

AS Citadele banka

Risk management and capital adequacy report (pillar 3 disclosures)

For the twelve months ended
31 December 2021

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CONTENTS

Pillar 3 disclosures

- 3 Introduction
- 3 Consolidation Group
- 6 Risk Management
- 7 Capital Adequacy Calculation
- 8 Own Funds
- 15 Credit Risk and credit risk mitigation (CRM)
- 22 Counterparty credit risk
- 23 Leverage Ratio
- 27 Market risk
- 28 Liquidity risk
- 30 Operational risk

Other regulatory disclosures

- 34 Exposures, which were subject to support measures in response to Covid-19

INTRODUCTION

This report provides interim update on the qualitative and quantitative disclosures on the major risks of operations of AS Citadele banka and its risk management objectives, policies and information on capital adequacy as required by part eight of the Regulation (EU) No 575/2013 "On prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012", requirements of the Financial and Capital Market Commission (FCMC) and other relevant regulations.

This report should be read in conjunction with the latest annual report, the relevant quarterly financial statements, the report on remuneration policy and the statement on corporate governance as certain important information is disclosed in these reports and is not repeated in this report. These reports are available at www.cblgroup.com.

Refer to the separate report on remuneration policy for disclosures on remuneration prepared in accordance with the requirements of Articles 74(3) and 75(2) of Directive 2013/36/EU and Article 450 of Regulation (EU) No 575/2013, guidelines of European Banking Authority (including EBA/GL/2021/04), regulations of FCMC and other relevant rules.

AS Citadele banka has subsidiaries, which are financial institutions, thus it needs to comply with the capital adequacy, liquidity coverage ratio (LCR), Net stable funding ratio (NSFR), leverage ratio (LR) and other regulatory requirements both at the Bank's standalone level and at the Group's consolidated level. However, in line with the pillar 3 disclosure requirements information in the Risk report is disclosed only at the Group's consolidated level. For key information on the Bank standalone refer to the latest annual report and the relevant quarterly financial statements.

All monetary figures in this report are presented in thousands of Euros (EUR 000's). If not specified otherwise, all figures represent amounts as of period end.

CONSOLIDATION GROUP

AS Citadele banka (thereon – the Bank), registration number 40103303559, is the parent company of the Group. In the consolidation group for regulatory purposes (thereon – the Group) companies are included as per requirements of Regulation (EU) No 575/2013, while in the consolidation group for the accounting purposes companies are included in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

| a | b | c-g | h |
|--|------------------------------------|------------------------------------|-------------------------------|
| Name of the entity | Method of accounting consolidation | Method of regulatory consolidation | Description of the entity |
| AS Citadele banka | Full consolidation | Full consolidation | Banking |
| Kaleido Privatbank AG | Full consolidation | Full consolidation | Banking |
| SIA Citadele Leasing | Full consolidation | Full consolidation | Leasing |
| SIA Citadele Factoring | Full consolidation | Full consolidation | Leasing and factoring |
| OU Citadele Factoring | Full consolidation | Full consolidation | Leasing and factoring |
| UAB Citadele Factoring | Full consolidation | Full consolidation | Leasing and factoring |
| IPAS CBL Asset Management | Full consolidation | Full consolidation | Investment management company |
| AS CBL Atklātais Pensiju Fonds | Full consolidation | Full consolidation | Pension fund |
| SIA Mobilly | Equity method | Equity method | Electronic money institution |
| Calenia Investments Limited (liquidated in 2021) | Full consolidation | Full consolidation | Support services |
| OOO Mizush Asset Management Ukraina (in liquidation) | Full consolidation | Full consolidation | Investment management company |
| SIA Citadeles moduļi | Full consolidation | Full consolidation | Support services |
| SIA Hortus Land (liquidated in 2021) | Full consolidation | Full consolidation | Support services |
| SIA Hortus Residential | Full consolidation | Full consolidation | Support services |
| SIA CL Insurance Broker | Full consolidation | Full consolidation | Support services |
| AAS CBL Life | Full consolidation | Deducted | Life insurance |

There are no immediate or foreseeable legal obstacles for capital element transferability or liability repayment between the Group's parent company and its subsidiaries.

In certain jurisdictions all profits may not be paid out in dividends. In other jurisdictions specific part from accumulated profits has to be set aside for reserves. These reserves are freely available to the respective company for unlimited and immediate use to cover risks or losses, when such are incurred. For certain Group's earnings tax on capital distribution applies. For more details refer to the latest annual report.

EU LIA – Explanations of differences between accounting and regulatory exposure amounts

| Legal basis | Row number | Qualitative information |
|-----------------------|------------|--|
| Article 436(b) CRR | | The consolidation Group for regulatory purposes is different from the consolidation Group for the accounting purposes. As per regulatory requirements AAS CBL Life, a licensed insurer, is not included in the consolidation 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. |
| Article 436(b) CRR | (a) | The differences between the amounts in columns (a) and (b) in EU LI1 proceed from different consolidation rules in the regulatory and accounting consolidations with regard to AAS CBL Life. |
| Article 436(d) CRR | (b) | Carrying values under the regulatory scope of consolidation are different to accounting consolidation for items subject to market risk and other specific risks due to differences in regulatory requirements. |

EU LI1 – Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

| | a | b | c | d | e | f | g |
|---|---|---|--------------------------------------|------------------------------|---|--------------------------------------|--|
| | Carrying values of items | | | | | | |
| | Carrying values as reported in published financial statements | Carrying values under scope of prudential consolidation | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from own funds |
| Assets | | | | | | | |
| Cash and cash balances at central banks | 371,025 | 371,025 | 371,025 | - | - | - | - |
| Loans to credit institutions | 58,742 | 55,541 | 55,541 | - | - | - | - |
| Debt securities | 1,801,720 | 1,753,276 | 1,753,276 | - | - | - | - |
| Loans to public | 2,701,509 | 2,701,509 | 2,701,509 | - | - | 7,259 | - |
| Equity instruments | 1,279 | 1,279 | 1,279 | - | - | - | - |
| Other financial instruments | 42,032 | 7,400 | 7,400 | - | - | - | - |
| Derivatives | 4,303 | 4,303 | - | 4,303 | - | 4,303 | - |
| Investments in subsidiaries | 279 | 4,548 | 4,548 | - | - | - | - |
| Tangible assets | 20,444 | 20,444 | 20,444 | - | - | - | - |
| Intangible assets | 8,562 | 8,556 | 4,242 | - | - | - | 4,314 |
| Current income tax assets | 1,927 | 1,927 | 1,927 | - | - | - | - |
| Deferred income tax assets | 2,676 | 2,676 | - | - | - | - | 2,676 |
| Non-current assets held for sale | 946 | 946 | 946 | - | - | - | - |
| Other assets | 39,117 | 38,524 | 38,524 | - | - | - | - |
| Total assets | 5,054,561 | 4,971,954 | 4,960,661 | 4,303 | - | 11,562 | 6,990 |
| Liabilities | | | | | | | |
| Deposits from credit institutions and central banks | 479,235 | 479,235 | - | - | - | - | 479,235 |
| Deposits and borrowings from customers | 3,813,863 | 3,777,860 | - | - | - | - | 3,777,860 |
| Debt securities issued | 258,895 | 258,895 | - | - | - | - | 258,895 |
| Derivatives | 739 | 739 | - | 739 | - | 739 | - |
| Provisions | 3,934 | 3,934 | 3,934 | - | - | - | - |
| Current income tax liabilities | 197 | 197 | - | - | - | - | 197 |
| Deferred income tax liabilities | 376 | 376 | - | - | - | - | 376 |
| Other liabilities | 100,247 | 56,097 | - | - | - | - | 56,097 |
| Total liabilities | 4,657,486 | 4,577,333 | 3,934 | 739 | - | 739 | 4,572,660 |
| Equity | | | | | | | |
| Share capital | 156,888 | 156,888 | - | - | - | - | 156,888 |
| Reserves and other capital components | 7,320 | 6,946 | - | - | - | - | 6,946 |
| Retained earnings | 232,867 | 230,786 | - | - | - | - | 230,786 |
| Total equity | 397,075 | 394,620 | - | - | - | - | 394,620 |
| Total liabilities and equity | 5,054,561 | 4,971,953 | 3,934 | 739 | - | 739 | 4,967,280 |

EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

| | a | b | c | | | e |
|--|------------------|-----------------------|------------------|--------------------------|-----------------------|---|
| | | | Items subject to | | | |
| | Total | Credit risk framework | CCR framework | Securitisation framework | Market risk framework | |
| 1 Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1) | 4,971,954 | 4,960,661 | 4,303 | - | 11,562 | |
| 2 Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1) | (4,573) | (3,834) | (739) | - | (739) | |
| 3 Total net amount under the regulatory scope of consolidation | 4,967,381 | 4,956,827 | 3,564 | - | 10,823 | |
| 4 Off-balance-sheet amounts | 422,208 | 422,208 | - | - | - | |
| 5 Differences in valuations | - | - | - | - | - | |
| 6 Differences due to different netting rules, other than those already included in row 2 | - | - | - | - | - | |
| 7 Differences due to consideration of provisions | - | - | - | - | - | |
| 8 Differences due to prudential filters | - | - | - | - | - | |
| 9 Differences due to credit conversion factors | (282,684) | (283,423) | - | - | - | |
| 11a IFRS 9 transitional provisions and similar | 2,847 | 2,847 | - | - | - | |
| 11b Original exposure method (for derivatives) | 18,925 | - | 18,925 | - | - | |
| 11c Other | (49) | (49) | - | - | - | |
| 10 Exposure amounts considered for regulatory purposes | 5,128,628 | 5,098,410 | 22,489 | - | 10,823 | |

GOVERNANCE

In order to ensure that the Bank's Supervisory Board and Management Board members and key function holders are suitable for their position and represent diversity, the Bank has developed internal regulation "AS Citadele banka's policy on the assessment of the suitability of members of the Supervisory Board and Management Board and key function holders".

The policy has been developed in accordance with the Credit Institution Law of the Republic of Latvia and the recommendations of the FCMC. The policy is reviewed and if necessary updated regularly.

The policy prescribes the procedure and the frequency of the assessment of the suitability of members of the Bank's Supervisory Board and Management Board and key function holders, as well as procedure for decision making on the suitability.

The initial suitability assessment is performed when a new member is nominated to the Bank's Supervisory Board or Management Board prior to his/her election or prior to the date of commencement of his/her duties, but not later than within 6 weeks after the election of the member of the Supervisory Board or the Management Board.

The reassessment of suitability is performed in the following cases:

- During the annual assessment of the suitability of a member of the Supervisory Board or the Management Board,
- If a member of the Supervisory Board or the Management Board is re-elected to his/her position,
- If changes are made to the responsibilities of a member of the Supervisory Board or the Management Board or in the competences required to carry out such responsibilities,
- If there is a doubt about the reliability, competence or reputation of a member of the Supervisory Board or the Management Board.

The suitability assessment is performed considering the overall composition of the Supervisory Board and the Management Board, as well as the knowledge and competence collectively necessary for the Supervisory Board and the Management Board, awareness and personal qualities in order to properly carry out the duties assigned to the members of the Supervisory Board in relation to the supervision of the Management Board activities and to the Management Board in relation to the Group's operational management.

The suitability assessment of the members of the Supervisory Board and the Management Board is performed by the Remuneration and Nomination Committee. The Supervisory Board approves the composition and also regulations of this committee. The suitability assessment of key function holders is performed by a special committee. The Management Board approves the composition and also regulations of this committee.

Each member of the Management Board is responsible for a specific scope of the Group operations. The suitability assessment process ensures that members of the Management Board have adequate level of necessary knowledge and competence in relation to specific scope of operations of the Group under responsibility of each member of the Management Board, as well adequate necessary collective knowledge and competence.

RISK MANAGEMENT

The Group considers risk management to be an essential component of its management process. The Group believes that it pursues prudent risk management policies that are aligned with its business and which aim to achieve effective risk mitigation. In order to assess and monitor complex risk exposures, the Group applies a wide range of risk management tools in conjunction with risk committees. Members of risk committees represent key operations of the Group in order to balance business and risk orientation within respective risk committees. 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;
- The 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, successful development, long-term financial stability and to protect the Group from unidentified risks. Risk management within the Group is controlled by an independent unit – the Risk Sector.

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 continuously assesses and controls risks – both on an individual basis by type of risk and by performing a comprehensive assessment within the internal capital adequacy assessment process (ICAAP). Each member of the Group is responsible for risk control and management. Each employee of the Group is responsible for the compliance with the principles set out in the Group's internal regulations.

