



AS Citadele Banka

Corporate Governance Report

2024



About the Report

The statement of AS Citadele banka (herein - **Citadele** or **Bank**) on corporate governance in 2024:

(i) is prepared in accordance with the requirements of Article 56² (3) of the Financial Instrument Market Law;

and

(ii) taking into account the principles of the Corporate Governance Code, which was published in 2020 by the Corporate Governance Advisory Board established by the Ministry of Justice.

The Financial Instrument Market Law does not require companies that do not have their shares admitted to trading on a regulated market to follow the requirements of and report in accordance with the Corporate Governance Code. The Corporate Governance Code also provides that not every principle of the code is fully applicable to each company and the company retains discretion on whether application of the respective principle is appropriate to the company.

The Bank's shares are not currently listed on a regulated market. However, it continuously strives to improve its corporate governance practices and thus for the first time has prepared its corporate governance report taking into account also the main principles of the Corporate Governance Code to the extent that is reasonable and proportionate to the current situation of the Bank.

The Bank will regularly review and adjust its governance arrangements and practices, especially if there are changes to its corporate governance structure and/or in the event of listing its shares on a regulated market.

On compliance with the principles of corporate governance

Citadele Management Board has assessed the Bank's compliance with the Corporate Governance Code and considers that Citadele complies in all material aspects with most of the main principles set out in the Corporate Governance Code. The principles that Citadele has not followed in full or in part are outlined and explained in the report.

AS Citadele banka Corporate Governance Report 2024 was approved by the Management Board and is published together with the audited Annual Report for the year ended 31 December 2024.

AS Citadele banka

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Company Strategy

Principle #1 and its criteria

The company has an up-to-date strategy that sets out the company’s objectives and progress towards long-term value creation

- The company has an up-to-date strategy, the draft of which is developed by the management board
- The supervisory board is involved in the strategy development process and approves the strategy at the supervisory board meeting
- The supervisory board monitors the implementation of the strategy
- The company management board implements the strategy and reports to the supervisory board on its implementation on a regular basis

Legend

- Criteria met
- Criteria not met

Comment regarding compliance

- Citadele has an up-to-date strategy in place, which is developed for a three-year period, and updated on an annual basis taking into account economic outlook, changes in competitive landscape, technologies, customer behavior, changes of strategic initiatives (if any) and relevant climate-related and environmental risks in the short, medium and long term.
- Strategy is developed by the Bank’s management board (herein - **Management Board** or **MB**). The Bank’s supervisory board (herein - **Supervisory Board** or **SB**) reviews, challenges and approves the proposed strategy.
- Management Board is responsible for implementing the strategy and every quarter reports to the Supervisory Board about the progress on strategy implementation. In addition, the Supervisory Board receives regular (monthly) updates by the Management Board on current performance of the Bank and the Bank’s group (herein – **Group**).



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Principle #2 and its criteria

The company develops an internal culture and ethics code which serves as a standard of conduct for the company's management and employees

- The supervisory board defines the company's core values
- The management board prepares, and the supervisory board approves the code of internal culture and ethics
- The management board ensures compliance with the company's internal culture and ethics code on a daily basis and reacts if there is a breach of the code

Comment regarding compliance

- Amongst other internal procedures aimed at setting the standard of daily conduct for the Group's management and employees, the Bank has the Code of Ethics, Anti-Corruption Policy, Conflict of Interest Policy, and Related Party Transactions Policy.
- The Code of Ethics is prepared by the Management Board and approved by the Supervisory Board. Extract from the Code of Ethics is available on Citadele [website](#).
- Code of Ethics defines the principles of professional ethics across the Group, determines the core values, provides for suggested conduct in certain situations, as well as stipulates whistleblowing procedures. The Code of Ethics is binding on all employees of the Group.
- Citadele provides mandatory induction and annual training programs on ethical conduct for employees of the Group as well as members of Management and Supervisory Boards.
- To ensure sustainable cooperation with suppliers by promoting professional, fair, and legitimate business practices, high business ethics and sound governance, Citadele has developed [Supplier's Code of Conduct](#), which sets the minimum requirements in the Environmental, Social and Governance areas to which the supplier must adhere.

