For capital adequacy ratios as at period end refer to the Capital management section. The Group has implemented a comprehensive liquidity risk management and capital planning framework and policies and procedures to manage other risks.

The preparation of financial statements in conformity with IFRS accounting standards as adopted by the EU requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from the estimated. For more details refer to the paragraph *Use of estimates and judgements in the preparation of financial statements*.

b) New standards and amendments

New standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Some of the standards become effective in 2024, others become effective for later reporting periods. In this section those relevant for the Group are summarised. Where the implementation impact was or is expected to be reasonably material it is disclosed.

New requirements effective for 2024 which did not have a significant effect to the Group
Amendments to IAS 1 – Classification of liabilities as current or non-current and Non-current Liabilities with Covenants
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

Upcoming requirements not in force for current reporting period

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2024 or are not yet effective in the EU. These standards have not been applied in preparing these financial statements. The Group does not plan to adopt any of these standards early. The Group is in the process of evaluating the potential effect if any of changes arise from these new standards and interpretations.

Amendments to IAS 21 – Lack of Exchangeability (EU endorsed, effective from 1 January 2025)
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments (not yet EU endorsed, expected to be effective from 1 January 2026)
IFRS 18 – Presentation and Disclosure in Financial Statements (not yet EU endorsed, expected to be effective from 1 January 2027)
IFRS 19 – Subsidiaries without Public Accountability: Disclosures (not yet EU endorsed, expected to be effective from 1 January 2027)
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (not yet EU endorsed, effective date to be determined)
Annual Improvements to IFRS Accounting Standards. Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash flows (not yet EU endorsed, expected to be effective from 1 January 2026)

European Sustainability Reporting Standards (ESRS)

With the implementation of the Corporate Sustainability Reporting Directive (CSRD), the adoption of ESRS standards has become mandatory starting from 2024 annual reporting cycle. The new directive updates the rules on the social, environmental and governance information that has to be reported, including introducing a double materiality perspective acknowledging risks and opportunities from both financial and nonfinancial perspectives, how these affect Citadele and how operations of Citadele affect the environment and the society. For more details refer to the Sustainability Statement section of this report.

c) Functional and Presentation Currency

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Bank, its Baltic subsidiaries, and the Group's presentation currency, is Euro ("EUR"). The functional currency of majority of the Group's foreign subsidiaries is also Euro. The accompanying financial statements are presented in thousands of Euros.

d) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financials of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The investments in the subsidiaries are presented in the Bank's financial statements at cost. More detailed information on the Group's subsidiaries is presented in *Investments in Related Entities* note.

The financial statements of AS Citadele banka and its subsidiaries are consolidated in the Group's financial statements on a line by line basis by aggregating like items of assets, liabilities, income and expenses. For the purposes of consolidation, intragroup balances and intragroup transactions, including interest income and expense as well as unrealised profits and loss resulting from intragroup transactions, are eliminated in the Group's financial statements.

e) Income and expense recognition

Income and revenue are only recognised, if the Group is likely to receive economic benefits associated with the transaction. Interest income and expense items are recognised on an accrual basis using the effective interest rate. Commissions in respect of the acquisition of financial assets or the issue of financial liabilities that are not at fair value through profit or loss are deferred and recognised as an adjustment to the effective yield on the respective asset or liability. The Group presents the fee income from financial guarantees as part of fee and commission income. For loan commitments which are not expected to result in draw-down, the reservation fee is credited to the income statement on a straight-line basis over the commitment period. For a contract with a customer containing a financial instrument, the part that relates to financial instrument is measured and separated first and then to the residual part recognised appropriately as revenue from contracts with customers.

Revenue from contracts with customers, including account servicing fees, asset management fees, custody fees and sales commissions are credited to the statement of income as the related services are performed and control over a service is transferred to a customer. Revenue from customers is recognised as fee and commission income or other income. Revenue may be recognised at a point in time or over the time. Over time revenue recognition is proportional to progress towards satisfying a performance obligation by transferring control of promised services to a customer. Revenue which does not qualify for recognition over time is recognised at a point in time when the service is rendered or product is sold. The Group has no material contract assets and contract liabilities from contracts with customers.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies for the major categories of commission income:

Cards, payments and transactions – regular fees for accounts servicing, cards and product packages are charged to the customers on a monthly basis according to the price list; revenue is recognised over time as the services are provided. Transaction-based fees for payments, foreign to the customer's when the transaction takes place and revenue is recognised at the point in time when the currency transactions and similar are charged transaction takes place.

Asset management, custody and securities – fees are calculated based on a fixed percentage of the value of assets managed or held in custody and are deducted from the customer's account on a monthly basis. Upon commencement of the service an insignificant non-refundable initial fee may be charged as a compensation for client's screening, agreement and other services provided. Revenue from management and custody services is recognised over time as the services are provided.

Fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received. Penalty income is recognised on cash-received basis as often there is significant uncertainty about collectability.

f) Foreign currency translation

Transactions denominated in foreign currencies are recorded in Euros at the rates of exchange effective at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, such as investments in equity instruments, are translated using the exchange rates at the date when the fair value was determined and the impact from changes in foreign exchange rates are treated as foreign exchange gain/loss in the statement of income, with exception of non-monetary financial assets at fair value through other comprehensive income for which any foreign exchange gain or loss is recognised in other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the official rate of exchange prevailing at the reporting date. Any gain or loss resulting from a change in rates of exchange subsequent to the date of the transaction is included in the statement of income as profit or loss from revaluation of foreign currency positions.

g) Staff costs and related contributions

The Group recognises employee financial benefits when an employee has rendered services in exchange for these financial benefits.

The Group's personnel expenses relate mostly to short term benefits and related tax expense. The Group pays social security contributions to state pension insurance and to state-funded pension scheme in accordance with the relevant regulations. In most countries where the Group operates, a part of the social insurance contributions is used to fund the state defined contribution pension system. The state-funded pension scheme is a defined contribution plan under which the Group pay fixed contributions determined by law and will have no legal or constructive obligation to pay further contributions if the state pension insurance system or the state-funded pension scheme is not able to settle their liabilities to employees. The social security contributions are accrued in the period in which the associated services are rendered by the employees of the Group.

Citadele has multi-year long-term incentive plans for its employees. Under the approved long-term incentive plans share options are granted. Settlement is expected in shares of Citadele. Each option grants eligibility to one ordinary share of Citadele and has an exercise price of null euros. Vesting dates are predetermined. For each participant individual performance conditions aligned with business plan and strategic objectives of Citadele apply. The Remuneration and Nomination Committee of the Supervisory Board is responsible for aligning, setting and amending individual performance conditions. Granted options may be forfeited to the extent any of the performance conditions are not satisfied at sole discretion of the committee.

Expense for share-based remuneration is measured at fair value at the grant date. Share-based remuneration may be in a form of Citadele shares or conditional share options. The grant date is the date at which the entity and the participating employee agrees to a share-based payment arrangement, signifying a shared understanding of the terms and conditions of the arrangement. The fair value is the estimated share price reduced by the present value of dividends that participants will not receive and value of other restricting terms of the compensation agreed. Expense for share-based remuneration is re-measured only if the compensation arrangement is modified so that the fair value after modification has increased compared to the fair value before modification. Such increase is recognised as compensation expense at the re-measurement date.

The expense is recognised on a straight-line basis over the period of the remuneration program as intention is to receive services from employees over the whole period. For share options over vesting period a corresponding increase in equity is recognised as other reserves. Estimates of actual or expected forfeitures are re-estimated at each reporting date and if necessary, previously recognised other reserves are reversed directly to the retained earnings. After deferral period, when vesting conditions are met and conditional share option exercised, previously recognised other reserves are transferred to issued share capital and share premium accounts.

h) Customer loyalty programmes

To reward and promote customers to actively use products of the Group, the Group has implemented several customer loyalty programs. Loyalty point and similar incentives represent discounts that a customer can choose to use in the future to acquire additional goods or services of retail nature. A portion of the transaction price is allocated to the material performance obligation not yet fulfilled. All benefits awarded to customers are fully accrued at the moment the benefits are awarded. The amount allocated is based on the stand-alone price of the loyalty incentive. Revenue and related costs in the income statement are recognised when the Group has satisfied its performance obligations relating to the loyalty incentive or when the incentive expire or are cancelled.

i) Corporate income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current corporate income tax assets and liabilities are measured at the amount expected to be obtained from or paid to tax authorities. Certain Group companies pay income tax on profit distribution (e.g. dividends). For these Group companies or branches, income tax on profit distribution is recognised as expenses at full amount only at the moment dividends are declared. In these jurisdictions, any tax advance (generally at lower rate) amount of which is calculated based on profits, despite generally being eligible for offsetting against profit distribution tax, is expensed as profits are generated.

The deferred tax balance is measured at a tax rate which is applicable for undistributed profits until decision of profits distribution is made. Therefore, for jurisdictions where income tax is payable on profit distribution (e.g. dividends) any deferred tax liabilities or benefits are recognised at a tax rate applicable to undistributed profits. When applicable at the Group level the deferred tax is recognised at the expected future taxable dividend rate.

j) Financial instruments classification and measurement

The Group recognises a financial asset on its balance sheet when, and only when, the Group becomes a party to the contract. Financial assets are classified as either subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The basis for classification is both business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At acquisition the applicable classification is evaluated based on the guidelines established by the Group. For financial asset classification to a particular category, the Group at inception determines that the asset meets the relevant business model and contractual cash flow criteria. The business model is observable through the activities of the Group. It refers to how the Group typically manages its financial assets in order to generate cash flows; thus, the assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur. In a stress case, if cash flows are realised in a way that is different from the Group's expectations embedded in the business model, it does not give rise to a prior period error nor does it change the classification of the remaining financial assets held in that business model. However, for future acquisitions past cash flows are considered and may give rise to change in the business model.

At initial recognition, the financial assets or financial liabilities are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable incremental transaction costs. All "regular way" purchases and sales of investments are recognised using settlement date accounting. The settlement date is the date when an asset is delivered to or by the Group. Settlement date accounting refers to the recognition of an asset on the day it is transferred to the Group and to the de-recognition of an asset, on the day that it is transferred by the Group.

Financial assets and liabilities measured at amortised cost

For a financial asset to be measured at amortised cost it should both be held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest rate method, less any allowance for impairment. The impairment allowance for financial assets that are not-credit impaired (stage 1 and stage 2 classified) is measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Group in accordance with contract and the cash flows that the Group expects to receive discounted at the effective interest rate of a financial asset. The impairment allowance for financial assets that are credit impaired at the reporting date (stage 3 classified) is measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the financial asset. For the purchased or originated credit-impaired financial assets the credit-adjusted effective interest rate is applied from initial recognition.

When the financial asset or part of it cannot be recovered, it or the respective part is written-off and charged against impairment for credit losses. The Group makes the decision regarding any write-off of financial assets based on existence and valuation of collateral available for a foreclosure, and the likelihood and the amount of any other expected future cash flows. Recoveries of previously written-off assets or parts of assets are credited to the statement of income.

The Group classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method, except for derivatives and certain deposit components of the insurance plan liabilities which are measured at fair value through profit or loss.

Financial assets measured at fair value through other comprehensive income

For a financial asset to be measured at fair value through other comprehensive income it should both be held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at fair value through other comprehensive income are intended to be held for an undefined period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

For non-equity financial instruments measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the balance sheet. Impairment gains or losses are recognised in profit or loss.

For equity instruments that are neither held for trading nor acquired in a business combination, the Group at initial recognition, has to make an irrevocable election to present subsequent changes in the fair value of each instrument in other comprehensive income or profit or loss. This election is made on an instrument-by-instrument basis. Amounts presented in other comprehensive income subsequently are not transferred to profit or loss, but cumulative gain or loss on disposal is transferred directly to retained earnings.

Financial assets and liabilities measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. For equity instruments that would otherwise be measured at fair value through profit or loss an irrevocable election at initial recognition on instrument-by-instrument basis is made to present subsequent changes in fair value in other comprehensive income. Also a financial asset or liability, at initial recognition, may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces "accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or when a group of financial liabilities or a group of financial assets and financial liabilities are managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the management.

Excluding interest on interest rate swaps, interest on financial assets measured at fair value through profit or loss is included in net interest income. Revaluation and trading gains or losses arising from changes in fair value of financial assets or financial liabilities that are measured at fair value through profit or loss, as well as interest on interest rate swaps, are recognised directly in the statement of income as *Net financial income*. Such financial assets and liabilities are subsequently re-measured at fair value based on available market prices or quotes of brokers.

Included in this category are (a) unit-linked investment contract liabilities and respective investments, (b) financial asset and interest rate derivatives designated so to eliminates or significantly reduces "accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, and (c) certain assets and liabilities, which are managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. According to unit-linked investment contract terms, the credit risk associated with the investments made by the insurance underwriter is fully attributable to the counterparty entering into the insurance agreement and not the underwriter. As such, by designating both assets acquired and liabilities undertaken at fair value through profit or loss, a potential accounting mismatch is avoided.

Derivative Financial Instruments

In the ordinary course of business, the Group engages as a party to contracts for forward foreign exchange rate, currency and sometimes interest rate swap instruments and other derivative financial instruments. All derivatives are classified as measured at fair value through profit or loss.

k) Sale and repurchase agreements

These agreements are accounted for as financing transactions. Under sale and repurchase agreements, where the Group is the transferor, assets transferred remain on the Group's balance sheet and are subject to the Group's usual accounting policies, with the purchase price received included as a liability owed to the transferee. Assets in the balance sheet are shown separately from other assets when the transferee has the right by contract or custom to sell or re-pledge the collateral.

Where the Group is the transferee, the assets are not included in the Group's balance sheet, but the purchase price paid by it to the transferor is included as an asset. Interest income or expense arising from outstanding sale and repurchase agreements is recognised in the statement of income over the term of the agreement.

l) De-recognition of financial assets and liabilities

Financial assets

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for de-recognition are therefore not met.

Debt securities issued and other borrowed funds

The Group recognises financial liabilities on its balance on drawdown.

After an initial measurement, being a fair value minus directly attributable transaction costs, in the case of a financial liability not at fair value through profit or loss, debt issued, subordinated liabilities and borrowings are measured at amortised cost and any difference between net proceeds and value at redemption is recognised in the statement of income over the period of borrowing using the effective interest rate.

m) Leases

Finance leases – Group as lessor

Finance leases, which transfer substantially all the risks and rewards incidental to ownership of the assets, are recognised as assets at amounts equal at the inception of the lease to the net investment in the lease. The finance income is allocated over time period in-line with the lease term to produce a constant return on the net investments outstanding in respect of the finance leases. Finance lease receivables are presented as loans to public.

Operating leases – Group as lessor

The Group presents assets subject to operating leases in the balance sheets according to the nature of the asset. Lease income from operating leases is recognised in statement of income over the lease term as other income.

The depreciation policy for depreciable leased assets is consistent with the lessor's normal depreciation policy for similar assets, and depreciation is calculated in accordance with accounting policies, used for the Group's tangible assets.

Group as lessee

The right-of-use asset is measured using a cost model. A right-of-use asset is measured at cost less any accumulated depreciation and impairment. The lease liability is initially measured as a discounted value of payments agreed over the lease term. An incremental borrowing rate which discounts future payments to estimated present value is applied. The Group presents right-of-use assets in the same line items in which it presents assets of the same nature that it owns. Lease liabilities are presented within other liabilities.

For lease contracts with eligible extension or early termination clauses a lease term equal to the planning horizon of three years is often applied unless the lease term is shorter already. In case of branches this is based on a plan to move towards a more digital model less dependent on the physical presence. For lease of the headquarters building an initial five-years lease term assumption, aligned with contractual maturity is applied. For other premises and certain other lease items a three-years lease term assumption is applied linking this to the business planning horizon of the Group. Incremental borrowing rate, derivate from the Bank's deposit rate, but adjusted for additional spread for absence of deposit guarantee for leases, is applied.

When a transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset, the seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, on the day of sale the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The Group accounts for the deferred sales gain as a reduction of the right of use asset that would be recognised otherwise, in effect presenting the leaseback right of use asset at the before sales carrying value, though applying the most recent expectations when determining lease period. The deferred sales gain is amortised to income statement over the lease period, but not as a gain, but as a reduction in the right of use depreciation charges.

n) Renegotiated loans and debt forbearances

For economic or legal reasons, the Group might enter into a forbearance agreement with borrowers in financial difficulties in order to ease the contractual obligation for a limited period of time. By taking into account exposure specifics, an individual approach is practised. Generally, debt forbearance will take a form of payment deferral to a later time with the amount payable and interest due re-compensated at a later date. Renegotiated loans are considered non-overdue as long as contractual payments are made on contractually due dates. When the terms of a financial asset are renegotiated or modified a de-recognition assessment is made. When modifications result in de-recognition of the existing financial asset, then the estimated fair value of the asset is treated as cash inflow from the existing financial asset and a new contract is recognised at fair value plus any eligible transaction costs. When modification results in de-recognition, a new loan is recognised and allocated to Stage 1, if not credit-impaired at that time. When modification or renegotiation of contractual cash flows of a financial asset does not result in de-recognition of financial asset, the Group recalculate the gross carrying amount of the financial asset and recognise a modification gain or loss in profit or loss. For discounting expected future cash flows the financial asset's original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets is applied.

o) Impairment of loans to public and provisions for loan commitments, guarantees and letters of credit

The economic conditions of the markets the Group operates in may have an impact on the borrowers' ability to repay their debts. The Management of the Group considers both specific exposures and portfolio-level risks in determining the balance of impairment allowance for expected credit losses. The expected credit loss assessment is forward-looking and is based on unbiased and probability-weighted information about past events, current conditions and forecasts of future economic conditions. Impairment allowance for expected credit losses is recognised even if no credit loss event has happened. A loan or portfolio of loans to public is impaired and impairment losses are incurred if, and only if, there is objective evidence that the estimated present value of future cash flows is less than the current carrying value of the loan or portfolio of loans to public, and it can be reliably estimated. Lease receivables are included in loans to public for expected credit loss assessment purposes; the methodology is consistently applied.

Loss allowances for expected credit losses on loan commitments and financial guarantee contracts are recognised as provisions. The provisioning principles for expected losses arising from off-balance sheet financial commitments and contingent liabilities are consistent with the principles and methods applied for on-balance sheet exposures. Additional considerations are applied to adjustments for expected conversion and future use patterns of the committed limits and the Group's performance in timely identification and termination of limits for deteriorating exposures.

Expected credit losses are recognised based on the stage in which the exposure is allocated at the reporting date. 12-month expected credit losses are recognised for Stage 1 exposures, where credit risk has not increased since initial recognition. Lifetime expected credit losses are recognised for Stage 2 exposures whose credit risk has increased significantly since initial recognition and for Stage 3 exposures which are credit impaired. Days past due is one of the main quantitative indicators used to assess the 'significant increase in credit risk' (proxy for transferring exposures from Stage 1 to Stage 2) augmented by other additional risk factors (e.g. internal credit rating grade, forbearance, breach of financial covenants). Significant increase in credit risk in comparison to the initial credit risk is the criteria for transfer to Stage 2. Days past due backstops equal or stricter than regulatory minimum are applied. Internal credit rating grade based absolute threshold of 20% minimum 1-year PD and a relative threshold of 200% increase in lifetime PD since origination are other 'significant increase in credit risk' threshold triggers. For lending products where advanced credit scoring models have been validated, a client individual rating, based on multitude of inputs characterising credit standing of the client are monitored. Client individual ratings cover loans to financial and non-financial corporations, finance leases, and partially loan products to households. For these loan products, where individual credit scoring models have not been validated yet, a simpler less client specific model is applied. The simpler model to arrive to the credit rating corelates days past due of the particular exposure to point in time adjusted past credit performance derived statistics of the group segmented by product, geography and other relevant factors. The Group is in the process of transitioning all landing products to advanced credit scoring models. The 'default' is defined as exposure delayed for certain amount of days or more, exposure is individually impaired, significant forbearance and other unlikeliness to pay indicators. The 'default' is the criteria for a transfer to Stage 3. Exposure is no longer considered to have significantly increased credit risk (transfer from Stage 2 to Stage 1) or default (transfer from Stage 3 to Stage 2) when specific time period has passed (in some instances up to 2 years) from the moment when all increased risk of default factors are no longer observed. Significant forbearance measures are within risk factors for which an extended monitoring period applies. The length of the monitoring period is proportionate to the significance of the risk factor observed and forbearance measures undertaken. The models are calibrated for transfer of exposures to lower stage to happen only when a significant reduction in the risk of non-performance has been observed beforehand. Merton-Vasicek framework is used in macroeconomic model to estimates changes in PDs.

The Group first assesses whether objective evidence of impairment exists individually for loans to public that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes that loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. As soon as information is available that specifically identifies losses on individually impaired loans included in a group of loans with similar credit risk characteristics, those loans are removed from the group. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For collective measurement of expected credit losses, the Group has selected to use EAD x PD x LGD approach, where EAD stands for exposure at default, PD – probability of default, and LGD – loss given default. To estimate probability weighted cash flows, the Group uses single scenario expected cash flow method with overlays for alternative scenarios for macroeconomic factors. The major macroeconomic factors considered are unemployment rate, average monthly wage, real gross domestic product and real estate prices. PDs and LGDs are derived from historic performance of the loans to public. LGDs are adjusted for forward looking information. 'Point in time' probabilities (probability of default in the current economic conditions, as opposed to economic cycle-neutral 'through the cycle' probabilities of default as often used for regulatory purposes) are used for PDs. Correspondingly, estimated PDs are expected to change through the economic cycle. For measurement of expected credit loses financial instruments are grouped on the basis of shared credit risk characteristics. The grouping considers distinct characteristics in industry, product type, collateral type and geographical location of the borrower.

A loan is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a loan is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or delinquency in interest or principal payments, persistent and major covenant noncompliance;
- granting to the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, a material concession that the lender would not otherwise consider;
- the borrower entering bankruptcy or other financial reorganisation becomes highly probable;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- a combination of several other events that cause a loan to become credit-impaired.

For a loan that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the expected credit losses are measured as the difference between the loan's gross carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. Any adjustment is recognised as an impairment gain or loss. The assessment of whether lifetime expected credit losses should be recognised is based on significant increases in the likelihood (Stage 2) or risk of a default (Stage 3) occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. In most cases, there will be a significant increase in credit risk before a financial asset becomes credit-impaired or an actual default occurs (Stage 3), thus default (Stage 3) and credit-impaired loan classification will be closely aligned and will indicate non-performance of the borrower or significance of forbearance measures undertaken, but classification will not necessarily equal in all cases.

For loans to public, the amount of impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The amount of the loss is recognised in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed. Any subsequent reversal of the impairment loss is recognised in the statement of income, to the extent that the carrying value of the loan does not exceed what its amortised cost would have been absent the impairment at the reversal date.

For purchased or originated credit-impaired financial assets, expected credit losses are discounted using the credit-adjusted effective interest rate determined at initial recognition. For purchased or originated credit-impaired financial assets only the cumulative changes in lifetime expected credit losses since initial recognition are recognised as a loss allowance. Favourable changes in lifetime expected credit losses are recognised as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Fully impaired loans to public, recovery of which may become economically unviable, may be written-off and charged against impairment allowance. They are not written-off until the necessary legal procedures have been completed and the amount of the loss is determined. When a loan or receivable is written-off, the claim against the borrower normally is not forgiven. Subsequent recoveries of amounts previously written-off are reported in the statement of income as recovered written-off assets within net credit losses on financial instruments. For certain products of the retail loan book the write-off decision is automated trigger based. For corporate loan book an individual analysis is the basis for write-off decision of unrecoverable credit impaired exposures.

p) Financial guarantees received

Financial guarantees, which may be considered an integral part of the relevant credit exposures, are treated as credit enhancements in expected credit loss calculation and guarantee fees are included in the effective interest rate calculation of the loans. The estimated expected cash shortfall reflects cash flows expected from collateral and other credit enhancements and are part of the contractual terms and are not recognised separately.

For financial guarantees received, which may not be considered an integral part of the relevant credit exposures, the fees payable for the guarantee are not included in the effective interest rate calculation of the loans and are not presented as a part of the interest income. Instead the cost of the guarantee is presented as fee and commission expense. Any reimbursement rights under the financial guarantee contract is recognised as a separate (from loan book) reimbursement right assets. The reimbursement right asset is not netted in the loan book and does not affect staging, despite having credit loss mitigating effect. The reimbursement gain income is presented within the net credit losses in the income statement. The cost of the guarantee, if any paid in advance, is recognised as a pre-payment asset and is amortised over the shorter of the lifetime guarantee and the expected life of the guaranteed loans.

If the financial guarantee contract includes government support part, where for example the guarantee fees payable are decreased on condition that specific lending targets are met and the government support is not passed through to the ultimate borrowers, the benefit is recognised as other income.

q) Impairment of debt securities and loans to credit institutions and central banks

Similarly, as for loans to public, the Group estimates expected credit losses to reflect changes in credit risk since initial recognition of debt securities, loans to credit institutions and central banks exposures and commitments to extend credit. Impairment provisioning requirements apply to financial assets at amortised cost, but do not apply to financial assets measured at fair value through profit or loss. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the balance sheet.

Impairment allowances are recognised based on forward looking information, even if no credit loss event has happened. The assessment considers broad range of information, but as most of these types of exposures are rated, it relies heavily on external credit ratings and rating agencies' reported default rates derived by calculating multi-period rating transition matrices. If unavailable for evaluation purposes, external credit ratings may be substituted by internally calculated credit quality levels. Credit risk triggers (event of insolvency, any delay of payments, restructuring of debt) and individual credit risk analysis of the issuer are also considered. The Group deems investment grade rated exposures as low credit risk, thus these are assumed no to have experienced a significant increase in credit risk. For non-investment grade exposures decrease in external credit rating by more than 3 notches since acquisition is deemed significant increase in credit risk. Expected credit losses are recognised based on the stage in which the exposure is allocated at the reporting date. 12-month expected credit losses are recognised for Stage 1 exposures, where credit risk since initial recognition has not increased significantly. Lifetime expected credit losses are recognised for Stage 2 exposures where credit risk has increased significantly since initial recognition and Stage 3 exposures which are credit impaired. Stage 3 exposures, if any were identified, would additionally be subjected to comprehensive evaluation, including comparison to market valuations for similar exposures, analysis of market depth of the respective security, past trading performance and all other available information.

r) Tangible assets

Property and equipment initially is measured at acquisition cost or creation cost. After initial measurement property and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses. Property and equipment is periodically reviewed for impairment according to principles described in the paragraph *Impairment of non-financial assets*. If the recoverable value of an asset is lower than its carrying amount, the asset is written down to its recoverable amount.

Depreciation is calculated using straight-line method based on the estimated useful life of the asset. The following depreciation rates have been applied:

Category	Estimated useful life
Transport vehicles	5 to 7 years
Other	3 to 7 years

Leasehold improvements are capitalised and depreciated over the remaining lease contract period on a straight-line basis. Land and assets under construction are not depreciated.

Certain reconstruction and renovation costs of buildings, which improve their quality and performance, are capitalised and amortised over the estimated useful life on a straight-line basis. Maintenance and repair costs are charged to the statement of income as incurred.

s) Intangible assets

Intangible assets comprise software, both purchased and internally generated. Separately acquired intangible assets are measured at cost. The cost of separately acquired intangible assets also comprises directly attributable costs of preparing the asset for its intended use. These include payroll and professional fees arising directly from bringing the asset to its working condition and costs of testing whether the asset is functioning properly. The cost of separately acquired intangible assets doesn't include future payments of variable fees which are dependent on achievement of key performance indicators. Variable fees are capitalised into the cost of intangible asset when relevant key performance indicators are achieved and fees become payable and amortised over the estimated remaining useful life on a straight-line basis.

The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Subsequent to the initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss. Annual amortisation rates applied on a straight-line basis to software and other intangible assets range from 10% to 33%. All intangible assets, except for goodwill, are with definite lives.

t) Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amount is to be recovered through a sale transaction rather than continuing use and the management has committed to an active plan that is expected to result in a complete sale within one year from the date of classification.

Non-current assets classified as held for sale also include assets of a class that an entity would normally regard as non-current that are acquired exclusively with a view to resell in the near term but are not expected to be sold in the ordinary course of business.

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell of the non-current asset. At least at each reporting date, the Group assesses, whether the value of the non-current assets classified as held for sale is impaired. The impairment loss reduces carrying amount of the asset and is included in the statement of income's line *Other impairment losses*. In the same line of the statement of income a gain from any subsequent increase in fair value less cost to sell of an asset is recognised, but not in excess of the cumulative impairment loss that has been recognised either for non-current asset held for sale or previously for the non-current asset.

u) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (e.g. investments in subsidiaries) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cost generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows. Discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

v) Insurance business

The Group's exposure to insurance relates mostly to annuity contracts. Such contracts may contain both financial and insurance risk. These contracts, where insurance risk is not significant, are accounted as investment contracts. The corresponding liability to clients is shown within deposits and borrowings from customers. Contracts where insurance risk is significant are recognised as insurance reserves and presented within other liabilities. The Group monitors the underlying assumptions in the calculations of insurance related risks regularly and seeks risk mitigation measures such as reinsurance if the Group deems this appropriate.

An insurance contract is a contract in which the insurer assumes a significant insurance risk from the policyholder, the insurer agrees to indemnify the policyholder for losses in the event of an insured uncertain event specified in the contract. The Policyholder undertakes to pay insurance premiums in the scope, terms and amount specified in the insurance contract, as well as to fulfil other obligations specified in the insurance contract.

Insurance reserves for annuity pension products are recognized when the premium is received in the amount of estimated future annuity claims and related expense. The estimated contractual future cash flows from for annuity pension products (taking into consideration assumptions about mortality, service costs etc.) are discounted as per regulatory methodology specified. Any re-estimation gain or loss in insurance reserves is recognized in income statement as *Net insurance result* within *Net other income.*

w) Off-balance sheet financial commitments and contingent liabilities

In the ordinary course of business, the Group extends off-balance sheet financial commitments and contingent liabilities comprising commitments to issue loans to public, commitments for unutilised credit lines and credit card limits, as well as financial guarantees and commercial letters of credit.

Off-balance sheet commitments are recognised when the Group commits the limit to the client. Financial guarantees and letters of credit are recognised as contingent off-balance sheet liabilities when the Group is exposed to risk under the contract. Off-balance sheet items are recognised on-balance sheet on drawdown of commitment or for guarantees and letters of credit, when these in rare cases become payable by the Group. Commitments generally have fixed expiration dates, or other termination clauses; in some cases, the Group may terminate these unilaterally. Since commitments may expire without being drawn down, the total committed amounts do not necessarily represent certain future cash outflows.

On initial recognition financial guarantee contracts are measured at fair value. Subsequently, they are carried at the higher of the amount initially recognised less cumulative amortisation over the life of the guarantee and the amount determined in accordance with the accounting policy for provisions when enforcement of the guarantee has become probable.