Risk management process includes the following elements: risk identification, risk assessment and decision making, risk management and control, risk monitoring and reporting. The Group regularly, at least once a year, identifies and describes the types of material risks inherent in its operations by assessing what types of risks may have a negative impact on achieving its performance targets and projected financial results. In order to identify the types of material risks, quantitative and qualitative criteria are used and the results of the process are documented. For all types of identified material risks the aims of risk management are defined and risk appetite is determined. In addition, the development of internal regulations in relation to risk management of those risks is ensured, including risk identification and assessment methods, adequate risk restriction and control procedures, such as quantitative restrictions and limits, or control measures that reduce unquantifiable risks, risk appetite, procedures for reporting the information on risks, risk levels assumed and trends thereof to the Group's management bodies, as well as other information necessary for decision making, risk management policy and control procedures, including procedures for control of compliance with the restrictions and limits set, segregation of duties, approval rights and responsibilities.

Risk assessment and decision making include selection, approval and documentation of risk assessment methodology, regular risk assessment, establishment of the risk restriction and controlling system and setting the acceptable level of risks within this system, decision making on assuming the risks. Risk assessment includes the determination of qualitative and quantitative impact of the source of each identified risk using generally accepted methodology, which is adequately documented. The Group makes a decision in relation to each identified and assessed risk, whether the Group accepts such risk or takes the necessary measures for its mitigation, or ceases activities related to this risk. The Group does not assume risks with the impact exceeding the risk appetite determined for each respective type of risk regardless of the economic benefits that might result from assuming such risk.

Risk management and control include the compliance with the level of risk acceptable for the Group including the compliance with the limits restricting the amount of risk. Monitoring and reporting includes regular assessment of the existing level of risk against the desirable level of risk, trend analysis, regular reporting to the relevant unit heads, the Bank's Management Board and the Supervisory Board.

The integral part of the risk management is risk stress testing. Stress testing process ensures regular identification and assessment of risks inherent to the Group's current and future operations, as well as assessment of the impact of different extraordinary and adverse events on the Group's operations, in order to provide support to responsible employees of the Group in management decision-making process at different levels of management (e.g. strategic planning, determination and correction of the risk appetite, capital planning, liquidity management).

The Group's Internal Audit Division regularly monitors the implementation of risk management policies and other internal regulations, as well as provides recommendations regarding improvements of the risk management system.

CAPITAL ADEQUACY CALCULATION

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, the Financial and Capital Markets Commission's (FCMC) rules and other relevant regulations.

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 FCMC's assessment an additional 2.30% capital requirement (TSCR) for the Group and the Bank is determined to cover pillar 2 risks. As of the period end the Bank and the Group is required to cover 56.25% of the TSCR with Common Equity Tier 1 capital (1.29% capital requirement), 75% with Tier 1 capital (1.73% capital requirement) and 100% with Total Capital (2.30% capital requirement). From 1 March 2022 an updated pillar 2 capital requirement of 2.5% applies.

On top of the minimum capital adequacy ratios and the pillar 2 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 buybacks, if the buffer threshold is not exceeded.

Citadele, being identified as "other systemically important institution" (O-SII), must also comply with the O-SII capital buffer requirement set by the FCMC 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. In reaction to the Covid-19 events most European countercyclical capital buffer requirements were decreased to 0%. Therefore, based on the regional distribution of the Group's exposures the effective countercyclical capital buffer requirement of the Group has decreased to almost 0%.

The Group and the Bank applies requirements of minimum loss coverage for non-performing exposures in line with FCMC regulations for the exposures originated until 25 April 2019, and in line with a regulation (EU) 2019/630 for exposures originated starting from 26 April 2019. The minimum loss coverage calculation is mathematically simplistic "calendar based" calculation for non-performing exposures, which is constructed on the principle - the longer an exposure has been non-performing, the lower the probability for the recovery of its value. Therefore, the portion of the exposure that should be covered by provisions, impairments, other adjustments or deductions should increase with time, following a pre-defined calendar. Insufficient coverage for non-performing exposures is deductible from the regulatory capital. Due to the Group's provisioning policy and portfolio structure, the regulation of minimum loss coverage for non-performing exposures has had minor impact on the Group's capital adequacy position.

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 FCMC's 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 of the Group on 31 December 2021

| | 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% |
| Additional Tier 1 ratio | - | 1.50% | 1.50% |
| Additional total capital ratio | - | - | 2.00% |
| Individual TSCR, as determined by the FCMC (pillar 2 capital requirement) | 1.29% | 1.73% | 2.30% |
| Capital buffer requirements: | | | |
| Capital conservation buffer | 2.50% | 2.50% | 2.50% |
| O-SII capital buffer | 1.50% | 1.50% | 1.50% |
| Countercyclical capital buffer | 0.00% | 0.00% | 0.00% |
| Capital requirement | 9.79% | 11.73% | 14.30% |

Capital adequacy ratio (including audited 12m 2021 profits)

| | EUR thousands | |
|--|---------------------|---------------------|
| | 31/12/2021 Group | 31/12/2020 Group |
| Common Equity Tier 1 capital | | |
| Paid up capital instruments | 157,127 | 156,556 |
| Retained earnings | 230,786 | 176,651 |
| Regulatory deductions | (8,255) | (5,599) |
| Other capital components and transitional adjustments, net | 9,634 | 13,405 |
| Tier 2 capital | | |
| Eligible part of subordinated liabilities | 60,000 | 60,000 |
| Total own funds | 449,292 | 401,013 |

| | | |
|--|------------------|------------------|
| Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk | 2,164,268 | 1,340,639 |
| Total exposure amounts for position, foreign currency open position and commodities risk | 10,916 | 13,690 |
| Total exposure amounts for operational risk | 206,624 | 187,358 |
| Total exposure amounts for credit valuation adjustment | 4,592 | 933 |
| Total risk exposure amount | 2,386,400 | 1,542,620 |
| Total Capital adequacy ratio | 18.8% | 26.0% |
| Common Equity Tier 1 capital ratio | 16.3% | 22.1% |

Transitional adjustments applied as of 31 December 2021

Capital adequacy calculation in accordance with the EU and the FCMC regulations permits transitional adjustments. The regulatory compliance is measured based on the transitional capital adequacy ratio. For transparency purposes the fully loaded capital adequacy ratio (i.e., excluding transitional adjustments) is also disclosed. The expectation is that in the medium term the transitional capital adequacy ratio will converge with the fully loaded capital adequacy ratio, as the transitional provisions expire.

Most of the transitional provisions, if applied, allow for a favourable treatment of specific capital components or risk exposure items, resulting in a marginal improvement in the capital adequacy ratios. Application of the transitional provisions is mostly discretionary. An application decision is evaluated in the context of estimated positive impact on the capital adequacy ratio versus the resources required to develop the systems and the processes to implement each transitional provision.

The transitional provisions that the Group and the Bank has applied for the period end capital adequacy calculations:

The regulation (EU) 2017/2395 which permits specific proportion of the IFRS 9 implementation impact to be amortised over a five-year period (starting from 2018) for capital adequacy calculation purposes.

All other transitional provisions for which the Group and the Bank is eligible are not applied as of the period end and are still in the assessment phase, implementation phase or have been decided not to be implemented.

Fully loaded capital adequacy ratio (i.e. excluding transitional adjustments, including net result for the period)

| | EUR thousands | |
|---|------------------|------------------|
| | 31/12/2021 | 31/12/2020 |
| | Group | Group |
| Common Equity Tier 1 capital, fully loaded | 386,366 | 336,917 |
| Tier 2 capital | 60,000 | 60,000 |
| Total own funds, fully loaded | 446,366 | 396,917 |
| Total risk exposure amount, fully loaded | 2,383,981 | 1,539,013 |
| Total Capital adequacy ratio, fully loaded | 18.7% | 25.8% |
| Common Equity Tier 1 capital ratio, fully loaded | 16.2% | 21.9% |

OWN FUNDS

The capital of AS Citadele banka consists of two types of instruments – ordinary shares and subordinated debt securities issued. For more information on the bondholders and shareholders of the Bank refer to the latest annual report.

EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

| | | Ordinary shares | Subordinated liabilities: Publicly listed unsecured bonds | Subordinated liabilities: Publicly listed unsecured bonds |
|-------|---|----------------------|---|---|
| 1 | Issuer | AS Citadele banka | AS Citadele banka | AS Citadele banka |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | - | LV0000880102 | LV0000880011 |
| 2a | Public or private placement | Private placement | Public placement | Public placement |
| 3 | Governing law(s) of the instrument | Latvia | Latvia | Latvia |
| 3a | Contractual recognition of write down and conversion powers of resolution authorities | According to law | Yes | Yes |
| | Regulatory treatment | | | |
| 4 | Current treatment taking into account, where applicable, transitional CRR rules | Common Equity Tier 1 | Tier 2 | Tier 2 |
| 5 | Post-transitional CRR rules | Common Equity Tier 1 | Tier 2 | Tier 2 |
| 6 | Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated | Solo & consolidated | Solo & consolidated | Solo & consolidated |
| 7 | Instrument type (types to be specified by each jurisdiction) | Ordinary shares | Subordinated liabilities | Subordinated liabilities |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | EUR 156.8 million | EUR 40.0 million | EUR 20.0 million |
| 9 | Nominal amount of instrument | EUR 156.8 million | EUR 40.0 million | EUR 20.0 million |
| EU-9a | Issue price | EUR 156.8 million | EUR 40.0 million | EUR 20.0 million |
| EU-9b | Redemption price | - | EUR 40.0 million | EUR 20.0 million |
| 10 | Accounting classification | Shareholders' Equity | Liabilities at amortised cost | Liabilities at amortised cost |
| 11 | Original date of issuance | Various | 13/12/2021 | 24/11/2017 |
| 12 | Perpetual or dated | Perpetual | Dated | Dated |
| 13 | Original maturity date | No Maturity | 13/12/2031 | 24/11/2027 |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | Yes |

| | | | | |
|----------------------------|---|---|--|--|
| 15 | Optional call date, contingent call dates and redemption amount | - | Optional redemption after five years from issuance | Optional redemption after five years from issuance |
| 16 | Subsequent call dates, if applicable | - | - | - |
| Coupons / dividends | | | | |
| 17 | Fixed or floating dividend/coupon | - | Fixed | Fixed |
| 18 | Coupon rate and any related index | - | 5.00% | 5.50% |
| 19 | Existence of a dividend stopper | - | - | - |
| EU-20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Discretionary | Fixed | Fixed |
| EU-20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Discretionary | Fixed | Fixed |
| 21 | Existence of step up or other incentive to redeem | - | - | - |
| 22 | Noncumulative or cumulative | Non-cumulative | Non-cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | Non-Convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | - | - | - |
| 25 | If convertible, fully or partially | - | - | - |
| 26 | If convertible, conversion rate | - | - | - |
| 27 | If convertible, mandatory or optional conversion | - | - | - |
| 28 | If convertible, specify instrument type convertible into | - | - | - |
| 29 | If convertible, specify issuer of instrument it converts into | - | - | - |
| 30 | Write-down features | No | No | No |
| 31 | If write-down, write-down trigger(s) | - | - | - |
| 32 | If write-down, full or partial | - | - | - |
| 33 | If write-down, permanent or temporary | - | - | - |
| 34 | If temporary write-down, description of write-up mechanism | - | - | - |
| 34a | Type of subordination (only for eligible liabilities) | Settlement after all subordinated and unsubordinated claims | Settlement after unsubordinated claims, but before claims of shareholders | Settlement after unsubordinated claims, but before claims of shareholders |
| EU-34b | Ranking of the instrument in normal insolvency proceedings | Settlement after all subordinated and unsubordinated claims | Settlement after unsubordinated claims, but before claims of shareholders | Settlement after unsubordinated claims, but before claims of shareholders |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Settlement after all subordinated and unsubordinated claims | Settlement after unsubordinated claims, but before claims of shareholders | Settlement after unsubordinated claims, but before claims of shareholders |
| 36 | Non-compliant transitioned features | No | No | No |
| 37 | If yes, specify non-compliant features | - | - | - |
| 37a | Link to the full term and conditions of the instrument (signposting) | - | Refer to "Bonds" section at www.cblgroup.com | Refer to "Bonds" section at www.cblgroup.com |