Legend

- Criteria met
- Criteria not met



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Principle #3 and its criteria

The company has an internal control system, the effectiveness of which is monitored by the supervisory board

- The company has a documented internal control system, the establishment of which is the responsibility of the management board
- The internal audit evaluates the effectiveness of the internal control system at least once a year, taking into account pre-defined criteria and reporting the results of the evaluation to the supervisory board
- The supervisory board, at least once a year, evaluates the provided evaluation of the effectiveness of the internal control system

Comment regarding compliance

- The main principles of the Group's internal control framework are documented in the Bank's Corporate Governance Policy, which framework is regulated in more detail by other internal policies and documents of the Bank/Group. The latter documents and respective internal processes and functions have been developed taking into account the regulatory requirements set out for the Bank/Group by local and European laws and supervisor's/regulator's guidance.
- The Corporate Governance Policy is developed by the Management Board, approved by the Supervisory Board, and regularly reviewed and revised (as necessary) to ensure its compliance with the applicable laws, regulatory requirements and best governance practices.
- The internal control system is embedded in the risk management framework, which has been defined within the Risk Management Policy. The latter policy sets the three lines of defence model as one of the core principles of the internal control governance.
- Management Board is responsible for implementing adequate and efficient risk management and internal control system.
- Effectiveness of the Group's internal control framework is assessed annually by the Group's Compliance Division. Effectiveness assessment report, which includes the summary of findings and recommendations, is presented to, reviewed and discussed by the Supervisory Board and its Risk Committee.
- The Group's internal control framework, its compliance with the laws and regulatory requirements as well as its effectiveness is regularly assessed externally by the supervisor of the Bank/Group through annual supervisory review and evaluation process. Results of such review are presented to and discussed also at the Supervisory Board. Supervisory Board and its respective committees are regularly (on quarterly basis) updated on the status of such annual assessment process and implementation of assessment recommendations.

Legend

- Criteria met
- Criteria not met



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Principle #4 and its criteria

The company identifies, assesses and monitors the risks associated with its operations

- The management board develops, and the supervisory board approves the company's risk management policy
- Based on the identified risk assessment, the management board implements risk management measures
- At least once a year, the supervisory board reviews the management board's reports on risk management measures and the implementation of the risk management policy

Comment regarding compliance

- The Bank has a Risk Management Policy, which has been developed and is regularly reviewed and revised by the Management Board and approved by the Supervisory Board.
- The Policy determines the core elements in general for the risk management framework in the Group, risk management interaction and integration in the Group's processes. Risk management for each material risk type is further regulated by relevant policies governing particular types of risk.
- Risk management across the Group is an integral part of daily management, business activities, functions and processes, which is binding across all levels and processes of the Group's management. Risk management decisions are based on prudent risk awareness culture and are made within the established and approved Risk appetite Framework and in line with the Group's Risk strategy, both of which are developed and regularly reviewed by the Management Board and approved by the Supervisory Board.
- The Group performs risk monitoring and assessment on an ongoing basis. Chief Risk Officer regularly reports to the Management Board, Supervisory Board and its Risk Committee on main risks, their management measures and compliance with Risk Appetite Framework. The risk reporting process has been documented in a procedure, which describes the process, sets responsibilities, and include a comprehensive list of reports with the reporting frequency, owners and addressees.
- More information on the elements of the risk management system is available in AS Citadele banka's separate and the Group's consolidated annual report and in the Risk Management and Capital Adequacy Report (pillar 3 disclosures) published on the Bank's website www.cblgroup.com. The Group's consolidated and the Bank's separate annual report and this statement is available on AS Citadele banka's website www.cblgroup.com.