The methodology for provisioning against possible losses arising from off-balance sheet financial commitments and contingent liabilities is consistent with that described in the paragraph *Provisions*.

x) Provisions

Loss allowance for expected credit losses on loan commitments and financial guarantee contracts is recognised as provisions. For details on methodology of calculation, refer to section *Impairment of loans to public and provisions for loan commitments, guarantees and letters of credit*. In addition to considerations applicable to on-balance exposures, for expected credit loss assessment of off-balance sheet commitments a unified credit conversion factors are applied (as proxies for expected future use patterns). The Group's is monitoring deteriorating exposures and terminates limits where appropriate.

y) Asset management

Funds managed by the Group on behalf of individuals, corporate customers, trusts and other institutions are not regarded as assets of the Group and, therefore, are not separately included in the balance sheet. Funds under management are presented in financial statements only for disclosure purposes. Commission for asset management is recognised on accrual basis and generally is dependent on the volume of assets managed. Success fees which are recognised when respective targets are achieved.

z) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents are defined as the amounts comprising cash and demand balances with central banks and other credit institutions with an insignificant risk of changes in value, less demand deposits due to credit institutions and central banks.

aa) Offsetting of assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

bb) Use of estimates and judgements in the preparation of financial statements

The preparation of financial statements in conformity with IFRS accounting standards as adopted by EU, requires Management to make estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The Management has applied reasonable and prudent estimates and judgments in preparing these financial statements. Significant areas of estimation used in the preparation of the accompanying financial statements relate to the evaluation of impairment losses for financial and non-financial assets. Critical judgements made in the preparation of the accompanying financial statements relate to the determination of whether the Group has control over certain investees for consolidation purposes, and the determination of whether Kaleido Privatbank AG constitutes a discontinued operation held for sale.

Impairment of loans to public, loan commitments, financial guarantee contracts and finance lease receivables

The Group regularly reviews its loans to public, loan commitments, financial guarantee contracts and finance lease receivables for assessment of impairment. The estimation of impairment losses is inherently uncertain and dependent upon many factors. Two distinct approaches are applied for expected credit loss estimation – individual evaluation, applied to material NPL (Non-Performing loans) exposures, and collectively estimated expected credit losses for homogeneous groups of smaller exposures.

When calculating the expected credit losses according to the individual approach, expected credit losses are calculated on an individual basis with reference to the expected future cash flows including those arising from the sale of collateral. For individually assessed loans, the expected future cash flows are estimated using one or both of the following principles: going concern principle and gone concern principle. The Group uses its experienced judgement and forecasts to estimate the amount of any expected credit losses considering future economic conditions and the resulting trading performance of the borrower and the value of the collateral. Assessment of credit losses according to the individual approach is carried out regularly and as circumstances change and a new information is obtained, the individually assessed estimated credit losses may change over time.

Changes in net present value of estimated future cash flows, except for changes in cash flows from collateral, by +/-5% for loans to public for which expected credit losses are individually assessed would change insignificantly – by EUR +/- 0.24 million in impairment allowance for the Bank (2023: EUR 0.00 million) as recovery estimates mostly happen to be based solely on collateral disposal income and EUR +/-0.45 million for the Group (2023: EUR +/-0.10 million). Change in estimated value of collateral by +/-5% for loans to public for which expected credit losses are individually assessed would result in EUR +/-0.35 million change in impairment allowance for the Bank (2023: EUR +/-0.20 million) and EUR +/-0.50 million for the Group (2023: EUR +/-0.40 million).

For majority of the loans to public, loan commitments, financial guarantee contracts and finance lease receivables the Group collectively estimates impairment allowance to cover expected losses inherent in the portfolio. The collective impairment assessment is based on observable data derived from historic and applied to current exposures to clients with similar credit risk characteristics. For this assessment exposures to clients are segmented into homogeneous groups based on product type (mortgage, consumer loan, leases etc.) and customer type (private individual, legal entity, public entity etc.). Historical loss experience is adjusted for current observable market data using the Group's experienced judgement to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The major parameters of the collectively assessed expected credit loss calculation methodology are PD, LGD, EAD and staging outcome. The model also incorporates forward-looking macroeconomic information to arrive to point in time instead of over the cycle expected credit loss estimates. The future credit quality of the portfolio for which the expected credit losses are estimated collective is subject to uncertainties that could cause actual credit losses to differ from expected credit losses. These uncertainties include factors such as international and local economic conditions, borrower specific factors, industry and market trends, interest rates, unemployment rates and other external factors.

In the reporting period the management continued to recognize impairment overlay. Impairment overlay continued amortizing within existing framework with the exposures being repaid or moving to different stages where ECL models capture credit risk. The Group and the Bank has recognised an unbiased impairment overlay for Stage 1 classified loans to public exposures, including extra overlay for Stage 1 agriculture sector exposures which have been negatively affected by external factors and an individual overlay for certain other Stage 2 classified exposures. The impairment overlay represents an additional loss reserve over the modelled ECL amounts to account for other economic uncertainties and addresses uncertainty regarding the forward-looking economic conditions and possible disruptions to the Baltic economies and customers of the Group. The impairment overlay accounted for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing in the current unusual environment. As of the period end, impairment overlay (which continued amortizing within existing framework) of EUR 7.0 million for the Bank (2023: EUR 11.3 million) and EUR 9.9 million for the Group has been recognised to address these modelling uncertainties (2023: EUR 17.5 million).

Changes in all applied LGD rates by 500 basis points would result in change in collectively estimated impairment allowance and provisions by EUR +4.5/-4.5 million for the Bank and EUR +6.6/-6.6 million for the Group (2023: EUR +5.1/-5.2 million for the Bank and EUR +7.5/-7.6 million for the Group). Sensitivity to changes in LGD rates has decreased largely due to updates in methodology and models. Changes in the 12-month PD rates by 100 basis points would result in change in collectively estimated impairment allowance and provisions for off-balance sheet commitments and guarantees by EUR +6.1/-6.1 million for the Bank and EUR +9.4/-9.4 million for the Group (2023: EUR +6.3/-6.3 million for the Bank and EUR +9.0/-9.0 million for the Group).

The Group includes forward-looking information in the measurement of expected credit losses. The forward-looking adjustment incorporates three economic scenarios with distinct economic consequences: a base case scenario which comprises most likely future economic development, a less likely adverse scenario and positive scenario.

Key forward-looking information variables for measurement of expected credit losses as of 31 December 2024

	Baseline scenario			Adverse scenario			Positive scenario		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Latvia									
GDP (annual change)	2.2%	2.5%	2.5%	(5.3%)	2.1%	2.1%	5.9%	2.9%	2.9%
Unemployment rate	6.6%	6.3%	6.3%	11.2%	6.7%	6.7%	4.3%	4.3%	4.1%
Average gross wage (annual change)	7.0%	6.1%	6.1%	(0.5%)	5.7%	5.7%	10.9%	6.5%	6.5%
Interest rate	2.1%	2.0%	2.1%	3.2%	3.1%	3.2%	1.0%	0.9%	1.0%
Lithuania									
GDP (annual change)	2.9%	2.8%	2.7%	(3.5%)	2.4%	2.3%	6.1%	3.0%	2.9%
Unemployment rate	6.9%	6.4%	5.8%	9.4%	6.8%	6.2%	5.7%	6.0%	5.4%
Average gross wage (annual change)	8.0%	7.0%	6.5%	1.6%	6.6%	6.1%	11.2%	7.2%	6.7%
Interest rate	2.1%	2.0%	2.1%	3.2%	3.1%	3.2%	1.0%	0.9%	1.0%
Estonia									
GDP (annual change)	2.4%	2.8%	2.8%	(2.9%)	2,4%	2.4%	5.0%	3.2%	3.2%
Unemployment rate	7.1%	6.7%	6.7%	11.1%	7.1%	7.1%	5.2%	6.3%	6.3%
Average gross wage (annual change)	5.3%	5.5%	5.5%	0.0%	5.2%	5.2%	8.0%	5.9%	5.9%
Interest rate	2.1%	2.0%	2.1%	3.2%	3.1%	3.2%	1.0%	0.9%	1.0%

Key forward-looking information variables for measurement of expected credit losses as of 31 December 2023

	Baseline scenario			Adverse scenario			Positive scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
Latvia									
GDP (annual change)	2.0%	2.8%	2.7%	(0.9%)	2.8%	3.0%	4.1%	2.8%	2.5%
Unemployment rate	6.5%	5.6%	5.1%	8.4%	6.9%	6.2%	5.1%	4.7%	4.4%
Average gross wage (annual change)	7.0%	5.2%	5.2%	4.8%	5.0%	5.2%	8.6%	5.4%	5.2%
Interest rate	3.1%	2.4%	2.3%	4.2%	3.7%	3.5%	2.7%	1.9%	1.8%
Lithuania									
GDP (annual change)	2.0%	3.0%	2.8%	(0.9%)	3.0%	3.0%	4.1%	3.0%	2.6%
Unemployment rate	6.0%	5.2%	4.8%	7.9%	6.6%	5.8%	4.6%	4.3%	4.1%
Average gross wage (annual change)	7.0%	5.4%	5.3%	4.7%	5.2%	5.3%	8.5%	5.6%	5.3%
Interest rate	3.1%	2.4%	2.3%	4.2%	3.7%	3.5%	2.7%	1.9%	1.8%
Estonia									
GDP (annual change)	2.3%	3.0%	2.8%	(0.6%)	3.0%	3.0%	4.4%	3.0%	2.6%
Unemployment rate	6.7%	5.6%	5.0%	8.6%	6.9%	6.1%	5.3%	4.7%	4.3%
Average gross wage (annual change)	6.1%	5.7%	5.4%	3.9%	5.4%	5.4%	7.6%	5.8%	5.3%
Interest rate	3.1%	2.4%	2.3%	4.2%	3.7%	3.5%	2.7%	1.9%	1.8%

The current forward-looking adjustment, weights baseline scenario with 50% likelihood, the adverse scenario at 45% likelihood and positive scenario at 5% likelihood (2023: 50% base case scenario, 45% adverse scenario and 5% positive scenario). The 50% vs. 45% vs. 5% weighted augmented scenario is used for forward-looking adjustment. If the weighting of the baseline scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 15.6 million and for the Group by EUR 21.4 million as of the period end (2023: EUR 6.5 million for the Bank and EUR 8.6 million for the Group). If the weighting of the adverse scenario was to increase to 100%, the expected credit loss allowance of the Bank would increase by EUR 24.4 million and for the Group by EUR 33.9 million as of the period end (2023: EUR 8.7 million for the Bank and EUR 11.6 million for the Group). If the weighting of the positive scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 34.1 million and for the Group by EUR 46.9 million as of the period end (2023: EUR 11.6 million for the Bank and EUR 16.4 million for the Group).

In the reporting period changes to ECL models were introduced. For more details on these, refer to note *Net Credit Losses.*

Impairment of non-financial assets and recoverability of non-current assets held for sale

Citadele at the end of each reporting period assesses whether there is any indication that Bank's investments in subsidiaries may be impaired; this also includes an investment in subsidiary classified as held for sale and non-financial assets of discontinued operations. For investments, where such indication exists, the recoverable amount of the particular asset or cash generating unit is estimate. Recoverable amount estimates depend on uncertainties in future free cash flow estimates and discount rates applied or estimated sales proceeds. For more details on the approach and key assumptions in recoverable amount estimates of the Bank's investments in subsidiaries refer to note *Investments in Related Entities*. For assessment of fair value less cost to sell for these items classified as held for sale refer to note *Discontinued Operations and Non-current assets held for sale*.

Consolidation group

The Group consolidates all entities where it controls the investee. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. For list of investees included in the consolidation group refer to note *Investments in Related Entities*.

In the ordinary course of business IPAS CBL Asset Management (a subsidiary of the Bank) provides management services to funds where its interest held is mainly fees from servicing. The Group and the Bank have made some investments solely with a view to diversify its securities portfolio in such funds. Most of these investments are held by unit-linked investors through the insurance entity, thus the holdings do not translate into variable benefits for the Group. The Group thus assesses that the majority of return variability within funds lies with its customers rather than the Group. Thus, these funds are not consolidated. For investments in securities which are not consolidated refer to note *Equity and Other Financial Instruments*.

Presentation of Kaleido Privatbank AG as discontinued operations held for sale

AS Citadele banka is selling its Swiss subsidiary Kaleido Privatbank AG under market standard terms and conditions. The Group is working with a reputable M&A advisor on a sales transaction. Citadele has received several offers and is working with a buyer on a transaction and has taken steps to improve certainty that regulatory approval for potential sale will be obtained. As the conditions indicate that the investment will be recovered principally through a sale transaction in a foreseeable future rather than through continuing operations, Kaleido Privatbank AG is presented as discontinued operations as of period end.

NOTE 4. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or the group that allocates resources to and assesses the performance of the operating segments of the Group. The Management Board of the Bank is the chief operating decision maker.

All transactions between operating segments are on an arm's length basis. Funds Transfer Pricing (FTP) adjusted net interest income of each operating segment is calculated by applying internal transfer rates to the assets and the liabilities of the segment. Maturity, currency and timing of the transaction are components of the internal transfer rate calculation. Income and expense are reported in the segment by originating unit and at estimated fair price. Both direct and indirect expenses are allocated to the business segments, including overheads and non-recurring items. The indirect expense from internal services is charged to the internal consumers of the service and credited to provider of the service. The internal services are charged at estimated fair price or at full cost.

The comparative information as of 31 December 2023 and for the twelve months ended 31 December 2023 has been restated for comparability by applying the most recent segmentation methodology. Changes mostly relate to redistribution of exposures and related income and expense among segments as a result of reallocation of clients among operating segments.

Main business segments of the Group are:

Retail Private

Private individuals serviced in Latvia, Lithuania and Estonia. Operations of the segment include full banking, leasing and advisory services provided through branches, internet bank and mobile banking application.

Private affluent

Private banking services provided to clients serviced in Latvia, Lithuania and Estonia.

SME

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

Corporate

Large customers serviced in Latvia, Lithuania and Estonia. Yearly turnover of the customer is above EUR 15 million or total risk exposure with Citadele Group is above EUR 5 million or the customer needs complex financing solutions.

Asset management

Advisory, investment and wealth management services provided to clients serviced in Latvia, Lithuania and Estonia. This segment includes operations of IPAS CBL Asset Management, AS CBL Atklātais Pensiju Fonds and AAS CBL Life.

Other

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

Segments of the Group

	Group 2024, EUR thousands						
	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Interest income	93,940	3,322	75,419	54,017	868	25,728	253,294
Interest expense	(17,868)	(4,575)	(9,118)	(27,355)	(524)	(1,331)	(60,771)
Net interest income	**76,072**	**(1,253)**	**66,301**	**26,662**	**344**	**24,397**	**192,523**
Fee and commission income	26,785	3,990	20,627	10,335	9,540	1,694	72,971
Fee and commission expense	(15,513)	(1,235)	(10,608)	(7,666)	(266)	(1,420)	(36,708)
Net fee and commission income	**11,272**	**2,755**	**10,019**	**2,669**	**9,274**	**274**	**36,263**
Net financial income	152	422	2,771	22	364	5,923	9,654
Net other income / (expense)	(2,678)	(186)	(90)	(896)	48	122	(3,680)
Operating income	**84,818**	**1,738**	**79,001**	**28,457**	**10,030**	**30,716**	**234,760**
Net funding allocation	(1,158)	9,748	(13,479)	4,096	778	15	-
FTP adjusted operating income	**83,660**	**11,486**	**65,522**	**32,553**	**10,808**	**30,731**	**234,760**
Operating expense adjusted for indirect costs	(46,420)	(3,292)	(30,792)	(23,205)	(6,683)	(3,158)	(113,550)
Net credit losses	(3,807)	187	(1,239)	5,133	10	182	466
Other impairment losses and other provisions	23	(3)	(17)	(12)	-	100	91
Mortgage loan levy and bank tax	-	-	-	-	-	(9,647)	(9,647)
Result from non-current assets held for sale (*Note 21*)	-	-	(22)	-	-	145	123
Operating profit from continuous operations, before tax	**33,456**	**8,378**	**33,452**	**14,469**	**4,135**	**18,353**	**112,243**
Discontinued operations (*Note 21*)	-	-	-	-	-	(4,759)	(4,759)
Operating profit, before tax							**107,484**

	Group 2023, EUR thousands (*Restated for comparability*)						
	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Interest income	82,945	3,142	68,325	51,754	891	22,557	229,614
Interest expense	(9,874)	(2,425)	(5,497)	(17,819)	(232)	(5,831)	(41,678)
Net interest income	**73,071**	**717**	**62,828**	**33,935**	**659**	**16,726**	**187,936**
Fee and commission income	28,387	3,714	20,648	10,629	6,362	1,844	71,584
Fee and commission expense	(14,845)	(1,118)	(9,823)	(6,685)	(274)	(1,042)	(33,787)
Net fee and commission income	**13,542**	**2,596**	**10,825**	**3,944**	**6,088**	**802**	**37,797**
Net financial income	638	674	3,012	1,401	758	4,185	10,668
Net other income / (expense)	(1,722)	(190)	(341)	(462)	(242)	450	(2,507)
Operating income	**85,529**	**3,797**	**76,324**	**38,818**	**7,263**	**22,163**	**233,894**
Net funding allocation	(1,587)	9,203	(9,204)	(24)	610	1,002	-
FTP adjusted operating income	**83,942**	**13,000**	**67,120**	**38,794**	**7,873**	**23,165**	**233,894**
Operating expense adjusted for indirect costs	(42,234)	(3,031)	(27,955)	(22,333)	(6,050)	(2,920)	(104,523)
Net credit losses	(3,420)	(57)	1,181	6,376	(3)	540	4,617
Other impairment losses and other provisions	(1)	(1)	(31)	(65)	-	27	(71)
Mortgage loan levy and bank tax	-	-	-	-	-	(895)	(895)
Result from non-current assets held for sale (*Note 21*)	-	-	-	(2)	-	483	481
Operating profit from continuous operations, before tax	**38,287**	**9,911**	**40,315**	**22,770**	**1,820**	**20,400**	**133,503**
Discontinued operations (*Note 21*)	-	-	-	-	-	(6,598)	(6,598)
Operating profit, before tax							**126,905**

	Group as of 31/12/2024, EUR thousands						
	Reportable segments					Other (including discontinued operations)	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Assets							
Cash, balances at central banks	-	-	-	-	-	349,940	349,940
Loans to credit institutions	-	-	-	-	821	12,123	12,944
Debt securities	-	-	-	38,367	41,131	1,196,460	1,275,958
Loans to public	1,352,286	53,559	1,053,797	804,437	-	10,502	3,274,581
Equity instruments	-	-	-	-	-	835	835
Other financial instruments	-	-	-	-	24,270	838	25,108
All other assets	-	-	38	32	11,228	185,933	197,231
Total segmented assets	**1,352,286**	**53,559**	**1,053,835**	**842,836**	**77,450**	**1,756,631**	**5,136,597**
Liabilities							
Deposits from banks	-	-	-	-	-	3,228	3,228
Deposits from customers	1,629,147	403,656	892,864	993,296	80,288	24,229	4,023,480
Debt securities issued	117,352	4,516	87,780	104,227	-	1,547	315,422
All other liabilities	-	-	-	-	23,049	208,736	231,785
Total segmented liabilities	**1,746,499**	**408,172**	**980,644**	**1,097,523**	**103,337**	**237,740**	**4,573,915**

	Group as of 31/12/2023, EUR thousands (*Restated for comparability*)						
	Reportable segments					Other (including discontinued operations)	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Assets							
Cash, balances at central banks	-	-	-	-	-	520,569	520,569
Loans to credit institutions	-	-	-	88	623	33,929	34,640
Debt securities	-	-	-	35,501	41,096	1,143,435	1,220,032
Loans to public	1,203,749	50,391	900,284	697,645	720	9,169	2,861,958
Equity instruments	-	-	-	-	-	1,239	1,239
Other financial instruments	-	-	-	-	25,137	1,235	26,372
All other assets	-	-	12	51	3,962	194,501	198,526
Total segmented assets	**1,203,749**	**50,391**	**900,296**	**733,285**	**71,538**	**1,904,077**	**4,863,336**
Liabilities							
Deposits from banks	-	-	-	-	-	47,434	47,434
Deposits from customers	1,536,846	374,726	870,795	924,899	95,706	26,610	3,829,582
Debt securities issued	98,676	4,049	69,067	86,466	-	1,302	259,560
All other liabilities	-	-	9	8	16,769	194,579	211,365
Total segmented liabilities	**1,635,522**	**378,775**	**939,871**	**1,011,373**	**112,475**	**269,925**	**4,347,941**

NOTE 5. INTEREST INCOME AND EXPENSE

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Interest income calculated using the effective interest method:				
Financial instruments at amortised cost:				
Loans to public	142,745	127,733	200,669	180,932
Balances from central banks and credit institutions	13,483	14,418	14,424	14,606
Debt securities	9,828	8,562	9,703	8,504
Deposits from public at negative interest rates	527	693	47	75
Debt securities at fair value through profit or loss	3,176	164	3,109	164
Debt securities at fair value through other comprehensive income	749	956	558	742
Interest income on finance leases (part of loans to public)	82,786	77,088	-	-
Total interest income	**253,294**	**229,614**	**228,510**	**205,023**
Interest expense on:				
Financial instruments at amortised cost:				
Deposits and borrowing from public	(50,206)	(27,445)	(50,934)	(27,918)
Debt securities issued	(8,278)	(6,685)	(8,278)	(6,685)
Deposits from credit institutions and central banks (including TLTRO-III)	(776)	(5,073)	(1,992)	(5,277)
Other assets at negative interest rates	(316)	(505)	(254)	(431)
Financial liabilities at fair value through profit or loss				
Deposits and borrowing from public	(20)	(16)	-	-
Lease liabilities	(134)	(102)	(131)	(99)
Other interest expense	(1,041)	(1,852)	(1,041)	(1,853)
Total interest expense	**(60,771)**	**(41,678)**	**(62,630)**	**(42,263)**
Net interest income	**192,523**	**187,936**	**165,880**	**162,760**

As the interest resulting from a negative effective interest rate on financial assets reflects an outflow of economic benefits, this is presented as interest expense. Similarly, an inflow of economic benefits from liabilities with negative effective interest rates is presented as interest income.

Most of the interes expense on deposits from central banks in the prior year relates to TLTRO-III financing, none in the reporting period.

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Interest income recognised on credit impaired assets	3,292	3,764	2,129	2,205

Credit impaired financial assets are defined as all stage 3 classified assets and POCI classified assets with existing default triggers. These besides overdue or specifically impaired assets also include non-overdue, non-restructured assets under monitoring period where previously default indications were observed.

NOTE 6. FEE AND COMMISSION INCOME AND EXPENSE

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Fee and commission income:				
Cards	46,079	48,599	46,079	48,599
Payments and transactions	11,342	11,381	11,368	11,405
Asset management and custody	10,185	6,768	2,073	1,705
Securities brokerage	589	551	596	557
Other fees	2,042	1,994	1,982	1,851
Total fee and commission income from contracts with customers	**70,237**	**69,293**	**62,098**	**64,117**
Guarantees, letters of credit and loans	2,734	2,291	2,501	2,203
Total fee and commission income	**72,971**	**71,584**	**64,599**	**66,320**
Fee and commission expense on:				
Cards	(27,147)	(25,973)	(27,145)	(25,971)
Payments and transactions	(4,094)	(3,431)	(4,094)	(3,428)
Securitisation	(2,680)	(3,120)	(747)	(733)
Asset management custody and securities brokerage	(943)	(813)	(941)	(811)
Other fees	(1,844)	(450)	(1,688)	(221)
Total fee and commission expense	**(36,708)**	**(33,787)**	**(34,615)**	**(31,164)**
Net fee and commission income	**36,263**	**37,797**	**29,984**	**35,156**

Fee and commission expense for securitisation represents an expense on a multi-year financial guarantee contract issued by the EIB Group, consisting of the European Investment Bank (EIB) and the European Investment Fund (EIF), to Citadele in 2022. The guarantee contract secures probable Citadele's future losses allocated to the relevant tranche of the reference loan portfolio for a pre-agreed fee to the EIB Group. The guarantee contract provides capital relief for Citadele by mitigating specific credit risks and enables Citadele to grant additional loans and leases to businesses in the Baltics over a three year period.

NOTE 7. NET FINANCIAL INCOME

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Foreign exchange trading, revaluation and related derivatives	9,076	10,509	9,061	10,599
Non-trading assets and liabilities at fair value through profit or loss	2,344	608	2,149	(80)
Assets at amortised cost	367	106	367	106
Assets at fair value through other comprehensive income	72	-	72	-
Modifications in cash flows which do not result in derecognition	(2,205)	(555)	(2,205)	(555)
Total net financial income	**9,654**	**10,668**	**9,444**	**10,070**

When modification or renegotiation of contractual cash flows of a financial asset does not result in de-recognition of financial asset, the Group recognise a modification gain or loss in profit or loss. The beginning of 2024 was characterised by competitive market environment, where more interest rates for existing loans were renegotiated down than up, resulting in higher negative loan modification loss than in the prior year. Loan modification result is amortised back to the interest income over the remaining maturity of the loan.

NOTE 8. NET OTHER INCOME

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Operating lease income	1,359	1,554	-	-
Dividend income	20	21	4,952	21
Other income	1,697	1,242	2,583	2,793
Total other income	**3,076**	**2,817**	**7,535**	**2,814**
Insurance service result				
Insurance revenue	*1,351*	*793*	-	-
Insurance expense	*(375)*	*(193)*	-	-
Net expense from reinsurance contracts	*(188)*	*(65)*	-	-
Net financial result from insurance	(310)	(407)	-	-
Net insurance result	**478**	**128**	**-**	**-**
Supervisory fees	(1,945)	(1,707)	(1,872)	(1,660)
Loan acquisition expenses	(1,328)	-	(1,328)	-
Depreciation of assets under operating lease	(1,068)	(1,158)	-	-
Other expenses	(2,893)	(2,587)	(1,844)	(1,676)
Total other expense	**(7,234)**	**(5,452)**	**(5,044)**	**(3,336)**
Total net other income / (expense)	**(3,680)**	**(2,507)**	**2,491**	**(522)**

Other income includes net result from disposal of repossessed collaterals and other miscellaneous items which may not be considered interest or fee and commission income. Supervisory fees include annual and quarterly fees payable to Bank of Latvia, European Central Bank, Single Resolution Board and similar. These are directly dependent on the size of the banking business (mostly total assets).

NOTE 9. STAFF COSTS

Personnel costs include remuneration for work to the personnel, related social security contributions, bonuses and costs of other benefits, including accruals for the period. Health insurance, training, education and similar expenditure are presented as Other personnel expense. Other personnel expense also includes deductions for amounts attributable to insurance acquisition cash flows during the reporting period.

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Remuneration:				
- management	(3,392)	(5,134)	(2,778)	(4,321)
- other personnel	(53,636)	(49,007)	(45,324)	(41,681)
Total remuneration for work	**(57,028)**	**(54,141)**	**(48,102)**	**(46,002)**
Social security and solidarity tax contributions:				
- management	(721)	(788)	(613)	(623)
- other personnel	(10,494)	(9,410)	(8,811)	(7,952)
Total social security and solidarity tax contributions	**(11,215)**	**(10,198)**	**(9,424)**	**(8,575)**
Other personnel expense, net of insurance acquisition cash flow adjustment	**(1,139)**	**(1,042)**	**(1,155)**	**(892)**
Total personnel expense	**(69,382)**	**(65,381)**	**(58,681)**	**(55,469)**

Non-share-based remuneration with deferred pay-out

Part of the remuneration for work is deferred up to a one-year period and subsequent pay-outs may be conditional. As of period end the Group and the Bank has a compulsory non-share-based deferred remuneration commitment (including related social security and solidarity tax contributions) to its employees in the amount of EUR 911 thousand and EUR 770 thousand which will become payable in the subsequent year, if certain conditions are met (2023: EUR 904 thousand and EUR 760 thousand).

Share-based long-term incentive plans

Citadele has opened several share-based long-term incentive plans for its employees. Under the equity-based long-term incentive plans active agreements as of the period end comprise 2,209 thousand of share options (2023: 2,636) with value for accounting purposes of EUR 6.9 million (2023: EUR 7.3 million). From total active agreements EUR 4.0 million are granted to the management (2023: EUR 5.1 million). The expense for share-based incentive plans is recognised on a straight-line basis over the period of the remuneration program as intention is to receive services from employees over the whole period and in the reporting period amounted to EUR 1.06 million (2023: EUR 3.58 million). In the reporting period 1.20 million share options were awarded (2023: 0.91 million share options) and 0.97 million share options (0.10 million share options) were forfeited. None of the share options outstanding as of the period end are exercisable as of the period end. In the reporting period 0.66 million share options (2023: 0.89 million share options), previously awarded to the employees of the Bank, vested. Refer to Note 27 (Share Capital) for additional details. Fair value of the options awarded is estimated by benchmarking price-to-earnings and price-to-book ratios of group of publicly listed comparable reference banks.

To qualify for the share options (vesting requirement), among other conditions the participant in most cases is required to remain employed until the end of the respective deferral period. The personnel options were issued in line with the meaning of the Latvian Commercial Law. Each option has the following parameters: registered share with the nominal value of EUR 1 (one euro); convertible to the ordinary shares of Citadele (all Citadele's ordinary shares have equal voting rights, equal rights to dividend and equal liquidation quota), an exercise price of null euros, vesting dates are predetermined. Clawback and malus provisions apply in the event of a material misstatement, an act of gross misconduct or an error in the assessment of performance targets. For options granted performance is measured over a pre-agreed period ranging from three-years to five-years. The expense is recognised as the service is rendered. At the end of the performance measurement period, the Remuneration Committee of the Supervisory Board has absolute discretion to determine the extent to which the awards will vest, if at all, on account of underlying Group, individual and share price performance. The Remuneration Committee of the Supervisory Board may, in its absolute discretion, adjust upwards or downwards and including to nil the number of options which would otherwise vest. Performance targets relate to both financial and non-financial measures linked to the long-term business strategy of the Group, including but not limited to: Group net income, return on capital, and strategic objectives of the Group.

Number of full-time equivalent employees at the period end

	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Continuous operations	1,316	1,301	1,112	1,097
Discontinued operations	26	28	-	-
Total full-time equivalent employees	**1,342**	**1,329**	**1,112**	**1,097**

NOTE 10. OTHER OPERATING EXPENSES

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Consulting and other services	(10,730)	(10,496)	(10,345)	(9,993)
Information technologies and communications	(9,177)	(8,410)	(8,140)	(7,413)
Advertising and marketing	(3,878)	(3,520)	(3,701)	(3,316)
Rent, premises and real estate	(2,932)	(2,691)	(2,805)	(2,556)
Non-refundable value added tax	(4,589)	(3,023)	(4,438)	(2,859)
Other	(2,109)	(1,999)	(1,851)	(1,728)
Total other expenses	**(33,415)**	**(30,139)**	**(31,280)**	**(27,865)**

Largest contributors to the consulting and other services expenses in the reporting period were the internal ratings based approach feasibility project amounting to EUR 2.9 million and EUR 3.3 million expense related to a project exploring strategic alternatives to maximize value for Citadele's shareholders which included an initial public offering of its shares and other possible strategic transactions. Citadele had hired financial advisors and lawyers to assist in its review of the strategic alternatives and prepare for these.