EU CC1 - Composition of regulatory own funds

| | | (a) | (b) |
|--|--|----------------|--|
| | | Amounts | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| Common Equity Tier 1 (CET1) capital: instruments and reserves | | | |
| 1 | Capital instruments and the related share premium accounts of which: Instrument type 1 | 157,127 | Line E01 in template EU CC2 |
| | | 157,127 | Line E01 in template EU CC2 |
| 2 | Retained earnings | 176,983 | Part of line E03 in template EU CC2 |
| 3 | Accumulated other comprehensive income (and other reserves) | 6,707 | Part of line E02 in template EU CC2 |
| EU-3a | Funds for general banking risk | - | |
| 4 | Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1 | - | |
| 5 | Minority interests (amount allowed in consolidated CET1) | - | |
| EU-5a | Independently reviewed interim profits net of any foreseeable charge or dividend | 53,803 | |
| 6 | Common Equity Tier 1 (CET1) capital before regulatory adjustments | 394,621 | |
| Common Equity Tier 1 (CET1) capital: regulatory adjustments | | | |
| 7 | Additional value adjustments (negative amount) | (306) | |
| 8 | Intangible assets (net of related tax liability) (negative amount) | (4,314) | Part of line A10 in template EU CC2 |
| 9 | Empty set in the EU | - | |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount) | (2,676) | Line A12 in template EU CC2 |
| 11 | Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value | - | |
| 12 | Negative amounts resulting from the calculation of expected loss amounts | - | |
| 13 | Any increase in equity that results from securitised assets (negative amount) | - | |
| 14 | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing | - | |
| 15 | Defined-benefit pension fund assets (negative amount) | - | |
| 16 | Direct and indirect holdings by an institution of own CET1 instruments (negative amount) | - | |
| 17 | Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross | - | |

| | | | |
|--------|---|----------------|-------------------------------------|
| | holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | | |
| 18 | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | - | |
| 19 | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | - | |
| 20 | Empty set in the EU | - | |
| EU-20a | Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative | - | |
| EU-20b | of which: qualifying holdings outside the financial sector (negative amount) | - | |
| EU-20c | of which: securitisation positions (negative amount) | - | |
| EU-20d | of which: free deliveries (negative amount) | - | |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount) | - | |
| 22 | Amount exceeding the 17,65% threshold (negative amount) | - | |
| 23 | of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities | - | |
| 24 | Empty set in the EU | - | |
| 25 | of which: deferred tax assets arising from temporary differences | - | |
| EU-25a | Losses for the current financial year (negative amount) | - | |
| EU-25b | Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount) | - | |
| 26 | Empty set in the EU | - | |
| 27 | Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount) | - | |
| 27a | Other regulatory adjustments (including IFRS 9 transitional adjustments when relevant) | 1,967 | |
| 28 | Total regulatory adjustments to Common Equity Tier 1 (CET1) | (5,329) | |
| 29 | Common Equity Tier 1 (CET1) capital | 389,292 | |
| | Additional Tier 1 (AT1) capital: instruments | | |
| 30 | Capital instruments and the related share premium accounts | - | |
| 31 | of which: classified as equity under applicable accounting standards | - | |
| 32 | of which: classified as liabilities under applicable accounting standards | - | |
| 33 | Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR | - | |
| EU-33a | Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1 | - | |
| EU-33b | Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1 | - | |
| 34 | Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties | - | |
| 35 | of which: instruments issued by subsidiaries subject to phase out | - | |
| 36 | Additional Tier 1 (AT1) capital before regulatory adjustments | - | |
| | Additional Tier 1 (AT1) capital: regulatory adjustments | | |
| 37 | Direct and indirect holdings by an institution of own AT1 instruments (negative amount) | - | |
| 38 | Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | - | |
| 39 | Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | - | |
| 40 | Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount) | - | |
| 41 | Empty set in the EU | - | |
| 42 | Qualifying T2 deductions that exceed the T2 items of the institution (negative amount) | - | |
| 42a | Other regulatory adjustments to AT1 capital | - | |
| 43 | Total regulatory adjustments to Additional Tier 1 (AT1) capital | - | |
| 44 | Additional Tier 1 (AT1) capital | - | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 389,292 | |
| | Tier 2 (T2) capital: instruments | | |
| 46 | Capital instruments and the related share premium accounts | 60,000 | Part of line L03 in template EU CC2 |
| 47 | Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR | - | |
| EU-47a | Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2 | - | |
| EU-47b | Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2 | - | |

| | | |
|--|--|------------------|
| 48 | Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties | - |
| 49 | of which: instruments issued by subsidiaries subject to phase out | - |
| 50 | Credit risk adjustments | - |
| 51 | Tier 2 (T2) capital before regulatory adjustments | 60,000 |
| Tier 2 (T2) capital: regulatory adjustments | | |
| 52 | Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount) | - |
| 53 | Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | - |
| 54 | Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | - |
| 54a | Empty set in the EU | - |
| 55 | Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount) | - |
| 56 | Empty set in the EU | - |
| EU-56a | Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount) | - |
| 56b | Other regulatory adjustments to T2 capital | - |
| 57 | Total regulatory adjustments to Tier 2 (T2) capital | - |
| 58 | Tier 2 (T2) capital | 60,000 |
| 59 | Total capital (TC = T1 + T2) | 449,292 |
| 60 | Total risk exposure amount | 2,386,400 |
| Capital ratios and buffers | | |
| 61 | Common Equity Tier 1 (as a percentage of total risk exposure amount) | 16.3% |
| 62 | Tier 1 (as a percentage of total risk exposure amount) | 16.3% |
| 63 | Total capital (as a percentage of total risk exposure amount) | 18.8% |
| 64 | Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount | 9.8% |
| 65 | of which: capital conservation buffer requirement | 2.5% |
| 66 | of which: countercyclical buffer requirement | 0.0% |
| 67 | of which: systemic risk buffer requirement | 0.0% |
| EU-67a | of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer | 1.5% |
| 68 | Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount) | 0.0% |
| 69 | [non relevant in EU regulation] | - |
| 70 | [non relevant in EU regulation] | - |
| 71 | [non relevant in EU regulation] | - |
| Amounts below the thresholds for deduction (before risk weighting) | | |
| 72 | Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | 274 |
| 73 | Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions) | 4,269 |
| 74 | Empty set in the EU | - |
| 75 | Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met) | - |
| Applicable caps on the inclusion of provisions in Tier 2 | | |
| 76 | Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap) | - |
| 77 | Cap on inclusion of credit risk adjustments in T2 under standardised approach | - |
| 78 | Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) | - |
| 79 | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach | - |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022) | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | - |
| 77 | Cap on inclusion of credit risk adjustments in T2 under standardised approach | - |
| 78 | Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) | - |

| | | |
|--|--|---|
| 79 | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach | - |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022) | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | - |

* The national 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 FCMC. The Group is required to cover 56% of the TSCR with Common Equity Tier 1 capital, 75% with Tier 1 capital and 100% with Total Capital.

EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

| | a | b | c | |
|-----------------------------|--|---|------------------|--------------------------------------|
| | Balance sheet as in published financial statements 31/12/2021 | Under regulatory scope of consolidation 31/12/2021 | Reference | |
| Assets | | | | |
| A01 | Cash and cash balances at central banks | 371,025 | 371,025 | |
| A02 | Loans to credit institutions | 58,742 | 55,541 | |
| A03 | Debt securities | 1,801,720 | 1,753,276 | |
| A04 | Loans to public | 2,701,509 | 2,701,509 | |
| A05 | Equity instruments | 1,279 | 1,279 | |
| A06 | Other financial instruments | 42,032 | 7,400 | |
| A07 | Derivatives | 4,303 | 4,303 | |
| A08 | Investments in subsidiaries | 279 | 4548 | |
| A09 | Tangible assets | 20,444 | 20,444 | |
| A10 | Intangible assets | 8,562 | 8,556 | Partially line 8 in template EU CC1 |
| A11 | Current income tax assets | 1927 | 1927 | |
| A12 | Deferred income tax assets | 2,676 | 2,676 | Line 10 in template EU CC1 |
| A13 | Non-current assets held for sale | 946 | 946 | |
| A14 | Other assets | 39,117 | 38,524 | |
| AA | Total assets | 5,054,561 | 4,971,954 | |
| Liabilities | | | | |
| L01 | Deposits from credit institutions and central banks | 479,235 | 479,235 | |
| L02 | Deposits and borrowings from customers | 3,813,863 | 3,777,860 | |
| L03 | Debt securities issued | 258,895 | 258,895 | Partially line 46 in template EU CC1 |
| L04 | Derivatives | 739 | 739 | |
| L05 | Provisions | 3,934 | 3,934 | |
| L06 | Current income tax liabilities | 197 | 197 | |
| L07 | Deferred income tax liabilities | 376 | 376 | |
| L08 | Other liabilities | 100,247 | 56,097 | |
| LL | Total liabilities | 4,657,486 | 4,577,333 | |
| Shareholders' Equity | | | | |
| E01 | Share capital | 156,888 | 156,888 | Line 1 in template EU CC1 |
| E02 | Reserves and other capital components | 7,320 | 6,946 | Partially line 3 in template EU CC1 |
| E03 | Retained earnings | 232,867 | 230,786 | Partially line 2 in template EU CC1 |
| EE | Total equity | 397,075 | 394,620 | |

EU KM1 - Key metrics template

| | a | b | c | d | e | |
|---|--|------------|------------|------------|------------|-----------|
| | 31/12/2021 | 30/09/2021 | 30/06/2021 | 31/03/2021 | 31/12/2020 | |
| Available own funds (amounts) | | | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 389,292 | 368,162 | 336,056 | 337,283 | 341,013 |
| 2 | Tier 1 capital | 389,292 | 368,162 | 336,056 | 337,283 | 341,013 |
| 3 | Total capital | 449,292 | 428,162 | 396,056 | 397,283 | 401,013 |
| Risk-weighted exposure amounts | | | | | | |
| 4 | Total risk-weighted exposure amount | 2,386,400 | 2,315,769 | 2,206,291 | 2,261,962 | 1,542,620 |
| Capital ratios (as a percentage of risk-weighted exposure amount) | | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 16.3% | 15.9% | 15.2% | 14.9% | 22.1% |
| 6 | Tier 1 ratio (%) | 16.3% | 15.9% | 15.2% | 14.9% | 22.1% |
| 7 | Total capital ratio (%) | 18.8% | 18.5% | 18.0% | 17.6% | 26.0% |
| Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount) | | | | | | |
| EU 7a | Additional CET1 SREP requirements (%) | 1.3% | 1.3% | 1.3% | 1.3% | 1.3% |
| EU 7b | Additional AT1 SREP requirements (%) | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| EU 7c | Additional T2 SREP requirements (%) | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| EU 7d | Total SREP own funds requirements (%) | 10.3% | 10.3% | 10.3% | 10.3% | 10.3% |
| Combined buffer requirement (as a percentage of risk-weighted exposure amount) | | | | | | |
| 8 | Capital conservation buffer (%) | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| EU 8a | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | - | - | - | - | - |
| 9 | Institution specific countercyclical capital buffer (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EU 9a | Systemic risk buffer (%) | - | - | - | - | - |
| 10 | Global Systemically Important Institution buffer (%) | - | - | - | - | - |
| EU 10a | Other Systemically Important Institution buffer | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| 11 | Combined buffer requirement (%) | 4% | 4.0% | 4.0% | 4.0% | 4.0% |
| EU 11a | Overall capital requirements (%) | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 6.0% | 5.6% | 4.9% | 4.6% | 11.8% |
| Leverage ratio | | | | | | |
| 13 | Leverage ratio total exposure measure | 5,129,628 | 4,975,079 | 4,854,261 | 4,733,548 | 4,621,881 |
| 14 | Leverage ratio | 7.6% | 7.4% | 6.9% | 7.1% | 7.4% |
| Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount) | | | | | | |
| EU 14a | Additional CET1 leverage ratio requirements (%) | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| EU 14b | Additional AT1 leverage ratio requirements (%) | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| EU 14c | Additional T2 leverage ratio requirements (%) | n/a | n/a | n/a | n/a | n/a |
| EU 14d | Total SREP leverage ratio requirements (%) | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| EU 14e | Applicable leverage buffer | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EU 14f | Overall leverage ratio requirements (%) | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Liquidity Coverage Ratio | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value - average) | 1,255,477 | 1,217,737 | 1,283,317 | 1,215,071 | 2,061,640 |
| EU 16a | Cash outflows - Total weighted value | 675,383 | 492,146 | 724,200 | 638,161 | 625,221 |
| EU 16b | Cash inflows - Total weighted value | 48,374 | 72,948 | 47,275 | 70,740 | 46,298 |
| 16 | Total net cash outflows (adjusted value) | 635,011 | 626,184 | 68,769 | 567,421 | 578,923 |
| 17 | Liquidity coverage ratio (%) | 198% | 194% | 187% | 214% | 356% |
| Net Stable Funding Ratio | | | | | | |
| 18 | Total available stable funding | 3,872,201 | 3,838,052 | 3,818,011 | - | - |
| 19 | Total required stable funding | 2,849,583 | 2,804,776 | 1,938,354 | - | - |
| 20 | NSFR ratio (%) | 136% | 137% | 197% | - | - |