Legend

- Criteria met
- Criteria not met



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Principle #5 and its criteria

An internal audit has been established in the company, it evaluates the company's operations independently and objectively

- The company has an internal auditor who is functionally independent of the management board and reports to the supervisory board
- The supervisory board approves the internal auditor
- The internal auditor develops a risk-based internal audit plan, which is approved by the supervisory board
- The internal auditor informs the management board and supervisory board on the implementation of the internal audit plan, audit results and recommended actions to address deficiencies, if any

Comment regarding compliance

- Citadele has Group Internal Audit function (**IA**), which is functionally and formally independent from the Management Board and reports directly to the Audit and Governance Committee (**AGC**) and the Supervisory Board. The organization and work of the IA is documented in both Terms of Reference of the Group Internal Audit Department and the Internal Audit Policy.
- Head of Group IA Department is approved by the Supervisory Board upon a recommendation from the Audit and Governance Committee.
- The IA prepares annual internal audit plan and strategic 3-years internal audit plan, which are approved by the Supervisory Board at the recommendation of the AGC. Selection and inclusion of internal audits into the annual plan is driven by both IA's annual risk assessment results and audit cycle considerations.
- Internal audit of each item on the IA's annual plan is concluded by the IA report, which includes audit objectives, scope, audit opinion and rationale, and a list of identified issues and recommendations. The results of the audit and proposed recommendation implementation plan are discussed with the auditees and the Management Board.
- Head of Group IA regularly reports to:
 - AGC – on quarterly basis on the audits conducted during the previous reporting period, their major findings, recommendations, status of implementation of recommendations; and
 - AGC and the Supervisory Board – on an annual basis through annual internal audit report and annual risk assessment and proposed IA plan for the next year.

Legend

■ Criteria met

■ Criteria not met



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Principle #6 and its criteria

The company has an independent external auditor

- The supervisory board and the Audit Committee, (if established), determine the selection criteria for the external auditor
- The company has an independent external auditor with appropriate qualifications
- The term of office of one external auditor does not exceed 5 years

Comment regarding compliance

- An independent audit of the financial statements of the Bank and the Group is performed by an external auditor who provides auditor's opinion on whether the separate and consolidated financial statements give a true and fair view of the unconsolidated and consolidated financial position of the Bank and the Group, respectively, as at period end, and of their unconsolidated and consolidated financial performance and their unconsolidated and consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.
- The supervisory board and the Audit Committee, determine the selection criteria for the external auditor. External auditor is appointed and approved on an annual basis.
- In line with the requirements of the applicable laws, public tender process for audit services and a through assessment was conducted in 2022 after the maximum permitted initial continuous engagement of the same audit firm for the term of 10 years had expired. Maximum duration of the audit engagement for the same audit firm can be increased up to 20 years in case of public tendering once the initial maximum duration of 10 years expires.
- Citadele has implemented a two-audit partner setup where one partner is local and another partner is from a foreign office, thus increasing independence, strengthening audit team with an international perspective and adding extra assurance to the stakeholders.
- Latvian sworn auditor and one of the current audit partners has been continuously engaged since signing of Annual Report for 2020. Other, current audit partner has been continuously engaged since signing of six-month interim report for 2023. Rotation rules apply.

Legend

- Criteria met
- Criteria not met



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Principle #7 and its criteria

The company ensures transparent procedures for the election and removal of supervisory board members

- The company has approved the procedure for selection and removal of supervisory board members
- The company provides timely and sufficient information to the company's shareholders on the supervisory board members who are nominated for election or re-election
- The size of the supervisory board corresponds to the specifics of the company's operations
- A supervisory board member is elected for a term not exceeding 5 years

Comment regarding compliance

- The Supervisory Board member selection and appointment process is set out in the Latvian Commercial Law, Bank's Articles of Association, and the Bank's Succession Planning Policy. The procedure of removal of the Supervisory Board member is not specifically described in the internal documents of the Bank, but it is clear from the rules provided in the law.
- According to the Company's Articles of Association, Citadele's Supervisory Board consists of 9 members who are elected by the shareholders' meeting for a term of 5 years. The current size of the Supervisory Board is sufficient and appropriate for the proper conduct of the supervisory board functions at the Bank/Group.
- It is under consideration to increase the number of Citadele's Supervisory Board to 10 members in 2025.
- Prior to their nomination to shareholders' meeting for appointment to the SB member position, nominees are evaluated by the Remuneration and Nomination Committee, which recommends the nominees for consideration and appointment to the Supervisory Board, which after having reviewed the proposed candidates and results of their assessment by the Remuneration and Nomination Committee, makes a recommendation to the shareholders' meeting on the appointment of the Supervisory Board members.