Audit and other fees paid to the Group's independent audit companies (excluding VAT, continuing operations)

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Annual audit fees	309	299	150	143
Other audit (including interim reporting) and similar fees	160	146	148	111
Tax advisory fees	-	-	-	-
Other advisory, training, and similar fees	96	189	96	189

NOTE 11. NET CREDIT LOSSES

Total net impairment allowance charged to the income statement

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Loans to credit institutions	1	377	16	346
Debt securities	198	125	189	128
Loans to public	(3,869)	1,833	(2,819)	1,646
Loan commitments, guarantees and letters of credit	2,070	1	2,066	(3)
Recovered written-off assets	2,066	2,281	1,947	2,174
Total net credit (losses)/gain on financial instruments	**466**	**4,617**	**1,399**	**4,291**

Allowances for credit losses are recognised based on the future loss expectations. The forward-looking information in the measurement of expected credit losses is implemented through adjustment for future economic development scenarios. Due to the forward-looking nature of the credit loss estimation, in general the change in loss allowances does not necessarily represent an observable deterioration in the current credit quality of the loan portfolio (for detail refer to *note Loans to Public*) but is also a representation of an expectation of the future trends in the economic outlook.

The Group and the Bank has recognised an impairment overlay for Stage 1 and Stage 2 classified loans to public exposures. The impairment overlay addresses uncertainty regarding the forward-looking economic conditions in the environment where severity of future economic uncertainties and associated possible disruptions to the Baltic economies and customers of the Group is undefined. The impairment overlay accounts for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing. See also section *Use of estimates and judgements in the preparation of financial statements* of the note *Summary of material accounting policies*.

In the reporting period several adjustments were introduced in the collective provisioning models, ranging from updates in methodology incorporating forward-looking information to improvements in LGD modelling. The updates in the methodology incorporating forward-looking information include input of updated statistics and updates in historical data periods used which resulted in decreasing PDs most notably in the retail segment. LGD segments have been consolidated into broader groups. Updates aim to keep ECL models up-to-date and to deliver robust results, based on qualitative data and transparent methodological choices. Portfolio-wide (inflation) and industry-specific (agriculture) overlays continued amortizing within the existing framework with the exposures being repaid or moving to different stages where ECL models capture credit risk. Overlays created for individually assessed groups also have decreased in the reporting period as exposures with individual overlays have moved to lower or higher stages resulting in the individually assessed overlay removal. For more information on provision for loan commitments, guarantees and letters of credit refer to the note *Off-balance sheet items*.

Classification of impairment stages

Stage 1 – Financial instruments without significant increase in credit risk since initial recognition

Stage 2 – Financial instruments with significant increase in credit risk since initial recognition but not credit-impaired

Stage 3 – Credit-impaired financial instruments

Changes in the allowances for credit losses and provisions

	Group, EUR thousands						
	Opening balance 01/01/2024	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2024
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	3	171	(187)	15	-	-	2
Debt securities	583	25	(20)	(203)	-	-	385
Loans to public	52,173	15,511	(3,841)	(19,007)	-	45	44,881
Including impairment overlay	*11,262*						*8,579*
Loan commitments, guarantees and letters of credit	4,502	2,108	(895)	(3,196)	-	4	2,523
Total stage 1 credit losses and provisions	**57,261**	**17,815**	**(4,943)**	**(22,391)**	**-**	**49**	**47,791**
Stage 2							
Loans to public	15,652	417	(1,634)	(2,981)	-	21	11,475
Including impairment overlay	*6,215*						*1,286*
Loan commitments, guarantees and letters of credit	157	5	(297)	214	-	-	79
Total stage 2 credit losses and provisions	**15,809**	**422**	**(1,931)**	**(2,767)**	**-**	**21**	**11,554**
Stage 3 and POCI							
Loans to public	31,148	-	(6,221)	21,625	(11,315)	3,572	38,809
Loan commitments, guarantees and letters of credit	140	-	(481)	472	-	-	131
Total stage 3 credit losses and provisions	**31,288**	**-**	**(6,702)**	**22,097**	**(11,315)**	**3,572**	**38,940**
Total allowances for credit losses and provisions	**104,358**	**18,237**	**(13,576)**	**(3,061)**	**(11,315)**	**3,642**	**98,285**
Including for debt securities classified at fair value through other comprehensive income	*101*						*39*

For additional information on *Write-offs of allowances* please refer to note *Loans to Public*. In the reporting period EUR 6.2 million part of a previously fully impaired exposure was written-off. Write-offs contribute to a decrease in Stage 3 gross loans ratios and Stage 3 impairment coverage ratio.

For purchased or originated credit impaired (POCI) loans only the cumulative changes in the lifetime expected credit losses since purchase by Citadele or the most recent re-origination is recognised as a loss allowance. Favourable changes in lifetime expected credit losses are recognised as an impairment gain, even if the lifetime expected credit losses to be recognised are less than the amount of expected credit losses that were included in the estimated cash flows on the designation as POCI. For POCI loans acquired in business combinations, the initial recognition date in the Group’s consolidated accounts is the purchase date of the subsidiary.

	Group, EUR thousands						
	Opening balance 01/01/2023	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2023
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	385	17	-	(394)	-	(5)	3
Debt securities	708	29	(18)	(136)	-	-	583
Loans to public	53,284	11,336	(4,449)	(8,002)	-	4	52,173
Including impairment overlay	*10,897*						*11,262*
Loan commitments, guarantees and letters of credit	4,528	2,270	(1,069)	(1,207)	-	(20)	4,502
Total stage 1 credit losses and provisions	**58,905**	**13,652**	**(5,536)**	**(9,739)**	**-**	**(21)**	**57,261**
Stage 2							
Loans to public	16,746	340	(783)	(665)	-	14	15,652
Including impairment overlay	*6,196*						*6,215*
Loan commitments, guarantees and letters of credit	158	112	(176)	63	-	-	157
Total stage 2 credit losses and provisions	**16,904**	**452**	**(959)**	**(602)**	**-**	**14**	**15,809**
Stage 3 and POCI							
Loans to public	36,479	381	(8,248)	8,257	(6,394)	673	31,148
Loan commitments, guarantees and letters of credit	134	13	(59)	52	-	-	140
Total stage 3 credit losses and provisions	**36,613**	**394**	**(8,307)**	**8,309**	**(6,394)**	**673**	**31,288**
Total allowances for credit losses and provisions	**112,422**	**14,498**	**(14,802)**	**(2,032)**	**(6,394)**	**666**	**104,358**
Including for debt securities classified at fair value through other comprehensive income	*94*						*101*

	Bank, EUR thousands						
	Opening balance 01/01/2024	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2024
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	33	170	(186)	-	-	1	18
Debt securities	558	25	(18)	(196)	-	-	369
Loans to public	40,719	10,228	(2,360)	(14,599)	-	16	34,004
Including impairment overlay	*7,002*						*5,795*
Loan commitments, guarantees and letters of credit	4,455	2,008	(916)	(3,082)	-	1	2,466
Total stage 1 credit losses and provisions	**45,765**	**12,431**	**(3,480)**	**(17,877)**	**-**	**18**	**36,857**
Stage 2							
Loans to public	9,942	216	(396)	(3,394)	-	-	6,368
Including impairment overlay	*4,303*						*1,236*
Loan commitments, guarantees and letters of credit	144	5	(297)	225	-	-	77
Total stage 2 credit losses and provisions	**10,086**	**221**	**(693)**	**(3,169)**	**-**	**-**	**6,445**
Stage 3 and POCI							
Loans to public	28,827	-	(2,226)	15,350	(10,504)	1,164	32,611
Loan commitments, guarantees and letters of credit	141	-	(481)	472	-	-	132
Total stage 3 credit losses and provisions	**28,968**	**-**	**(2,707)**	**15,822**	**(10,504)**	**1,164**	**32,743**
Total allowances for credit losses and provisions	**84,819**	**12,652**	**(6,880)**	**(5,224)**	**(10,504)**	**1,182**	**76,045**
Including for debt securities classified at fair value through other comprehensive income	*82*						*27*

	Bank, EUR thousands						
	Opening balance 01/01/2023	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2023
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	385	16	-	(362)	-	(6)	33
Debt securities	686	27	(15)	(140)	-	-	558
Loans to public	41,130	6,879	(2,885)	(4,403)	-	(2)	40,719
Including impairment overlay	*7,705*						*7,002*
Loan commitments, guarantees and letters of credit	4,498	2,383	(1,086)	(1,339)	-	(1)	4,455
Total stage 1 credit losses and provisions	**46,699**	**9,305**	**(3,986)**	**(6,244)**	**-**	**(9)**	**45,765**
Stage 2							
Loans to public	13,421	158	(431)	(3,205)	-	(1)	9,942
Including impairment overlay	*6,189*						*4,303*
Loan commitments, guarantees and letters of credit	115	111	(176)	94	-	-	144
Total stage 2 credit losses and provisions	**13,536**	**269**	**(607)**	**(3,111)**	**-**	**(1)**	**10,086**
Stage 3 and POCI							
Loans to public	33,573	258	(6,744)	8,727	(6,202)	(785)	28,827
Loan commitments, guarantees and letters of credit	125	6	(59)	69	-	-	141
Total stage 3 credit losses and provisions	**33,698**	**264**	**(6,803)**	**8,796**	**(6,202)**	**(785)**	**28,968**
Total allowances for credit losses and provisions	**93,933**	**9,838**	**(11,396)**	**(559)**	**(6,202)**	**(795)**	**84,819**
Including for debt securities classified at fair value through other comprehensive income	*72*						*82*

* Credit risk, net movement represents the effects on ECLs from exposure movements between the credit risk stages, revision of assumptions of ECL models as well as post model adjustments.

Transfers of gross loans to customers between impairment stages

	Group, EUR thousands					
	Transfers between impairment stages of gross exposures (gross transfer basis)					
	from Stage 1 to Stage 2	from Stage 2 to Stage 1	from Stage 2 to Stage 3	from Stage 3 to Stage 2	from Stage 1 to Stage 3	from Stage 3 to Stage 1
Transfers during 2024						
Loans to public	141,208	63,426	23,359	2,247	16,000	430
Financial commitments, guarantees and letters of credit	3,659	2,737	226	22	397	29
Transfers during 2023						
Loans to public	154,437	73,369	16,980	4,283	8,922	2,274
Financial commitments, guarantees and letters of credit	7,565	1,611	60	26	944	153

NOTE 12. OTHER IMPAIRMENT LOSSES AND OTHER PROVISIONS

Changes in impairment allowances for investments in subsidiaries, tangible, intangible and other assets

	Group, EUR thousands			
	Opening balance 01/01/2024	**Charged to statement of income**	**Write-offs and other adjustments**	**Closing balance 31/12/2024**
Other impairment allowances and other provisions				
Other assets (*Note 22*)	675	9	(20)	664
Non-ECL provisions	100	(100)	-	-
Total other impairment allowance and other provisions	**775**	**(91)**	**(20)**	**664**

	Group, EUR thousands			
	Opening balance 01/01/2023	**Charged to statement of income**	**Write-offs and other adjustments**	**Closing balance 31/12/2023**
Other impairment allowances and other provisions				
Tangible and intangible assets (*Note 20*)	207	-	(207)	-
Other assets (*Note 22*)	1,619	71	(1,015)	675
Non-ECL provisions	100	-	-	100
Total other impairment allowance and other provisions	**1,926**	**71**	**(1,222)**	**775**

	Bank, EUR thousands			
	Opening balance 01/01/2024	**Charged to statement of income**	**Write-offs and other adjustments**	**Closing balance 31/12/2024**
Other impairment allowances and other provisions				
Investments in related entities (*Note 19*)	12,907	(1,068)	-	11,839
Other assets (*Note 22*)	614	28	(18)	624
Non-ECL provisions	98	(98)	-	-
Total other impairment allowance and other provisions	**13,619**	**(1,138)**	**(18)**	**12,463**

	Bank, EUR thousands			
	Opening balance 01/01/2023	**Charged to statement of income**	**Write-offs and other adjustments**	**Closing balance 31/12/2023**
Other impairment allowances and other provisions				
Investments in related entities (*Note 19*)	13,018	(111)	-	12,907
Tangible and intangible assets (*Note 20*)	207	-	(207)	-
Other assets (*Note 22*)	1,566	63	(1,015)	614
Non-ECL provisions	100	-	(2)	98
Total other impairment allowance and other provisions	**14,891**	**(48)**	**(1,224)**	**13,619**

NOTE 13. TAXATION

Corporate income tax expense

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Current corporate income tax	(17,876)	(21,354)	(15,378)	(20,237)
Deferred income tax	148	(1,764)	(156)	(1,600)
Total corporate income tax expense	**(17,728)**	**(23,118)**	**(15,534)**	**(21,837)**
Mortgage loan levy and bank tax	**(9,647)**	**(895)**	**(9,605)**	**(895)**

In Latvia an advance corporate income tax (CIT) is payable at 20% rate on unadjusted accounting profits earned in Latvia starting from 2023 on the Latvian banking and leasing operations, with the advance paid being eligible to fully offset dividend distribution tax with no expiry date. As these CIT advance payments may be offset only against tax due from future profit distribution, the amount of the CIT advances paid is expensed as profits are generated. Previously, until Q4 2023, for banking and leasing operations CIT in Latvia was payable when the profits were distributed, not when the profits were earned. For other Latvian operations, CIT is still payable only when the profits are distributed.

For distributions of Latvian profits, a theoretical 20% CIT rate apply and is calculated as 0.2/0.8 from net distributed dividend (effectively 25% tax rate), but the profit distribution tax payment is decreased by the already paid CIT advance in 2023 and later period profits. Thus, incremental profit distribution tax expense on 2023 and later period profits would arise only if the profit distribution tax exceeded the CIT advance already paid.

In Latvia, no incremental CIT expense arise on the Bank's dividend distribution from retained earnings generated under the tax regime that was effective before 2018. Such Bank's retained earnings as of the period end amount to EUR 11.2 million (2023: EUR 61.8 million). EUR 50.6 million dividend distribution in 2024 decreased this amount. Similarly, for the Bank as of the period end no incremental CIT expense arises on distribution of additional EUR 27.9 million (2023: EUR 17.2 million) profits for which tax has been paid when these were distributed from subsidiaries and branches. Currently there is no expiry date for these distribution rights.

The Latvian government had introduced a mortgage loan levy effective for 2024 (one year only) with a purpose to reimburse mortgage borrowers for some of the impact of the higher interest rate environment experienced from mid-2023. The mortgage loan levy is calculated as 0.5% on the Latvian gross mortgage loan portfolio as of 31 October 2023. The levy is payable on the first month of each calendar quarter in 2024 in the amount of EUR 2.2 million quarterly. The Group has concluded that the levy is an expense for 2024 and should be expensed based on the calculated amounts in the respective quarters in 2024 as the obligation for the Group to pay arises only if it is liable to declare on the respective dates in 2024.

The Latvian government has enacted Solidarity Contributions Law, which becomes effect from 2025 and will be presented as levy. This law mandates that credit institutions pay an additional 60% tax on net interest income exceeding 50% of the average from 2018-2022, adjusted for certain items.

In Estonia similarly, as for Latvian operations, any CIT advance paid, is expensed in the reporting period as profits are generated. For banks in 2024 a 14% tax advance rate applies, increasing to 18% in 2025. On dividend disbursement in 2024 CIT is calculated based on proportion 20/80 (effectively 25% tax rate), in 2025 based on proportion 22/78 effectively approximately 28% tax rate). The calculated profit distribution tax payment is decreased by the already paid CIT advance.

Corporate income tax in Lithuania is calculated at 15% rate on taxable profits (increasing to 16% in 2025), an extra 5% corporate income tax for Bank is charged on taxable profits exceeding EUR 2.0 million. Bank tax (windfall tax) in Lithuania is calculated on certain increases in net interest income vs. reference period and is presented as levy in the income statement line Bank tax. Bank tax asset represents quarterly tax advance overpayment vs. calculated full year bank tax.

Income tax assets and liabilities

	EUR thousands			
	31/12/2024 Group	**31/12/2023 Group**	**31/12/2024 Bank**	**31/12/2023 Bank**
Current income tax assets	22	81	-	-
Deferred income tax assets	1,636	714	1,572	579
Tax assets	**1,658**	**795**	**1,572**	**579**
Current income tax liabilities	(14,218)	(17,696)	(12,301)	(17,247)
Deferred income tax liabilities	-	(375)	-	-
Tax liabilities	**(14,218)**	**(18,071)**	**(12,301)**	**(17,247)**
Mortgage loan levy and bank tax	**180**	**1,777**	**180**	**1,777**

Change in net deferred corporate income tax asset / (liability)

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
As at the beginning of the period	339	2,103	579	2,179
Charge to statement of income	148	(1,764)	(156)	(1,600)
Securities fair value revaluation reserve	1,149	-	1,149	-
Net deferred income tax asset at the period end	**1,636**	**339**	**1,572**	**579**

	Group, EUR thousands			
	Opening balance 01/01/2024	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2024
Securities fair value revaluation reserve	-	-	1,149	1,149
Deferred income and accrued expense	631	(160)	-	471
Fair value amortisation on the acquired loan portfolio	84	(69)	-	15
Expected distribution of retained earnings	(375)	375	-	-
Other items, net	(1)	2	-	1
Deferred income tax assets, net	**339**	**148**	**1,149**	**1,636**

	Group, EUR thousands			
	Opening balance 01/01/2023	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2023
Securities fair value revaluation reserve	337	294	-	631
Deferred income and accrued expense	1,921	(1,921)	-	-
Fair value amortisation on the acquired loan portfolio	221	(137)	-	84
Expected distribution of retained earnings	(375)	-	-	(375)
Other items, net	(1)	-	-	(1)
Deferred income tax assets, net	**2,103**	**(1,764)**	**-**	**339**

	Bank, EUR thousands			
	Opening balance 01/01/2024	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2024
Securities fair value revaluation reserve	-	-	1,149	1,149
Deferred income and accrued expense	579	(156)	-	423
Deferred income tax assets, net	**579**	**(156)**	**1,149**	**1,572**

	Bank, EUR thousands			
	Opening balance 01/01/2023	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2023
Deferred income and accrued expense	258	321	-	579
Recognised unutilised tax loss carry-forward	1,921	(1,921)	-	-
Deferred income tax assets, net	**2,179**	**(1,600)**	**-**	**579**

Reconciliation of the pre-tax profit to the corporate income tax expense

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Profit before corporate income tax from continuous operations before non-current assets held for sale	112,120	133,022	101,133	119,158
Corporate income tax (at 20%)	**22,424**	**26,604**	**20,227**	**23,832**
Effect of tax rates in foreign jurisdictions	(1,356)	(1,003)	(975)	(843)
Undistributed earnings taxable on distribution	(1,340)	(1,172)	-	-
Non-taxable income and impact from bank tax expense	(1,542)	(310)	(1,129)	(250)
Non-deductible expense	373	472	119	216
Distribution of retained earnings	858	-	-	-
Other tax differences, net*	(1,689)	(1,473)	(2,708)	(1,118)
Total effective corporate income tax from continuous operations	**17,728**	**23,118**	**15,534**	**21,837**

* Including eligible loss on discontinued operations and non-current assets held for sale of EUR -2,989 thousand for the Bank (2023: EUR -1,124 thousand).

NOTE 14. CASH AND CASH BALANCES AT CENTRAL BANKS

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Cash	42,801	45,558	42,801	45,558
Balances with the Bank of Latvia	296,933	469,196	296,933	469,196
Balances with other central banks	10,206	5,815	10,206	5,815
Total cash and balances with central banks	**349,940**	**520,569**	**349,940**	**520,569**

Credit institutions should comply with the compulsory reserve requirement calculated based on attracted funding. The Bank's compulsory minimum reserve must be exceeded by a credit institution's average monthly balance on its correspondent account with the central bank. Similar requirements also apply to the funding attracted by the banking subsidiary in Switzerland (classified as discontinued operations). During the reporting period, the Group's was in compliance with this requirement. Demand deposits with other central banks include balances with central banks of Lithuania and Estonia. In the reporting period no amounts due from central banks were overdue.

NOTE 15. DEBT SECURITIES

Debt securities by credit rating grade, classification and profile of issuer

Group, EUR thousands

	31/12/2024				31/12/2023			
	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	5,782	64,343	1,509	71,634	9,202	56,658	-	65,860
AA/Aa	16,375	154,726	4,435	175,536	17,920	269,033	-	286,953
A	115,084	690,554	162,003	967,641	125,281	617,625	42,815	785,721
BBB/Baa	8,657	13,875	-	22,532	9,887	31,158	-	41,045
Lower ratings or unrated	247	38,368	-	38,615	2,731	37,722	-	40,453
Total debt securities	**146,145**	**961,866**	**167,947**	**1,275,958**	**165,021**	**1,012,196**	**42,815**	**1,220,032**
Including general government	*119,261*	*683,492*	*166,438*	*969,191*	*123,603*	*691,645*	*42,815*	*858,063*
Including credit institutions	*8,015*	*101,028*	*-*	*109,043*	*10,873*	*111,809*	*-*	*122,682*
Including classified in stage 1	*146,145*	*961,866*	*n/a*	*n/a*	*165,021*	*1,012,196*	*n/a*	*n/a*

Bank, EUR thousands

	31/12/2024				31/12/2023			
	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	5,782	59,411	-	65,193	7,202	51,762	-	58,964
AA/Aa	16,375	154,726	-	171,101	17,920	269,033	-	286,953
A	100,295	683,985	162,003	946,283	107,857	611,054	42,815	761,726
BBB/Baa	1,517	12,365	-	13,882	1,422	29,649	-	31,071
Lower ratings or unrated	-	38,368	-	38,368	2,502	37,720	-	40,222
Total debt securities	**123,969**	**948,855**	**162,003**	**1,234,827**	**136,903**	**999,218**	**42,815**	**1,178,936**
Including general government	*110,738*	*677,433*	*162,003*	*950,174*	*112,367*	*685,585*	*42,815*	*840,767*
Including credit institutions	*1,721*	*101,028*	*-*	*102,749*	*3,741*	*111,809*	*-*	*115,550*
Including classified in stage 1	*123,969*	*948,855*	*n/a*	*n/a*	*136,903*	*999,218*	*n/a*	*n/a*

Unrated debt securities or debt securities with lower ratings than BBB are mainly with corporates and are acquired or in some cases structured by the Bank as an alternative to ordinary lending transactions. Among considerations for originating such lending products is longer-term indirect benefits from development in local corporate debt markets and higher potential liquidity for lending products structured as debt securities.

Debt securities by country of issuer

	Group, EUR thousands					
	31/12/2024			31/12/2023		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Latvia	490,543	1,615	492,158	360,279	2,392	362,671
Lithuania	339,751	50,829	390,580	343,709	51,138	394,847
Estonia	81,374	18,077	99,451	76,440	23,045	99,485
Germany	-	88,377	88,377	-	91,214	91,214
United States	19,879	22,474	42,353	18,262	22,650	40,912
Canada	2,448	31,798	34,246	-	28,116	28,116
Sweden	-	25,224	25,224	-	25,485	25,485
Slovakia	18,798	5,663	24,461	20,974	6,291	27,265
Poland	798	5,181	5,979	22,229	5,164	27,393
Switzerland	-	3,860	3,860	-	24,509	24,509
Finland	-	4,424	4,424	-	12,446	12,446
Netherlands	2,129	-	2,129	6,209	11,138	17,347
Other countries	13,471	18,394	31,865	9,962	22,947	32,909
Multilateral development banks and international organisations	-	30,851	30,851	-	35,433	35,433
Total debt securities	**969,191**	**306,767**	**1,275,958**	**858,064**	**361,968**	**1,220,032**

	Bank, EUR thousands					
	31/12/2024			31/12/2023		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Latvia	484,270	859	485,129	354,063	1,310	355,373
Lithuania	337,497	49,445	386,942	339,632	49,781	389,413
Estonia	81,374	17,144	98,518	76,440	21,910	98,350
Germany	-	88,377	88,377	-	91,214	91,214
United States	19,879	17,085	36,964	18,262	16,395	34,657
Canada	2,448	31,798	34,246	-	28,116	28,116
Sweden	-	25,224	25,224	-	25,485	25,485
Slovakia	17,704	5,153	22,857	19,887	5,780	25,667
Poland	-	3,027	3,027	21,448	3,043	24,491
Switzerland	-	3,860	3,860	-	24,509	24,509
Finland	-	4,424	4,424	-	12,446	12,446
Netherlands	2,129	-	2,129	6,209	11,138	17,347
Other countries	4,873	13,848	18,721	4,826	18,506	23,332
Multilateral development banks and international organisations	-	24,409	24,409	-	28,536	28,536
Total debt securities	**950,174**	**284,653**	**1,234,827**	**840,767**	**338,169**	**1,178,936**

No payments on the debt securities are past due. Total exposure to any single country within “Other countries” group as of period end is smaller than 10% of the regulatory capital.

NOTE 16. LOANS TO PUBLIC

Loans by overdue days and impairment stage

Group, EUR thousands

	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3 and POCI			Stage 1	Stage 2	Stage 3 and POCI		
Loans to public										
Not past due	3,018,781	201,776	29,669	(53,509)	3,196,717	2,627,867	206,974	29,715	(62,554)	2,802,002
Past due <=30 days	32,353	14,019	3,991	(7,309)	43,054	26,175	8,829	1,591	(5,694)	30,901
Past due >30 and ≤90 days	-	23,533	14,404	(8,622)	29,315	-	23,294	1,960	(4,047)	21,207
Past due >90 days	-	-	31,220	(25,725)	5,495	-	-	34,541	(26,693)	7,848
Total loans to public	**3,051,134**	**239,328**	**79,284**	**(95,165)**	**3,274,581**	**2,654,042**	**239,097**	**67,807**	**(98,988)**	**2,861,958**
Guarantees and letters of credit	87,830	155	60	(259)	87,786	55,142	1,676	6	(288)	56,536
Financial commitments	336,437	6,162	689	(2,474)	340,814	318,412	7,744	1,056	(4,510)	322,702
Total credit exposure to public	**3,475,401**	**245,645**	**80,033**	**(97,898)**	**3,703,181**	**3,027,596**	**248,517**	**68,869**	**(103,786)**	**3,241,196**

As of the period end, the gross amount of Group's POCI loans to public is EUR 4.2 million (2023: EUR 9.7 million). The recognised expected credit loss allowance on POCI loans to public is EUR 0.5 million (2023: EUR 0.6 million). Off-balance sheet credit exposure comprises various committed financing facilities to the borrowers. For details refer to note *Off-balance Sheet Items*.

Bank, EUR thousands

	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Loans to public										
Not past due	3,067,620	72,401	14,671	(37,663)	3,117,029	2,669,492	88,240	20,268	(46,302)	2,731,698
Past due <=30 days	31,210	13,791	3,777	(7,185)	41,593	23,201	8,567	1,454	(5,554)	27,668
Past due >30 and ≤90 days	-	4,078	11,001	(5,205)	9,874	-	6,351	1,224	(2,255)	5,320
Past due >90 days	-	-	25,006	(22,930)	2,076	-	-	29,127	(25,377)	3,750
Total loans to public	**3,098,830**	**90,270**	**54,455**	**(72,983)**	**3,170,572**	**2,692,693**	**103,158**	**52,073**	**(79,488)**	**2,768,436**
Guarantees and letters of credit	96,818	155	60	(262)	96,771	63,222	1,676	5	(302)	64,601
Financial commitments	404,193	4,501	635	(2,413)	406,916	370,784	5,437	1,055	(4,437)	372,839
Total credit exposure to public	**3,599,841**	**94,926**	**55,150**	**(75,658)**	**3,674,259**	**3,126,699**	**110,271**	**53,133**	**(84,227)**	**3,205,876**

Stage 3 loans to public ratio

	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Stage 3 gross loans ratio	2.3%	2.1%	1.7%	1.8%
Stage 3 net loans ratio	1.2%	1.1%	0.7%	0.8%
Stage 3 impairment ratio	50%	49%	60%	55%

The stage 3 loans ratio is calculated as stage 3 loans to public divided by total loans to public as of the end of the relevant period. All loans overdue by more than 90 days are classified as stage 3. Non-overdue loans and loans overdue less than 90 days which have been forborne or impairment losses have been identified based on individual assessment or financial condition of the borrower has deteriorated significantly due to other factors are classified as stage 3. Part of the loans classified as stage 3 do not have any current default indicators but are put under monitoring period for a specific time before being reclassified out of stage 3. Loans under recovery are also classified as stage 3.

The stage 3 impairment ratio is calculated as impairment allowance for stage 3 exposures divided by gross loans to public classified as stage 3.