EU 2017/2395, IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

| | 31/12/2021 | 30/09/2021 | 30/06/2021 | 31/03/2021 | 31/12/2020 | |
|---------------------------------------|--|------------|------------|------------|------------|-----------|
| Available capital (amounts) | | | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 389,292 | 336,056 | 336,056 | 337,283 | 341,013 |
| 2 | Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 386,366 | 333,130 | 333,130 | 334,357 | 336,917 |
| 3 | Tier 1 capital | 389,292 | 336,056 | 336,056 | 337,283 | 341,013 |
| 4 | Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 386,366 | 333,130 | 333,130 | 334,357 | 336,917 |
| 5 | Total capital | 449,292 | 396,056 | 396,056 | 397,283 | 401,013 |
| 6 | Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 446,366 | 393,130 | 393,130 | 394,357 | 396,917 |
| Risk-weighted assets (amounts) | | | | | | |
| 7 | Total risk-weighted assets | 2,386,400 | 2,206,291 | 2,206,291 | 2,261,962 | 1,542,620 |
| 8 | Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 2,383,981 | 2,203,802 | 2,203,802 | 2,259,426 | 1,539,012 |
| Capital ratios | | | | | | |
| 9 | Common Equity Tier 1 (as a percentage of risk exposure amount) | 16.3% | 15.2% | 15.2% | 14.9% | 22.1% |
| 10 | Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 16.2% | 15.1% | 15.1% | 14.8% | 21.9% |
| 11 | Tier 1 (as a percentage of risk exposure amount) | 16.3% | 15.2% | 15.2% | 14.9% | 22.1% |
| 12 | Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 16.2% | 15.1% | 15.1% | 14.8% | 21.9% |
| 13 | Total capital (as a percentage of risk exposure amount) | 18.8% | 18.0% | 18.0% | 17.6% | 26.0% |
| 14 | Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 18.7% | 17.8% | 17.8% | 17.5% | 25.8% |
| Leverage ratio | | | | | | |
| 15 | Leverage ratio total exposure measure | 5,129,628 | 4,854,261 | 4,854,261 | 4,733,548 | 4,621,881 |
| 16 | Leverage ratio | 7.6% | 6.9% | 6.9% | 7.1% | 7.4% |
| 17 | Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | 7.5% | 6.9% | 6.9% | 7.1% | 7.3% |

EU OV1 – Overview of total risk exposure amounts

| | RWAs | | Minimum capital requirements | |
|--------|---|------------------|------------------------------|----------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | |
| 1 | Credit risk (excluding CCR) | 2,145,262 | 1,337,282 | 171,621 |
| 2 | Of which the standardised approach | 2,145,262 | 1,337,282 | 171,621 |
| 3 | Of which the foundation IRB (FIRB) approach | - | - | - |
| 4 | Of which: slotting approach | - | - | - |
| EU 4a | Of which: equities under the simple risk weighted approach | - | - | - |
| 5 | Of which the advanced IRB (AIRB) approach | - | - | - |
| 6 | CCR | 23,598 | 4,290 | 1,888 |
| 7 | Of which the standardised approach | - | 3,357 | - |
| 8 | Of which internal model method (IMM) | - | - | - |
| EU 8a | Of which exposures to a CCP | - | - | - |
| EU 8b | Of which credit valuation adjustment - CVA | 4,592 | 933 | 367 |
| 9 | Of which other CCR | 19,006 | - | 1,520 |
| 15 | Settlement risk | - | - | - |
| 16 | Securitisation exposures in the non-trading book (after the cap) | - | - | - |
| 17 | Of which SEC-IRBA approach | - | - | - |
| 18 | Of which SEC-ERBA (including IAA) | - | - | - |
| 19 | Of which SEC-SA approach | - | - | - |
| EU 19a | Of which 1250% deduction | - | - | - |
| 20 | Position, foreign exchange and commodities risks (Market risk) | 10,916 | 13,690 | 873 |
| 21 | Of which the standardised approach | 10,916 | 13,690 | 873 |
| 22 | Of which IMA | - | - | - |
| EU 22a | Large exposures | - | - | - |
| 23 | Operational risk | 206,624 | 187,358 | 16,530 |
| EU 23a | Of which basic indicator approach | - | - | - |
| EU 23b | Of which standardised approach | 206,624 | 187,358 | 16,530 |
| EU 23c | Of which advanced measurement approach | - | - | - |
| 24 | Amounts below the thresholds for deduction (subject to 250% risk weight) | - | - | - |
| 29 | Total | 2,386,400 | 1,542,620 | 190,912 |

EU INS1 - Insurance participations

| | a | b |
|--|----------------|----------------------|
| | Exposure value | Risk exposure amount |
| 1 Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds | 4,269 | 10,672 |

EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio

| | a |
|--|------------|
| | 31/12/2021 |
| 1 Supplementary own fund requirements of the financial conglomerate (amount) | 279 |
| 2 Capital adequacy ratio of the financial conglomerate (%) | 279 |

CREDIT RISK AND CREDIT RISK MITIGATION (CRM)

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. The goal of credit risk management is to achieve a diversified asset portfolio, which generates profits that correspond to the assumed level of risk.

Credit risk management is based on an adequate assessment of a credit risk and a proper decision-making in relation to such risk. In cases when significant risk is to be undertaken, the credit risk analysis is performed by independent units of the Risk Sector. The credit risk analysis consists of an assessment of customer's creditworthiness and collateral quality and liquidity. The analysis of a legal entity's creditworthiness includes an assessment of the industry in which it operates, as well as an analysis of its credit history and current and forecasted financial situation. The assessment of a private individual's creditworthiness consists of the analysis of its credit history, income and debt-to-income ratio analysis, as well as an analysis of applicable social and demographic factors. In cases of material risks, lending decisions are 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, 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 or a fixed income security is acquired, the customer's financial position and the issuers' risk indicators, such as credit rating changes, are monitored on a regular basis in order to timely identify potential credit quality deterioration. The loan monitoring process covers monitoring of financial results, financial position and cash flows of the borrower, loan repayment discipline and assessment of collateral quality.

The Group reviews its loan portfolio and securities portfolio on a regular basis to assess its structure, quality and concentration levels, as well as to evaluate portfolio trends and to control credit 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, limit by customer type, loan product type, collateral type, intragroup transactions. Control of compliance with credit risk concentration limits, credit risk identification, monitoring and reporting is the responsibility of the Risk Sector.

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 liquidity and credit risks through short term derivatives that do not expose it to material counterparty risk.

EU CQ4: Quality of non-performing exposures by geography

| | a | | | | e | f | g | | | |
|-----|------------------------------------|--------------------------|---------------------|---------------------------------|------------------|-----------------|--------------|------------------------|---|---|
| | Gross carrying / Nominal amount | | | | | | | Accumulated impairment | Provisions on off-balance sheet commitments and financial guarantee given | Accumulated negative changes in fair value due to credit risk on non-performing exposures |
| | | of which: non-performing | of which: defaulted | of which: subject to impairment | | | | | | |
| 010 | On balance sheet exposures | 4,560,473 | 91,074 | 90,991 | 4,560,473 | (83,690) | n/a | - | | |
| 020 | Latvia | 1,803,915 | 32,536 | 32,536 | 1,803,915 | (31,672) | n/a | - | | |
| 030 | Lithuania | 1,648,053 | 18,791 | 18,791 | 1,648,053 | (19,188) | n/a | - | | |
| 040 | Estonia | 484,139 | 17,315 | 17,233 | 484,139 | (8,880) | n/a | - | | |
| 050 | United States | 92,071 | - | - | 92,071 | (109) | n/a | - | | |
| 060 | Poland | 72,548 | - | - | 72,548 | (38) | n/a | - | | |
| 070 | Other countries | 459,747 | 22,432 | 22,431 | 459,747 | (23,803) | n/a | - | | |
| 080 | Off balance sheet exposures | 422,208 | 436 | 436 | n/a | n/a | 3,834 | n/a | | |
| 090 | Latvia | 236,512 | 311 | 311 | n/a | n/a | 2,156 | n/a | | |
| 100 | Lithuania | 157,558 | 88 | 88 | n/a | n/a | 1,404 | n/a | | |
| 110 | Estonia | 23,790 | 37 | 37 | n/a | n/a | 200 | n/a | | |
| 120 | Russian Federation | 155 | - | - | n/a | n/a | 0 | n/a | | |
| 130 | Switzerland | 3,556 | - | - | n/a | n/a | 63 | n/a | | |
| 140 | Other countries | 637 | - | - | n/a | n/a | 11 | n/a | | |
| 150 | Total | 4,982,681 | 91,510 | 91,427 | 4,560,473 | (83,690) | 3,834 | - | | |

EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

| | a | | | | e | f | | |
|-----|---|--------------------------|---------------------|--|------------------|-----------------|------------------------|---|
| | Gross carrying amount | | | | | | Accumulated impairment | Accumulated negative changes in fair value due to credit risk on non-performing exposures |
| | | of which: non-performing | of which: defaulted | of which: loans and advances subject to impairment | | | | |
| 010 | Agriculture, forestry and fishing | 148,497 | 4,015 | 4,015 | 148,497 | (5,184) | - | |
| 020 | Mining and quarrying | 5,463 | - | - | 5,463 | (82) | - | |
| 030 | Manufacturing | 190,160 | 9,606 | 9,606 | 190,160 | (5,448) | - | |
| 040 | Electricity, gas, steam and air conditioning supply | 65,337 | 2,801 | 2,801 | 65,337 | (893) | - | |
| 050 | Water supply | 13,653 | 18 | 18 | 13,653 | (207) | - | |
| 060 | Construction | 136,358 | 5,121 | 5,121 | 136,358 | (3,307) | - | |
| 070 | Wholesale and retail trade | 191,533 | 2,132 | 2,132 | 191,533 | (4,619) | - | |
| 080 | Transport and storage | 203,594 | 22,306 | 22,223 | 203,594 | (11,733) | - | |
| 090 | Accommodation and food service activities | 45,003 | 11,233 | 11,233 | 45,003 | (2,062) | - | |
| 100 | Information and communication | 15,863 | 95 | 95 | 15,863 | (443) | - | |
| 110 | Real estate activities | 261,626 | 4,014 | 4,014 | 261,626 | (4,998) | - | |
| 120 | Financial and insurance activities | 6,334 | - | - | 6,334 | (115) | - | |
| 130 | Professional, scientific and technical activities | 42,640 | 279 | 279 | 42,640 | (1,090) | - | |
| 140 | Administrative and support service activities | 123,121 | 3,278 | 3,278 | 123,121 | (2,614) | - | |
| 150 | Public administration and defence, compulsory social security | 2,881 | - | - | 2,881 | (58) | - | |
| 160 | Education | 5,087 | 116 | 116 | 5,087 | (178) | - | |
| 170 | Human health services and social work activities | 14,195 | 120 | 120 | 14,195 | (304) | - | |
| 180 | Arts, entertainment and recreation | 8,091 | 1,289 | 1,289 | 8,091 | (250) | - | |
| 190 | Other services | 19,777 | 143 | 143 | 19,777 | (446) | - | |
| 200 | Total | 1,499,213 | 66,566 | 66,483 | 1,499,213 | (44,031) | - | |

EU CR1: Performing and non-performing exposures and related provisions

In template "EU CR1" the disclosed information on Non-performing exposures and Accumulated impairment do not reflect separate allocation of a purchased or originated credit-impaired financial assets' amount. Therefore, total amounts do not reconcile with related subsections.

| | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|--------------------------------------|-------------------|--------------------------|-------------------|--|-------------------|---|-------------------|-------------------------------|-------------------|-------------------------|-----------------------------|---|------------------|---------------|
| | Gross carrying amount/nominal amount | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | Collaterals and financial guarantees received | | |
| | Performing exposures | | Non-performing exposures | | Performing exposures - Accumulated impairment and provisions | | Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Accumulated partial write-off | | On performing exposures | On non-performing exposures | | | |
| | of which: stage 1 | of which: stage 2 | of which: stage 2 | of which: stage 3 | of which: stage 1 | of which: stage 2 | of which: stage 2 | of which: stage 3 | of which: stage 2 | of which: stage 3 | | | | | |
| 005 Cash balances at central banks and other demand deposits | 364,628 | 364,628 | - | - | - | - | (3) | (3) | - | - | - | - | - | - | - |
| 010 Loans and advances | 2,714,138 | 2,472,585 | 232,870 | 91,074 | - | 76,551 | (45,995) | (35,364) | (10,615) | (35,709) | - | (35,532) | (4,132) | 2,188,892 | 53,353 |
| 020 Central banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 030 General governments | 21,065 | 21,037 | 28 | - | - | - | (155) | (155) | - | - | - | - | - | 2,298 | - |
| 040 Credit institutions | 22,089 | 22,089 | - | - | - | - | (90) | (90) | - | - | - | - | - | 13 | - |
| 050 Other financial corporations | 19,832 | 16,416 | 3,416 | 141 | - | 138 | (229) | (174) | (55) | (42) | - | (42) | - | 8,950 | 99 |
| 060 Non-financial corporations | 1,432,647 | 1,244,617 | 179,677 | 66,566 | - | 52,763 | (26,947) | (20,525) | (6,409) | (17,084) | - | (16,908) | (4,132) | 1,175,534 | 48,294 |
| 070 Of which: SMEs | 1,065,416 | 923,717 | 133,965 | 57,782 | - | 44,713 | (20,606) | (16,179) | (4,414) | (9,148) | - | (8,972) | - | 897,790 | 47,529 |
| 080 Households | 1,218,506 | 1,168,427 | 49,751 | 24,367 | - | 23,650 | (18,575) | (14,420) | (4,151) | (18,584) | - | (18,583) | - | 1,002,097 | 4,960 |
| 090 Debt Securities | 1,755,261 | 1,755,261 | - | - | - | - | (1,985) | (1,985) | - | - | - | - | - | - | - |
| 100 Central banks | 1,787 | 1,787 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 110 General governments | 1,362,911 | 1,362,911 | - | - | - | - | (553) | (553) | - | - | - | - | - | - | - |
| 120 Credit institutions | 189,111 | 189,111 | - | - | - | - | (48) | (48) | - | - | - | - | - | - | - |
| 130 Other financial corporations | 40,971 | 40,971 | - | - | - | - | (1,208) | (1,208) | - | - | - | - | - | - | - |
| 140 Non-financial corporations | 160,481 | 160,481 | - | - | - | - | (176) | (176) | - | - | - | - | - | - | - |
| 150 Off-balance sheet exposures | 421,772 | 412,456 | 9,317 | 436 | - | 436 | 3,736 | 3,378 | 358 | 98 | - | 98 | - | 118,674 | 158 |
| 160 Central banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 170 General governments | 3,241 | 3,241 | - | - | - | - | 1 | 1 | - | - | - | - | - | 2 | - |
| 180 Credit institutions | 52 | 52 | - | - | - | - | 1 | 1 | - | - | - | - | - | - | - |
| 190 Other financial corporations | 10,247 | 9,400 | 847 | - | - | - | 210 | 174 | 36 | - | - | - | - | 1,435 | - |
| 200 Non-financial corporations | 276,891 | 271,396 | 5,495 | 279 | - | 279 | 1,946 | 1,825 | 121 | 61 | - | 61 | - | 111,012 | 158 |
| 210 Households | 131,341 | 128,367 | 2,975 | 156 | - | 156 | 1,579 | 1,377 | 202 | 37 | - | 37 | - | 6,225 | - |
| 220 Total | 4,891,171 | 4,640,302 | 242,187 | 91,510 | - | 76,987 | (44,244) | (33,971) | (10,257) | (35,611) | - | (35,434) | (4,132) | 2,307,566 | 53,511 |

EU CR1-A: Maturity of exposures

| | a | b | c | d | e | f |
|----------------------|--------------------|----------------|---------------------|------------------|--------------------|------------------|
| | Net exposure value | | | | | |
| | On demand | <= 1 year | > 1 year <= 5 years | > 5 years | No stated maturity | Total |
| 1 Loans and advances | 388,295 | 691,923 | 1,406,237 | 637,263 | - | 3,123,718 |
| 2 Debt securities | - | 277,935 | 1,058,133 | 417,208 | - | 1,753,276 |
| 3 Total | 388,295 | 969,858 | 2,464,370 | 1,054,471 | - | 4,876,994 |

Loans and advances also include off balance sheet commitments.

EU CQ3: Credit quality of performing and non-performing exposures by past due days

| | a | b | c | d | e | f | g | h | i | j | k | l |
|---|------------------------------------|------------------------------|---------------|--|--------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|--------------------|--------------------|---------------|
| | Performing exposures | | | Gross carrying amount / Nominal amount | | | | | | | | |
| | Not past due or Past due < 30 days | Past due > 30 days < 90 days | | Unlikely to pay that are not past-due <= 90 days | Past due > 90 days <= 180 days | Past due > 180 days <= 1 year | Past due > 1 year <= 2 years | Past due > 2 year <= 5 years | Past due > 5 year <= 7 years | Past due > 7 years | Of which defaulted | |
| Cash balances at central banks and other demand deposits | 364,628 | 364,628 | - | - | - | - | - | - | - | - | - | - |
| 005 | | | | | | | | | | | | |
| 010 Loans and advances | 2,714,138 | 2,698,527 | 15,611 | 91,074 | 53,621 | 3,032 | 4,220 | 1,314 | 28,122 | 345 | 420 | 90,991 |
| 020 Central banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 030 General governments | 21,065 | 21,065 | - | - | - | - | - | - | - | - | - | - |
| 040 Credit institutions | 22,089 | 22,089 | - | - | - | - | - | - | - | - | - | - |
| 050 Other financial corporations | 19,832 | 19,826 | 6 | 141 | 8 | - | - | - | 133 | - | - | 141 |
| 060 Non-financial corporations | 1,432,646 | 1,423,222 | 9,424 | 66,566 | 47,626 | 2,062 | 3,628 | 673 | 12,547 | 30 | - | 66,483 |
| 070 Of which SMEs | 1,065,416 | 1,055,993 | 9,424 | 57,782 | 46,739 | 2,062 | 3,572 | 673 | 4,706 | 30 | - | 57,782 |
| 080 Households | 1,218,506 | 1,212,324 | 6,181 | 24,367 | 5,987 | 970 | 593 | 641 | 15,442 | 315 | 420 | 24,367 |
| 090 Debt Securities | 1,755,261 | 1,755,261 | - | - | - | - | - | - | - | - | - | - |
| 100 Central banks | 1,787 | 1,787 | - | - | - | - | - | - | - | - | - | - |
| 110 General governments | 1,362,911 | 1,362,911 | - | - | - | - | - | - | - | - | - | - |
| 120 Credit institutions | 189,111 | 189,111 | - | - | - | - | - | - | - | - | - | - |
| 130 Other financial corporations | 40,971 | 40,971 | - | - | - | - | - | - | - | - | - | - |
| 140 Non-financial corporations | 160,481 | 160,481 | - | - | - | - | - | - | - | - | - | - |
| 150 Off-balance sheet exposures | 421,772 | | | 436 | | | | | | | | 436 |
| 160 Central banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 170 General governments | 3,241 | - | - | - | - | - | - | - | - | - | - | - |
| 180 Credit institutions | 52 | - | - | - | - | - | - | - | - | - | - | - |
| 190 Other financial corporations | 10,247 | - | - | - | - | - | - | - | - | - | - | - |
| 200 Non-financial corporations | 276,891 | - | - | 279 | - | - | - | - | - | - | - | 279 |
| 210 Households | 131,341 | - | - | 156 | - | - | - | - | - | - | - | 156 |
| 220 Total | 4,891,171 | 4,453,788 | 15,611 | 91,510 | 53,621 | 3,032 | 4,220 | 1,314 | 28,122 | 345 | 420 | 91,427 |

EU CRC – Qualitative disclosure requirements related to CRM techniques

| | | |
|---------------------|-----|---|
| Article 453 (a) CRR | (a) | Netting is not used as a CRM technique both for on-balance sheet and off-balance sheet exposures. |
| Article 453 (b) CRR | (b) | The valuation of the government guarantees and cash security deposits is the guaranteed amount as there is no volatility of mark-to-market adjustments to these types of CRM items. |
| Article 453 (c) CRR | (c) | The only types of collateral considered for CRM are government or state-owned development finance institution guarantees, guarantees provided by institutions and cash security deposits placed with the institution. |
| Article 453 (d) CRR | (d) | Prudently no credit derivatives are considered for the purposes of reducing capital requirements. |
| Article 453 (e) CRR | (e) | There is no CRM concentration risk from non-governmental counterparties. |

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

| | Unsecured carrying amount | Secured carrying amount | | | | |
|----------|-----------------------------------|-------------------------|------------------|--|--|----------|
| | | a | b | Of which secured by financial guarantees | Of which secured by credit derivatives | |
| | | | | c | d | e |
| 1 | Loans and advances | 927,595 | 2,242,246 | 2,212,292 | 29,954 | - |
| 2 | Debt securities | 1,755,261 | - | - | - | - |
| 3 | Total | 2,682,856 | 2,242,246 | 2,212,292 | 29,954 | - |
| 4 | Of which non-performing exposures | 37,721 | 53,353 | 51,226 | 2,127 | - |
| 5 | Of which defaulted | 37,638 | 53,353 | 51,226 | 2,127 | - |

EU CRD – Qualitative disclosure requirements related to standardised approach

| | |
|----------------|--|
| Article 444(a) | Credit ratings issued by Moody's, Standard & Poor's, and Fitch Ratings are used by the institution. No ratings issued by other external credit assessment institutions (ECAIs) are used. |
| Article 444(b) | For all eligible exposure classes eligible ECAI ratings are used. |
| Article 444(c) | No credit rating issued for one asset is transferred onto comparable assets in the banking book. |
| Article 444(d) | The alphanumerical scale of each agency is aligned with the credit quality steps prescribed in Part Three, Title II, Chapter 2 of the CRR (as specified by the EBA). |

EU CR4 – Standardised approach – Credit risk exposure and CRM effects

| Exposure classes | a | | b | | c | | d | | e | | f | |
|------------------|---|-----------------------------|---------------------------------|--------------------------|-----------------------|------------------|------------|--|---|--|---|--|
| | Exposures before CCF and before CRM | | Exposures post CCF and post CRM | | RWAs and RWAs density | | | | | | | |
| | On-balance sheet exposures | Off-balance sheet exposures | On-balance sheet exposures | Off-balance sheet amount | RWEA | RWEA density (%) | | | | | | |
| 1 | Central governments or central banks | 1,627,102 | 201 | 1,674,699 | 2,653 | 15,906 | 1% | | | | | |
| 2 | Regional government or local authorities | 44,022 | 2,575 | 44,279 | 1,537 | 8,427 | 18% | | | | | |
| 3 | Public sector entities | 606 | 119 | 606 | 60 | 194 | 29% | | | | | |
| 4 | Multilateral development banks | 44,356 | - | 44,356 | - | 1,628 | 4% | | | | | |
| 5 | International organisations | - | - | - | - | - | - | | | | | |
| 6 | Institutions | 219,419 | 51 | 225,882 | 10 | 59,536 | 26% | | | | | |
| 7 | Corporates | 1,200,959 | 267,626 | 1,105,350 | 103,223 | 996,208 | 82% | | | | | |
| 8 | Retail | 898,019 | 141,667 | 886,881 | 6,882 | 585,681 | 66% | | | | | |
| 9 | Secured by mortgages on immovable property | 723,598 | 3,786 | 709,954 | 1893 | 327,349 | 46% | | | | | |
| 10 | Exposures in default | 60,226 | 368 | 53,535 | 111 | 60,089 | 112% | | | | | |
| 11 | Items associated with particularly high risk | 10,817 | 1,375 | 9,197 | 332 | 14,294 | 150% | | | | | |
| 12 | Covered bonds | 16,947 | - | 16,947 | - | 1695 | 10% | | | | | |
| 13 | Claims on institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | | | | | |
| 14 | Collective investments undertakings | 7,400 | - | 7,400 | - | 8,226 | 111% | | | | | |
| 15 | Equity exposures | 5,826 | - | 5,826 | - | 12,229 | 210% | | | | | |
| 16 | Other exposures | 104,163 | 730 | 178,548 | 18,250 | 53,800 | 27% | | | | | |
| 17 | Total | 4,963,459 | 418,498 | 4,963,459 | 134,951 | 2,145,262 | 42% | | | | | |