Legend

- Criteria met
- Criteria not met
- Criteria partly met – Supervisory Board removal process is not covered in the procedure



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Principle #8 and its criteria

Supervisory board members combined have relevant experience and competence

- The supervisory board as a whole has a set of skills, experience and knowledge, including on the sector concerned, to be able to perform their duties fully
- The principles of diversity are observed when forming the supervisory board
- Both genders are represented in the supervisory board
- The management board develops an induction training programme and provides new supervisory board members with induction training

Legend

- Criteria met
- Criteria not met

Comment regarding compliance

- As a regulated financial entity, the Bank must comply and complies with extensive regulatory suitability requirements applicable to the members of the Supervisory Board. It must ensure that:
 - each member has knowledge, experience, skills and reputations suitable and sufficient to be appointed to the position; and
 - all members collectively are sufficiently qualified to duly perform the supervisory board functions; and
 - diversity is observed (incl. gender balance, variety of education and professional backgrounds, geographical provenance, etc.).
- The Bank has approved and follows the provisions of Policy on the assessment of suitability of members of the Supervisory and Management Board members (**Suitability Policy**) and Diversity and inclusion policy, which reflect regulatory requirements and supervisory expectations.
- Individual and collective suitability of the Supervisory Board is assessed by the Bank prior to the SB member's appointment and then on an annual basis; and reviewed by the supervisors prior to the appointment of the members.
- Current Supervisory Board is composed of members from diverse professional backgrounds and takes into account gender balance (4 out of 9 members are female, which complies with the Bank's gender diversity target of 40% / 60% at the Supervisory Board). [Brief profiles of the members](#) could be found at the Bank's website.
- The Suitability Policy provides for the induction and continuous trainings for the Supervisory Board. New recently onboarded members had induction trainings conducted as per the policy. Each year the Remuneration and Nomination Committee of the Supervisory Board, taking into account the results of the annual suitability re-assessment of the SB members, current developments in the laws and the financial markets approves annual training plan for the SB members, which is implemented throughout the year.



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Principle #9 and its criteria

The company’s supervisory board has independent supervisory board members

- The company evaluates and the shareholders determine the proportion of independent supervisory board members
- At least half of the members of the supervisory board are independent
- Independent candidates for supervisory board membership make a declaration that they meet the independence criteria
- Prior to the election of the supervisory board, the company evaluates the independence of supervisory board members in accordance with the available information

Comment regarding compliance

- Each time when SB appointment is considered, proportion of independent members is considered.
- The Supervisory Board has approved the guidelines, which define what the Bank deems to be an independent board member and the process of assessment of independence (herein – *SB Independence Guidelines*).
- Although the independence criteria set out in the SB Independence Guidelines a bit differs from the criteria provided in the commentary of the Principle #9 of the code, they were established based on the independence criteria provided in the EBA and ESMA Guidelines for the Assessment of the Suitability of Members of the Management Body and Key Function Holders under Directive 2013/36/EU and Directive 2014/65/EU (EBA/GL/2021/06; ESMA35-36-2319); EBA Guidelines on internal governance under Directive 2013/36/EU; and EU Commission Recommendation on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EC).
- The independence of each Supervisory Board member is assessed:
 - based on the information provided by each member on whether and how they meet the independence criteria provided in the SB Independence Guidelines, member’s self-declaration, and other information available to the Bank;
 - each time before (re-)appointment of the member and regularly on an annual basis as part of the SB suitability (re-)assessment;
 - by the Audit and Governance Committee; Supervisory Board takes the decision on which members are deemed independent taking into account the AGC’s recommendation.
- Currently, 4 out of 9 Supervisory Board members are deemed independent.