Expected credit loss allowance by customer profile and impairment stage

	Group, EUR thousands							
	31/12/2024				31/12/2023			
	Expected credit loss allowance			Total	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3 and POCI		Stage 1	Stage 2	Stage 3 and POCI	
Financial and non-financial corporations	(17,970)	(6,052)	(14,845)	(38,867)	(22,273)	(10,874)	(12,657)	(45,804)
Households	(26,451)	(5,422)	(23,964)	(55,837)	(29,462)	(4,771)	(18,506)	(52,739)
General government	(460)	(1)	-	(461)	(438)	(7)	-	(445)
Expected credit loss allowance	**(44,881)**	**(11,475)**	**(38,809)**	**(95,165)**	**(52,173)**	**(15,652)**	**(31,163)**	**(98,988)**

	Bank, EUR thousands							
	31/12/2024				31/12/2023			
	Expected credit loss allowance			Total	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Financial and non-financial corporations	(10,712)	(2,161)	(9,794)	(22,667)	(14,318)	(6,429)	(10,765)	(31,512)
Households	(23,287)	(4,207)	(22,817)	(50,311)	(26,391)	(3,513)	(18,062)	(47,966)
General government	(5)	-	-	(5)	(10)	-	-	(10)
Expected credit loss allowance	**(34,004)**	**(6,368)**	**(32,611)**	**(72,983)**	**(40,719)**	**(9,942)**	**(28,827)**	**(79,488)**

Loans by customer profile and impairment stage

	Group, EUR thousands									
	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3 and POCI			Stage 1	Stage 2	Stage 3 and POCI		
Financial and non-financial corporations										
Real estate purchase and management	421,453	24,246	602	(4,249)	442,052	339,949	17,321	649	(5,500)	352,419
Trade	203,149	20,479	8,328	(6,007)	225,949	169,050	13,150	3,676	(4,817)	181,059
Manufacturing	188,741	26,968	5,217	(5,749)	215,177	145,979	46,079	17,699	(9,423)	200,334
Agriculture and forestry	141,530	29,804	23,109	(11,835)	182,608	137,690	39,260	2,249	(6,507)	172,692
Transport and communications	144,344	36,259	3,758	(3,231)	181,130	171,095	40,126	9,075	(11,385)	208,911
Construction	135,347	12,402	1,919	(3,211)	146,457	94,884	13,435	3,256	(3,122)	108,453
Electricity, gas and water supply	131,462	3,537	2,347	(1,076)	136,270	96,898	1,742	1,993	(1,015)	99,618
Financial intermediation	35,138	509	49	(237)	35,459	33,496	605	20	(436)	33,685
Hotels, restaurants	29,186	2,969	59	(427)	31,787	24,546	790	1,618	(605)	26,349
Other industries	148,450	19,957	4,187	(2,845)	169,749	134,161	20,216	3,343	(2,992)	154,728
Total financial and non-financial corporations	**1,578,800**	**177,130**	**49,575**	**(38,867)**	**1,766,638**	**1,347,748**	**192,724**	**43,578**	**(45,802)**	**1,538,248**
Households										
Mortgage loans	865,060	16,504	23,557	(31,103)	874,018	780,517	12,908	21,539	(31,394)	783,570
Finance leases	347,770	31,603	2,195	(5,136)	376,432	323,242	24,146	926	(4,291)	344,023
Credit for consumption	130,735	6,547	1,118	(8,828)	129,572	103,497	4,811	546	(7,306)	101,548
Card lending	56,008	3,999	849	(6,836)	54,020	56,867	2,526	579	(8,398)	51,574
Other lending	50,093	3,498	1,990	(3,934)	51,647	18,955	1,782	637	(1,351)	20,023
Total households	**1,449,666**	**62,151**	**29,709**	**(55,837)**	**1,485,689**	**1,283,078**	**46,173**	**24,227**	**(52,740)**	**1,300,738**
General government	**22,668**	**47**	**-**	**(461)**	**22,254**	**23,217**	**201**	**-**	**(446)**	**22,972**
Total loans to public	**3,051,134**	**239,328**	**79,284**	**(95,165)**	**3,274,581**	**2,654,043**	**239,098**	**67,805**	**(98,988)**	**2,861,958**

Decrease in impairment allowance for expected credit losses for transport and communications corporations is a result of a well-executed recovery work where previously credit-impaired exposures were settled with little loss to the Group and the Bank. On the contrary, for agriculture and forestry corporations, a deterioration in credit performance has been observed resulting in increase in impairment allowances for expected credit losses, which also including extra impairment overlays recognised by the Group and the Bank for agriculture sector.

Loans by customer profile and impairment stage

	Bank, EUR thousands									
	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Financial and non-financial corporations										
Real estate purchase and management	405,589	22,251	561	(3,987)	424,414	326,710	15,875	444	(5,189)	337,840
Trade	67,844	6,383	4,061	(3,001)	75,287	61,424	2,847	2,956	(2,875)	64,352
Manufacturing	97,631	12,917	2,177	(3,283)	109,442	53,266	33,626	13,485	(7,168)	93,209
Agriculture and forestry	54,561	8,831	17,037	(6,492)	73,937	47,185	23,416	1,582	(3,253)	68,930
Transport and communications	12,157	3,473	600	(862)	15,368	22,934	2,752	7,059	(7,501)	25,244
Construction	50,774	1,585	637	(1,267)	51,729	26,846	2,528	1,084	(1,427)	29,031
Electricity, gas and water supply	120,502	2,586	1,517	(887)	123,718	85,570	-	676	(807)	85,439
Financial intermediation	1,142,962	-	27	(1,873)	1,141,116	1,064,940	-	20	(2,074)	1,062,886
Hotels, restaurants	20,818	1,931	34	(283)	22,500	18,978	415	1,592	(511)	20,474
Other industries	25,771	970	486	(732)	26,495	22,215	874	281	(708)	22,662
Total financial and non-financial corporations	**1,998,609**	**60,927**	**27,137**	**(22,667)**	**2,064,006**	**1,730,068**	**82,333**	**29,179**	**(31,513)**	**1,810,067**
Households										
Mortgage loans	863,817	16,310	23,408	(30,995)	872,540	779,284	12,286	21,238	(31,163)	781,645
Finance leases	-	-	-	-	-	-	-	-	-	-
Credit for consumption	124,568	5,537	1,100	(8,586)	122,619	99,396	4,234	524	(7,128)	97,026
Card lending	56,008	3,999	849	(6,836)	54,020	56,867	2,526	579	(8,398)	51,574
Other lending	48,623	3,497	1,961	(3,894)	50,187	16,695	1,779	553	(1,277)	17,750
Total households	**1,093,016**	**29,343**	**27,318**	**(50,311)**	**1,099,366**	**952,242**	**20,825**	**22,894**	**(47,966)**	**947,995**
General government	**7,205**	**-**	**-**	**(5)**	**7,200**	**10,384**	**-**	**-**	**(10)**	**10,374**
Total loans to public	**3,098,830**	**90,270**	**54,455**	**(72,983)**	**3,170,572**	**2,692,694**	**103,158**	**52,073**	**(79,489)**	**2,768,436**

NOTE 17. LEASES

Finance leases (a part of loans to public) by type of assets financed

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Transport vehicles	843,544	796,162	-	-
Manufacturing equipment	256,970	238,063	-	-
Industrial, office and other equipment	27,841	24,867	-	-
Total present value of finance lease payments, excluding impairment	**1,128,355**	**1,059,092**	**-**	**-**
Impairment allowance	(20,643)	(18,919)	-	-
Net present value of finance lease payments	**1,107,712**	**1,040,173**	**-**	**-**

Reconciliation of the gross investment in the finance leases and the present value of minimum lease payments receivable

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Gross investment in finance leases receivable:				
within one year	349,837	385,759	-	-
in year two	306,062	281,764	-	-
in year three	255,815	231,573	-	-
in year four	181,923	175,662	-	-
In year five	135,826	104,000	-	-
later than in five years	34,145	24,135	-	-
Total gross investment in finance leases	**1,263,608**	**1,202,893**	**-**	**-**
Unearned finance income receivable:				
within one year	(51,125)	(59,388)	-	-
in year two	(39,339)	(40,618)	-	-
in year three	(25,002)	(25,312)	-	-
in year four	(13,470)	(12,973)	-	-
In year five	(5,135)	(4,382)	-	-
later than in five years	(1,182)	(1,128)	-	-
Total	**(135,253)**	**(143,801)**	**-**	**-**
Present value of minimum lease payments receivable:				
within one year	298,712	326,371	-	-
in year two	266,723	241,146	-	-
in year three	230,813	206,261	-	-
in year four	168,453	162,689	-	-
In year five	130,691	99,618	-	-
later than in five years	32,963	23,007	-	-
Total	**1,128,355**	**1,059,092**	**-**	**-**

NOTE 18. EQUITY AND OTHER FINANCIAL INSTRUMENTS

Shares and other non-fixed income securities by issuers profile and classification

	Group, EUR thousands							
	31/12/2024				31/12/2023			
	Mutual investment funds	Foreign equities	Latvian equities	Total	Mutual investment funds	Foreign equities	Latvian equities	Total
Non-trading financial assets at fair value through profit or loss	25,108	709	-	25,817	26,372	1,117	-	27,489
Financial assets at fair value through other comprehensive income	-	105	21	126	-	101	21	122
Total non-fixed income securities, net	**25,108**	**814**	**21**	**25,943**	**26,372**	**1,218**	**21**	**27,611**
Including unit-linked insurance plan assets	*15,909*	*-*	*-*	*15,909*	*17,059*	*-*	*-*	*17,059*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management	*14,952*	*-*	*-*	*14,952*	*15,621*	*-*	*-*	*15,621*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management and which relate to unit-linked contracts	*11,129*	*-*	*-*	*11,129*	*11,575*	*-*	*-*	*11,575*

Most exposures in mutual investment funds which are classified as financial assets mandatorily at fair value through profit or loss are related to the life insurance business, most of these with unit-linked insurance plan assets. According to unit-linked investment contract terms, the risk associated with the investments made by the insurance underwriter is fully attributable to the counterparty entering the insurance agreement and not the underwriter.

Part of the Bank's and the Group's investments in mutual investment funds, which are managed by IPAS CBL Asset Management, are related to unit-linked contracts, where the risk associated with the investments made is fully attributable to the counterparty entering the insurance agreement and not the underwriter. These exposures have been acquired only with investment intentions. The Bank has no exposure to investments related to unit-linked contracts.

	Bank, EUR thousands							
	31/12/2024				31/12/2023			
	Mutual investment funds	Foreign equities	Latvian equities	Total	Mutual investment funds	Foreign equities	Latvian equities	Total
Non-trading financial assets at fair value through profit or loss	838	709	-	1,547	1,235	1,117	-	2,352
Financial assets at fair value through other comprehensive income	-	105	21	126	-	101	21	122
Total non-fixed income securities, net	**838**	**814**	**21**	**1,673**	**1,235**	**1,218**	**21**	**2,474**
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management	*838*	*-*	*-*	*838*	*1,235*	*-*	*-*	*1,235*

NOTE 19. INVESTMENTS IN RELATED ENTITIES

Changes in investments in related entities of the Bank

	EUR thousands 2024	EUR thousands 2023
Balance at the beginning of the period, net	**47,939**	**47,770**
Associates accounted for using the equity method	-	58
Change in impairment allowance	1,068	111
Transfer to discontinued operations held for sale	(248)	-
Balance at the end of the period, net	**48,759**	**47,939**
Including associates accounted for using the equity method	*-*	*248*
Including gross investment in subsidiaries	*60,598*	*60,598*

Changes in investments in related entities

In the reporting period investment in SIA Mobilly was transferred to discontinued operations held for sale, and in August 2024 the sale of SIA Mobilly was completed.

Valuation of investments in subsidiaries

In the reporting period valuation of SIA Citadele Factoring, AS CBL Atklātais Pensiju Fonds and SIA Hortus Residential was reassessed. In total EUR 1.1 million (net) impairment in the investments in these subsidiaries was released. Accumulation of operating profits not distributed to shareholders and decrease in valuation uncertainties as legacy lease portfolio continues to amortise contributed to release of impairment allowance for investment in SIA Citadele Factoring.

Carrying value of the investment in SIA Citadele Factoring is derived from present value of expected free equity distributable to the shareholders, after required equity allocation for capital adequacy compliance. The target capital adequacy ratio is set at 13.5% and includes allocated charges for all banking risks inherent in the business model of the leasing (2023: 13.0%). Other key inputs of the model are 13.8% (2023: 15.4%) discount rate and future profitability of the operations of the entity.

Consolidation Group subsidiaries and associated entities for accounting purposes

Company	Registration number	Registration address and country	Company type*	Basis for inclusion in the Group**	The Group's share (%)	% of total voting rights	Carrying value EUR thousands 31/12/2024	Carrying value EUR thousands 31/12/2023
AS Citadele banka	40103303559	Latvia, Riga, Republikas laukums 2A	BNK	MT	-	-	-	-
SIA Citadele Leasing	40003423085	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	29,203	29,203
SIA Citadele Factoring	50003760921	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	9,388	8,266
IPAS CBL Asset Management	40003577500	Latvia, Riga, Republikas laukums 2A	IPS	MS	100	100	5,906	5,906
UAB Citadele Factoring	126233315	Lithuania, Upės g. 21, Vilnius, LT-0812	LIZ	MS	100	100	2,149	2,149
SIA Hortus Residential	40103460622	Latvia, Riga, Republikas laukums 2A	PLS	MS	100	100	1,112	1,076
AS CBL Atklātais Pensiju Fonds	40003397312	Latvia, Riga, Republikas laukums 2A	PFO	MS	100	100	556	646
OU Citadele Factoring	10925733	Estonia, Tallinn 10152, Narva mnt. 63/1	LIZ	MS	100	100	445	445
SIA Mobilly (Investments in associates accounted for using the equity method, sold)	40003654405	Latvia, Dzirnavu iela 91 k-3 - 20, Rīga, LV-1011	ENI	CT	12.5	12.5	-	248
SIA CL Insurance Broker	40003983430	Latvia, Riga, Republikas laukums 2A	PLS	MMS	100	100	-	-
AAS CBL Life	40003786859	Latvia, Riga, Republikas laukums 2A	APS	MMS	100	100	-	-
Total net investments in subsidiaries and associated entities							**48,759**	**47,939**

*BNK – bank, ENI – authorized electronic money institution, IBS – investment brokerage company, IPS – investment management company, PFO – pension fund, CFI – other financial institution, LIZ – leasing company, PLS – company providing various support services, APS – insurance company.
** MS – subsidiary company, MMS – subsidiary of the subsidiary company, MT – parent company, MTM – parent of the parent company, CT – other company.

Kaleido Privatbank AG is a 100% owned subsidiary classified as discontinued operations held for sale (for details refer to note *Discontinued Operations and Non-current Assets Held For Sale*). Registration number of Kaleido Privatbank AG is 130.0.007.738-0, it is registered in Switzerland with legal address in Bellerivestrasse 17, 8008, Zürich.

NOTE 20. TANGIBLE AND INTANGIBLE ASSETS

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Transport vehicles	3,320	3,200	30	48
Right-of-use assets	11,010	4,378	10,973	4,268
IT and other equipment	2,838	2,667	2,441	2,115
Leasehold improvements	760	878	760	878
Prepayments for tangible assets	65	60	-	-
Total tangible assets	**17,993**	**11,183**	**14,204**	**7,309**
Software	5,704	7,400	3,805	5,425
Other intangible assets	59	57	22	25
Prepayments for intangible assets	369	608	49	560
Total intangible assets	**6,132**	**8,065**	**3,876**	**6,010**
Total tangible and intangible assets	**24,125**	**19,248**	**18,080**	**13,319**

Changes in tangible and intangible assets of the Group

	Leasehold improve-ments	Land and buildings	Transport vehicles	Right-of-use assets	IT and other equipment	Software	Other intangible assets	Total excluding prepayments
Historical cost								
As at 31 December 2022	**2,507**	**665**	**8,234**	**10,880**	**15,010**	**36,901**	**294**	**74,491**
Additions	172	-	132	1,635	541	4,530	-	7,010
Disposals and write-offs	(17)	(665)	(1,882)	(240)	(922)	(284)	(60)	(4,070)
As at 31 December 2023	**2,662**	**-**	**6,484**	**12,275**	**14,629**	**41,147**	**234**	**77,431**
Additions	356	-	2,142	9,842	1,487	4,158	20	18,005
Disposals and write-offs	-	-	(2,452)	(6)	(1,390)	(4,933)	-	(8,781)
As at 31 December 2024	**3,018**	**-**	**6,174**	**22,111**	**14,726**	**40,372**	**254**	**86,655**
Accumulated depreciation								
As at 31 December 2022	**1,360**	**290**	**3,091**	**5,086**	**11,540**	**29,569**	**164**	**51,100**
Charge for the year	440	11	1,062	2,811	1,320	4,444	73	10,161
Incl. assets under operating lease (Note 8)	-	-	*1,035*	-	*123*	-	-	*1,158*
Disposals	(16)	(301)	(869)	-	(898)	(266)	(60)	(2,410)
As at 31 December 2023	**1,784**	**-**	**3,284**	**7,897**	**11,962**	**33,747**	**177**	**58,851**
Charge for the year	474	-	964	3,210	1,301	5,854	18	11,821
Incl. assets under operating lease (Note 8)	-	-	*945*	-	*123*	-	-	*1,068*
Disposals	-	-	(1,394)	(6)	(1,375)	(4,933)	-	(7,708)
As at 31 December 2024	**2,258**	**-**	**2,854**	**11,101**	**11,888**	**34,668**	**195**	**62,964**
Impairment allowance								
As at 31 December 2022	**-**	**(207)**	**-**	**-**	**-**	**-**	**-**	**(207)**
Net reversal and write-offs	-	207	-	-	-	-	-	207
As at 31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net reversal and write-offs	-	-	-	-	-	-	-	-
As at 31 December 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount								
As at 31 December 2022	**1,147**	**168**	**5,143**	**5,794**	**3,470**	**7,332**	**130**	**23,184**
As at 31 December 2023	**878**	**-**	**3,200**	**4,378**	**2,667**	**7,400**	**57**	**18,580**
As at 31 December 2024	**760**	**-**	**3,320**	**11,010**	**2,838**	**5,704**	**59**	**23,691**

In the reporting period useful life estimates for certain software assets of the Group and the Bank were reassessed, resulting in a shorter amortisation period and an increase in the amortisation expense for software.

Changes in tangible and intangible assets of the Bank

	Leasehold improve-ments	Land and buildings	Transport vehicles	Right-of-use assets	IT and other equipment	Software	Other intangible assets	Total excluding prepayments
Historical cost								
As at 31 December 2022	**2,507**	**665**	**280**	**10,847**	**13,157**	**32,671**	**132**	**60,259**
Additions	172	-	-	1,597	410	3,632	-	5,811
Disposals and write-offs	(17)	(665)	(7)	(470)	(859)	(76)	(5)	(2,099)
As at 31 December 2023	**2,662**	**-**	**273**	**11,974**	**12,708**	**36,227**	**127**	**63,971**
Additions	356	-	-	9,840	1,446	3,278	5	14,925
Disposals and write-offs	-	-	(16)	(6)	(1,210)	(4,720)	-	(5,952)
As at 31 December 2024	**3,018**	**-**	**257**	**21,808**	**12,944**	**34,785**	**132**	**72,944**
Accumulated depreciation								
As at 31 December 2022	**1,360**	**290**	**205**	**4,766**	**10,315**	**27,300**	**98**	**44,334**
Charge for the year	440	11	27	3,239	1,112	3,578	9	8,416
Disposals	(16)	(301)	(7)	(299)	(834)	(76)	(5)	(1,538)
As at 31 December 2023	**1,784**	**-**	**225**	**7,706**	**10,593**	**30,802**	**102**	**51,212**
Charge for the year	474	-	18	3,132	1,106	4,899	8	9,637
Disposals	-	-	(16)	(3)	(1,196)	(4,721)	-	(5,936)
As at 31 December 2024	**2,258**	**-**	**227**	**10,835**	**10,503**	**30,980**	**110**	**54,913**
Impairment allowance								
As at 31 December 2022	**-**	**(207)**	**-**	**-**	**-**	**-**	**-**	**(207)**
Net reversal and write-offs	-	207	-	-	-	-	-	207
As at 31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net reversal and write-offs	-	-	-	-	-	-	-	-
As at 31 December 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount								
As at 31 December 2022	**1,147**	**168**	**75**	**6,081**	**2,842**	**5,371**	**34**	**15,718**
As at 31 December 2023	**878**	**-**	**48**	**4,268**	**2,115**	**5,425**	**25**	**12,759**
As at 31 December 2024	**760**	**-**	**30**	**10,973**	**2,441**	**3,805**	**22**	**18,031**

Right-of-use assets of the Group and the Bank predominantly constitute one class of assets – lease contracts for premises where branches, headquarters and ATMs are located.

NOTE 21. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

AS Citadele banka is selling its Swiss subsidiary Kaleido Privatbank AG under market standard terms and conditions. In 2022 AS Citadele banka had entered into a binding agreement regarding the sale of its Swiss subsidiary – Kaleido Privatbank AG. The closing was subject to regulatory approvals and took longer than expected. In 2023 it was concluded that successful execution of this sales-purchase agreement was no longer feasible and was decided to terminate the previous contract.

The Group is working with a reputable M&A advisor on an alternative sales transaction. As the conditions indicate that the investment will be recovered principally through a sale transaction in a foreseeable future rather than through continuing operations, Kaleido Privatbank AG is presented as discontinued operations as of period end. Citadele has received several offers and is working with a buyer on transaction, and has taken steps to improve certainty that regulatory approval for potential sale will be obtained. The Management has a strong commitment to sell Kaleido Privatbank AG and this is a further step focusing on Citadele's core activities in the Baltics and is in line with Citadele's long-term ambition to become the leading financial services provider in the Baltics.

In the beginning of 2024 the management of the Bank increased share capital of Swiss subsidiary Kaleido Privatbank AG by CHF 3.0 million. The capital increase supports operations of the subsidiary. The subsidiary is classified as discontinued operations held for sale.

Write-down of investment in Kaleido Privatbank AG

In the reporting period the Bank recognised EUR 15.1 million write-down on the investment in Kaleido Privatbank AG equal to the lower of the carrying amount and fair value less cost to sell (2023: EUR 6.1 million). The write-down relates to the loss of the operations in the respective period and the re-estimated net sales proceeds, including cost to sell. The fair value less cost to sell of the investment, represents the most recent estimate of the net sales proceeds. The write-down is presented in the statement of income as net result from non-current assets held for sale and discontinued operations. On the consolidated level EUR 0.8 million write-off of non-financial assets has been recognized as previous carrying value of these is deemed unrecoverable in the expected sales transaction.

Result from discontinued operations and non-current assets held for sale (contribution to the Group and the Bank)

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Net interest income	3,287	4,119	-	-
Net fee and commission income	4,069	3,123	-	-
Other operating income / (expense)	873	(796)	-	-
Staff costs, other operating expenses, depreciation and amortisation	(12,383)	(12,354)	-	-
Net credit losses and other impairment losses	236	(662)	-	-
Impairment of non-financial assets	(847)	-	-	-
Income tax	6	(28)	-	-
Net result from discontinued operations	**(4,759)**	**(6,598)**	**-**	**-**
Result from non-current assets held for sale	123	481	(14,943)	(5,621)
Net result from non-current assets held for sale and discontinued operations	**(4,636)**	**(6,117)**	**(14,943)**	**(5,621)**

Assets and liabilities constituting discontinued operations and non-current assets held for sale (contribution to the Group and the Bank)

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Assets				
Cash, cash balances at central banks	7,140	11,867	-	-
Loans to credit institutions	4,985	12,607	-	-
Debt securities (Classified in stage 1)	37,663	51,762	-	-
Including:				
AAA/Aaa rated	*15,930*	*21,421*	-	-
AA/Aa rated	*12,754*	*18,758*	-	-
A rated	*8,979*	*8,926*	-	-
BBB/Baa rated	-	*2,657*	-	-
General government	*15,867*	*17,019*	-	-
Credit institutions	*9,214*	*15,575*	-	-
Loans to public	52,516	55,033	-	-
Other assets	1,332	1,305	-	-
Discontinued operations	**103,636**	**132,574**	**-**	**-**
Net investment in Kaleido Privatbank AG (subsidiary)	-	-	779	12,788
Other non-current assets held for sale	-	-	-	-
Discontinued operations and non-current assets held for sale	**103,636**	**132,574**	**779**	**12,788**
Liabilities				
Deposits from credit institutions and central banks	140	460	-	-
Deposits and borrowings from customers	129,601	118,229	-	-
Other liabilities	3,390	2,971	-	-
Discontinued operations	**133,131**	**121,660**	**-**	**-**
Off-balance sheet items				
Guarantees and letters of credit	353	261	-	-
Financial commitments	8,624	32,148	-	-
Discontinued operations	**8,977**	**32,409**	**-**	**-**

Cash flows from discontinued operations of the Group

	EUR thousands	
	2024	2023
Cash flows from operating activities	(20,591)	(44,502)
Cash flows from investing activities	8,852	38,598
Cash flows from financing activities	(288)	(255)
Cash flows for the period	**(12,027)**	**(6,159)**
Cash and cash equivalents at the beginning of the period	**24,013**	**30,172**
Cash and cash equivalents at the end of the period	**11,986**	**24,013**

NOTE 22. OTHER ASSETS

	EUR thousands			
	31/12/2024 Group	**31/12/2023 Group**	**31/12/2024 Bank**	**31/12/2023 Bank**
Money in transit	41,332	26,018	41,320	26,018
Repossessed assets	658	783	-	-
Deferred expenses and accrued income (maturing in less than 12 months from the period end)	6,101	5,919	4,125	3,254
Contract assets	2,161	2,121	2,161	2,121
Other assets	12,354	8,699	3,291	4,590
Total gross other assets	**62,606**	**43,540**	**50,897**	**35,983**
Impairment allowance	(664)	(675)	(624)	(614)
Total net other assets	**61,942**	**42,865**	**50,273**	**35,369**

As of the period end most of the impairment allowance for other assets relate to fully impaired overdue debt collection expenditure compensation receivable (2023: the same). Net carrying amount of these assets is nil. As of the period end, the Group had no unimpaired delayed other assets (2023: EUR nil).

From time to time the Group repossesses from its customers certain assets serving as collateral, when the customers cannot otherwise meet their payment obligations and other loan work-out measures have been unsuccessful. Collateral obtained is recognised within other assets and are held for sale in near future.

Repossessed assets where the management has committed to an active plan that is expected to result in a complete sale within one year from the date of classification are classified as non-current assets held for sale.

NOTE 23. DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Bank deposits and borrowings by type

	EUR thousands			
	31/12/2024 Group	**31/12/2023 Group**	**31/12/2024 Bank**	**31/12/2023 Bank**
Credit institution deposits and collateral accounts	3,027	6,121	3,027	6,121
Central bank deposits and accounts	201	1,214	202	1,214
Deposits from Citadele Group banks	-	-	50,867	19,560
ECB's targeted longer-term refinancing operations	-	40,099	-	40,099
Total deposits from credit institutions and central banks	**3,228**	**47,434**	**54,096**	**66,994**

In June 2024 EUR 40 million ECB's targeted longer-term refinancing operations (TLTRO-III) financing was repaid. In the statement of cash flows the repayment of the TLTRO-III borrowing is presented within operating cash flows as the primary objective for the borrowing was not a need for financing, but the attractive borrowing rate.

NOTE 24. DEPOSITS AND BORROWINGS FROM CUSTOMERS

Deposits and borrowings by profile of the customer

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Households	2,091,336	1,986,684	2,042,315	1,926,620
Non-financial corporations	1,621,908	1,550,606	1,622,326	1,550,895
Financial corporations	223,496	180,144	252,231	209,742
General government	64,346	89,620	64,346	89,620
Other	22,394	22,528	22,393	22,529
Total deposits from customers	**4,023,480**	**3,829,582**	**4,003,611**	**3,799,406**

Deposits and borrowings from customers by contractual maturity

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Demand deposits	2,929,370	2,822,542	2,935,832	2,835,084
Term deposits due within:				
less than 1 month	323,165	137,931	340,715	147,876
more than 1 month and less than 3 months	264,492	269,128	263,332	269,107
more than 3 months and less than 6 months	248,853	243,074	246,377	241,123
more than 6 months and less than 12 months	179,960	249,100	172,160	243,651
more than 1 year and less than 5 years	73,459	100,698	44,823	61,415
more than 5 years	4,181	7,109	372	1,150
Total term deposits	1,094,110	1,007,040	1,067,779	964,322
Total deposits from customers	**4,023,480**	**3,829,582**	**4,003,611**	**3,799,406**

Deposits and borrowings from customers by categories

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
At amortised cost	4,006,153	3,810,183	4,003,611	3,799,406
At fair value through profit or loss	17,327	19,399	-	-
Total deposits from customers	**4,023,480**	**3,829,582**	**4,003,611**	**3,799,406**
Including unit-linked insurance plan liabilities	*15,630*	*17,153*	-	-

All deposits from customers of the Group which are classified at fair value through profit or loss relate to the Group's life insurance business (classified as investment contracts). Unit-linked plan liabilities are covered by financial assets designated at fair value through profit or loss. According to unit-linked investment contract terms, the risk associated with the investments made by the underwriter is fully attributable to the counterparty entering the agreement and not the underwriter.

NOTE 25. DEBT SECURITIES ISSUED

Publicly listed debt securities

ISIN code of the issued bond	Eligibility	Currency	Interest rate	Initial maturity date	Principal, EUR thousands	Amortised cost, EUR thousands	
						31/12/2024	31/12/2023
XS2393742122	MREL eligible	EUR	1.625%	22/11/2026	200,000	199,705	199,366
LV0000880102	Subordinated	EUR	5.00%	13/12/2031	40,000	40,104	40,104
LV0000880011	Subordinated	EUR	5.50%	24/11/2027	20,000	20,098	20,090
LV0000803054	Subordinated	EUR	8.00%	05/04/2034	20,000	20,162	-
LV0000804334	MREL eligible	EUR	5.00%*	14/10/2026	35,000	35,353	-
						315,422	**259,560**

Key features of the issued subordinated bonds and MREL eligible senior unsecured bonds

EUR 200 million senior unsecured preferred bonds (XS2393742122) have a five-years maturity, with issuer's optional redemption date after four years. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL). The senior unsecured preferred bonds were offered to institutional investors. The bonds are listed on Euronext Dublin and Nasdaq Riga.

EUR 35 million senior unsecured preferred bonds (LV0000804334) has a two-years maturity and a fixed interest rate of 5% per annum, resetting on 14 October 2025 to the floating interest rate of euribor 3 months plus 2.3% per annum. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL).

EUR 40 million (LV0000880102), EUR 20 million (LV0000880011) and EUR 20 million (LV0000803054) unsecured subordinated bonds were issued in the local Baltic capital markets with ten years maturity and issuer's optional early redemption rights. These subordinated bonds are included in the Tier 2 capital of Citadele and contribute to stronger capital position of the Bank. The unsecured subordinated bonds were offered to institutional and retail investors in Latvia, Lithuania and Estonia, as well as institutional investors located in the Member States of the EEA.

Subsequent to the period end, on 13 January 2025, an early redemption of EUR 20 million unsecured subordinated bonds (LV0000880011) took place.

Unsecured subordinated securities qualify for inclusion in the Bank's and the Group's Tier 2 capital. For details on capital adequacy refer to *Capital management* section of the note *Risk Management*.

Profile of the bondholders as of the last coupon payment date of the subordinated bonds

ISIN code of the issued bond	Last coupon or origination date	Number of bondholders	Legal and professional investors			Private individuals		
			Number	EUR th.	%	Number	EUR th.	%
LV0000880102	December 2024	163	54	26,850	67%	109	13,150	33%
LV0000880011	November 2024	77	42	17,020	85%	35	2,980	15%
LV0000803054	September 2024	508	196	11,050	55%	312	8,950	45%

Change in debt securities

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Opening balance	**259,560**	**259,225**	**259,560**	**259,225**
Proceeds from issue of debt securities	54,734	-	54,734	-
Interest expense	8,278	6,685	8,278	6,685
Interest paid on debt securities issued	(7,150)	(6,350)	(7,150)	(6,350)
Closing balance	**315,422**	**259,560**	**315,422**	**259,560**

NOTE 26. OTHER LIABILITIES

Other liabilities

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Insurance reserves:				
Annuity pension products	17,088	10,059	-	-
Other life insurance reserves	2,744	2,199	-	-
Payables to lease suppliers	16,089	10,446	-	-
Employee related accruals	12,684	12,086	10,816	10,252
Lease liabilities	10,729	4,224	10,691	4,112
Other accrued expenses	4,789	11,107	3,596	9,889
Contract liabilities	2,758	2,723	2,758	2,723
Regulatory fee and similar accruals	2,446	2,899	2,446	2,899
Other liabilities	8,368	7,661	3,397	2,019
Total other liabilities	**77,695**	**63,404**	**33,704**	**31,894**

Insurance liabilities mostly comprise estimated present value of future cash outflows from defined benefit annuity pension products sold to customers by Group's subsidiary AAS CBL Life. The annuity products are subject to terms, conditions and limitations. Estimated cash outflows are conditional to life longevity assumptions and defined benefit payment structure. Most of the EUR 17.1 million defined payments of the annuity pension products are due within ten years period, with EUR 7.1 million due in five years.