EU CR5 – Standardised approach

| Exposure classes | Risk weight | | | | | | | | | | | | | | | Total | Of which unrated |
|--|------------------|----------|----------|---------------|----------------|----------------|---------------|----------|----------------|------------------|---------------|--------------|----------|----------|----------|------------------|------------------|
| | 0% | 2% | 4% | 10% | 20% | 35% | 50% | 70% | 75% | 100% | 150% | 250% | 370% | 1250% | Others | | |
| 1 Central governments or central banks | 1,597,906 | - | - | - | 79,425 | - | - | - | - | 21 | - | - | - | - | - | 1,677,352 | 1,597,927 |
| 2 Regional governments or local authorities | 3,682 | - | - | - | 42,134 | - | - | - | - | - | - | - | - | - | - | 45,816 | 19,264 |
| 3 Public sector entities | - | - | - | - | 464 | - | 201 | - | - | - | - | - | - | - | - | 665 | 665 |
| 4 Multilateral development banks | 41,100 | - | - | - | - | - | 3,256 | - | - | - | - | - | - | - | - | 44,356 | 41,100 |
| 5 International organisations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 Institutions | - | - | - | - | 199,254 | - | 20,050 | - | - | 10,439 | - | - | - | - | - | 229,743 | 36,629 |
| 7 Corporates | - | - | - | - | 76,588 | - | 52,488 | - | - | 1,098,127 | 8 | - | - | - | - | 1,227,211 | 1,016,774 |
| 8 Retail | - | - | - | - | - | - | - | - | 893,763 | - | - | - | - | - | - | 893,763 | 893,763 |
| 9 Secured by mortgages on immovable property | - | - | - | - | - | 556,065 | - | - | 92,019 | 63,763 | - | - | - | - | - | 711,847 | 711,847 |
| 10 Exposures in default | - | - | - | - | - | - | - | - | - | 40,761 | 12,885 | - | - | - | - | 53,646 | 53,646 |
| 11 Items associated with particularly high risk | - | - | - | - | - | - | - | - | - | - | 9,529 | - | - | - | - | 9,529 | 9,529 |
| 12 Covered bonds | - | - | - | 16,947 | - | - | - | - | - | - | - | - | - | - | - | 16,947 | - |
| 13 Claims on institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 Collective investments undertakings | 276 | - | - | - | - | - | 76 | - | - | 4,768 | 2,280 | - | - | - | - | 7,400 | 7,400 |
| 15 Equity exposures | - | - | - | - | - | - | - | - | - | 1,558 | - | 4,269 | - | - | - | 5,827 | 5,827 |
| 16 Other exposures | 107,242 | - | - | - | 44,692 | - | - | - | - | 44,863 | - | - | - | - | - | 196,797 | 196,797 |
| 17 Total | 1,750,206 | - | - | 16,947 | 442,557 | 556,065 | 76,071 | - | 985,782 | 1,264,300 | 24,702 | 4,269 | - | - | - | 5,120,899 | 4,591,168 |

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

| | | General credit exposures Relevant credit exposures – Market risk | | | | | Own funds requirements | | | | | | | |
|-----|--|---|---------------------------------------|--|---|--|------------------------|--|---|--|----------------|--------------------------------|-----------------------------------|----------------------------------|
| | | Exposure value under the SA | Exposure value under the IRB approach | Sum of long and short positions of trading book exposures for SA | Value of trading book exposures for internal models | Securitisation exposures Exposure value for non-trading book | Total exposure value | Relevant credit risk exposures - Credit risk | Relevant credit exposures – Market risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total | Risk-weighted exposure amounts | Own fund requirements weights (%) | Counter-cyclical buffer rate (%) |
| 010 | Breakdown by country: | | | | | | | | | | | | | |
| | Latvia | 1,450,621 | - | - | - | - | 1,450,621 | 76,329 | - | - | 76,329 | 18,132,763 | 45.89% | 0.00% |
| | Lithuania | 1,088,217 | - | - | - | - | 1,088,217 | 61,713 | - | - | 61,713 | 13,602,713 | 37.10% | 0.00% |
| | Estonia | 395,532 | - | - | - | - | 395,532 | 20,697 | - | - | 20,697 | 4,944,150 | 12.44% | 0.00% |
| | United States | 46,920 | - | - | - | - | 46,920 | 1,396 | - | - | 1,396 | 586,500 | 0.84% | 0.00% |
| | Netherlands | 37,290 | - | - | - | - | 37,290 | 1,221 | - | - | 1,221 | 466,125 | 0.73% | 0.00% |
| | United Kingdom | 10,652 | - | - | - | - | 10,652 | 575 | - | - | 575 | 133,150 | 0.35% | 0.00% |
| | Sweden | 6,915 | - | - | - | - | 6,915 | 414 | - | - | 414 | 86,438 | 0.25% | 0.00% |
| | Other with 0% countercyclical capital buffer | 74,770 | - | - | - | - | 74,770 | 3,294 | - | - | 3,294 | 934,619 | 1.98% | 0.00% |
| | Other with non 0% countercyclical capital buffer | 12,050 | - | 7,259 | - | - | 19,309 | 585 | 116 | - | 701 | 241,363 | 0.42% | 0.56% |
| 020 | Total | 3,122,967 | - | 7,259 | - | - | 3,130,226 | 166,224 | 116 | - | 166,340 | 39,127,819 | 100.00% | |

In accordance with the EC 1152/2014 foreign exposures, whose aggregate does not exceed 2% of the aggregate of the general credit, trading book and securitisation exposures of that institution are allocated to an institution's home member state. The Article 140.4 of the 2013/36/EU requires only relevant credit exposures of the institution to be included in the countercyclical capital buffer calculating.

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

| | | a |
|---|---|-----------|
| 1 | Total risk exposure amount | 2,386,400 |
| 2 | Institution specific countercyclical capital buffer rate | 0.0% |
| 3 | Institution specific countercyclical capital buffer requirement | 0 |

In the reporting period in reaction to the Covid-19 events, most European countercyclical capital buffer requirements were decreased to 0%. Therefore, based on the regional distribution of the Group's exposures the effective countercyclical capital buffer requirement of the Group has decreased to almost 0%.

EU CQ1: Credit quality of forborne exposures

| | a | b | c | d | e | | f | g | h |
|------------|--|-------------------------|-------------------|---------------|--|--------------------------------------|-----------------|--|---------------|
| | Gross carrying amount/ Nominal amount of exposures with forbearance measures | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | Collaterals received and financial guarantees received on forborne exposures | |
| | Performing forborne | Non-performing forborne | | | On performing forborne exposures | On non-performing forborne exposures | | Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures | |
| | | Of which defaulted | Of which impaired | | | | | | |
| 005 | Cash balances at central banks and other demand deposits | - | - | - | - | - | - | - | - |
| 010 | Loans and advances | 124,013 | 61,844 | 61,844 | 51,902 | (2,448) | (29,335) | 141,457 | 31,722 |
| 020 | Central banks | - | - | - | - | - | - | - | - |
| 030 | General governments | - | - | - | - | - | - | - | - |
| 040 | Credit institutions | - | - | - | - | - | - | - | - |
| 050 | Other financial corporations | 135 | 128 | 128 | 125 | (4) | (32) | 192 | 96 |
| 060 | Non-financial corporations | 103,312 | 43,489 | 43,489 | 33,789 | (1,654) | (13,489) | 122,635 | 29,413 |
| 070 | Households | 20,566 | 18,227 | 18,227 | 17,988 | (790) | (15,814) | 18,630 | 2,213 |
| 080 | Debt Securities | - | - | - | - | - | - | - | - |
| 090 | Loan commitments given | 79 | - | - | - | - | - | - | - |
| 100 | Total | 124,092 | 61,844 | 61,844 | 51,902 | (2,448) | (29,335) | 141,457 | 31,722 |

COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Group's counterparty credit risk arises primarily from currency derivatives transactions. The Group applies mark-to-market method to calculate counterparty credit risk.

EU CCR1 – Analysis of CCR exposure by approach

| | a | b | c | d | e | f | g | h | |
|----------|--|---------------------------------|------------|--|------------------------|-------------------------|----------------|---------------|---------------|
| | Replace-ment cost (RC) | Potential future exposure (PFE) | EEPE | Alpha used for computing regulatory exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWEA | |
| EU1 | EU – Original Exposure Method (for derivatives) | 4,303 | 11,640 | n/a | 1.4 | 22,489 | 22,489 | 22,489 | 19,006 |
| EU2 | EU – Simplified SA CCR (for derivatives) | - | - | n/a | 1.4 | - | - | - | - |
| 1 | SA – CCR (for derivatives) | - | - | n/a | 1.4 | - | - | - | - |
| 2 | IMM (for derivatives and SFTs) | n/a | n/a | - | 1.2 | - | - | - | - |
| 2a | Of which securities financing transactions netting sets | n/a | n/a | - | n/a | - | - | - | - |
| 2b | Of which derivatives and long settlement transactions netting sets | n/a | n/a | - | n/a | - | - | - | - |
| 2c | Of which from contractual cross-product netting sets | n/a | n/a | - | n/a | - | - | - | - |
| 3 | Financial collateral simple method (for SFTs) | n/a | n/a | n/a | n/a | - | - | - | - |
| 4 | Financial collateral comprehensive method (for SFTs) | n/a | n/a | n/a | n/a | - | - | - | - |
| 5 | VaR for SFTs | n/a | n/a | n/a | n/a | - | - | - | - |
| 6 | Total | n/a | n/a | n/a | n/a | 22,489 | 22,489 | 22,489 | 19,006 |

Credit Valuation Adjustment is an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution in relation to transactions with derivatives.

EU CCR2 – Transactions subject to own funds requirements for CVA risk

| | a | b |
|--|----------------|--------------|
| | Exposure value | RWEA |
| 1 Total transactions subject to the Advanced method | - | - |
| 2 (i) VaR component (including the 3× multiplier) | - | - |
| 3 (ii) stressed VaR component (including the 3× multiplier) | - | - |
| 4 Transactions subject to the Standardised method | 14,591 | 4,592 |
| EU4 Transactions subject to the Alternative approach (Based on the Original Exposure Method) | - | - |
| 5 Total transactions subject to own funds requirements for CVA risk | 14,591 | 4,592 |

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

| Exposure classes | Risk weight | | | | | | | | | | | Total exposure value |
|---|-------------|----|----|-----|--------------|-----------|-----|-----|---------------|------|--------|----------------------|
| | 0% | 2% | 4% | 10% | 20% | 50% | 70% | 75% | 100% | 150% | Others | |
| 1 Central governments or central banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 Regional government or local authorities | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 Public sector entities | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 Multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 International organisations | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 Institutions | - | - | - | - | 3,821 | 30 | - | - | - | - | - | 3,851 |
| 7 Corporates | - | - | - | - | - | - | - | - | 18,638 | - | - | 18,638 |
| 8 Retail | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 Institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 Other items | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 Total exposure value | - | - | - | - | 3,821 | 30 | - | - | 18,638 | - | - | 22,489 |

ENCUMBERED AND UNENCUMBERED ASSETS

EU AE1 - Encumbered and unencumbered assets

| | Carrying amount of encumbered assets | | | Fair value of encumbered assets | | Carrying amount of unencumbered assets | | | Fair value of unencumbered assets | |
|--|---|-----|-----|---|-----------|--|-----|-----|-----------------------------------|--|
| | of which notionally eligible EHQLA and HQLA | | | of which notionally eligible EHQLA and HQLA | | of which EHQLA and HQLA | | | of which EHQLA and HQLA | |
| | 010 | 030 | 040 | 050 | 060 | 080 | 090 | 100 | | |
| 010 Assets of the disclosing institution | 534,666 | - | n/a | n/a | 4,437,287 | - | n/a | n/a | | |
| 030 Equity instruments | - | - | - | - | 8,679 | - | - | - | | |
| 040 Debt securities | 526,755 | - | - | - | 1,226,521 | - | - | - | | |
| 050 of which: covered bonds | - | - | - | - | - | - | - | - | | |
| 060 of which: securitisations | - | - | - | - | - | - | - | - | | |
| 070 of which: issued by general governments | 514,663 | - | - | - | 847,695 | - | - | - | | |
| 080 of which: issued by financial corporations | 11,078 | - | - | - | 217,747 | - | - | - | | |
| 090 of which: issued by non-financial corporations | 1,013 | - | - | - | 159,292 | - | - | - | | |
| 120 Other assets | 7,911 | - | n/a | n/a | 3,202,087 | - | n/a | n/a | | |

All pledged amounts consist of placements to secure various Group's transactions in the ordinary course of the business.