Legend

- Criteria met
- Criteria not met
- Criteria partly met – 44% (4 out of 9) of SB members are independent



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Principle #10 and its criteria

The company has introduced a remuneration policy

- The company has introduced a remuneration policy, which has been developed by the management board, reviewed by the supervisory board and approved by the shareholders' meeting
- Once a year, the supervisory board determines the financial and non-financial goals to be achieved by the management board, their impact on the variable part of remuneration and controls their fulfilment
- No variable part of remuneration is determined for supervisory board members, and no compensation is paid in case of removal or resignation from office
- Once a year, Citadele prepares a report on the remuneration granted to the current and the former management board and supervisory board member.

Comment regarding compliance

- The Remuneration Policy of the Group has been developed by the Management Board, reviewed by the Remuneration and Nomination Committee and approved by the Supervisory Board. The Remuneration Policy has been prepared taking into account the stringent regulatory requirements for remuneration of senior staff of financial institutions and supervisory guidance on the matter, including the EBA Guidelines on sound remuneration policies under Directive 2013/36/EU. Policy is reviewed annually to ensure its continuous compliance with regulatory requirements and effectiveness. The policy is not approved by the shareholders' meeting, as it is not mandatory under the Latvian law.
- With assistance and recommendation of Nomination and Remuneration Committee, the Supervisory Board each year:
 - sets the financial and non-financial targets to be achieved by the Management Board and impact on variable part of remuneration;
 - evaluates whether and to what extent the targets have been achieved and awards the variable part of remuneration on the basis of the results achieved.
- The performance of Supervisory Board members' functions is remunerated for by a fixed fee and compensation of meeting attendance costs. Supervisory Board members do not receive variable remuneration nor options or shares of the Bank. The remuneration of the Supervisory Board is approved by the shareholders' meeting.
- Citadele prepares and publishes on its website's [Corporate Governance section](#) the annual remuneration report taking into account the principles of the Regulation (EU) No 575/2013 and Bank of Latvia "Regulation on remuneration policy and application".

Legend

■ Criteria met

■ Criteria not met

■ Criteria partly met - policy in place, approved by the supervisory board and the management board, but not proposed for the shareholders' approval



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Principle #11 and its criteria

The company's supervisory board work organisation is clear and understandable

- The supervisory board organises its work in accordance with regulations of the supervisory board and the work calendar
- The supervisory board holds at least one separate supervisory board meeting per year to discuss the company's strategy and its implementation
- The company's budget provides the financing necessary to ensure the operation of the supervisory board
- Once a year the supervisory board conducts a self-assessment of the work of the supervisory board and reviews its results at the supervisory board meeting
- The supervisory board has evaluated the need to set up committees (if a committee has been set up, see principle # 12.1.)

Comment regarding compliance

- The Supervisory Board Charter determines the operations and internal order of the Supervisory Board, the work organization, rights and responsibilities of the Supervisory Board members, the procedure of convening and course of Supervisory Board meetings, passing and processing of resolutions, as well as the operations of the Corporate Secretary of the Supervisory Board.
- At the end of each year the Supervisory Board agrees on the Board calendar for the next year, which may be adjusted over the year as required. As per the Charter, the Supervisory Board should meet at least 6 times per year (regular meetings); extraordinary meetings are convened if such need arises. In 2024 the Supervisory Board held 17 meetings.
- Supervisory Board discusses and approves the company's strategy at the Supervisory Board meeting at least once per year. Management Board reports to the Supervisory Board on implementation of the strategy on quarterly basis.
- The Bank covers the Supervisory Board fees and costs necessary to ensure operation of the Supervisory Board (including member fees, meeting attendance costs, corporate secretary costs, training budget, fees of external experts if/when requested by the board or its committees).
- Supervisory Board members performs annual self-assessment completing the self-assessment questionnaire; results of self-assessment are reviewed at the Remuneration and Nomination Committee and the Supervisory Board meetings.
- The Supervisory Board evaluates the need to set-up committees, scope of their functions and composition. See for more details at the description of compliance with the principle #12.1.