Contract liabilities primarily relate to non-refundable internally allocated part of a received fee from customers. Contract liabilities are recognised as revenue as customers participate in the customer loyalty programs as per terms of the loyalty programs.

Insurance reserves include CSM for annuity pension product in the amount of EUR 2.8 million (2023: EUR 1.6 million) and CSM for other life insurance products in the amount of EUR 4.4 million (2023: EUR 2.9 million).

Change in lease liabilities

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Opening balance	**4,224**	**6,133**	**4,112**	**5,914**
New lease liabilities recognised	9,842	1,597	9,840	1,597
Repayment of existing lease liabilities and derecognition	(3,337)	(3,506)	(3,261)	(3,399)
Transfer to discontinued operations	-	-	-	-
Implied interest expense calculated	134	102	131	99
Settlement of implied interest expense	(134)	(102)	(131)	(99)
Closing balance	**10,729**	**4,224**	**10,691**	**4,112**

NOTE 27. SHARE CAPITAL

The Bank has one class dematerialised shares, i.e. recorded in the depositary (Nasdaq CSD SE). On 19 July 2024 the Bank's total paid capital was increased from EUR 158,240,718 to EUR 158,453,678 and conditional capital was decreased from EUR 3,807,496 to EUR 3,594,536 (2023: EUR 2,907,496). On 20 December 2024 the Bank's total paid capital was increased to EUR 158,902,560 and conditional capital was decreased to EUR 3,145,654. In the reporting period 662 thousand employee options vested and were converted to shares. The conditional capital represents the maximum number of shares that may be allocated for awarding to employees as share options. As of the period end the Bank owns EUR 90,009 (2023: EUR 95,476) of its own shares. Each dematerialised share carries one vote, a share in profits and is eligible for dividends (except for shares owned by the Bank itself). On 28 March 2024 a dividend of EUR 0.32 per share, which is EUR 50.6 million in total, was approved (2023: EUR 20.0 million total dividends which is c.a. EUR 0.127 per share). Dividends were disbursed to the shareholders on 7 May 2024.

Shareholders of the Bank

	31/12/2024		31/12/2023	
	Paid-in share capital (EUR)	**Total shares with voting rights**	**Paid-in share capital (EUR)**	**Total shares with voting rights**
RA Citadele Holdings LLC[1]	51,549,212	51,549,212	51,549,212	51,549,212
European Bank for Reconstruction and Development	39,138,948	39,138,948	39,138,948	39,138,948
EMS LB LLC[3]	17,635,133	17,635,133	17,635,133	17,635,133
Amolino Holdings Inc.[4]	13,490,578	13,490,578	13,490,578	13,490,578
Delan S.à.r.l.[2]	12,477,728	12,477,728	12,477,728	12,477,728
Shuco LLC[5]	9,838,158	9,838,158	9,838,158	9,838,158
Members of the Management Board of the Bank and parties related to them	920,712	920,712	1,353,823	1,353,823
Other shareholders	13,762,082	13,762,082	12,661,662	12,661,662
Total	**158,812,551**	**158,812,551**	**158,145,242**	**158,145,242**
Own shares	90,009		95,476	
Total paid capital	**158,902,560**		**158,240,718**	

[1] RA Citadele Holdings LLC (United States) is a wholly owned subsidiary of Ripplewood Advisors LLC and is beneficially owned by Mr Timothy Collins

[2] Delan S.à.r.l. is beneficially owned by the Baupost Group LLC

[3] EMS LB LLC is beneficially owned by Mr Edmond M. Safra

[4] Amolino Holdings Inc. is beneficially owned by Mr James L. Balsillie

[5] Shuco LLC is beneficially owned by Mr Stanley S. Shuman

Earnings per share

Basic earnings per share are calculated by dividing the net profit that is attributable to the shareholders by the weighted average number of the shares outstanding during the period. Diluted earnings per share are determined by adjusting the net profit that is attributable to the shareholders and the weighted-average number of the shares outstanding for the effects of all dilutive potential shares, which comprise share options granted to employees in the long-term incentive programs. The part of the performance-based employee share options for which the services under the approved long-term incentive programs have been received are included in the calculation of diluted earnings per share. The part of the performance-based employee share options, issuance of which is contingent upon satisfying specific conditions, in addition to the passage of time, are treated as contingently issuable shares. For contingently issuable share options where these conditions are not fully satisfied, the number of contingently issuable shares included in diluted earnings per share is based on the number of shares that would be issuable if the reporting date were the end of the contingency period.

	2024 Group	2023 Group	2024 Bank	2023 Bank
Profit for the period, EUR thousands	89,756	103,787	70,656	91,700
Weighted average number of the shares outstanding in thousands	158,479	157,701	158,479	157,701
Basic earnings per share in EUR	**0.57**	**0.66**	**0.45**	**0.58**
Weighted average number of the shares (basic) outstanding in thousands	158,479	157,701	158,479	157,701
Effect of share options in issue in thousands	1,195	1,341	1,195	1,341
Weighted average number of the shares (diluted) outstanding during the period in thousands	**159,674**	**159,042**	**159,674**	**159,042**
Profit for the period, EUR thousands	89,756	103,787	70,656	91,700
Weighted average number of the shares (diluted) outstanding in thousands	159,674	159,042	159,674	159,042
Diluted earnings per share in EUR	**0.56**	**0.65**	**0.44**	**0.58**
Net loss from discontinued operations (Note 21)	(4,759)	(6,598)	-	-
Profit for the period from continuing operations, EUR thousands	94,515	110,385	70,656	91,700
Basic earnings / (loss) per share in EUR	0.57	0.66	0.45	0.58
from continuing operations	*0.60*	*0.70*	*0.45*	*0.58*
from discontinued operations	*(0.03)*	*(0.04)*	-	-
Diluted earnings / (loss) per share in EUR	0.56	0.65	0.44	0.58
from continuing operations	*0.59*	*0.69*	*0.44*	*0.58*
from discontinued operations	*(0.03)*	*(0.04)*	-	-

NOTE 28. OFF-BALANCE SHEET ITEMS

Contingent liabilities and financial commitments outstanding

	EUR thousands			
	31/12/2024 Group	**31/12/2023 Group**	**31/12/2024 Bank**	**31/12/2023 Bank**
Contingent liabilities:				
Outstanding guarantees	87,705	52,174	96,692	60,254
Outstanding letters of credit	340	4,650	341	4,649
Total contingent liabilities	**88,045**	**56,824**	**97,033**	**64,903**
Provisions for credit risk	(259)	(288)	(262)	(302)
Net credit risk exposure for guarantees and letters of credit	**87,786**	**56,536**	**96,771**	**64,601**
Financial commitments:				
Unutilised credit lines and loans granted, not fully drawn down	159,974	138,784	281,821	251,791
Card commitments	113,090	112,136	113,111	112,161
Factoring commitments	55,827	62,968	-	-
Performance commitments (guarantees)	14,397	13,324	14,397	13,324
Total financial commitments	**343,288**	**327,212**	**409,329**	**377,276**
Provisions for financial commitments	(2,474)	(4,510)	(2,413)	(4,437)
Net credit risk exposure for financial commitments	**340,814**	**322,702**	**406,916**	**372,839**
Discontinued operations:				
Contingent liabilities	353	261	-	-
Financial commitments	8,624	32,148	-	-

Lending commitments are a time limited promise that a specified amount of loan or credit line will be made available to the specific borrower on specific pre-agreed terms. For part of the committed lending promises clients have to perform certain obligations before the balance committed becomes available to them.

In the reporting period several adjustments were introduced in the collective provisioning models which resulted in decrease in PDs, thus positively affecting provisions for financial commitments, guarantees and letters of credit. For details on the methodology changes refer to note *Net Credit Losses*. Besides methodology changes, provisions in the reporting period were released due to improvements in the risk profile of several large committed exposures as new collaterals were registered resulting in an improvement in the LGDs for these exposures.

Notional amounts and fair values of derivatives of the Group

	Notional amount EUR thousands		Fair value EUR thousands			
	31/12/2024	**31/12/2023**	**31/12/2024**		**31/12/2023**	
			Assets	**Liabilities**	**Assets**	**Liabilities**
Foreign exchange contracts:						
Swaps	258,900	253,084	5,509	(727)	975	(2,060)
Forwards	3,006	4,839	29	(10)	44	(33)
Total foreign exchange contracts	**261,906**	**257,923**	**5,538**	**(737)**	**1,019**	**(2,093)**
Interest rate contracts:						
Interest rate swaps	156,200	42,200	152	(3,271)	-	(1,238)
Total interest rate contracts	**156,200**	**42,200**	**152**	**(3,271)**	**-**	**(1,238)**
Derivatives	**418,106**	**300,123**	**5,690**	**(4,008)**	**1,019**	**(3,331)**

Notional amounts and fair values of derivatives of the Bank

	Notional amount EUR thousands		Fair value EUR thousands			
	31/12/2024	**31/12/2023**	**31/12/2024**		**31/12/2023**	
			Assets	**Liabilities**	**Assets**	**Liabilities**
Foreign exchange contracts:						
Swaps	258,900	253,084	5,509	(727)	975	(2,060)
Forwards	3,006	4,839	29	(10)	44	(33)
Total foreign exchange contracts	**261,906**	**257,923**	**5,538**	**(737)**	**1,019**	**(2,093)**
Interest rate contracts:						
Interest rate swaps	156,200	42,200	152	(3,271)	-	(1,238)
Total interest rate contracts	**156,200**	**42,200**	**152**	**(3,271)**	**-**	**(1,238)**
Derivatives	**418,106**	**300,123**	**5,690**	**(4,008)**	**1,019**	**(3,331)**

The Group's banks use derivative foreign exchange instruments to manage their currency positions, which arise also due to derivative foreign exchange contracts concluded with the banks' clients. Interest rate swaps are used to manage interest rate risk in debt securities portfolio. Before entering into derivative agreement with a private individual or a company, the Group's entities assess the counterparty's ability to meet the contractual provisions. As of the period end, none (2023: none) of the receivables arising out of derivative transactions were past due.

NOTE 29. ASSETS UNDER MANAGEMENT

Fair value of assets managed on behalf of customers by investment type

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Fixed income securities:				
Corporate bonds	138,819	163,802	-	-
Government bonds	115,670	97,129	-	-
Credit institution bonds	59,766	55,588	-	-
Loans	557	583	557	583
Other financial institution bonds	26,954	21,409	-	-
Total investments in fixed income securities	**341,766**	**338,511**	**557**	**583**
Other investments:				
Investment funds	686,306	586,190	-	-
Shares	134,917	111,583	-	-
Compensations for distribution on behalf of deposit guarantee fund	24,298	28,274	24,298	28,274
Real estate	4,920	5,100	-	-
Deposits with credit institutions	1,117	2,619	-	-
Other	24,919	36,784	-	-
Total other investments	**876,477**	**770,550**	**24,298**	**28,274**
Total assets under management	**1,218,243**	**1,109,061**	**24,855**	**28,857**

Customer profile on whose behalf the funds are managed

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Pension plans	908,626	815,945	-	-
Insurance companies, investment and pension funds	158,424	145,099	-	-
Private individuals	125,222	83,478	-	-
Other companies and government	25,971	64,539	24,855	28,857
Total liabilities under management	**1,218,243**	**1,109,061**	**24,855**	**28,857**

NOTE 30. FINANCIAL ASSETS PLEDGED OR ENCUMBERED

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Debt securities	-	54,719	-	54,719
Loans on demand to credit institutions	5,567	2,399	5,567	2,399
Loans to customers and other assets	420,152	501,258	159,809	186,099
Total financial assets pledged or encumbered	**425,719**	**558,376**	**165,376**	**243,217**
Total liabilities secured by pledged assets	**2,290**	**40,099**	**2,290**	**40,099**
Financial guarantees received	**296,493**	**341,806**	**64,043**	**82,634**

Most loans to customers and other assets are encumbered as per terms of a financial guarantee contract issued by the EIB Group, consisting of the European Investment Bank (EIB) and the European Investment Fund (EIF), to Citadele. The guarantee contract secures probable Citadele's future losses allocated to the relevant tranche of the reference loan portfolio for a pre-agreed fee to the EIB Group. In accordance with the risk retention requirements of the guarantee contract, Citadele must retain on an unhedged and unguaranteed basis an exposure to the reference loan portfolio over a specific period. The guarantee contract provides capital relief for Citadele by mitigating specific credit risks and enables Citadele to grant additional loans and leases to businesses in the Baltics. Other pledged amounts consist of placements to secure various Bank's and Group's transactions in the ordinary course of business.

In 2023 most of the pledged debt securities were collateral placed with the Bank of Latvia to secure financing received in the ECB's targeted longer-term refinancing operations (TLTRO-III). For details on TLTRO-III financing received refer to note *Deposits from Credit Institutions and Central Banks.*

NOTE 31. CASH AND CASH EQUIVALENTS

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Cash and cash balances with central banks	349,940	520,569	349,940	520,569
Loans on demand to credit institutions (excluding encumbered)	5,383	8,407	4,561	7,788
Demand deposits from central banks and credit institutions	(938)	(7,335)	(1,060)	(7,513)
Cash equivalents in discontinued operations	11,986	24,013	-	-
Total cash and cash equivalents	**366,371**	**545,654**	**353,441**	**520,844**

NOTE 32. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received for an asset sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

For illiquid financial assets and liabilities, including loans and advances to customers, there are no active markets. Accordingly, fair value for these has been estimated using appropriate valuation techniques. The methods used to determine the fair value of balance sheet items are as follows:

Cash and balances at central banks

The fair value of cash and balances with central banks is their carrying amount as these balances may be withdrawn without notice.

Loans to credit institutions and deposits from credit institutions and central banks

The fair value of on-demand balances with credit institutions is their carrying amount as these balances may be withdrawn without notice. The fair value of overnight placements is their carrying amount. The fair value of other amounts due from banks is calculated by discounting expected cash flows using current market rates. The carrying value is a close representation of fair value due to short maturity profiles and interest rate profile.

Loans to public

The fair value of loans and advances to customers is calculated by discounting expected future cash flows. The discount rate is the sum of money market rate as of the end of the reporting period and credit margin, which is adjusted for current market conditions. If all the Bank's assumed discount rates would change by 10%, the fair value of the loan portfolio would change by EUR 19.5 million (2023: EUR 20.8 million).

Debt securities

Debt securities classified as at fair value through profit or loss and at fair value through other comprehensive income are accounted at unadjusted quoted prices in active markets which is their fair value. Debt securities classified at amortised cost are not accounted at fair value; the disclosed fair value for these is their unadjusted quoted prices in active markets.

Equity instruments and other financial instruments at fair value

Investments in mutual investment funds (presented as other financial instruments at fair value) are valued using unadjusted quoted prices in active markets.

Equity instruments include Visa Inc. preferred C shares which have been valued by reference to consideration, which is contingent upon future events. The valuation is dependent on exchange rate, Visa Inc. stock price and preferred stocks' conversion ratio as well as liquidity discount. The instrument is categorised as Level 3. If the applied liquidity discount was decreased by 1000bp, the estimated fair value would increase by EUR 0.2 million as of the period end (2023: EUR 0.3 million).

Derivatives

Derivatives are valued using techniques based on observable market data.

Deposits and borrowings from customers

Deposits and borrowing from customers include part which is carried at amortised cost and part which is carried at fair value. The entire portfolio of deposits and borrowing from customers which is carried at fair value is the deposit part of the life insurance contracts.

The fair value of deposits and borrowings from customers repayable on demand is their carrying amount. The fair value of other deposits is calculated by discounting expected cash flows using average market interest rates close to or at the period-end. If all assumed discount rates for term deposits originated by the Bank would increase by 100 bp, the fair value would change by EUR 3.9 million (2023: EUR 4.7 million).

The fair value of unit-linked investment contract liabilities is their carrying amount which equals fair value of unit-linked insurance plan assets. The fair value of other life insurance deposits carried at fair value through profit or loss is calculated by discounting expected cash flows using current effective deposit rates. The fair value of other life insurance deposits carried at fair value through profit or loss is calculated by discounting expected cash flows using current effective deposit rates. If the assumed discount rates would change by +/-100bp, the fair value of the portfolio would decrease by less than EUR +/-0.1 million (2023: less than EUR +/-0.1 million)

Debt securities issued

The fair value of publicly listed unsecured subordinated bonds is estimated based on the quoted prices.

Fair value hierarchy

Quoted market prices (Level 1) – Financial instruments are valued using unadjusted quoted prices in active markets.

Valuation technique: observable market inputs (Level 2) – Financial instruments are valued using techniques based on observable market data. In some instances, valuations received from independent third party are used or quotations from less active market.

Valuation technique: non-market observable inputs (Level 3) – Financial instruments are valued using techniques for which significant inputs are not based on observable market data.

Fair values of financial assets and liabilities of the Group on 31 December 2024

			Fair value hierarchy (where applicable)		
	Carrying value	Total fair value	Quoted market prices	Valuation technique – observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	146,145	146,145	141,848	4,297	-
Equity instruments	126	126	-	-	126
Non-trading financial assets measured at fair value through profit or loss:					
Debt securities	167,947	167,947	160,698	7,249	-
Equity instruments	709	709	-	-	709
Other financial instruments	25,108	25,108	25,108	-	-
Other financial assets measured at fair value through profit or loss:					
Derivatives	5,690	5,690	-	5,690	-
Financial assets not measured at fair value:					
Cash and balances at central banks	349,940	349,940	-	-	-
Loans to credit institutions	12,944	12,944	-	-	-
Debt securities	961,866	907,564	803,939	103,625	-
Loans to public	3,274,581	3,325,428	-	-	3,325,428
Financial assets constituting discontinued operations:					
Cash, balances at central banks and loans to credit institutions	12,125	12,125	-	-	-
Debt securities measured at fair value through other comprehensive income	6,704	6,704	6,704	-	-
Debt securities not measured at fair value	30,959	30,065	30,065	-	-
Loans to public not measured at fair value	52,516	52,516	-	-	52,516
Total assets	**5,047,360**	**5,043,011**	**1,168,362**	**120,861**	**3,378,779**
Financial liabilities measured at fair value:					
Derivatives	4,008	4,008	-	4,008	-
Deposits and borrowings from customers	17,327	17,327	15,630	-	1,697
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	3,228	3,228	-	-	-
Deposits and borrowings from customers	4,006,153	4,006,854	-	-	4,006,854
Debt securities issued	315,422	309,463	-	309,463	-
Financial liabilities constituting discontinued operations:					
Deposits from credit institutions	140	140	-	-	-
Deposits and borrowings from customers not measured at fair value	129,601	129,601	-	-	129,601
Total liabilities	**4,475,879**	**4,470,621**	**15,630**	**313,471**	**4,138,152**

Fair values of financial assets and liabilities of the Group on 31 December 2023

	Carrying value	Total fair value	Fair value hierarchy (where applicable)		
			Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	165,021	165,021	126,926	38,095	-
Equity instruments	122	122	-	-	122
Non-trading financial assets measured at fair value through profit or loss:					
Debt securities	42,815	42,815	10,868	31,947	-
Equity instruments	1,117	1,117	-	-	1,117
Other financial instruments	26,372	26,372	26,372	-	-
Other financial assets measured at fair value through profit or loss:					
Derivatives	1,019	1,019	-	1,019	-
Financial assets not measured at fair value:					
Cash and balances at central banks	520,569	520,569	-	-	-
Loans to credit institutions	34,640	34,640	-	-	-
Debt securities	1,012,196	932,027	634,306	297,721	-
Loans to public	2,861,958	2,874,351	-	-	2,874,351
Financial assets constituting discontinued operations:					
Cash, balances at central banks and loans to credit institutions	24,474	24,474	-	-	-
Debt securities measured at fair value through other comprehensive income	14,671	14,671	14,671	-	-
Debt securities not measured at fair value	37,091	35,371	32,566	2,805	-
Loans to public not measured at fair value	55,033	55,033	-	-	55,033
Total assets	**4,797,098**	**4,727,602**	**845,709**	**371,587**	**2,930,623**
Financial liabilities measured at fair value:					
Derivatives	3,331	3,331	-	3,331	-
Deposits and borrowings from customers	19,399	19,399	17,153	-	2,246
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	47,434	47,434	-	-	-
Deposits and borrowings from customers	3,810,183	3,808,271	-	-	3,808,271
Debt securities issued	259,560	239,687	-	239,687	-
Financial liabilities constituting discontinued operations:					
Deposits from credit institutions	460	460	-	-	-
Deposits and borrowings from customers not measured at fair value	118,229	118,229	-	-	118,229
Total liabilities	**4,258,596**	**4,236,811**	**17,153**	**243,018**	**3,928,746**

Fair values of financial assets and liabilities of the Bank on 31 December 2024

			Fair value hierarchy (where applicable)		
	Carrying value	Total fair value	Quoted market prices	Valuation technique – observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	123,969	123,969	120,933	3,036	-
Equity instruments	126	126	-	-	126
Non-trading financial assets measured at fair value through profit or loss:					
Debt securities	162,003	162,003	154,753	7,250	-
Equity instruments	709	709	-	-	709
Other financial instruments	838	838	838	-	-
Other financial assets measured at fair value through profit or loss:					
Derivatives	5,690	5,690	-	5,690	-
Financial assets not measured at fair value:					
Cash and balances at central banks	349,940	349,940	-	-	-
Loans to credit institutions	23,748	23,748	-	-	-
Debt securities	948,855	894,921	793,274	101,647	-
Loans to public	3,170,572	3,221,419	-	-	3,221,419
Total assets	**4,786,450**	**4,783,363**	**1,069,798**	**117,623**	**3,222,254**
Financial liabilities measured at fair value:					
Derivatives	4,008	4,008	-	4,008	-
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	54,096	54,096	-	-	-
Deposits and borrowings from customers	4,003,611	4,005,743	-	-	4,005,743
Debt securities issued	315,422	309,463	-	309,463	-
Total liabilities	**4,377,137**	**4,373,310**	**-**	**313,471**	**4,005,743**

Fair values of financial assets and liabilities of the Bank on 31 December 2023

	Carrying value	Total fair value	Fair value hierarchy (where applicable): Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	136,903	136,903	102,416	34,487	-
Equity instruments	122	122	-	-	122
Non-trading financial assets measured at fair value through profit or loss:					
Debt securities	42,815	42,815	10,868	31,947	-
Equity instruments	1,117	1,117	-	-	1,117
Other financial instruments	1,235	1,235	1,235	-	-
Other financial assets measured at fair value through profit or loss:					
Derivatives	1,019	1,019	-	1,019	-
Financial assets not measured at fair value:					
Cash and balances at central banks	520,569	520,569	-	-	-
Loans to credit institutions	53,019	53,019	-	-	-
Debt securities	999,218	919,797	625,720	294,077	-
Loans to public	2,768,436	2,780,829	-	-	2,780,829
Total assets	**4,524,453**	**4,457,425**	**740,239**	**361,530**	**2,782,068**
Financial liabilities measured at fair value:					
Derivatives	3,331	3,331	-	3,331	-
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	66,994	66,994	-	-	-
Deposits and borrowings from customers	3,799,406	3,800,395	-	-	3,800,395
Debt securities issued	259,560	239,687	-	239,687	-
Total liabilities	**4,129,291**	**4,110,407**	**-**	**243,018**	**3,800,395**

Reclassifications in fair value hierarchy levels of debt securities accounted for at fair value

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Debt securities at fair value through other comprehensive income				
Presented as Level 1, reclassified from Level 2	32,649	66,833	30,765	59,187
Presented as Level 2, reclassified from Level 1	-	1,082	-	-
Debt securities at fair value through profit or loss				
Presented as Level 1, reclassified from Level 2	25,642	-	25,642	-
Presented as Level 2, reclassified from Level 1	-	-	-	-

Fair value hierarchy level for securities is established by benchmarking observed bid-ask spreads versus fixed pre-set bid-ask spread threshold which is fixed in the Group's fair value hierarchy methodology and is applied consistently year over year. Main contributor for reclassification of debt securities from Level 2 in the fair value hierarchy to Level 1 is narrowing bid-ask spreads. Widening bid-ask spreads have an opposite effect.

Changes in fair value of securities accounted for at fair value and categorised as Level 3

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
As of the beginning of the period, net	**1,239**	**1,029**	**1,239**	**1,029**
Total comprehensive income				
Settlement on sale	*(893)*	*-*	*(893)*	*-*
Revaluation gain recognised in statement of income	*485*	*188*	*485*	*188*
Revaluation gain recognised in other comprehensive income	*4*	*22*	*4*	*22*
As of the end of the period, net	**835**	**1,239**	**835**	**1,239**

Fair value for equity instruments for which fair value is calculated based on non-market observable inputs is categorised as Level 3, as these financial instruments are not listed on an exchange and there are insufficient recent observable transactions on the market.

Changes in fair value of deposits and borrowings from customers measured at fair value and categorised as Level 3

	EUR thousands	
	2024 Group	**2023 Group**
Balance as at the beginning of the period	**2,246**	**3,285**
Premiums received	367	443
Commissions and risk charges	(15)	(76)
Paid to policyholders	(1,031)	(1,278)
Other	114	(123)
Currency revaluation result	15	(5)
Balance as at the end of the period	**1,696**	**2,246**

In the reporting period from financial liabilities designated at fair value through profit or loss which are not unit-linked the Group has recognised net revaluation result of EUR -95 thousand in the net financial income line of the statement of income (2023: EUR 154 thousand). Deposits and borrowings from customers measured at fair value and categorised as Level 3 relates to investment contracts of the Group's life insurance business. For such contracts premiums received are recognised as liabilities of the Group since settlement with small variation in due term is expected. For more details on insurance liabilities refer to *Insurance reserves* section of the note *Risk Management*.

NOTE 33. RELATED PARTIES

Related parties are defined as shareholders who have significant influence or joint control over the Group, members of the Supervisory Board and Management Board, key Management personnel, their close relatives and companies in which they have a controlling interest as well as the Group's subsidiaries and associated companies. For the purpose of this disclosure, the key management of the Group and the Bank and their related companies are stated in one line. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances and terms of the Group's and the Bank's transactions in this note are shown with related parties which were related parties at that time.

Assets and liabilities from transactions with related parties

	EUR thousands			
	31/12/2024 Group	**31/12/2023 Group**	**31/12/2024 Bank**	**31/12/2023 Bank**
Credit exposures to related parties, net				
Loans to public and credit institutions				
Management	299	443	202	228
Consolidated subsidiaries and associates	-	21	1,123,750	1,053,445
Investments in subsidiaries	-	-	48,759	47,690
Investments in associates	-	248	-	248
Non-current assets and disposal groups held for sale	-	-	779	12,788
Other assets	-	17	272	162
Financial commitments and guarantees outstanding	38	109	130,894	121,221
Credit exposures to related parties, net	**337**	**838**	**1,304,656**	**1,235,782**
Including credit impaired assets with consolidated subsidiaries	*n/a*	*n/a*	-	-
Including expected credit losses on non-credit impaired exposures with consolidated subsidiaries	*n/a*	*n/a*	*(1,931)*	*(1,974)*
Liabilities to related parties				
Deposits and borrowings from customers and credit institutions				
Management	712	874	712	874
Consolidated subsidiaries and associates	-	1,982	80,021	51,428
Other liabilities (including lease liabilities) and provisions for expected credit losses	1	2	222	241
Liabilities to related parties	**713**	**2,858**	**80,955**	**52,543**

In the reporting period decrease of EUR 0.05 million in allowances for expected credit losses for loans from consolidated subsidiaries was recognised (2023: EUR 0.65 million increase). The ultimate recoverability of the loans issued to subsidiaries depends on the performance of the underlying business of the respective subsidiaries. For information on investments in subsidiaries refer to Note *Investments in Related Entities*.

Income and expense from transactions with related parties

	EUR thousands			
	2024 Group	**2023 Group**	**2024 Bank**	**2023 Bank**
Interest income				
Management	21	23	12	13
Consolidated subsidiaries and associates	1	2	58,882	53,391
Interest expense				
Management	(15)	(5)	(15)	(5)
Consolidated subsidiaries	-	-	(1,944)	(677)
Fee and commission income	154	197	1,371	1,475
Fee and commission expense	(2)	(4)	2	-
Net financial income	(8)	(8)	(8)	(13)
Dividends from subsidiaries	-	-	4,931	-
All other income	-	-	1,865	1,883
Administrative and other expense (excluding management's remuneration and ECL)	(2,338)	(2,046)	(2,351)	(2,051)

For information on the management's remuneration refer to Note *Staff Costs*. The Group's and the Bank's administrative expense mostly relates to Advisory Services Agreement fee. The Bank has entered into the Advisory Services Agreement with Ripplewood Advisors LLC, where Ripplewood is paid EUR 2.0 million per annum for the services provided to the Bank. These advisory services include business plan development, strategic analysis, capital allocation, risk advisory, operating efficiency, human resource management, and other services.

NOTE 34. GEOGRAPHICAL DISTRIBUTION OF REVENUE

The geographical distribution of certain Group's items by the country where the business is carried out

	2024				2023			
	EUR thousands				EUR thousands			
	Operating income	**Operating profit before bank and income tax**	**Income and bank tax, mortgage loan levy**	FTE equivalent employees at the period end	**Operating income**	**Operating profit before tax**	**Income and bank tax, mortgage loan levy**	FTE equivalent employees at the period end
Latvia	164,557	78,025	(18,508)	969	163,606	85,366	(13,960)	967
Lithuania	46,119	29,713	(5,839)	248	49,432	34,371	(7,146)	242
Estonia	24,084	14,029	(3,028)	99	20,856	14,180	(2,907)	92
Total continuing operations before non-current assets held for sale	**234,760**	**121,767**	**(27,375)**	**1,316**	**233,894**	**133,917**	**(24,013)**	**1,301**
Latvia (result from non-current assets held for sale)	-	123	-	-	-	481	-	-
Switzerland (discontinued operations)	8,229	(4,765)	6	26	6,446	(6,570)	(28)	28
Total operations	**242,989**	**117,125**	**(27,369)**	**1,342**	**240,340**	**127,828**	**(24,041)**	**1,329**

During the reporting period no direct public subsidies were received from the public sector of the respective countries where the Group operates (2023: EUR 0.0 million).