EU AE2 - Collateral received and own debt securities issued

| | Fair value of encumbered collateral received or own debt securities issued | | Unencumbered | |
|---|--|---|---|-----------------------------|
| | | | Fair value of collateral received or own debt securities issued available for encumbrance | |
| | 010 | of which notionally eligible EHQLA and HQLA 030 | 040 | of which EHQLA and HQLA 060 |
| 130 Collateral received by the disclosing institution | - | - | - | - |
| 140 Loans on demand | - | - | - | - |
| 150 Equity instruments | - | - | - | - |
| 160 Debt securities | - | - | - | - |
| 170 of which: covered bonds | - | - | - | - |
| 180 of which: securitisations | - | - | - | - |
| 190 of which: issued by general governments | - | - | - | - |
| 200 of which: issued by financial corporations | - | - | - | - |
| 210 of which: issued by non-financial corporations | - | - | - | - |
| 220 Loans and advances other than loans on demand | - | - | - | - |
| 230 Other collateral received | - | - | - | - |
| 240 Own debt securities issued other than own covered bonds or securitisations | - | - | - | - |
| 241 Own covered bonds and securitisations issued and not yet pledged | n/a | n/a | - | - |
| 250 TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED | 534,666 | - | n/a | n/a |

EU AE3 - Sources of encumbrance

| | Matching liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered |
|--|---|--|
| | 010 | 030 |
| 010 Carrying amount of selected financial liabilities | 475,810 | 526,755 |

LEVERAGE RATIO

Leverage ratio is calculated as Tier 1 capital versus the total exposure measure. 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.

EU LR2 - LRCom: Leverage ratio common disclosure

| | CRR leverage ratio exposures | |
|---|------------------------------|------------------|
| | a 31/12/2021 | b 30/06/2021 |
| On-balance sheet exposures (excluding derivatives and SFTs) | | |
| 1 On-balance sheet items (excluding derivatives, SFTs, but including collateral) | 4,963,459 | 4,727,391 |
| 2 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework | - | - |
| 3 (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | - | - |
| 4 (Adjustment for securities received under securities financing transactions that are recognised as an asset) | - | - |
| 5 (General credit risk adjustments to on-balance sheet items) | - | - |
| 6 (Asset amounts deducted in determining Tier 1 capital) | (4,370) | (4,217) |
| 7 Total on-balance sheet exposures (excluding derivatives and SFTs) | 4,959,089 | 4,723,174 |
| Derivative exposures | | |
| 8 Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin) | - | - |

| | | | |
|--------|--|------------------|------------------|
| EU-8a | Derogation for derivatives: replacement costs contribution under the simplified standardised approach | - | - |
| 9 | Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions | - | - |
| EU-9a | Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach | - | - |
| EU-9b | Exposure determined under Original Exposure Method | 22,489 | 22,720 |
| 10 | (Exempted CCP leg of client-cleared trade exposures) (SA-CCR) | - | - |
| EU-10a | (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach) | - | - |
| EU-10b | (Exempted CCP leg of client-cleared trade exposures) (original exposure method) | - | - |
| 11 | Adjusted effective notional amount of written credit derivatives | - | - |
| 12 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | - | - |
| | Other | - | - |
| 13 | Total derivatives exposures | 22,489 | 22,720 |
| | Securities financing transaction (SFT) exposures | | |
| 14 | Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions | - | - |
| 15 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | - | - |
| 16 | Counterparty credit risk exposure for SFT assets | - | - |
| EU-16a | Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR | - | - |
| 17 | Agent transaction exposures | - | - |
| EU-17a | (Exempted CCP leg of client-cleared SFT exposure) | - | - |
| 18 | Total securities financing transaction exposures | - | - |
| | Other off-balance sheet exposures | | |
| 19 | Off-balance sheet exposures at gross notional amount | 422,407 | 311,957 |
| 20 | (Adjustments for conversion to credit equivalent amounts) | 274,358 | 311,957 |
| 21 | (General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital) | - | - |
| 22 | Off-balance sheet exposures | 148,049 | 108,368 |
| | Excluded exposures | | |
| EU-22a | (Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR) | - | - |
| EU-22b | (Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet)) | - | - |
| EU-22c | (-) Excluded exposures of public development banks - Public sector investments | - | - |
| EU-22d | (Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution) | - | - |
| EU-22e | (Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution) | - | - |
| EU-22f | (Excluded guaranteed parts of exposures arising from export credits) | - | - |
| EU-22g | (Excluded excess collateral deposited at triparty agents) | - | - |
| EU-22h | (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR) | - | - |
| EU-22i | (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR) | - | - |
| EU-22j | (Reduction of the exposure value of pre-financing or intermediate loans) | - | - |
| EU-22k | (Total exempted exposures) | - | - |
| | Capital and total exposure measure | | |
| 23 | Tier 1 capital | 389,292 | 336,056 |
| 24 | Leverage ratio total exposure measure | 5,129,627 | 4,854,262 |
| | Leverage ratio | | |
| 25 | Leverage ratio | 7.6% | 6.9% |
| EU-25 | Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%) | 7.6% | 6.9% |
| 25a | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) | 7.6% | 6.9% |
| 26 | Regulatory minimum leverage ratio requirement (%) | 3.0% | 3.0% |
| EU-26 | Additional leverage ratio requirements (%) | - | - |
| 27 | Required leverage buffer (%) | - | - |
| | Choice on transitional arrangements and relevant exposures | | |
| EU-27 | Choice on transitional arrangements for the definition of the capital measure | n/a | n/a |

Choice on transitional arrangements and relevant exposures

EU-27b Choice on transitional arrangements for the definition of the capital measure

Disclosure of mean values

| | | |
|-----|---|-----------|
| 28 | Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable | |
| 29 | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | |
| 30 | Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 5,129,628 |
| 30a | Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 5,129,628 |
| 31 | Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 7.6% |
| 31a | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 7.6% |

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

| | | ^a Applicable amount |
|--------|---|-----------------------------------|
| 1 | Total assets as per published financial statements | 5,054,561 |
| 2 | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation | (82,608) |
| 3 | (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference) | - |
| 4 | (Adjustment for temporary exemption of exposures to central bank (if applicable)) | - |
| 5 | (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR) | - |
| 6 | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting | - |
| 7 | Adjustment for eligible cash pooling transactions | - |
| 8 | Adjustments for derivative financial instruments | - |
| 9 | Adjustment for securities financing transactions (SFTs) | - |
| 10 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 148,049 |
| 11 | (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital) | - |
| EU-11a | (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR) | - |
| EU-11b | (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR) | - |
| 12 | Other adjustments | 9,625 |
| 13 | Leverage ratio total exposure measure | 5,129,627 |

EU LR3 - LRSpI: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

| | | CRR leverage ratio exposures |
|-------------|--|---------------------------------|
| EU-1 | Total on-balance sheet exposures (excluding derivatives and SFTs), of which: | 4,963,459 |
| EU-2 | Trading book exposures | - |
| EU-3 | Banking book exposures, of which: | 4,963,459 |
| EU-4 | Covered bonds | 16,947 |
| EU-5 | Exposures treated as sovereigns | 1,665,300 |
| | Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns | 89,241 |
| EU-6 | Institutions | 235,280 |
| EU-7 | Secured by mortgages of immovable properties | 709,954 |
| EU-8 | Retail exposures | 886,881 |
| EU-9 | Corporate | 1,105,350 |
| EU-10 | Exposures in default | 53,535 |
| EU-11 | Other exposures (e.g. equity, securitisations, and other non-credit obligation assets) | 200,971 |

EU LRA: Disclosure of LR qualitative information

- 1 Description of the processes used to manage the risk of excessive leverage:
The Group regularly calculates leverage ratio and monitors changes in it, to manage risk of excessive leverage.
- 2 Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers:
The major factors affecting the Group's leverage ratio in the reporting period was change in the Tier 1 capital level due to inclusion in own funds of the audited annual net result as well as changes in the Group's total assets which was related to scale of the Group's operations.

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.

Position risk of financial instruments is assessed and limits are set by the Group's Investment Committee (GIC). The decisions of the GIC are approved by the Bank's Management Board. Market risk is managed by the Group's business units and subsidiaries which can accept market risk in line with the set limits and investment restrictions of the respective portfolio. Market risk is measured, monitored and risk levels are reported by the Risk Sector.

The Group manages market risk by developing investment guidelines for every significant portfolio, which restrict, among other things, the sensitivity against interest rate changes, the duration and credit quality profile of investments, as well as by setting individual limits for issuers and financial instruments, to keep limit volumes closely linked to the results of risk assessments. The Group places significant emphasis on managing concentration risk and applies a framework, under which limits are set on risk adjusted exposures for every country and sector combination that the Group invests in. 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.

EU MR1 – Market risk under the standardised approach

| | | a |
|--------------------------|---|---------------|
| | | RWEAs |
| Outright products | | |
| 1 | Interest rate risk (general and specific) | 10,916 |
| 2 | Equity risk (general and specific) | - |
| 3 | Foreign exchange risk | - |
| 4 | Commodity risk | - |
| Options | | |
| 5 | Simplified approach | - |
| 6 | Delta-plus approach | - |
| 7 | Scenario approach | - |
| 8 | Securitisation (specific risk) | - |
| 9 | Total | 10,916 |

Exposures in equities not included in the trading book

None of the Group's investments in the equity exposures is included in the trading book. Information on the Group's investments in the equities, including carrying value, applied valuation techniques, fair value hierarchy level and estimated fair value, is disclosed at AS Citadele banka latest financial report which is available at www.cblgroup.com.

The prudential consolidation group does not include AAS CBL Life. The Group's investment of EUR 4,269 thousand in the capital of this subsidiary is accounted at cost and is not revalued.

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 Currency Risk Management Policy. Currency risk is assessed and decisions are made by the FMCRC. The decisions of the FMCRC are approved by the Bank's Management Board. The FMCRC defines the acceptable currency risk level and the Group's internal limit system, as well as monitors compliance with these limits.

Day-to-day currency risk management is the responsibility of the Treasury Sector, while risk monitoring and reporting is the responsibility of the Risk Sector.

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.

Interest rate risk

Interest rate risk is related to the possible negative impact of changes in general interest rates on the Group's income and economic value.

Interest rate risk management in the Group is carried out in accordance with Interest Rate 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. The ALCO sets the acceptable interest rate risk level and the Group's internal limit system, monitors the compliance with the approved 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 Sector, while the Risk Sector ensures proper oversight and prepares analytical reports to the ALCO and the Bank's Management 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. The Group sets limits for impact of interest rate shock on economic value, net interest income and revaluation reserve. Based on the market analysis and the Group's financing structure, the ALCO sets the interest rates for customer deposits.

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. The management and reporting of liquidity risk is coordinated by the Treasury Sector, 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 Sector on a monthly basis provides information to the ALCO and the Bank's Management 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 performed a significant amount 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

The general principles of the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) as measurements of the Bank's and the Group's liquidity position are 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.

EU LIQ1 - Quantitative information of LCR

In template "EU LIQ1" the disclosed LCR information is calculated as the simple average of months-end observations over the twelve months preceding the end of each quarter. In other LCR disclosures in this report non-average end of the month figures may be disclosed. Non-average and end of the months figures will not reconcile.