Legend

■ Criteria met

■ Criteria not met



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Principle #12 and its criteria

The supervisory board takes informed and well-balanced decisions

- The supervisory board has access to information prepared by the management board necessary for decision-making in a timely manner and in sufficient amount
- The supervisory board determines the procedure for the circulation of information, including the right of the supervisory board to request from the management board information, which the supervisory board needs to make decisions
- A supervisory board member analyses the information and prepares proposals for decisions to be adopted by the supervisory board
- When making decisions, the supervisory board assesses the risks, short-term and long-term impact on the company's value, sustainability and responsible development

Comment regarding compliance

- The Supervisory Board's and its Committees' rights to the information necessary to take the decisions are set out in the law and, in more details, in the Supervisory Board Charter and terms of reference of the Committees (**ToRs**). The Charter and the ToRs set out the procedure of and the deadlines for the submission of information to the board prior to the respective meeting/decision.
- Each year the Supervisory Board approves the list of reports it expects to receive from the Management Board throughout the year and frequency of such reporting. When required, the Supervisory Board comments on and guides the Management Board on their expectations as to the content, detail and provision of the information. Supervisory Board members are entitled, both under the law and the Charter/ToRs, to request from the Management Board the information necessary to make SB decisions.
- As per the annual self-assessment of the Supervisory Board's work, the members attend the meetings well prepared, acquainted with the information provided for the meeting in due time and actively participate in the meetings. The Supervisory Board Committees as per their respective competence assigned to them by the Supervisory Board in the ToRs, analyse and discuss the topics to be presented for the decision at the Supervisory Board in more detail, and make recommendations to the Supervisory Board on the proposed decision and reasons thereof.
- When making decisions, the Supervisory Board considers the matters that may impact the decision and its consequences, including the risks, short-term and long-term impact on the company's value, sustainability and responsible development.
- The Corporate Secretary of the Supervisory Board and the Secretary of the Management Board assists with organising provision of information to the Supervisory Board and its Committees; ensure proper minuting of the Supervisory Board's and its Committees' meetings, recommendations made, decisions taken and the SB/its Committees' reasoning behind such recommendations/decisions.

Legend

- Criteria met
- Criteria not met



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Principle #12.1 and its criteria

A committee prepares proposals for supervisory board decision making

- The supervisory board determines the tasks and the procedures for organisation of work of the committee
- The supervisory board establishes a committee of at least 3 supervisory board members with appropriate experience and expertise in the field of work of the committee (remuneration, nomination, audit or other field)
- The committee analyses the information and makes proposals for decisions by the supervisory board, as well as informs the supervisory board of the work of the committee

Comment regarding compliance

- The Committees of the Supervisory Board are established by the decision of the Supervisory Board. Supervisory Board also approves the terms of reference of each Committee, in which the functions delegated to the Committee as well as procedures of Committee's work are described in detail. Only Supervisory Board members are appointed to serve as members of the Committees.
- At the date of the report the Supervisory Board has 3 committees with the following composition:
 - the Audit and Governance Committee – 6 members (of which 4 independent), chaired by an independent member;
 - the Remuneration and Nomination Committee – 6 members (of which 3 independent), chaired by an independent member;
 - the Risk Committee – 5 primary members (of which 3 independent) and 2 alternate members, chaired by an independent member.
- Further details on the composition and functions of each Committee are available on the [Group's web page](#).
- Supervisory Board members are appointed to the Committees aiming to ensure that members have sufficient expertise and experience in the areas of the Committee's competence.
- Previously the Supervisory Board had a separate Technology Committee, which, after the SB having reviewed the SB Committee structure, in May 2024 has been dissolved and most of its functions transferred to the Risk Committee.
- Committee chairs regularly report to the Supervisory Board by: (i) presenting their recommendations on items suggested for approval at the Supervisory Board; (ii) at the quarterly SB meetings – more generally on the work of the Committees overall and recommendations made; and (iii) annually by providing annual Committee reports to the SB.