Bank's operating profit by the country where the business is carried out, all operations

	EUR thousands		
	2024		
	Operating profit before bank tax and mortgage loan levy	**Mortgage loan levy**	**Income and bank tax**
Latvia	59,597	(8,942)	(9,147)
dividends from branches	*5,741*	-	-
including dividends from subsidiaries (Note 8)	*4,932*	-	-
Lithuania	21,622	-	(4,880)
Estonia	14,576	-	(2,170)
Total Bank	**95,795**	**(8,942)**	**(16,197)**

NOTE 35. RISK MANAGEMENT

Risk management policies

The Group considers risk management to be an essential component of its management process. The Group pursues prudent risk management that is aligned with its business ambitions and aims to achieve effective risk mitigation. To assess and monitor complex risk exposures, the Group applies a wide range of risk management tools in conjunction with risk committees. Members of the risk committees represent various operations of the Group to balance business and risk within the respective risk committees. Annually Group defines its Risk Appetite Framework which sets acceptable risk-taking limits across all relevant risk types, considering business goals, macroeconomic environment and regulatory setting. Risk appetite limits are cascaded to all risk management strategies and implemented operationally through detailed internal regulations.

The Group's risk management principles are set out in its Risk Management Policy. The Group adheres to the following key risk management principles:

- The Group aims to ensure that it maintains low overall risk exposure, diversified asset portfolio, limited risks in financial markets and low levels of operational risk;
- The Group aims to ensure an acceptable risk level in all operations. Risks are always assessed in relation to their expected return. Risk exposures that are not acceptable are avoided, limited or hedged;
- The Group does not assume high or uncontrollable risks irrespective of the return they provide and assumes risks only in economic fields and geographical regions in relation to which it believes it has sufficient knowledge and expertise;
- Risk management is based on each Group's employee's responsibility for the transactions carried out by him/her and awareness of the related risks;
- Risk limit system and strict controls are essential risk management elements. Control over risk levels and compliance with the imposed limits is achieved by the existence of structured risk limit systems for all material risks.

The aim of the risk management in the Group is to facilitate the achievement of the Group's goals, sustainable growth, long-term financial stability and to protect the Group from unidentified risks. The Bank has appointed a Chief Risk Officer (CRO) who serves as a member of the Management Board. Importantly, the CRO's role is distinct and independent from operational activities to ensure unbiased risk oversight. To facilitate effective governance, the CRO maintains direct access to the Bank's Supervisory Board. The Risk Committee, which is subordinated to the Bank's Supervisory Board, has been established in the Bank. The main task of the Risk Committee is to provide support to the Bank's Supervisory Board in relation to the monitoring of the Group's risk management system. The Risk Committee established by the Bank's Supervisory Board provides recommendations to the Bank's Management Board regarding improvements of the risk management system. Risk management within the Group is controlled by an independent unit – the Risk Division.

The main risks to which the Group is exposed are credit risk, market risk (including interest rate risk), liquidity risk, currency risk and operational risk, insurance risk and environmental and climate-related risk. The Group is also exposed to anti-money laundering, counter terrorism financing, counter proliferation financing and sanctions compliance risk. For each of these risks the Group has approved risk management policies and other internal regulations defining key risk management principles and processes, functions and responsibilities of units, risk concentration limits, as well as control and reporting system. The Bank's Supervisory Board approves risk management policies and ensures the control of efficiency of the risk management system. The Bank's Management Board and CRO ensure implementation of the risk management policies and development of internal regulations for the management of each material risk within the Group. In order to assess and monitor material and complex risk exposures, the Bank's Management Board establishes risk committees. Members of risk committees represent various units of the Group to ensure the balance between the units responsible for risk monitoring and control and the units with business orientation.

The Group's risk management frameworks for each of the above-mentioned risks are briefly summarised below.

Credit risk

Credit risk is the risk that the Group will incur a loss from debtor's non-performance or default. The Group is exposed to credit risk in its lending, investing and transaction activities, as well as in respect of the guarantees issued to or received from third parties and other off-balance sheet commitments to third parties. Credit risk management is performed pursuant to the Credit Risk Management Policy, Risk strategy and Loan monitoring, Forbearance and NPL management policy. The goal of the credit risk management is to ensure a sound, sustainable and diversified loan and securities portfolios, which generates returns that correspond to the assumed level of risk and are characterized by high resilience against external shocks.

Credit risk management is based on an adequate assessment of credit risk, proper decision-making and monitoring. The lending decision is based on repayment capacity of the borrower and an additional alternative recovery option in case of default or material deterioration of the borrower's risk profile.

In cases when significant risk is to be undertaken, the credit risk analysis is performed by units independent from loan origination. The credit risk analysis consists of risk identification, PD calculation, an assessment of customer's creditworthiness and collateral quality and liquidity. The analysis of a legal entity's creditworthiness includes risk identification and an assessment of the shareholder structure and management, industry and peers, business model and project financed as well as an analysis of its credit history and current and forecasted financial situation and its sensitivity to key risk drivers and analysis of ESG factors. The assessment of a private individual's creditworthiness consists of the credit history and affordability analysis. For significant exposures decision on loan origination is taken by the Credit Committee and approved by the Bank's Management Board.

In relation to the acquisition of corporate bonds, the Group always analyses the business profile and financial performance of the issuer, taking into consideration the credit ratings assigned to it by international rating agencies or performs internal counterparty financial analysis, if external rating is not assigned, as well as market-based indicators. Sovereign bonds are assessed similarly, but with an emphasis on different fundamental factors, including the country's economic strength, institutional strength, financial strength of the government, political risks and other relevant factors.

After a loan is issued, the client's financial position, early warning indicators, payment discipline and client's ability to meet contractual obligations are being regularly evaluated and monitored to timely identify credit quality deterioration and apply appropriate classification.

The Group monitors its loan portfolio and securities portfolio and regularly assesses its structure, quality, concentration levels, portfolio performance trends and overall risk level. The Group takes measures for limiting credit risk concentration by diversifying the portfolio and setting credit risk concentration limits. To limit its credit risk, the Group has set the following concentration limits: individual counterparty and issuer limits, maximum exposure limit linked to a particular risk class of counterparty/issuer, limit for internally risk weighted exposures in a particular country/sector combination, limit for groups of mutually related customers, limit for large risk exposures, limit for transactions with the Group's related parties, industry limit. Credit risk identification, monitoring and reporting is the responsibility of the Risk Division.

In addition to the credit risk, which is inherent in the Group's loan portfolio and fixed income securities portfolio, the Group is also exposed to credit risk as a result of its banking relationships with multiple credit institutions which it maintains in order to process customer transactions in a prompt and efficient manner. The Group manages its exposure to commercial banks and brokerage companies by monitoring on a regular basis the credit ratings of such institutions, conducting due diligence of their credit profiles and monitoring the individual exposure limits applicable to counterparties set by the Financial Market and Counterparty Risk Committee (FMCRC). The Group's exposures to derivative counterparties arise from its activities in managing foreign exchange risk. Risk appetite for the open foreign exchange position is low, and the Group executes counterparty risk assessment and accepts only counterparties which are within its risk appetite limits.

Loan to value of loans to public

Estimated fair value of loan collateral is presented separately for those assets where collateral and other credit enhancements exceed carrying value of the asset (LTV < 100%) and those assets where collateral and other credit enhancements are equal to or less than the carrying value of the asset (LTV ≥ 100%).

	Group, EUR thousands							
	31/12/2024				31/12/2023			
	LTV < 100%		LTV ≥ 100% and unsecured		LTV < 100%		LTV ≥ 100% and unsecured	
	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral
Regular loans and credit lines	1,600,473	3,666,272	408,352	82,096	1,419,146	3,372,502	269,482	57,177
Finance leases	621,688	1,008,032	486,024	390,178	544,534	943,179	495,641	389,730
Factoring	-	2,040	84,064	26,225	28,938	33,281	34,391	-
Card lending	125	431	65,414	89	102	477	61,182	47
Other loans	-	-	8,441	-	-	-	8,542	-
Total net loans to public	**2,222,286**	**4,676,775**	**1,052,295**	**498,588**	**1,992,720**	**4,349,439**	**869,238**	**446,954**
Including Stage 3 classified exposures	*32,854*	*123,050*	*5,268*	*2,124*	*29,328*	*129,118*	*2,740*	*1,037*

Bank, EUR thousands	31/12/2024				31/12/2023			
	LTV < 100%		LTV ≥ 100% and unsecured		LTV < 100%		LTV ≥ 100% and unsecured	
	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral
Regular loans and credit lines	1,594,926	3,652,872	389,542	72,278	1,412,724	3,351,783	251,532	48,807
Card lending	125	431	65,414	89	102	477	61,182	47
Other loans	-	-	8,441	-	-	-	8,541	-
Loans to subsidiaries	-	-	1,112,124	-	-	-	1,034,355	-
Total net loans to public	**1,595,051**	**3,653,303**	**1,575,521**	**72,367**	**1,412,826**	**3,352,260**	**1,355,610**	**48,854**
Including Stage 3 classified exposures	*20,730*	*98,114*	*1,114*	*138*	*22,179*	*98,782*	*1,067*	*81*

Collateral value is determined using estimated fair value of the real estate, other pledged assets and qualifying high-quality guarantees issued by state development or similar institutions. The loan guarantee issued by the EIB Group (consisting of the EIB and EIF) to Citadele in the amount exceeding EUR 300 million is included as qualifying high-quality guarantee. Personal guarantees from households or unrated non-financial enterprises are not included. Mostly, loans falling into category "Regular loans and credit lines" are secured by collateral on immovable property or commercial pledges. In general, card loans and consumer lending products, which are presented as regular loans, are unsecured and granted based on client's creditworthiness assessment. For loans to the leasing subsidiaries of the Group, no formal collateral is required. The intragroup financing is provided to originate finance leases to clients. Full compliance with lending guidelines of the Group are obeyed by subsidiaries when originating leases to clients. Finance leases are secured by the respective property leased-out. Most factoring balances are originated under recourse terms, many are insured with reputable third parties. Insurance coverage is not considered an eligible collateral for the purposes of this disclosure.

Events in Ukraine and Russian sanctions

The new laws, policies and sanctions, including sanctions imposed on Russia, are implemented. Consistently with long standing Citadele's objective to become the leading financial services provider in the Baltics, internal risk exposure limits with Russia, other CIS countries and Ukraine have been low. As of the end of 2024 the carrying amount of the Group's direct credit exposures with parties with Russia, Belarus and Ukraine geographical profile are less than EUR 1.2 million, (2023: less than EUR 1.5 million).

Assets, liabilities and off-balance sheet items by geographical profile

Group as of 31/12/2024, EUR thousands	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	333,214	14,906	1,820	-	-	349,940
Loans to credit institutions	821	-	-	9,192	2,931	12,944
Debt securities	492,158	390,580	99,451	206,797	86,972	1,275,958
Loans to public	1,431,648	1,212,763	616,631	7,040	6,499	3,274,581
Equity instruments	21	-	-	105	709	835
Other financial instruments	14,953	-	-	10,138	17	25,108
Derivatives	5,077	11.00	-	601	1	5,690
Discontinued operations	1,113	1,658	-	37,216	63,649	103,636
Other assets	78,328	4,513	5,020	32	12	87,905
Total assets	**2,357,333**	**1,624,431**	**722,922**	**271,121**	**160,790**	**5,136,597**
Liabilities						
Deposits from credit institutions and central banks	2,290	201	-	737	-	3,228
Deposits and borrowings from customers	3,075,457	808,901	81,047	16,873	41,202	4,023,480
Debt securities issued	315,422	-	-	-	-	315,422
Derivatives	604	-	-	3,404	-	4,008
Discontinued operations	4,419	-	2,406	23,351	102,955	133,131
Other liabilities	69,318	14,137	10,978	128	85	94,646
Total liabilities	**3,467,510**	**823,239**	**94,431**	**44,493**	**144,242**	**4,573,915**
Off-balance sheet items						
Contingent liabilities	4,264	49,633	32,384	1,487	630	88,398
Financial commitments	217,684	110,938	14,451	8,542	297	351,912

For additional information on geographical distribution of securities exposures please refer to note *Debt Securities*. Investments in mutual funds are classified by geographical profile of the issuer and not geographical profile of the ultimate exposure. From the Group's loans to credit institutions presented as "Other countries" EUR 0.5 million is with United States registered credit institutions (2023: EUR 22.6 million). From the Group's discontinued operations presented as "Other countries" EUR 7.1 million is central banks balances with Swiss National Bank (2023: EUR 11.9 million) and EUR 4.4 million are with Swiss credit institutions (2023: EUR 4.3 million).

	Group as of 31/12/2023, EUR thousands					
	Latvia	**Lithuania**	**Estonia**	**Other EU countries and development banks**	**Other countries**	**Total**
Assets						
Cash and cash balances at central banks	507,175	12,008	1,386	-	-	520,569
Loans to credit institutions	623	88	-	8,188	25,741	34,640
Debt securities	362,671	394,848	99,485	259,972	103,056	1,220,032
Loans to public	1,285,109	1,039,164	524,304	6,447	6,934	2,861,958
Equity instruments	21	-	-	101	1,117	1,239
Other financial instruments	15,622	-	-	10,653	97	26,372
Derivatives	771	1	-	229	18	1,019
Discontinued operations	1,116	1,686	-	54,588	75,184	132,574
Other assets	53,144	7,899	2,884	225	781	64,933
Total assets	**2,226,252**	**1,455,694**	**628,059**	**340,403**	**212,928**	**4,863,336**
Liabilities						
Deposits from credit institutions and central banks	42,582	1,208	-	2,264	1,380	47,434
Deposits and borrowings from customers	2,991,346	726,364	49,254	11,489	51,129	3,829,582
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	1,628	5	-	1,693	5	3,331
Discontinued operations	2,671	-	569	24,661	93,759	121,660
Other liabilities	65,207	13,141	7,064	368	594	86,374
Total liabilities	**3,362,994**	**740,718**	**56,887**	**40,475**	**146,867**	**4,347,941**
Off-balance sheet items						
Contingent liabilities	8,326	45,408	1,021	880	1,450	57,085
Financial commitments	236,128	80,943	9,918	10,524	21,847	359,360

	Bank as of 31/12/2024, EUR thousands					
	Latvia	**Lithuania**	**Estonia**	**Other EU countries and development banks**	**Other countries**	**Total**
Assets						
Cash and cash balances at central banks	333,214	14,906	1,820	-	-	349,940
Loans to credit institutions	-	-	-	9,192	14,556	23,748
Debt securities	485,129	386,942	98,518	185,788	78,450	1,234,827
Loans to public	2,107,110	729,115	321,060	6,880	6,407	3,170,572
Equity instruments	21	-	-	105	709	835
Other financial instruments	838	-	-	-	-	838
Derivatives	5,077	11	-	601	1	5,690
Other assets	111,888	5,855	1,062	32	806	119,643
Total assets	**3,043,277**	**1,136,829**	**422,460**	**202,598**	**100,929**	**4,906,093**
Liabilities						
Deposits from credit institutions and central banks	2,290	201	-	737	50,868	54,096
Deposits and borrowings from customers	3,058,085	809,064	81,187	16,608	38,667	4,003,611
Debt securities issued	315,422	-	-	-	-	315,422
Derivatives	604	-	-	3,404	-	4,008
Other liabilities	39,299	6,945	2,260	128	48	48,680
Total liabilities	**3,415,700**	**816,210**	**83,447**	**20,877**	**89,583**	**4,425,817**
Off-balance sheet items						
Contingent liabilities	4,265	49,633	32,384	1,487	9,264	97,033
Financial commitments	269,737	94,889	20,050	153	24,500	409,329

For additional information on geographical distribution of securities exposures please refer to note *Debt Securities*. From the Bank's loans to credit institutions presented as "Other countries" EUR 0.5 million with United States registered credit institutions (2023: EUR 22.6 million).

	Bank as of 31/12/2023, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	507,175	12,008	1,386	-	-	520,569
Loans to credit institutions	-	-	-	8,188	44,831	53,019
Debt securities	355,372	389,413	98,351	242,090	93,710	1,178,936
Loans to public	1,909,515	583,022	262,721	6,356	6,822	2,768,436
Equity instruments	21	-	-	101	1,117	1,239
Other financial instruments	1,235	-	-	-	-	1,235
Derivatives	771	1	-	229	18	1,019
Other assets	88,335	8,424	1,207	224	13,581	111,771
Total assets	**2,862,424**	**992,868**	**363,665**	**257,188**	**160,079**	**4,636,224**
Liabilities						
Deposits from credit institutions and central banks	42,582	1,208	-	2,264	20,940	66,994
Deposits and borrowings from customers	2,962,245	726,526	51,318	11,197	48,120	3,799,406
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	1,628	5	-	1,693	5	3,331
Other liabilities	42,292	9,136	1,700	315	537	53,980
Total liabilities	**3,308,307**	**736,875**	**53,018**	**15,469**	**69,602**	**4,183,271**
Off-balance sheet items						
Contingent liabilities	8,318	45,408	1,021	880	9,276	64,903
Financial commitments	270,531	84,953	21,570	162	60	377,276

Loans and off-balance sheet items by rating

Loans to public and off-balance sheet items are analysed by internal PD rating of the respective exposure. If 12-month internal PD rating is equal to 4.0 or lower, the exposure is classified as low risk. If 12-month internal PD rating is more than 4.0, but less than 10.0, the exposure is classified as medium risk. If no recent internal PD rating is available for an exposure, the exposure is presented as unrated. All stage 3 exposures, but not all POCI exposures, are classified as in default.

	Group, EUR thousands							
	31/12/2024				31/12/2023			
	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total
Loans to public								
Low risk	2,454,599	166,011	2,180	2,622,790	2,310,883	189,701	4,129	2,504,713
Medium risk	107,791	57,520	180	165,491	97,633	30,252	465	128,350
High risk	8,300	8,130	-	16,430	5,328	4,650	-	9,978
In default	-	-	76,924	76,924	-	-	63,213	63,213
Unrated	480,444	7,667	-	488,111	240,198	14,494	-	254,692
Total gross loans to public	**3,051,134**	**239,328**	**79,284**	**3,369,746**	**2,654,042**	**239,097**	**67,807**	**2,960,946**
Impairment allowance	(44,881)	(11,475)	(38,809)	(95,165)	(52,173)	(15,652)	(31,163)	(98,988)
Total net loans to public	**3,006,253**	**227,853**	**40,475**	**3,274,581**	**2,601,869**	**223,445**	**36,644**	**2,861,958**
Guaranties, letters of credit and financial commitments								
Low risk	336,163	4,997	-	341,160	304,208	8,256	-	312,464
Medium risk	9,610	362	-	9,972	7,645	820	-	8,465
High risk	3,069	921	-	3,990	856	339	-	1,195
In default	-	-	749	749	-	-	1,062	1,062
Unrated	84,402	37	-	84,439	93,254	5	-	93,259
Total gross guaranties, letters of credit and financial commitments	**433,244**	**6,317**	**749**	**440,310**	**405,963**	**9,420**	**1,062**	**416,445**
Impairment allowance	(2,523)	(78)	(132)	(2,733)	(4,502)	(156)	(140)	(4,798)
Total net guaranties, letters of credit and financial commitments	**430,721**	**6,239**	**617**	**437,577**	**401,461**	**9,264**	**922**	**411,647**
Loans to credit institutions								
AA/Aa	3,126	-	-	3,126	2,989	-	-	2,989
A	9,228	-	-	9,228	30,378	-	-	30,378
BBB/Baa	-	-	-	-	828	-	-	828
Lower ratings or unrated	591	-	-	591	448	-	-	448
Total gross loans to credit institutions	**12,945**	**-**	**-**	**12,945**	**34,643**	**-**	**-**	**34,643**
Impairment allowance	(1)	-	-	(1)	(3)	-	-	(3)
Total net loans to credit institutions	**12,944**	**-**	**-**	**12,944**	**34,640**	**-**	**-**	**34,640**

From the Group's loans to credit institutions presented as "Lower ratings or unrated" EUR 0.5 million is exposures with investment grade rated credit institution Baltic subsidiary banks (2023: EUR 0.4 million).

For information on debt securities by credit rating grade refer to note *Debt Securities*.

	Bank, EUR thousands							
	31/12/2024				31/12/2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to public								
Low risk	1,446,935	53,079	-	1,500,014	1,363,725	77,261	-	1,440,986
Medium risk	59,027	24,401	-	83,428	68,385	8,280	-	76,665
High risk	5,543	5,581	-	11,124	4,694	3,843	-	8,537
In default	-	-	54,455	54,455	-	-	52,073	52,073
Intragroup lending	1,113,844	-	-	1,113,844	1,036,093	-	-	1,036,093
Unrated	473,481	7,209	-	480,690	219,796	13,774	-	233,570
Total gross loans to public	**3,098,830**	**90,270**	**54,455**	**3,243,555**	**2,692,693**	**103,158**	**52,073**	**2,847,924**
Impairment allowance	(34,004)	(6,368)	(32,611)	(72,983)	(40,719)	(9,942)	(28,827)	(79,488)
Total net loans to public	**3,064,826**	**83,902**	**21,844**	**3,170,572**	**2,651,974**	**93,216**	**23,246**	**2,768,436**
Guarantees, letters of credit and financial commitments								
Low risk	287,622	4,092	-	291,714	244,420	5,949	-	250,369
Medium risk	6,624	362	-	6,986	6,863	820	-	7,683
High risk	746	165	-	911	789	339	-	1,128
In default	-	-	695	695	-	-	1,060	1,060
Intragroup lending	130,856	-	-	130,856	121,113	-	-	121,113
Unrated	75,163	37	-	75,200	60,821	5	-	60,826
Total gross guarantees, letters of credit and financial commitments	**501,011**	**4,656**	**695**	**506,362**	**434,006**	**7,113**	**1,060**	**442,179**
Impairment allowance	(2,467)	(76)	(132)	(2,675)	(4,455)	(144)	(140)	(4,739)
Total net guarantees, letters of credit and financial commitments	**498,544**	**4,580**	**563**	**503,687**	**429,551**	**6,969**	**920**	**437,440**
Loans to credit institutions								
AA/Aa	3,126	-	-	3,126	2,989	-	-	2,989
A	8,944	-	-	8,944	30,378	-	-	30,378
BBB/Baa	-	-	-	-	544	-	-	544
Lower ratings or unrated	53	-	-	53	20	-	-	20
Loans to intragroup credit institutions	11,644	-	-	11,644	19,122	-	-	19,122
Total gross loans to credit institutions	**23,767**	**-**	**-**	**23,767**	**53,053**	**-**	**-**	**53,053**
Impairment allowance	(19)	-	-	(19)	(34)	-	-	(34)
Total net loans to credit institutions	**23,748**	**-**	**-**	**23,748**	**53,019**	**-**	**-**	**53,019**

Market risk

Market risk is the risk that the Group will incur a loss as a result of the mark-to-market revaluation of balance sheet and off-balance sheet items caused by changes in market values of financial instruments due to changes in foreign exchange rates, interest rates and other factors.

The position risk of financial instruments is managed through diversification by country, sector, industry and elaborate limit control. Issuers are internally risk graded. The exposure level limits, after in depth analysis, are set by the FMCRC, observing concentration risk levels set in the Group's Risk Strategy and other rules set by and specified in the Risk Strategy. The decisions of FMCRC are approved by the Management Board

To assess position risk the Group uses sensitivity and scenario analysis, which identifies and quantifies the negative impact of adverse events on the portfolio of the Group taking into consideration regional, sector profiles of the portfolio and credit rating risk profiles of issuers.

Group Treasury manages market risk applying the measures set by the Group's Risk Strategy, including through interest rate swaps, which are used for risk management purposes only.

If market prices of the Groups investments in equities and mutual investment funds were to change by 5%, the net result of the Group would change by EUR 1.26 million (2023: EUR 1.32 million) and securities fair value revaluation reserve by EUR 0.0 million (2023: EUR 0.0 million) and the net result of the Bank would change by EUR 0.04 million (2023: EUR 0.06 million) and securities fair value revaluation reserve by EUR 0.0 million (2023: EUR 0.0 million).

Interest rate risk

Interest rate risk, which is one of the merket risks, is related to the possible negative impact of changes in general interest rates on the Group's net interest income and economic value.

Interest rate risk management in the Group is carried out in accordance with Market Risk Management Policy. Interest rate risk is assessed, and decisions are taken by the Assets and Liabilities Management Committee (ALCO). The decisions of the ALCO are approved by the Bank's Management Board. Acceptable interest rate risk level accompanied with the relevant limits is defined in the Group's Risk appetite framework approved by the Bank's Supervisory Board, ALCO monitors the compliance with the limits and use of the instruments for the management of interest rate risk. Interest rate risk measurement, management and reporting are responsibilities of the Treasury Division, while the Risk Management Division ensures proper oversight and prepares analytical reports to the ALCO and the Bank's Supervisory Board.

The Group manages interest rate risk by using repricing gap analysis of the risk sensitive assets and liabilities, duration analysis of assets and liabilities as well as stress testing. Group sets limits for the impact of interest rate shock on economic value, net interest income and market value.

The following table represents the impact of a parallel change in yield curve by 100 basis points on the Group's and the Bank's profit before tax (including the effect on interest income and expense over 12-month period) and changes in market value arising from exposures accounted at fair value. Scenarios incorporate zero floor interest rate if such a condition exists in the loan agreement. Retail customer deposit rates are assumed to be constrained by a zero-lower bound. Additional considerations come from the behavioural studies in relation to customer deposits and loans. Group's figures are calculated for the entities that bear significant interest rate risk: AS Citadele banka, Kaleido Privatbank AG and the Group's leasing and factoring companies. The methodology is broadly based on the guidelines imposed by the European Banking Authority, (except for stability change scenarios in relation to direction of the change in interest rates).

	31/12/2024, EUR thousands					
	Total for all currencies		**EUR only**		**USD only**	
	Profit / (loss) before taxation	Change in fair value of securities at fair value	Profit / (loss) before taxation	Change in fair value of securities at fair value	Profit / (loss) before taxation	Change in fair value of securities at fair value
Bank						
+100 basis points scenario	4,650	(2,046)	4,644	(1,526)	6	(520)
-100 basis points scenario	(11,425)	2,122	(11,419)	1,574	(6)	548
Group						
+100 basis points scenario	4,796	(2,046)	4,868	(1,526)	(72)	(520)
-100 basis points scenario	(11,592)	2,122	(11,664)	1,574	72	548

	31/12/2023, EUR thousands					
	Total for all currencies		**EUR only**		**USD only**	
	Profit / (loss) before taxation	Change in fair value of securities at fair value	Profit / (loss) before taxation	Change in fair value of securities at fair value	Profit / (loss) before taxation	Change in fair value of securities at fair value
Bank						
+100 basis points scenario	7,088	(2,936)	7,040	(2,296)	48	(640)
-100 basis points scenario	(11,529)	3,041	(11,481)	2,363	(48)	678
Group						
+100 basis points scenario	7,333	(3,025)	7,413	(2,323)	(80)	(702)
-100 basis points scenario	(11,856)	3,131	(11,936)	2,391	80	740

Currency risk

Currency risk is a risk of loss arising from fluctuations in currency exchange rates.

Currency risk management in the Group is carried out in accordance with Market Risk and Counterparty Credit Risk Management Policy and limits set in the Group's Risk Appetite Framework and Risk Strategy. FMCRC oversees and assess currency risk level within the Group, monitors compliance and the fulfilment of the limits, and sets limits for individual dealing desks within the overall risk limits. The decisions of the FMCRC are approved by the Bank's Management Board.

Day-to-day currency risk management is the responsibility of the Treasury Division, while risk monitoring and reporting is the responsibility of the Risk Management Division.

The Group has a low-risk appetite for foreign exchange risk. The Group aims to keep exposures at levels that would produce a small net impact even in periods of high volatility. Several well-known methodologies are used to measure and manage foreign exchange risk including a conservative limit for a daily value-at-risk exposure. The Group is in full compliance with the currency position requirements of Latvian legislation and sets its internal limits more prudently than the regulatory limits.

In the event of exchange rates for the following currencies in which the Group and the Bank has net open positions adversely change as per scenario below, the potential total decrease in the Group's and Bank's total equity (ignoring any tax effect) would amount approximately to the following:

	Group, EUR thousands					
	31/12/2024			31/12/2023		
Scenario:	USD	CHF	Other currencies	USD	CHF	Other currencies
2% adverse change	(12)	(198)	(1)	(23)	(28)	-
5% adverse change	(30)	(494)	(3)	(56)	(69)	(1)

	Bank, EUR thousands					
	31/12/2024			31/12/2023		
Scenario:	USD	CHF	Other currencies	USD	CHF	Other currencies
2% adverse change	(1)	(1)	(1)	(19)	-	-
5% adverse change	(2)	(2)	(3)	(48)	(1)	(1)

Assets, liabilities and off-balance sheet items by currency profile

	Group as of 31/12/2024, EUR thousands					
	EUR	USD	CHF	GBP	Other	Total
Assets						
Cash and cash balances at central banks	349,608	332	-	-	-	349,940
Loans to credit institutions	6,592	3,013	197	321	2,821	12,944
Debt securities	1,221,070	45,772	-	9,116	-	1,275,958
Loans to public	3,249,632	24,949	-	-	-	3,274,581
Equity instruments	126	709	-	-	-	835
Other financial instruments	21,195	3,913	-	-	-	25,108
Derivatives	5,690	-	-	-	-	5,690
Discontinued operations	26,453	30,464	44,384	1,339	996	103,636
Other assets	86,212	362	-	-	1,331	87,905
Total assets	**4,966,578**	**109,514**	**44,581**	**10,776**	**5,148**	**5,136,597**
Liabilities						
Deposits from credit institutions and central banks	322	-	22	302	2,582	3,228
Deposits and borrowings from customers	3,729,382	230,097	3,496	41,987	18,518	4,023,480
Debt securities issued	315,422	-	-	-	-	315,422
Derivatives	4,008	-	-	-	-	4,008
Discontinued operations	60,187	44,647	25,330	1,335	1,632	133,131
Other liabilities	94,572	73	-	-	1	94,646
Total liabilities	**4,203,893**	**274,817**	**28,848**	**43,624**	**22,733**	**4,573,915**
Equity	565,039	(2,077)	-	(280)	-	562,682
Total liabilities and equity	**4,768,932**	**272,740**	**28,848**	**43,344**	**22,733**	**5,136,597**
Net balance sheet position	***197,646***	***(163,226)***	***15,733***	***(32,568)***	***(17,585)***	***-***
Net off-balance sheet foreign exchange contracts	(201,050)	162,627	(5,856)	32,563	17,532	5,816
Net long/ (short) total position	***(3,404)***	***(599)***	***9,877***	***(5)***	***(53)***	***5,816***

	Group as of 31/12/2023, EUR thousands					
	EUR	USD	CHF	GBP	Other	Total
Assets						
Cash and cash balances at central banks	520,257	312	-	-	-	520,569
Loans to credit institutions	6,690	24,821	12	177	2,940	34,640
Debt securities	1,163,386	46,746	-	8,661	1,239	1,220,032
Loans to public	2,856,113	5,845	-	-	-	2,861,958
Equity instruments	122	1,117	-	-	-	1,239
Other financial instruments	21,997	4,375	-	-	-	26,372
Derivatives	1,019	-	-	-	-	1,019
Discontinued operations	40,030	35,128	53,358	1,481	2,577	132,574
Other assets	62,619	852	-	-	1,462	64,933
Total assets	**4,672,233**	**119,196**	**53,370**	**10,319**	**8,218**	**4,863,336**
Liabilities						
Deposits from credit institutions and central banks	41,313	1,078	80	127	4,836	47,434
Deposits and borrowings from customers	3,560,170	236,204	1,502	19,197	12,509	3,829,582
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	3,331	-	-	-	-	3,331
Discontinued operations	44,357	41,009	32,267	1,464	2,563	121,660
Other liabilities	85,748	625	-	-	1	86,374
Total liabilities	**3,994,479**	**278,916**	**33,849**	**20,788**	**19,909**	**4,347,941**
Equity	518,423	(2,620)	-	(408)	-	515,395
Total liabilities and equity	**4,512,902**	**276,296**	**33,849**	**20,380**	**19,909**	**4,863,336**
Net balance sheet position	***159,331***	***(157,100)***	***19,521***	***(10,061)***	***(11,691)***	***-***
Net off-balance sheet foreign exchange contracts	(157,880)	155,971	(20,906)	10,087	11,681	(1,047)
Net long/ (short) total position	***1,451***	***(1,129)***	***(1,385)***	***26***	***(10)***	***(1,047)***

	Bank as of 31/12/2024, EUR thousands					
	EUR	USD	CHF	GBP	Other	Total
Assets						
Cash and cash balances at central banks	349,608	332	-	-	-	349,940
Loans to credit institutions	5,770	14,639	197	321	2,821	23,748
Debt securities	1,179,939	45,772	-	9,116	-	1,234,827
Loans to public	3,145,476	25,096	-	-	-	3,170,572
Equity instruments	126	709	-	-	-	835
Other financial instruments	838	-	-	-	-	838
Derivatives	5,690	-	-	-	-	5,690
Other assets	117,251	282	779	-	1,331	119,643
Total assets	**4,804,698**	**86,830**	**976**	**9,437**	**4,152**	**4,906,093**
Liabilities						
Deposits from credit institutions and central banks	34,008	16,517	46	302	3,223	54,096
Deposits and borrowings from customers	3,713,988	225,623	3,496	41,986	18,518	4,003,611
Debt securities issued	315,422	-	-	-	-	315,422
Derivatives	4,008	-	-	-	-	4,008
Other liabilities	48,613	25	42	-	-	48,680
Total liabilities	**4,116,039**	**242,165**	**3,584**	**42,288**	**21,741**	**4,425,817**
Equity	482,545	(1,989)	-	(280)	-	480,276
Total liabilities and equity	**4,598,584**	**240,176**	**3,584**	**42,008**	**21,741**	**4,906,093**
Net balance sheet position	***206,114***	***(153,346)***	***(2,608)***	***(32,571)***	***(17,589)***	***-***
Net off-balance sheet foreign exchange contracts	(201,050)	153,385	2,638	32,563	17,532	5,068
Net long/ (short) total position	***5,064***	***39***	***30***	***(8)***	***(57)***	***5,068***

	Bank as of 31/12/2023, EUR thousands					
	EUR	USD	CHF	GBP	Other	Total
Assets						
Cash and cash balances at central banks	520,257	312	-	-	-	520,569
Loans to credit institutions	5,979	43,911	12	177	2,940	53,019
Debt securities	1,122,290	46,746	-	8,661	1,239	1,178,936
Loans to public	2,762,605	5,831	-	-	-	2,768,436
Equity instruments	122	1,117	-	-	-	1,239
Other financial instruments	1,235	-	-	-	-	1,235
Derivatives	1,019	-	-	-	-	1,019
Other assets	96,701	820	12,788	-	1,462	111,771
Total assets	**4,510,208**	**98,737**	**12,800**	**8,838**	**5,641**	**4,636,224**
Liabilities						
Deposits from credit institutions and central banks	41,451	20,486	94	127	4,836	66,994
Deposits and borrowings from customers	3,534,595	231,603	1,502	19,197	12,509	3,799,406
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	3,331	-	-	-	-	3,331
Other liabilities	53,542	435	2	-	1	53,980
Total liabilities	**3,892,479**	**252,524**	**1,598**	**19,324**	**17,346**	**4,183,271**
Equity	455,557	(2,196)	-	(408)	-	452,953
Total liabilities and equity	**4,348,036**	**250,328**	**1,598**	**18,916**	**17,346**	**4,636,224**
Net balance sheet position	***162,172***	***(151,591)***	***11,202***	***(10,078)***	***(11,705)***	***-***
Net off-balance sheet foreign exchange contracts	(162,043)	150,628	(11,189)	10,087	11,681	(836)
Net long/ (short) total position	***129***	***(963)***	***13***	***9***	***(24)***	***(836)***

The investment in the Group's Swiss subsidiary Kaleido Privatbank AG, which is carried at cost, is shown as a CHF exposure, as the recoverability of this asset will ultimately depend on the Swiss currency's performance.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its legal payment obligations. The purpose of liquidity risk management is to ensure the availability of liquid assets to cover any possible gaps between cash inflows and outflows as well as to secure sufficient funding for lending and investment activities.

The Group manages its liquidity risk in accordance with Liquidity Risk Management Policy and Liquidity Buffer Management Policy. The management and reporting of liquidity risk is coordinated by the Treasury Division, and the risk is assessed and decisions are taken by the ALCO. The decisions of the ALCO are approved by the Bank's Management Board. The Risk Management Division on a monthly basis provides information to the ALCO and the Bank's Management Board and Supervisory Board about the level of the assumed risk as part of the reporting and supervision process.

Liquidity risk for the Group is assessed in each currency in which the Group has a significant number of transactions. Liquidity risk limits are reviewed at least once a year and also when there are major changes to the Group's operations or external factors affecting its operations. A liquidity crisis management plan has been developed and is updated on a regular basis.

One of the crucial tools used to evaluate liquidity risk is scenario analysis. Several scenarios of different severity and duration are employed by the Group with risk tolerances defined for the outcomes of those scenarios. Furthermore, the Group has developed a system of liquidity risk limits and early warning indicators and systematically prepares cash flow forecasts which incorporate assumptions about the most likely flow of funds over the period of one year. For general assessment of existing gaps between contractual maturities of assets and liabilities without any assumptions on customer behaviour, the Group regularly analyses liquidity term structure and sets corresponding risk tolerances.

The Group's balance sheet structure is planned for at least a one-year period and is aligned with development plans for the current period. The major current and potential funding sources are regularly analysed and controlled across the Group. The Group maintains regular contact with its interbank business partners and creditors with the aim of projecting possible deadlines for repayment or prolongation of funding sources as well as absorption of excess liquidity.

Liquidity coverage ratio

The general principles of the liquidity coverage ratio (LCR) as measurements of the Bank's and the Group's liquidity position is defined in the Regulation (EC) No 575/2013. The Commission Delegated Regulation (EU) 2015/61 defines general LCR calculation principles in more details. The minimum LCR requirement is 100% and it represents the amount of liquidity available to cover calculated net future liquidity outflows. The Bank and the Group is compliant with LCR requirements.

		EUR thousands			
		31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
1.	Liquidity buffer	1,373,288	1,383,267	1,338,651	1,350,295
2.	Net liquidity outflow	759,478	670,744	815,661	694,721
3.	**Liquidity coverage ratio**	**181%**	**206%**	**164%**	**194%**

Net stable funding ratio (including net result for the year, but decreased by the expected dividends of EUR 44.8 million)

The net stable funding ratio (NSFR) is defined in the Regulation (EC) No 575/2013. NSFR is the ratio of the available amount of stable funding to the required amount of stable funding over one-year horizon. The minimum NSFR requirement is 100%. The minimum NSFR requirement is 100%.

		EUR thousands			
		31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
1.	Total available stable funding	3,952,029	3,687,365	3,800,248	3,590,223
2.	Total required stable funding	2,764,509	2,507,341	1,887,189	1,662,473
3.	**Net stable funding ratio**	**143%**	**147%**	**201%**	**215%**

Assets, liabilities and off-balance sheet items by contractual maturity

	Group as of 31/12/2024, EUR thousands						
	Within 1 month	**2-3 months**	**4-6 months**	**7-12 months**	**2-5 years**	**over 5 years and undated**	**Total**
Assets							
Cash and cash balances at central banks	349,940	-	-	-	-	-	349,940
Loans to credit institutions	12,944	-	-	-	-	-	12,944
Debt securities	21,581	133,988	58,558	109,929	595,810	356,092	1,275,958
Loans to public	63,949	150,178	138,611	348,067	1,775,354	798,422	3,274,581
Equity instruments	-	-	-	-	-	835	835
Other financial instruments	24,270	-	-	-	-	838	25,108
Derivatives	1,293	4,258	2	-	-	137	5,690
Discontinued operations	48,163	19,554	6,215	11,595	17,597	512	103,636
Other assets	56,429	141	2,818	248	884	27,385	87,905
Total assets	**578,569**	**308,119**	**206,204**	**469,839**	**2,389,645**	**1,184,221**	**5,136,597**
Liabilities							
Deposits from credit institutions and central banks	3,228	-	-	-	-	-	3,228
Deposits and borrowings from customers	3,252,535	264,492	248,853	179,960	73,459	4,181	4,023,480
Debt securities issued	1,343	-	-	-	254,304	59,775	315,422
Derivatives	6	136	525	564	1,600	1,177	4,008
Lease liabilities	254	496	723	1,184	6,657	1,415	10,729
Discontinued operations	116,667	801	30	15	-	15,618	133,131
Other liabilities	58,259	2,319	419	1,582	6,234	15,104	83,917
Total liabilities	**3,432,292**	**268,244**	**250,550**	**183,305**	**342,254**	**97,270**	**4,573,915**
Equity	-	-	-	-	-	562,682	562,682
Total liabilities and equity	**3,432,292**	**268,244**	**250,550**	**183,305**	**342,254**	**659,952**	**5,136,597**
Net balance sheet position – long/ (short)	(2,853,723)	39,875	(44,346)	286,534	2,047,391	524,269	-
Off-balance sheet items							
Contingent liabilities	88,398	-	-	-	-	-	88,398
Financial commitments	351,912	-	-	-	-	-	351,912

Liabilities and commitments are allocated to the earliest period in which the Group may be contractually required to settle the liabilities or the customer may draw down undrawn loan commitments. Issued financial guarantee contracts are allocated to the earliest period in which the guarantee could be called. Assets are allocated to the earliest period in which the Group may contractually require to settle receivables.

Financial liabilities by contractual undiscounted cash flows

	Group as of 31/12/2024, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	Over 1 year	Total	Carrying amount
Financial liabilities designated at fair value through profit or loss	1,922	578	889	2,080	11,936	17,405	17,327
Financial liabilities measured at amortised cost*	3,254,669	266,202	253,522	189,068	425,581	4,389,042	4,335,532
Off-balance sheet items							
Contingent liabilities	88,398	-	-	-	-	88,398	88,398
Financial commitments	351,912	-	-	-	-	351,912	351,912

* Includes Deposits from credit institutions and central banks, part of Deposits and borrowings from customers, Debt securities issued and Lease liabilities. Undiscounted contractual cash flows for other liabilities equal their carrying value.

Assets, liabilities and off-balance sheet items by contractual maturity

	Group as of 31/12/2023, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	2-5 years	over 5 years and undated	Total
Assets							
Cash and cash balances at central banks	520,569	-	-	-	-	-	520,569
Loans to credit institutions	11,928	22,626	2	5	79	0	34,640
Debt securities	13,734	15,606	45,961	73,817	702,244	368,670	1,220,032
Loans to public	111,232	99,233	151,293	319,161	1,500,477	680,562	2,861,958
Equity instruments	-	-	-	-	-	1,239	1,239
Other financial instruments	25,137	-	-	-	-	1,235	26,372
Derivatives	683	334	2	-	-	-	1,019
Discontinued operations	54,162	14,153	3,746	9,784	49,692	1,037	132,574
Other assets	39,599	110	261	201	972	23,790	64,933
Total assets	**777,044**	**152,062**	**201,265**	**402,968**	**2,253,464**	**1,076,533**	**4,863,336**
Liabilities							
Deposits from credit institutions and central banks	8,434	-	39,000	-	-	-	47,434
Deposits and borrowings from customers	2,960,474	269,128	243,074	249,099	100,698	7,109	3,829,582
Debt securities issued	574	-	-	-	218,987	39,999	259,560
Derivatives	919	1,136	-	-	659	617	3,331
Lease liabilities	269	531	785	1,562	1,077	-	4,224
Discontinued operations	114,629	3,529	72	3,385	45	-	121,660
Other liabilities	58,932	2,279	948	1,022	4,348	14,621	82,150
Total liabilities	**3,144,231**	**276,603**	**283,879**	**255,068**	**325,814**	**62,346**	**4,347,941**
Equity	-	-	-	-	-	515,395	515,395
Total liabilities and equity	**3,144,231**	**276,603**	**283,879**	**255,068**	**325,814**	**577,741**	**4,863,336**
Net balance sheet position – long/ (short)	(2,367,187)	(124,541)	(82,614)	147,900	1,927,650	498,792	-
Off-balance sheet items							
Contingent liabilities	57,085	-	-	-	-	-	57,085
Financial commitments	359,360	-	-	-	-	-	359,360

Financial liabilities by contractual undiscounted cash flows

	Group as of 31/12/2023, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	Over 1 year	Total	Carrying amount
Financial liabilities designated at fair value through profit or loss	1,859	1,029	494	1,916	14,277	19,575	19,399
Financial liabilities measured at amortised cost*	2,967,665	269,516	285,480	257,794	383,459	4,163,914	4,121,401
Off-balance sheet items							
Contingent liabilities	57,085	-	-	-	-	57,085	57,085
Financial commitments	359,360	-	-	-	-	359,360	359,360

* Includes Deposits from credit institutions and central banks, part of Deposits and borrowings from customers, Debt securities issued and Lease liabilities. Undiscounted contractual cash flows for other liabilities equal their carrying value.

Assets, liabilities and off-balance sheet items by contractual maturity

	Bank as of 31/12/2024, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	2-5 years	over 5 years and undated	Total
Assets							
Cash and cash balances at central banks	349,940	-	-	-	-	-	349,940
Loans to credit institutions	12,215	11,533	-	-	-	-	23,748
Debt securities	19,951	132,935	54,740	101,729	575,676	349,796	1,234,827
Loans to public	47,658	60,123	1,188,338	161,027	976,192	737,234	3,170,572
Equity instruments	-	-	-	-	-	835	835
Other financial instruments	-	-	-	-	-	838	838
Derivatives	1,293	4,258	2	-	-	137	5,690
Other assets	50,273	-	-	-	-	69,370	119,643
Total assets	**481,330**	**208,849**	**1,243,080**	**262,756**	**1,551,868**	**1,158,210**	**4,906,093**
Liabilities							
Deposits from credit institutions and central banks	54,096	-	-	-	-	-	54,096
Deposits and borrowings from customers	3,276,547	263,332	246,377	172,160	44,823	372	4,003,611
Debt securities issued	1,343	-	-	-	254,304	59,775	315,422
Derivatives	6	136	525	564	1,600	1,177	4,008
Lease liabilities	248	483	704	1,184	6,656	1,416	10,691
Other liabilities	35,315	-	-	-	-	2,674	37,989
Total liabilities	**3,367,555**	**263,951**	**247,606**	**173,908**	**307,383**	**65,414**	**4,425,817**
Equity	-	-	-	-	-	480,276	480,276
Total liabilities and equity	**3,367,555**	**263,951**	**247,606**	**173,908**	**307,383**	**545,690**	**4,906,093**
Net balance sheet position – long/(short)	(2,886,225)	(55,102)	995,474	88,848	1,244,485	612,520	-
Off-balance sheet items							
Contingent liabilities	97,033	-	-	-	-	-	97,033
Financial commitments	409,329	-	-	-	-	-	409,329

Financial liabilities by contractual undiscounted cash flows

	Bank as of 31/12/2024, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	Over 1 year	Total	Carrying amount
Financial liabilities measured at amortised cost*	3,331,465	265,607	251,916	183,348	404,992	4,437,328	4,383,820
Off-balance sheet items							
Contingent liabilities	97,033	-	-	-	-	97,033	97,033
Financial commitments	409,329	-	-	-	-	409,329	409,329

* Includes Deposits from credit institutions and central banks, Deposits and borrowings from customers, Debt securities issued and Lease liabilities. Undiscounted contractual cash flows for other liabilities equal their carrying value.

Assets, liabilities and off-balance sheet items by contractual maturity

	Bank as of 31/12/2023, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	2-5 years	over 5 years and undated	Total
Assets							
Cash and cash balances at central banks	520,569	-	-	-	-	-	520,569
Loans to credit institutions	11,422	41,597	-	-	-	-	53,019
Debt securities	11,732	15,606	44,080	72,449	666,750	368,319	1,178,936
Loans to public	40,665	1,075,116	73,236	158,449	785,257	635,713	2,768,436
Equity instruments	-	-	-	-	-	1,239	1,239
Other financial instruments	-	-	-	-	-	1,235	1,235
Derivatives	683	334	2	-	-	-	1,019
Other assets	35,764	2	4	-	-	76,001	111,771
Total assets	**620,835**	**1,132,655**	**117,322**	**230,898**	**1,452,007**	**1,082,507**	**4,636,224**
Liabilities							
Deposits from credit institutions and central banks	27,994	-	39,000	-	-	-	66,994
Deposits and borrowings from customers	2,982,960	269,107	241,123	243,651	61,415	1,150	3,799,406
Debt securities issued	573	-	-	-	218,987	40,000	259,560
Derivatives	919	1,136	-	-	659	617	3,331
Lease liabilities	261	519	767	1,525	1,040	-	4,112
Other liabilities	42,483	-	-	-	-	7,385	49,868
Total liabilities	**3,055,190**	**270,762**	**280,890**	**245,176**	**282,101**	**49,152**	**4,183,271**
Equity	-	-	-	-	-	452,953	452,953
Total liabilities and equity	**3,055,190**	**270,762**	**280,890**	**245,176**	**282,101**	**502,105**	**4,636,224**
Net balance sheet position – long/ (short)	(2,434,355)	861,893	(163,568)	(14,278)	1,169,906	580,402	-
Off-balance sheet items							
Contingent liabilities	64,903	-	-	-	-	-	64,903
Financial commitments	377,276	-	-	-	-	-	377,276

Financial liabilities by contractual undiscounted cash flows

	Bank as of 31/12/2023, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	Over 1 year	Total	Carrying amount
Financial liabilities measured at amortised cost*	3,011,563	270,511	284,004	254,225	352,282	4,172,585	4,130,072
Off-balance sheet items							
Contingent liabilities	64,903	-	-	-	-	64,903	64,903
Financial commitments	377,276	-	-	-	-	377,276	377,276

* Includes Deposits from credit institutions and central banks, Deposits and borrowings from customers, Debt securities issued and Lease liabilities. Undiscounted contractual cash flows for other liabilities equal their carrying value.

Derivative liabilities settled on a net basis and contractual undiscounted cash flows arising from derivatives settled on a gross basis

	Group as of 31/12/2024, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	2-5 years	Over 5 years	Total
Derivatives settled on a net basis							
Interest rate swaps	610	-	(525)	(564)	(1,600)	(1,040)	(3,119)
Foreign exchange derivatives	309	4	-	-	-	-	313
Derivatives settled on a gross basis							
Foreign exchange derivatives:							
Outflow	(26,507)	(106,564)	(285)	-	-	-	(133,356)
Inflow	26,878	110,930	289	-	-	-	138,097
Total derivatives	**1,290**	**4,370**	**(521)**	**(564)**	**(1,600)**	**(1,040)**	**1,935**

	Group as of 31/12/2023, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	2-5 years	Over 5 years	Total
Derivatives settled on a net basis							
Interest rate swaps	-	-	-	-	(659)	(617)	(1,276)
Foreign exchange derivatives	(88)	(131)	-	-	-	-	(219)
Derivatives settled on a gross basis							
Foreign exchange derivatives:							
Outflow	(26,768)	(113,324)	(63)	-	-	-	(140,155)
Inflow	26,578	112,857	65	-	-	-	139,500
Total derivatives	**(278)**	**(598)**	**2**	**-**	**(659)**	**(617)**	**(2,150)**

	Bank as of 31/12/2024, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	2-5 years	Over 5 years	Total
Derivatives settled on a net basis							
Interest rate swaps	610	-	(525)	(564)	(1,600)	(1,040)	(3,119)
Foreign exchange derivatives	309	4	-	-	-	-	313
Derivatives settled on a gross basis							
Foreign exchange derivatives:							
Outflow	(26,507)	(106,564)	(285)	-	-	-	(133,356)
Inflow	26,878	110,930	289	-	-	-	138,097
Total derivatives	**1,290**	**4,370**	**(521)**	**(564)**	**(1,600)**	**(1,040)**	**1,935**

	Bank as of 31/12/2023, EUR thousands						
	Within 1 month	2-3 months	4-6 months	7-12 months	2-5 years	Over 5 years	Total
Derivatives settled on a net basis							
Interest rate swaps	-	-	-	-	(659)	(617)	(1,276)
Foreign exchange derivatives	(88)	(131)	-	-	-	-	(219)
Derivatives settled on a gross basis							
Foreign exchange derivatives:							
Outflow	(26,768)	(113,324)	(63)	-	-	-	(140,155)
Inflow	26,578	112,857	65	-	-	-	139,500
Total derivatives	**(278)**	**(598)**	**2**	**-**	**(659)**	**(617)**	**(2,150)**

Comparison of contractual undiscounted cash flows and carrying amount of derivatives

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Contractual undiscounted cash flows of derivatives	1,935	(2,150)	1,935	(2,150)
Carrying value of derivatives, net	1,682	(2,312)	1,682	(2,312)

Insurance risk

	Group, EUR thousands			
	31/12/2024		31/12/2023	
	Life and accident insurance contracts	Lifetime pension insurance contracts	Life and accident insurance contracts	Lifetime pension insurance contracts
Impact on CSM:				
Expenses risk +15%	(97)	(19)	(99)	(13)
Expenses risk -15%	94	19	105	30
Claims +1%	(60)	n/a	(42)	n/a
Claims -1%	57	n/a	48	n/a
Early termination of contract risk +1%	(70)	n/a	(47)	n/a
Early termination of contract risk -1%	68	n/a	47	n/a
Longevity risk +1%	n/a	(35)	n/a	(8)
Longevity risk -1%	n/a	35	n/a	8
Impact on income statement:				
Risk-free interest rate +1%	(327)	1,111	(280)	612
Risk-free interest rate -1%	375	(1,273)	325	(593)

Insurance reserves are presented as part of *Other liabilities*. Insurance reserves mostly comprise estimated present value of future cash outflows from defined benefit annuity pension products sold to customers by Group's subsidiary AAS CBL Life. The annuity products are subject to terms, conditions and limitations. Estimated cash outflows are conditional to life longevity assumptions and defined benefit payment structure.

Anti-money laundering, counter terrorism financing, counter proliferation financing and sanctions compliance policy

The Group has adopted Money Laundering, Terrorism and Proliferation Financing (ML/TF/PF) Risk Management Strategy, Anti-Money Laundering and Counter Terrorism and Proliferation Financing (AML/CTF/CPF) Policy and Sanctions Compliance Policy to have an effective and comprehensive AML/CTF/CPF internal control system and to ensure compliance with sanctions imposed by international organizations and national authorities. The Group regularly reviews its AML/CTF/CPF and Sanctions Compliance policies and procedures with an aim to strengthen them and to update in line with changes in regulatory requirements and considering international best practice. Internal control system of AML/CTF/CPF and Sanctions Compliance of the Group is regularly reviewed by independent external and internal experts to ensure that the Group complies with applicable AML/CTF/CPF and Sanctions Compliance requirements. The experts where appropriate provide recommendations on how to strengthen and improve AML/CTF/CPF and Sanctions Compliance internal control system. The recommendations are diligently evaluated and implemented by the Group.

The Group performs enterprise-wide ML/TF/PF and Sanctions Risk Assessment on a regular basis to evaluate ML/TF/PF and Sanctions risks of the Group. The risk assessment includes identification and assessment of inherent ML/TF/PF and Sanctions risks and effectiveness assessment of the existing AML/CTF/CPF and Sanctions compliance controls.

The Group has a dedicated Member of the Management Board responsible for compliance, Money Laundering Reporting Officer, Sanctions Officer and a special team with a duty of overseeing the Group policies, procedures and processes implemented to preventing ML/TF/PF and sanctions violations.

Know Your Customer standards, including customer risk scoring, customer due diligence and enhanced due diligence practices, considering the risk-based approach, on-going customer transactions monitoring, effective international and national sanctions screening is the priority of the Group. A sound risk culture across the Group and risk aware employees, besides implemented industry's best practice processes and systems, is the backbone of ML/TF/PF and Sanctions risk management. Employees of the Group have a good knowledge of customers and their counterparties and have a full understanding of the substance of transactions, thus can timely detect and report suspicious customer activity. Under the Sanctions Compliance policy, it is strictly forbidden to knowingly and intentionally participate in activities whose purpose or effect is to evade the restrictions imposed by the international and national sanctions, thus preventing the Group from been used to circumvent the sanctions. The Group enforces sanctions established by the United Nations Security Council, the European Union , national sanctions of Latvia, Lithuania and Estonia, as well as sanctions adopted by and the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury. The Group complies with OFAC sanctions in USD and all other currencies.

The Group has established AML/CTF/CPF and Sanctions Compliance training program for all its employees. The training program consists of four main parts: initial, regular, extraordinary and advanced (master) employee training and is tailored to the necessary knowledge level of each function. For employees directly responsible for AML/CTF/CPF and Sanctions Compliance, special advanced trainings, workshops and conferences are arranged to enhance their knowledge and skills necessary for execution of their tasks and keep up to date on the latest developments and cases. The Group supports and requires international certification in the AML/CTF/CPF and Sanctions Compliance fields for at least the leading specialists involved in the ML/TF/PF and Sanctions risk management function (e.g., CAMS or ICA-certification).

Operational risk

The Group has adopted the Basel Committee on Banking Supervision's definition of operational risk: the probability of incurring losses due to failure or partial failure of internal processes to comply with the requirements of the laws and binding external regulations, as well as the requirements of internal regulations, due to the acts of the Group's employees and operation of systems, irregularities in internal processes, as well as due to the acts of third parties or other external conditions. Operational risk is divided into the following categories: personnel risk, process risk, IT and system risk, external risk.

Operational risk is managed using an integrated and comprehensive framework of policies, methodologies, procedures and regulations for identification, analysis, mitigation, control, and reporting of operational risk. The Group's operational risk management processes are integral to all business activities and are applicable to all employees and members of the Group. The Group's aim is to ensure that each of its employees knows not just how to perform specific transactions, but also understand the key areas where risk can arise and the processes and steps required to prevent, or otherwise mitigate such risk.

The goal of the Group's operational risk management framework is to maintain low level of risk while ensuring that any residual risk is economically justified in light of the need to sustain the Group's performance and profit in the long term.

The Group aims to avoid operational risks with a potential impact which exceeds 1 bp of CET1 capital and has a higher probability of occurrence than once per five years, or risks with unquantifiable impact which are unmanageable, irrespective of the financial gains this could bring. Each accepted risk must be economically justified and, in cases where the assessment of operational risk in monetary terms is possible, the costs of the control measures required must be commensurate with the eventual loss that could be prevented by the existence of the control system.

The Group applies following approaches for operational risk management:

- Assessing operational risk in development projects: new and updated services and products are introduced only after a thorough risk assessment has been carried out;
- Conducting regular operational risk-control self-assessment: the Group identifies and assesses potential operational risk events, assesses control systems which are in place, and analyses the necessary risk reduction measures;
- Measuring operational risk indicators: the Group uses statistical, financial, and other indicators which represent the levels of operational risk in its various activities;
- Measuring, analysing, monitoring, reporting and escalating operational risk: the Group registers and analyses operational risk events, including their severity, causes and other important information in an operational risk loss and incident database;
- Conducting scenario and sensitivity analysis and stress-testing;
- Performing business continuity planning: the Group performs regular business impact analysis and has implemented a Disaster Recovery Plan;
- Assigning responsibilities: the operational risk management system includes assignment of responsibilities to certain individuals; and
- Documenting decisions: the Group maintains records in relation to the process undertaken to reach a particular decision or to prevent or mitigate a particular risk.

Operational risk management in the Group is carried out in accordance with Operational Risk Management Policy.

Capital management

Capital adequacy is calculated in accordance with the current global standards of the bank capital adequacy (the Basel III international regulatory framework) as implemented by the European Union via a regulation (EU) 575/2013 and a directive 2013/36/EU, rules and recommendations issued by supervisory authorities and other relevant regulations.

A regulation (EU) 2024/1623 amending the regulation (EU) 575/2013 becomes effective from 1 January 2025. The regulation amends requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.

Capital adequacy is a measure of sufficiency of the Group's eligible capital resources to cover credit risks, market risks, operational risk and other specific risks arising predominantly from asset and off-balance sheet exposures of the Group. The regulations require credit institutions to maintain a Total Capital adequacy ratio of 8.0% of the total risk weighted exposure amounts. The rules also require 4.5% minimum Common Equity Tier 1 capital ratio and 6.0% minimum Tier 1 capital ratio.

Total SREP capital requirement (TSCR) requires capital to cover risks in addition to these covered by the regulation (EU) 575/2013. TSCR is established in a supervisory review and evaluation process (SREP) carried out by the supervisory authority. The supervisory authority determines TSCR on a risk-by-risk basis, using supervisory judgement, the outcome of supervisory benchmarking, ICAAP calculations and other relevant inputs. The additional pillar 2 capital requirement is re-assessed annually by the supervisory authority. As of the period end based on the assessment of the supervisory authority an additional 2.50% own funds requirement is determined to cover Pillar 2 risks. Thus, as of the period end Citadele shall at all times meet, on a consolidated basis, a total SREP capital requirement (TSCR) of 10.5% (which includes a Pillar 2 additional own funds requirement of 2.5% to be held in the form of 56.25% of Common Equity Tier 1 (CET1) capital and 75% of Tier 1 capital, as a minimum).