Legend

- Criteria met
- Criteria not met



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Prevention of the conflict of interests

Principle #13 and its criteria

Management board and supervisory board members are clearly aware of the manifestations of conflicts of interest and are informed of the action to be taken in the event of a conflict of interest

- The supervisory board defines the indications of a conflict of interest and identifies the conflict-of-interest prevention and management procedures
- Supervisory board or management board members do not participate in decision-making on matters in which the company's interests conflict with the interests of the supervisory board, management board members or persons related to them
- Persons subject to the conflict-of-interest obligation participate in training on dealing with conflicts of interest on a regular basis

Legend

- Criteria met
- Criteria not met

Comment regarding compliance

- Conflicts of interests are identified and managed at the Bank and Group in accordance with the Conflict of Interest Policy, which was prepared by the Management Board and approved by the Supervisory Board. The Charter of the Supervisory Board also requires the Supervisory Board members to declare any conflict of interests they may have and recuse from consideration of the matter in respect of which the member has a conflict.
- To ensure transparent and proper handling of related party transactions, the Bank has also approved the Related Party Transactions policy, which is aimed at managing the conflict-of-interest risk that may arise in the context of transactions with a related party. The latter policy establishes core principles for ensuring transparency, substantial and procedural appropriateness of such transactions, as well as ensuring that decisions regarding transactions with related parties are taken objectively, without undue influence by potential or actual conflicts of interests, regardless of whether they are carried out directly by the Bank or through the Group entities.
- Citadele monitors compliance with standards described in the Conflict of Interests Policy, Related Party Transactions Policy, and Code of Ethics and ensures employees' awareness, by providing mandatory annual training for all employees, including both boards.



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Principle #14 and its criteria

The company provides shareholders with timely information on conduction of shareholders' meetings providing all the information necessary for decision-making

- The company informs shareholders in a timely manner about the agenda, course and voting procedures of the shareholders' meeting, as well as about any related changes
- Simultaneously with the announcement of the meeting, the company provides an opportunity for the shareholders to get acquainted with the draft decisions, which are initially planned to be voted on at the meeting. The company informs the shareholders immediately of any additional draft decisions submitted
- The company provides shareholders with an opportunity to submit questions on the matters included in the agenda and draft decisions before the shareholders' meeting
- The draft decisions and the documents attached to them provide detailed, clear and complete information on the matter under consideration

Comment regarding compliance

- Shareholders' meetings have been consistently conducted in accordance with both the Company's Articles of Association and the provisions outlined in the Commercial Law.
- The Commercial Law establishes requirements and procedures for convening shareholders' meetings, along with extensive specifications on the information to be provided in the notice, such as meeting logistics, procedures for electronic participation and voting (if applicable), rights to propose agenda items and seek clarifications, guidelines for shareholder representatives, the meeting's agenda, and provisions for reviewing draft decisions.

Legend

- Criteria met
- Criteria not met



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Principle #15 and its criteria

The company promotes effective shareholder involvement in decision-making and a participation in shareholders' meetings

- The shareholders' meeting is convened and held at a place and time easily accessible to the shareholders
- The company provides shareholders with the opportunity to participate in the shareholders' meeting remotely
- The company determines the appropriate duration of the shareholders' meeting and provides the shareholders with the opportunity to express their opinions during the meeting and obtain the information necessary for decision-making
- The company announces a new shareholders' meeting if the matters included on the agenda of the meeting cannot be considered at the expected time
- The company invites management board and supervisory board members, candidates for supervisory board members, auditors and internal auditors, as well as other persons to participate in the shareholders' meeting in accordance with the matters to be considered at the meeting
- The shareholders' meeting makes decisions in accordance with the previously announced draft decision

Legend

- Criteria met
- Criteria not met

Comment regarding compliance

- Citadele follows the Commercial Law requirements and the best practice as described in the Corparte Governance code in conducting the shareholders meetings.
- Citadele ensures that shareholders' meetings are conveniently located and scheduled to accommodate all shareholders. Additionally, the option for remote participation in these meetings is provided, allowing shareholders to take part regardless of their physical presence.
- Citadele carefully determines the appropriate duration for shareholders' meetings, providing ample opportunities for shareholders to share their thoughts and access the information needed to make well-informed decisions.