On top of the minimum capital adequacy ratios and the Pillar 2 additional capital requirements (TSCR), the Group and the Bank must comply with the capital buffer requirements. The buffer requirements must be reached by Common Equity Tier 1 capital. The capital conservation buffer both for the Group and the Bank is set at 2.50%, limiting dividend pay-out and certain other Tier 1 equity instrument repurchase, if the buffer threshold is not exceeded.

Citadele, being identified as “other systemically important institution” (O-SII), as of period end must also comply with the O-SII capital buffer requirement set by the supervisory authority at 1.50%.

Countercyclical capital buffer norms at each balance sheet date are calculated based on the actual risk exposure geographical distribution and the countercyclical buffer rates applicable for each geographical location. Increases in countercyclical capital buffer norms, when announced by the respective country, become effective after prespecified delay. Decreases take effect immediately.

The Pillar 2 Guidance (P2G) is a bank-specific recommendation that indicates the level of capital that the supervisory authority expects banks to maintain in addition to their binding capital requirements. It serves as a buffer for banks to withstand stress. The Pillar 2 Guidance is determined as part of the Supervisory Review and Evaluation Process (SREP) and for Citadele as of period end is set at 1.5%. Unlike the Pillar 2 Requirement, the Pillar 2 Guidance is not legally binding.

The Bank has to comply with the regulatory requirements both at the Bank’s standalone level and at the Group’s consolidated level. As of the period end both the Bank and the Group have sufficient capital to comply with the capital adequacy requirements. The long-term regulatory capital position of the Group and the Bank is planned and managed in line with these and other expected upcoming regulatory requirements.

Regulatory capital requirements

	Group					
	31/12/2024			31/12/2023		
	Common equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital adequacy ratio	Common equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital adequacy ratio
Common equity Tier 1 ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Additional Tier 1 ratio	-	1.50%	1.50%	-	1.50%	1.50%
Additional total capital ratio	-	-	2.00%	-	-	2.00%
Pillar 2 additional own funds requirement (individually determined by the supervisory authority in the SREP, P2R)	1.41%	1.88%	2.50%	1.41%	1.88%	2.50%
Capital buffer requirements:						
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
O-SII capital buffer (only for the Group)	1.50%	1.50%	1.50%	1.75%	1.75%	1.75%
Systemic risk buffer	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
Countercyclical capital buffer	0.84%	0.84%	0.84%	0.60%	0.60%	0.60%
Capital requirement	**10.82%**	**12.79%**	**15.41%**	**10.83%**	**12.80%**	**15.42%**
Pillar 2 Guidance (P2G)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Capital requirement with non-legally binding Pillar 2 Guidance	**12.32%**	**14.29%**	**16.91%**	**12.33%**	**14.30%**	**16.92%**

For the Bank as of period end Other systemically important institution buffer requirement is not applicable, Systemic risk buffer applies at 0.10% (2023: 0.10%) and institution specific Countercyclical capital buffer requirement is 0.82% (2023: 0.55%). Thus, for the Bank as of period end Common equity Tier 1 capital ratio requirement is 9.33% (2023: 9.06%), Tier 1 capital ratio requirement is 11.30% (2023: 11.03%) and Total capital adequacy ratio requirement is 13.92% (2023: 13.65%). On top of the capital ratio requirements a 1.50% (2023: 1.50%) Pillar 2 Guidance applies.

Capital adequacy ratio (including net result for the year, but decreased by the expected dividends of EUR 44.8 million)

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Common equity Tier 1 capital				
Paid up capital instruments and share premium	161,026	159,321	161,026	159,321
Retained earnings	393,967	355,792	320,746	300,707
Proposed or estimated dividends	(44,785)	(50,606)	(44,785)	(50,606)
Regulatory deductions	(9,908)	(15,357)	(7,330)	(14,058)
Other capital components, net	5,821	3,574	3,100	3,574
Tier 2 capital				
Eligible part of subordinated liabilities	60,000	55,597	60,000	55,597
Total own funds	**566,121**	**508,321**	**492,757**	**454,535**
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,249,254	1,980,726	1,528,578	1,349,491
Total exposure amounts for position, foreign currency open position and commodities risk	4,392	3,803	3,954	3,518
Total exposure amounts for operational risk	377,626	326,786	345,200	286,311
Total exposure amounts for credit valuation adjustment	10,437	2,297	10,111	2,166
Total risk exposure amount	**2,641,709**	**2,313,612**	**1,887,843**	**1,641,486**
Common equity Tier 1 capital ratio	**19.2%**	**19.6%**	**22.9%**	**24.3%**
Total capital adequacy ratio	**21.4%**	**22.0%**	**26.1%**	**27.7%**

The consolidated Group for regulatory purposes is different from the consolidated Group for accounting purposes. As per regulatory requirements AAS CBL Life, a licensed insurer, is not included in the consolidated Group for capital adequacy purposes. Consequently, it is excluded from own funds calculation and individual assets of AAS CBL Life are not included as risk exposures in the Group's capital adequacy calculation. Instead, the carrying value of the Group's investment in AAS CBL Life constitutes a risk exposure in the Group's capital adequacy ratio calculation.

Inclusion of the audited net result in the regulatory capital

Per regulations, Bank may include interim or year-end profits in the regulatory capital before taking a formal decision confirming the final audited profit for the year only with a prior permission of the competent authority. Any foreseeable charges or dividends must be deducted from those profits.

In the scenarios presented net result for 2024, which is decreased by the expected dividends of EUR 44.8 million, is included. 2024 audited annual profits will become eligible for inclusion in the regulatory capital after the institution will take a formal decision confirming the final profit or loss for the year.

Leverage ratio (including net result for the year, but decreased by the expected dividends of EUR 44.8 million)

Leverage ratio is calculated as Tier 1 capital versus the total exposure measure. As of period end Citadele is not applying transitional provisions. The minimum requirement is 3%. The exposure measure includes both non-risk based on-balance sheet and off-balance sheet items calculated in accordance with the capital requirements regulation. The leverage ratio and the risk-based capital adequacy ratio requirements are complementary, with the leverage ratio defining the minimum capital to total exposure requirement and the risk-based capital adequacy ratios limiting bank risk-taking.

	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Leverage Ratio – fully phased-in definition of Tier 1 capital	9.8%	9.2%	8.6%	8.4%

Minimum requirement for own funds and eligible liabilities (MREL) under BRRD

The European Commission has adopted the regulatory technical standards (RTS) on the criteria for determining the minimum requirement for own funds and eligible liabilities (MREL) under the Banking Package (CRR2/CRD5/BRRD2/SRMR2). In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD 2, all institutions must meet an individual MREL requirement. The MREL requirement for each institution is comprised of several elements, including calculation of the required loss absorbing capacity of the institution, and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Items eligible for inclusion in MREL include institution's own funds (within the meaning of the capital requirements directive), along with eligible liabilities subject to conditions set in regulation 2019/876.

MREL is required to be calculated based on both total risk exposure amount (TREA) and leverage ratio exposure (LRE) amount. Statutory subordination requirements may also be set depending on the Group's regulatory classification and are communicated individually in a MREL decision.

SRB as of the period end has determined the consolidated MREL target for the Group at the level of 24.13% of TREA, plus a combined buffer requirement, or 5.91% leverage ratio, whichever is higher. The Group must comply with MREL at all times on the basis of evolving amounts of TREA/LRE. As of the period end, the Group is in compliance with TREA and LRE based MREL requirements. As of the period end Group's MREL is 30.3% based on TREA criteria and 15.5% based on leverage ratio criteria (including net result for the year, but decreased by the expected dividends of EUR 44.8 million).

Starting from 16 July 2027, a proportion of the overall MREL requirement would have to be met by the Group with subordinated instruments, namely 14.04% of TREA, plus a combined buffer requirement, as well as a higher 7.82% leverage ratio. The Group is currently in the process of appealing the subordination requirement. The MREL target is determined by the SRB using financial and supervisory information and is re-calibrated by the SRB annually.

Managing ESG (environmental, social and governance) related risk

Citadele recognizes that its operations and business model can be affected by climate-related and environmental (C&E) risks, both physical and transition risks, in several ways: as a direct risks to Citadele, and as risks to Citadele through its clients, partners and suppliers affected by C&E risks. Citadele is focused on integrating C&E risks into the broader risk management framework of the Bank. The Group views C&E risks as risk drivers affecting existing prudential risk categories such as Credit risk, Operational risk, Market risk, Liquidity risk and Strategic risk. Citadele's C&E risk management follows a general four step approach of risk identification, assessment, management and monitoring, that is embedded in the Bank's key processes.

Managing ESG-related risk is key to Citadele's long-term sustainability. Citadele defines ESG risk as the risk of negative financial impact that stems from the current or prospective impacts of ESG factors on its counterparties or assets. In the process of integrating climate-related risk aspects into the existing risk management framework, Citadele has defined acceptable C&E risk levels and portfolio concentration for high-risk industries in its Risk Appetite Framework. All C&E risks identified as material are considered in Risk Appetite and Risk Strategy within the individual risk areas in accordance with the Group's ESG Risk Policy. This process also includes appropriate risk limit setting, the development of Key Risk indicators, and regular monitoring and reporting. Follow-up actions in case of limit breaches are included in Risk Strategy.

For more information refer to ESRS section

NOTE 36. EVENTS AFTER THE REPORTING DATE

Early redemption of EUR 20 million subordinated bonds

As announced in December 2024, on 13 January 2025 early redemption of the EUR 20 million unsecured subordinated bonds (LV0000880011) took place.

Anticipated changes in the Supervisory Board of the Bank

Citadele is considering increasing the number of the Bank's Supervisory Board members to 10, including changes in the composition of the Supervisory Board. This decision will be subject to shareholders' approval and ECB's review of the suitability of the current and incoming Supervisory Board members.

Capital increase in Swiss subsidiary classified as held for sale

Subsequent to the year end, in March 2025, Citadele decided to increase capital of its Swiss subsidiary Kaleido Privatbank AG by up to CHF 1.0 million. Kaleido Privatbank AG is classified as discontinued operations held for sale. The capital increase is intended to support operations until the sale of the subsidiary.

KPMG Baltics SIA
Roberta Hirsa iela 1
Riga, LV-1045
Latvia

T: + 371 67038000
kpmg.com/lv
kpmg@kpmg.lv

Independent Auditors' Report

To the shareholders of AS "Citadele banka"

Report on the Audit of the Separate and Consolidated Financial Statements

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of AS "Citadele Banka" ("the Bank") and accompanying consolidated financial statements of the Bank and its subsidiaries ("the Group") set out on pages 89 to 174 of the accompanying separate and consolidated Annual Report, which comprise:

— the separate and consolidated balance sheets as at 31 December 2024,

— the separate and consolidated statements of income for the year then ended,

— the separate and consolidated statements of comprehensive income for the year then ended,

— the separate and consolidated statements of changes in equity for the year then ended,

— the separate and consolidated statements of cash flows for the year then ended, and

— the notes to the separate and consolidated financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Bank and the Group, respectively, as at 31 December 2024, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Separate and Consolidated Financial Statements* section of our report.

We are independent of the Bank and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code) and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment of loans to public, and provisions for off-balance sheet items (separate and consolidated financial statements)

Key audit matter

Impairment allowances and provisions represent the Management Board's best estimate of the expected credit losses within the loans to public and off-balance sheet items at the reporting date. We focused on this area as the determination of impairment loss allowances and provisions requires significant judgments from the Management Board over both the timing of recognition and the specific amounts, especially considering the current uncertain economic environment within which the Bank and the Group operates.

In accordance with IFRS 9, the Bank and the Group calculates impairment allowances and provisions for off-balance sheet items based on expected credit losses ("ECLs"). ECLs are determined by the modelling techniques and estimated mainly based on the historical pattern of losses and changes in loan risk characteristics based on qualitative and quantitative indicators such as the probability of default ("PD") and loss given default ("LGD"). The Bank and the Group incorporates forward looking information into modelling techniques applied and as well applies post-model adjustments, where it is deemed appropriate.

Individual impairment allowances recognized by the Bank and the Group often relate to large, individually monitored, corporate exposures, where the Bank and the Group is assessing ECLs on an individual basis. The assessment is therefore based on the knowledge about each individual borrower and often on estimation of the fair value of the related collateral.

Accordingly, the most significant areas of estimation uncertainty and judgements associated with recognition of impairment allowances for loans to public and provisions for off-balance sheet items are:

Our response

Our audit procedures included, among others:

With respect to the Impairment of loans to public, and provisions for off-balance sheet items in general:

- inspecting the Group's expected credit losses ("ECL") impairment provisioning methodology and assessing its compliance with the relevant requirements of IFRS 9;
- assessing and testing the design, implementation and operating effectiveness of selected key controls over the approval, recording and monitoring of credit exposures, including, but not limited to, those over loan risk monitoring, identification of loss events, and the calculation of the impairment loss allowances;
- assessing whether the definition of default and the staging criteria were consistently applied and in line with the requirements of IFRS 9;
- making relevant inquiries of the Group's risk management and information technology (IT) personnel in order to obtain an understanding of the impairment allowances and provisioning process, IT applications used therein, key data sources and assumptions used in the ECL model.
- assessing and testing the Group's IT control environment for data security and access, assisted by our own IT specialists;
- following up on the governance structure related to ECL process as well as the validation activities;
- evaluating the accuracy and sufficiency of the financial information disclosures.

We involved our own financial risk modelling and IT specialists in the following:

- testing the underlying significant impairment models and assessing the reasonableness;
- evaluating the appropriateness of the Bank's and the Group's IFRS 9 impairment methodologies;
- reperforming and inspecting model code for the calculation of certain components of the ECL model;
- evaluating whether the changes were appropriate by assessing the updated model methodology;
- assessing reasonableness of the models' predictions by comparing the outcomes for preceding reporting period against actual results and evaluating significant discrepancies if any.

- assumptions used in the expected credit loss models to assess the credit risk related to the exposure, the expected future cash flows from the customer, probability of a default and potential loss level in case of the default;
- timely identification of exposures with significant increase in credit risk and credit impaired exposures;
- valuation of collateral and assumptions of future cash flows on individually assessed credit-impaired exposures;
- application of unbiased forward-looking information reflecting a range of future economic conditions, determination of economic scenarios to be used and their probability weights;
- post model adjustments to ECLs applied to address impairment model limitations;
- determining the structure and granularity of disclosures required by relevant IFRSs to properly present the key judgements and material inputs to the ECL estimate.

For loans assessed on an individual basis:

- selecting a sample of individual exposures, with focus on those with the greatest potential impact on the financial statements due to their magnitude and risk characteristics like restructurings, as well as lower value items which we independently assessed as high-risk;
- for non-credit impaired exposures, for which the credit risk has not significantly increased since the initial recognition ("stage 1") and non-credit impaired exposures, for which the credit risk has significantly increased since the initial recognition ("stage 2"), within the sample selected, critically assessing the existence of any evidence of credit-impairment as at 31 December 2024, by reference to the underlying documentation and through discussion with the Management Board and credit risk personnel and taking into consideration business operations of the respective customers as well as market conditions and historical repayment pattern;
- for stage 3 (credit impaired) exposures in our sample, challenging key assumptions applied in the Bank's and the Group's estimates of future cash flows. We sought the Management Board's and credit risk personnel's explanations for any material discrepancies identified as a result of the above procedures.

For loans to public where impairment allowances and off-balance sheet provisions are based on modelled expected credit losses:

- testing the underlying impairment models, assessed as significant, including model approval processes, including the calculation of main risk parameters (probability of default (PD), loss given default (LGD) and exposure at default (EAD)) and macroeconomic factors;
- obtaining the relevant forward looking information and macroeconomic forecasts used in the Bank's and the Group's ECL assessment. Independently assessing the information by means of corroborating inquiries of the Management Board and through inspection of publicly available information;
- challenging LGD and PD parameters, by assessing historical default levels and by reference to historical realized losses on defaults based on collateral realisation and non-performing loans sales arrangements as well as challenging collateral valuation inputs;
- for a sample of exposures, assessing the appropriateness of the staging;
- for a sample of exposures tested collectively, assessing the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models;
- for post model adjustments, considering the size and complexity of economic uncertainties related to the

overlay, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data.

In order to assess loss allowances in totality:

— critically assessing the reasonableness of the ECL allowances, including both the share of the gross non-performing exposure in the total gross exposure and the non-performing loans provision coverage.

Reporting on Other Information

The Bank's and Group's management is responsible for the other information. The other information comprises:

— Key figures and events as set out on page 2 of the accompanying separate and consolidated Annual Report,

— the Management Report consisting of Letter from Management, Corporate governance, and Statement on Management's Responsibility, as set out on pages 4 to 17 and on page 88 of the accompanying separate and consolidated Annual Report,

— the Quarterly statements of income and balance sheets of the Group, as set out on page 187 of the accompanying separate and consolidated Annual Report,

— the Statement of Corporate Governance, as set out in a separate statement prepared by management available on the Bank's website www.citadele.lv,

— Sustainability Report, as set out on pages 18 to 87 of the accompanying separate and consolidated Annual Report.

Our opinion on the separate and consolidated financial statements does not cover the other information included in the separate and consolidated Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report. However, we note that we have issued a limited assurance report as set out on pages 183 to 186 with respect to Sustainability Report, as set out on pages 18 to 87.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Bank, Group and their environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Bank of Latvia – "Regulations on the Preparation of Annual Reports and Annual Consolidated Annual Reports for Credit Institutions, Investment Brokerage Firms, Investment Management Companies and Private Pension funds' ("Regulation No. 326").

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

— the information given in the Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and

— the Management Report has been prepared in accordance with the requirements of the Bank of Latvia – "Regulations on the Preparation of Annual Reports and Annual Consolidated Annual Reports for Credit Institutions, Investment Brokerage Firms, Investment Management Companies and Private Pension funds' ("Regulation No. 326").

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.², second paragraph, clause 5, 8 and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.², second paragraph, clause 5, 8 and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

Furthermore, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to Sustainability report our responsibility is to report whether the Bank and the Group have prepared the Sustainability report and whether the Sustainability report is included in the management Report or prepared as a separate element of the separate and consolidated Annual Report or is included in the consolidated non-financial statement of the Group's ultimate parent company.

We report that the Bank's and Group's Sustainability Report has been prepared as a separate element of the separate and consolidated Annual Report.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Bank's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and Group's financial reporting process.

Auditors' Responsibility for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by those charged with governance on 20 March 2024 to audit the separate and consolidated financial statements of AS "Citadele banka" for the year ended 31 December 2024. Our total uninterrupted period of engagement is 12 years, covering the ending 31 December 2013 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Bank and Group;
- as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Bank and Group the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity and group in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Bank and Group in addition to the audit, which have not been disclosed in the Management Report or in the separate and consolidated financial statements of the Bank and the Group.

The responsible sworn auditor on the audit resulting in this independent auditors' report is Rainers Vilāns.

Report on the Auditors' Examination of the European Single Electronic Format (ESEF) Report

In addition to our audit of the accompanying separate and consolidated financial statements, as included in the separate and consolidated Annual Report, we have also been engaged by the management of the Group to express an opinion on compliance of the separate and consolidated financial statements prepared in a format that enables uniform electronic reporting ("the ESEF Report") with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management and Those Charged with Governance for the ESEF Report

Management is responsible for the preparation of the separate and consolidated financial statements in a format that enables uniform electronic reporting that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the separate and consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditors' Responsibility for the Examination of the ESEF Report

Our responsibility is to express an opinion on whether the ESEF report complies, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;

— tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;

— evaluating the completeness of the Group's tagging of the consolidated financial statements;

— evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

— evaluating the use of anchoring in relation to the extension elements; and

— evaluating the appropriateness of the format of the separate and consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the ESEF Report of the Group as at and for the year ended 31 December 2024 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

KPMG Baltics SIA
Licence No. 55

Anders Tagde
Partner
KPMG Baltics SIA authorised representative
Riga, Latvia

Rainers Vilāns
Latvian Sworn Auditor
Certificate No. 200

The Auditors' report is signed with a secure electronic signature, which contains a timestamp, the date of signing the Auditors' report is the date of the last attached secure electronic signature timestamp.

KPMG Baltics SIA
Roberta Hirsa iela 1
Riga, LV-1045
Latvia

T: + 371 67038000
kpmg.com/lv
kpmg@kpmg.lv

Limited Assurance Report on AS "Citadele banka" Consolidated Sustainability Statement

To the shareholders of AS "Citadele banka"

Limited assurance conclusion

We have performed a limited assurance engagement on whether the consolidated Sustainability Statement, of AS "Citadele banka" and its scoped in subsidiaries (the "Group") included in section Sustainability Statement (pages 18 to 87) of the accompanying management report (the "Sustainability Statement") as of and for the year ended 31 December 2024 has been prepared in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Sustainability Statement of the Group as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in section *Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)* of the Sustainability Statement; and
- compliance of the disclosures in the section *EU Taxonomy disclosures* of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

The comparative information in the Sustainability Statement has not been subject to limited assurance.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), together with the ethical requirements that are relevant to our assurance engagement on the Sustainability Statement in Latvia.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities for the Sustainability Statement

Management of the Group is responsible for designing and implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the

ESRS and for disclosing this process in section *Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)* of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for the preparation of the Sustainability Statement, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in section *EU Taxonomy disclosures* of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement such that it is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Statement.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the shareholders of AS "Citadele banka". Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in section *Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)* of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. We designed and performed our procedures to obtain evidence about the Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Group's internal documentation of its Process; and
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in section *Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)* of the Sustainability Statement.

In conducting our limited assurance engagement with respect to the Sustainability Statement, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
  - performing inquiries to understand the sources of the information used by management;
  - reviewing the relevant Group's internal documentation.
- Evaluating whether material information identified by the Process is included in the Sustainability Statement;
- Evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performing substantive limited assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;

- Obtaining an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Performing inquiries of relevant personnel, analytical and substantive limited assurance procedures based on a sample basis on selected disclosures on taxonomy-eligible and taxonomy-aligned economic activities in the Sustainability Statement;

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG Baltics SIA
Licence No. 55

Anders Tagde	Rainers Vilāns
Partner	Latvian Sworn Auditor
KPMG Baltics SIA authorised representative	Certificate No. 200
Riga, Latvia	

The Limited Assurance report is signed with a secure electronic signature, which contains a timestamp. The date of the Limited Assurance report is the date of the last attached secure electronic signature timestamp.

QUARTERLY STATEMENTS OF INCOME AND BALANCE SHEETS OF THE GROUP

	Group, EUR thousands				
	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Interest income	63,875	64,267	62,936	62,216	61,873
Interest expense	(16,169)	(15,022)	(14,353)	(15,227)	(12,687)
Net interest income	**47,706**	**49,245**	**48,583**	**46,989**	**49,186**
Fee and commission income	20,934	17,860	17,289	16,888	16,905
Fee and commission expense	(10,021)	(9,708)	(8,994)	(7,985)	(8,142)
Net fee and commission income	**10,913**	**8,152**	**8,295**	**8,903**	**8,763**
Net financial income	2,072	3,469	1,584	2,529	2,062
Net other income / (expense)	(679)	(2,189)	(211)	(601)	(429)
Operating income	**60,012**	**58,677**	**58,251**	**57,820**	**59,582**
Staff costs	(15,666)	(16,325)	(19,067)	(18,324)	(16,319)
Other operating expenses	(12,855)	(6,062)	(7,388)	(7,110)	(12,475)
Depreciation and amortisation	(3,562)	(2,462)	(2,421)	(2,308)	(2,204)
Operating expense	**(32,083)**	**(24,849)**	**(28,876)**	**(27,742)**	**(30,998)**
Profit from continuous operations before impairment, bank tax, mortgage loan levy and non-current assets held for sale	**27,929**	**33,828**	**29,375**	**30,078**	**28,584**
Net credit losses	(1,968)	(4,481)	4,129	2,786	(1,916)
Other impairment losses	26	(2)	(5)	72	(32)
Operating profit from continuous operations before bank tax, mortgage loan levy and non-current assets held for sale	**25,987**	**29,345**	**33,499**	**32,936**	**26,636**
Mortgage loan levy and bank tax	(2,246)	(2,246)	(2,909)	(2,246)	1,356
Result from non-current assets held for sale and discontinued operations, net of tax	(787)	172	(2,954)	(1,067)	(1,367)
Operating profit	**22,954**	**27,271**	**27,636**	**29,623**	**26,625**
Income tax	(3,945)	(3,393)	(5,169)	(5,221)	(17,883)
Net profit	**19,009**	**23,878**	**22,467**	**24,402**	**8,742**

	Group, EUR thousands				
	31/12/2024	30/09/2024	30/06/2024	31/03/2024	31/12/2023
Assets					
Cash and cash balances at central banks	349,940	418,897	157,349	380,396	520,569
Loans to credit institutions	12,944	12,820	31,028	35,496	34,640
Debt securities	1,275,958	1,234,390	1,234,624	1,244,517	1,220,032
Loans to public	3,274,581	3,133,130	3,048,684	2,910,501	2,861,958
Equity instruments	835	702	1,309	1,348	1,239
Other financial instruments	25,108	26,045	25,921	26,026	26,372
Derivatives	5,690	503	1,873	1,209	1,019
Investments in related entities	-	-	-	-	248
Tangible assets	17,993	9,466	10,649	10,295	11,183
Intangible assets	6,132	8,141	8,024	7,830	8,065
Current income tax assets	22	77	29	175	81
Deferred income tax assets	1,636	1,751	450	338	714
Bank tax assets	180	713	985	1,777	1,777
Discontinued operations and non-current assets held for sale	103,636	110,791	113,123	120,599	132,574
Other assets	61,942	47,241	50,237	42,706	42,865
Total assets	**5,136,597**	**5,004,667**	**4,684,285**	**4,783,213**	**4,863,336**
Liabilities					
Deposits from credit institutions and central banks	3,228	11,281	7,942	47,389	47,434
Deposits and borrowings from customers	4,023,480	3,928,264	3,693,732	3,736,933	3,829,582
Debt securities issued	315,422	283,576	281,488	261,226	259,560
Derivatives	4,008	3,791	1,066	1,294	3,331
Provisions	2,733	3,120	3,137	3,829	4,899
Current income tax liabilities	14,218	10,323	9,516	21,954	17,696
Deferred income tax liabilities	-	375	375	375	375
Discontinued operations	133,131	154,334	105,881	103,930	121,660
Other liabilities	77,695	66,806	66,315	65,524	63,404
Total liabilities	**4,573,915**	**4,461,870**	**4,169,452**	**4,242,454**	**4,347,941**
Equity					
Share capital	158,813	158,391	158,178	158,178	158,145
Reserves and other capital components	7,388	6,934	3,061	837	(92)
Retained earnings	396,481	377,472	353,594	381,744	357,342
Total equity	**562,682**	**542,797**	**514,833**	**540,759**	**515,395**
Total liabilities and equity	**5,136,597**	**5,004,667**	**4,684,285**	**4,783,213**	**4,863,336**

DEFINITIONS AND ABBREVIATIONS

This section summarises abbreviations and Alternative Performance Ratios (APR) used throughout these financial statements. APRs may not be comparable across companies. Profit-related APR may exclude specific line items, like mortgage loan levy and bank tax, which doesn't meet corporate income tax definition as per IFRS Accounting Standards or may exclude discontinued operations.

ALCO – Assets and Liabilities Management Committee.

AML – anti-money laundering.

BRRD – the bank recovery and resolution directive.

CAR – Total capital adequacy ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations. The ratio is calculated as a sum of equity, which is adjusted by specific regulatory deductions, and eligible subordinated liabilities, divided by risk weighted assets and other regulatory charges. The ratio indicates compliance with regulatory capital requirements at the end of the relevant period.

CET1 – Common Equity Tier 1 capital ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations. CET1 ratio is calculated as equity, which is adjusted by specific regulatory deductions, divided by risk weighted assets and other regulatory charges. The ratio indicates compliance with regulatory common equity tier one capital requirements at the end of the relevant period.

CIR – cost to income ratio. Calculated as "Operating expense" divided by "Operating income". Operating expenses are calculated as the sum of staff costs, other operating expenses and depreciation and amortisation charge for the relevant period. Operating income is calculated as the sum of net interest income, net fee and commission income, net financial and other income for the relevant period. CIR is used to determine the profitability and administrative efficiency of a bank during the period.

COR – cost of risk ratio. "Net credit losses" divided by the average of gross loans at the beginning and the end of the period. COR is a measure of estimated exposure to credit risk of the lending operations in the respective period.

CTF – combating terrorist financing.

ECB – European Central Bank.

EU – the European Union.

FMCRC – Financial Market and Counterparty Risk Committee.

IAS – International accounting standards.

ICAAP – internal capital adequacy assessment process.

IFRS – international financial reporting standards.

LCR – liquidity coverage ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations. LCR indicates regulatory compliance with this specific liquidity requirement measure at the end of the relevant period.

Loan-to-deposit ratio – carrying value of "Loans to public" divided by "Deposits and borrowings from customers" at the end of the relevant period. This ratio shows utilisation of the attracted customer funds in lending to public.

LR – leverage ratio is calculated as Tier 1 capital versus the total exposure measure. LR indicates regulatory compliance with specific minimum leverage requirements set by the regulatory authority.

LRE – leverage ratio exposure. The exposure measure used in LR, calculated as per regulatory rules.

ML/TF/PF – money laundering, terrorism and proliferation financing.

MREL – minimum requirement for own funds and eligible liabilities.

NPL – non-performing loans. Stage 3 loans to public divided by total gross loans to public as of the end of the relevant period. NPL shows the proportion of credit impaired loans in the portfolio, a measure of the riskiness of the loans to customers portfolio.

NSFR – net stable funding ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations. A ratio indicating availability of the funding to cover liquidity needs, calculated as per regulatory rules.

OFAC – Office of Foreign Assets Control of the US Department of the Treasury.

O-SII – other systemically important institution.

ROA – return on average assets. Annualised net profit for the relevant period divided by the average of opening and closing total assets. ROA is a measure of profitability for the period generated by assets of the bank; indicating how efficiently assets are utilised in profit generation.

ROE – return on average equity. Annualised net profit for the relevant period divided by the average of opening and closing total equity. ROE is a measure of profitability for the period generated by equity of the bank; indicating how efficiently equity is utilised in profit generation.

RTS – regulatory technical standards.

SRB – the Single Resolution Board.

SREP – supervisory review and evaluation process.

Stage 3 impairment ratio – impairment allowance for stage 3 exposures divided by gross loans to public classified as stage 3. Indicates coverage of impairment allowance to cover credit impaired exposures as of period end. Measure of riskiness of the portfolio of loans to customers.

Stage 3 loans to public ratio – stage 3 loans to public divided by total loans to public as of the end of the relevant period. This ratio indicates the proportion of credit impaired loans in the total portfolio of loans to customers. Measure of riskiness of the portfolio of loans to customers.

TLTRO – ECB's targeted longer-term refinancing operations.

TREA – total risk exposure amount.

TSCR – SREP capital requirement set by the regulator.