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Principle #16 and its criteria

The company develops and discusses dividend policy with shareholders

- The company has developed and published an up-to-date dividend policy
- Shareholders have been informed about the main principles of the Dividend policy

Comment regarding compliance

- Management Board has prepared and the Supervisory Board has approved the Dividend Policy.
- The Dividend policy is not published on the Bank's website, but the shareholders have been informed about the main principles of the policy, including disclosures in the annual report.
- 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 information on previous and current period dividends, refer to the annual report of AS Citadele banka.

Legend

- Criteria met
- Criteria not met



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Principle #17 and its criteria

The company informs shareholders and other stakeholders on a regular basis and in a timely manner of business operations, financial results, management and other relevant issues of the company

- The company discloses complete, accurate, objective, up-to-date and true information in a timely manner
- The company discloses information to all shareholders at the same time and to the same extent
- The company discloses information about the company's management, strategy or lines of business on the website and publishes financial statements as well as other information in accordance with [Annex No. 1](#)
- The company provides information both in Latvian and in at least one other language that is understandable to most of the company's foreign shareholders and other stakeholders

Comment regarding compliance

- Citadele discloses accurate, objective and truthful information in a timely manner through the Nasdaq Baltics Information Exchange System and on Group's [Investor Relations](#) section of its corporate website. The website is regularly updated with the latest news and reports.
- Not all information specified in Annex 1 to the Latvian Corporate Governance Code (Principle #17) is disclosed on the Bank's website.
- Information on Citadele website is provided in English and Latvian. Announcements on Nasdaq Baltics news exchange system is published in Latvian and English.

Legend

- Criteria met
- Criteria not met
- Criteria partly met – not all Annex #1 information published on web page



Annex #1: Information to Be Published on the Company Website

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Company	Information about the company		
	Information about the company's strategic objectives		
	Articles of association of the company		
	Information on the corporate governance structure of the company		
	Company Code of Internal Culture and Ethics		
	Key company policies in accordance with Annex No. 2		See page 23
Shareholders and beneficial owners	Information on the company's shareholders holding at least 5% of the share capital		
	Information on the beneficial owners of the company (incl. the date when information was prepared)		See Annual Report
	Number of company's issued, paid-up and voting shares, bonds or other financial instruments		See Annual Report
Supervisory board and management board	Regulations of the management board and the supervisory board		
	Information on each supervisory board and management board member		
	Information on independent supervisory board members		
	Remuneration policy of the management board and the supervisory board and remuneration report		
	Information on the selection (nomination) process of the management board and the supervisory board		
	Information on supervisory board committees and the audit committee		
Financial and non-financial reports and information	Company's financial statements and reports for at least 3 last financial years		
	The company's non-financial (Sustainability) reports for at least 3 last financial years		
	Corporate governance reports		
	Company's financial calendar or other calendar of significant and planned communication events		
Information for shareholders and investors	Information on the planned shareholders' meetings		
	Information on held shareholders' meetings		
	Company's dividend policy and information on dividends paid		See page 20 and Annual Report
	Information on transactions of related parties		See Annual Report
	Announcements published by the company and relevant information for investors		
	Contacts of the investor relations person (if any)		

Legend

- Criteria met
- Criteria not met
- Criteria partly met



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Annex #2: Key company policies

Key policies included in corporate governance principles or criteria:	Risk Management Policy		
	Remuneration Policy		Remuneration Policy is included in Remuneration Report
	Dividend Policy		See page 20 and Annual Report
Other key policies mentioned in the corporate governance code:	Internal Audit Policy		
	Conflict of Interest Prevention Policy		
	Information Disclosure, Circulation and Privacy policy		
	Whistleblowing Policy		Part of Citadele's Code of Ethics
	Sustainability Policy		
	Fair Competition Implementation Policy		
Essential compliance policies	Diversity Policy		
	Business Partner Due Diligence Policy		
	Sanctions Risk Management Policy		
	Personal Data Processing Policy		

Legend

- Criteria met
- Criteria not met
- Criteria partly met - policy in place, but not published