| Scope of consolidation: consolidated | | a | b | c | d | e | f | g | h |
|--------------------------------------|--|----------------------------------|------------|------------|------------|--------------------------------|------------|------------|------------|
| | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
| EU 1a | Quarter ending on | 31/12/2021 | 30/09/2021 | 30/06/2021 | 31/03/2021 | 31/12/2021 | 30/09/2021 | 30/06/2021 | 31/03/2021 |
| EU 1b | Number of data points used in the calculation of averages | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| HIGH-QUALITY LIQUID ASSETS | | | | | | | | | |
| 1 | Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61 | n/a | n/a | n/a | n/a | 1,237,033 | 1,209,409 | 1,533,023 | 1,701,381 |
| CASH - OUTFLOWS | | | | | | | | | |
| 2 | retail deposits and deposits from small business customers, of which: | 2,546,558 | 2,544,085 | 2,524,032 | 2,516,255 | 199,896 | 202,107 | 199,173 | 194,747 |
| 3 | <i>Stable deposits</i> | 1,584,256 | 1,603,429 | 1,472,393 | 1,411,656 | 79,213 | 80,171 | 73,620 | 70,583 |
| 4 | <i>Less stable deposits</i> | 728,986 | 740,425 | 684,101 | 677,672 | 94,073 | 95,312 | 88,613 | 88,696 |
| 5 | Unsecured wholesale funding | 989,731 | 1,029,762 | 916,073 | 891,584 | 425,059 | 448,668 | 380,896 | 374,059 |
| 6 | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i> | 151,051 | 152,193 | 151,495 | 142,674 | 36,660 | 37,093 | 36,771 | 34,627 |
| 7 | <i>Non-operational deposits (all counterparties)</i> | 838,680 | 877,569 | 764,578 | 748,910 | 388,399 | 411,576 | 344,124 | 339,432 |
| 8 | <i>Unsecured debt</i> | - | - | - | - | - | - | - | - |
| 9 | <i>Secured wholesale funding</i> | n/a | n/a | n/a | n/a | - | - | - | - |
| 10 | Additional requirements | 287,792 | 266,096 | 260,753 | 235,847 | 28,799 | 26,666 | 24,992 | 22,678 |
| 11 | <i>Outflows related to derivative exposures and other collateral requirements</i> | 1,725 | 2,120 | 1,794 | 2,013 | 1,725 | 2,120 | 1,794 | 2,013 |
| 12 | <i>Outflows related to loss of funding on debt products</i> | - | - | - | - | - | - | - | - |
| 13 | <i>Credit and liquidity facilities</i> | 286,067 | 263,976 | 258,959 | 233,834 | 27,074 | 24,546 | 23,198 | 20,665 |
| 14 | Other contractual funding obligations | 20,707 | 25,214 | 13,533 | 8,157 | 20,707 | 25,214 | 13,533 | 8,157 |
| 15 | Other contingent funding obligations | 39,986 | 44,884 | 29,070 | 22,945 | - | - | 1,496 | - |
| 16 | TOTAL CASH OUTFLOWS | n/a | n/a | n/a | n/a | 674,461 | 702,655 | 620,090 | 599,641 |
| CASH - INFLOWS | | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | - | - | - | - | - | - | - | - |
| 18 | Inflows from fully performing exposures | 76,804 | 89,427 | 94,965 | 122,184 | 65,719 | 78,026 | 85,369 | 112,398 |
| 19 | Other cash inflows | 4,714 | 2,742 | 3,776 | 4,292 | 4,713 | 2,741 | 3,775 | 4,291 |
| | (Difference between total weighted inflows and total weighted outflows) | n/a | n/a | n/a | n/a | - | - | - | - |
| EU-19a | arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | - | - | - | - | - | - | - | - |
| EU-19b | (Excess inflows from a related specialised credit institution) | n/a | n/a | n/a | n/a | - | - | - | - |
| 20 | TOTAL CASH INFLOWS | 81,519 | 92,169 | 98,740 | 126,476 | 70,433 | 80,767 | 89,145 | 116,690 |
| EU-20a | <i>Fully exempt inflows</i> | - | - | - | - | - | - | - | - |
| EU-20b | <i>Inflows subject to 90% cap</i> | - | - | - | - | - | - | - | - |
| EU-20c | <i>Inflows subject to 75% cap</i> | 81,519 | 92,169 | 98,740 | 126,476 | 70,433 | 80,767 | 89,145 | 116,690 |
| TOTAL ADJUSTED VALUE | | | | | | | | | |
| 21 | LIQUIDITY BUFFER | n/a | n/a | n/a | n/a | 1,237,033 | 1,209,409 | 1,533,023 | 1,701,381 |
| 22 | TOTAL NET CASH OUTFLOWS | n/a | n/a | n/a | n/a | 604,028 | 621,888 | 530,945 | 482,952 |
| 23 | LIQUIDITY COVERAGE RATIO | n/a | n/a | n/a | n/a | 205% | 194% | 289% | 352% |

EU LIQB on qualitative information on LCR, which complements template EU LIQ1

Qualitative information

- (a) Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time:
The LCR is affected by depositors' activities, that is inflows and outflows of funds for operational or economic reasons, and corresponding changes in the HQLA.
- (b) Explanations on the changes in the LCR over time:
LCR dynamics was affected by the acquisition of UniCredit leasing portfolio in January 2021 when the prefunded amount was disbursed to the seller and an organic growth of deposit base.
- (c) Explanations on the actual concentration of funding sources:
The Group is primarily deposit funded. Deposits are diversified among Retail and Corporate segments.
- (d) High-level description of the composition of the institution's liquidity buffer:
Mainly comprised of central bank balances and high quality debt securities.
- (e) Derivative exposures and potential collateral calls:
Derivatives are mainly used for currency mismatch management. Collateral pledged and received can be volatile over time depending on the underlying risk factor dynamics, mainly FX rates, but is immaterial in absolute terms due to short tenor and low gross volumes.
- (f) Currency mismatch in the LCR:
The Group predominantly operates in EUR currency and has low levels of assets and liabilities in foreign currencies. Low currency mismatch in LCR is observed.
- (g) Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile:
n/a

EU LIQ2: Net Stable Funding Ratio

| | Unweighted value by residual maturity | | | | Weighted value |
|---|---------------------------------------|-----------------|------------------------|------------|------------------|
| | a No maturity | b < 6 months | c 6 months to < 1yr | d ≥ 1yr | |
| Available stable funding (ASF) Items | | | | | |
| 1 Capital items and instruments | 389,292 | - | - | 449,292 | 449,292 |
| 2 Own funds | 389,292 | - | - | 60,000 | 449,292 |
| 3 Other capital instruments | n/a | - | - | - | - |
| 4 Retail deposits | n/a | 2,565,483 | 41,385 | 24,572 | 2,460,757 |
| 5 Stable deposits | n/a | 1,761,119 | 38,955 | 22,901 | 1,732,972 |
| 6 Less stable deposits | n/a | 804,364 | 2,429 | 1,671 | 727,785 |
| 7 Wholesale funding: | n/a | 919,715 | 81,173 | 490,726 | 962,053 |
| 8 Operational deposits | n/a | 121,478 | - | - | - |
| 9 Other wholesale funding | n/a | 798,237 | 81,173 | 490,726 | 962,053 |
| 10 Interdependent liabilities | n/a | - | - | - | - |
| 11 Other liabilities: | 739 | 72,438 | 124 | 37 | 99 |
| 12 NSFR derivative liabilities | 739 | - | - | - | - |
| 13 All other liabilities and capital instruments not included in the above categories | n/a | 72,438 | 124 | 37 | 99 |
| 14 Total available stable funding (ASF) | n/a | n/a | n/a | n/a | 3,872,201 |

| | Unweighted value by residual maturity | | | | Weighted value |
|---|---------------------------------------|-----------------|------------------------|------------|----------------|
| | a No maturity | b < 6 months | c 6 months to < 1yr | d ≥ 1yr | |
| Required stable funding (RSF) Items | | | | | |
| 15 Total high-quality liquid assets (HQLA) | n/a | n/a | n/a | n/a | 523,736 |
| EU-15a Assets encumbered for more than 12m in cover pool | n/a | - | - | - | - |
| 16 Deposits held at other financial institutions for operational purposes | n/a | - | - | - | - |
| 17 Performing loans and securities: | n/a | 449,685 | 292,283 | 2,283,082 | 2,208,693 |
| 18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut | n/a | - | - | - | - |
| 19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions | n/a | 67,350 | 1,404 | 6,189 | 13,626 |

| | | | | | | |
|-----------|---|-----|---------|---------|-----------|------------------|
| 20 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which: | n/a | 342,146 | 252,791 | 1,318,755 | 1,938,228 |
| 21 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | n/a | 1,469 | 1,981 | 17,172 | 271,136 |
| 22 | Performing residential mortgages, of which: | n/a | 21,485 | 21,096 | 679,151 | - |
| 23 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | n/a | 13,870 | 13,065 | 376,588 | - |
| 24 | Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products | n/a | 18,704 | 16,992 | 278,986 | 256,840 |
| 25 | Interdependent assets | n/a | - | - | - | - |
| 26 | Other assets: | n/a | 301,858 | 35,418 | 230,540 | 117,154 |
| 27 | Physical traded commodities | n/a | n/a | n/a | - | - |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | n/a | - | - | - | - |
| 29 | NSFR derivative assets | n/a | - | - | 4,303 | 4,303 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | n/a | - | - | - | - |
| 31 | All other assets not included in the above categories | n/a | 265,760 | 35,418 | 226,237 | 112,851 |
| 32 | Off-balance sheet items | n/a | 36,098 | - | - | - |
| 33 | Total RSF | n/a | n/a | n/a | n/a | 2,849,583 |
| 34 | Net Stable Funding Ratio (%) | n/a | n/a | n/a | n/a | 135.89% |

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.

Further 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 the lowest possible level of risk while ensuring that any remaining risk is economically justified in light of the need to sustain the Group's performance and profit in the long term. Whether a risk is economically justified depends on an assessment of the potential losses it could cause, the probability of its occurrence, the ability to implement mitigating measures and the cost of such measures, as well as the level of risk that would remain if such mitigating measures were to be put in place.

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.

Due to Covid-19 situation previously unseen measures have been undertaken by governments in the jurisdictions the Group operates. Citadele has worked tirelessly to implement the necessary operational and other measures to facilitate smooth and uninterrupted high-quality client services and to organise productive and safe work environment for its employees. As a result, operational risks are at levels comparable to pre Covid-19 levels with no substantial increase in risk events.

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.

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

| | a | b | c | d | e |
|--|--------------------|---------|-----------|------------------------|----------------------|
| | Relevant indicator | | | Own funds requirements | Risk exposure amount |
| Banking activities | Year-3 | Year-2 | Last year | | |
| 1 Banking activities subject to basic indicator approach (BIA) | - | - | - | - | - |
| 2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches | - | - | - | 16,530 | 206,624 |
| 3 <u>Subject to TSA:</u> | 123,572 | 100,695 | 161,055 | n/a | n/a |
| 4 <u>Subject to ASA:</u> | - | - | - | n/a | n/a |
| 5 Banking activities subject to advanced measurement approaches AMA | - | - | - | - | - |

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

The internal capital adequacy assessment process requires estimating individual capital charges for every significant risk type inherent to the Group. The internally developed methodology takes into account greater number of risks compared to what minimum regulatory standards require (e.g. interest rate risk in the banking book, concentration risk, compliance risk etc.). Furthermore, to ensure sustainability even at times of distress, the Group simulates its capital adequacy position under assumptions of an adverse macroeconomic scenario. The following summarises the forward looking assessment of the risk profile for 2021, where assessment is based on likelihoods assigned to different adverse deviations from the baseline scenario in terms of capital impact. The annual internal capital adequacy assessment is conducted for a three-year period, which corresponds to the timeframe used in the annual financial and strategic planning process, thereby promoting consistent integration of financial forecasts into capital adequacy evaluation.

Significant risks based on 2021 ICAAP assessment for which internal capital was allocated

| Risk type | Exposure class | Risk assessment for 2021* | Regulatory capital requirement calculation method | Internal assessment method |
|--|---|---------------------------|---|--|
| Credit and concentration risks | Loan portfolio | High | Standardised approach | Scenario sensitivity approach |
| | Bond portfolio | Low | Standardised approach | Scenario sensitivity approach |
| | Counterparties | Low | Standardised approach | Scenario sensitivity approach |
| Market risk | Position risk in non-trading bond portfolio | Low | - | Scenario sensitivity approach |
| | Currency risk | Low | CRR articles 351-354 | Value at risk (VaR) |
| Operational risk | | Low | Standardised approach | Loss distribution approach |
| General interest rate risk in the banking book | | Moderate | - | 200bp parallel shift impact on EVE, six scenarios according to the regulatory requirements |
| Liquidity risk | | Moderate | - | Integrated within reputation risk |
| AML and compliance risk | | Low | - | Integrated within operational risk |
| Reputation risk | | Low | - | Scenario sensitivity approach |
| Business model and strategy risk | | Moderate | - | Scenario sensitivity approach |

* on a 4-grade scale: low, moderate, elevated, high.

EXPOSURES, WHICH WERE SUBJECT TO SUPPORT MEASURES IN RESPONSE TO COVID-19

FCMC's regulation No 102 "Reporting and information disclosure about risk exposures, which were subject to support measures as a result of Covid-19 impact" requires specific information disclosure in accordance with the Appendix 3 of the European Banking Authority's guidelines EBA/GL/2020/07 on "Reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis". In this section the required information is disclosed.

EBA/GL/2020/07, Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

Exposure amounts disclosed in the Template 1 include only these which are subject to active EBA-compliant moratoria (i.e. expired EBA-compliant moratoria is excluded).

| | a | b | c | d | | e | f | | g | h | i | j | | k | l | m | | n | o |
|---|--|---|--|---|--|---|---|--|---|--|---|---|--|---|---|--|-------------------------------------|---|---|
| | Gross carrying amount | | | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk | | | | | | | | Gross carrying amount | | |
| | Performing | | | | Non-performing | | | | Performing | | | | Non-performing | | | | Inflows to non-performing exposures | | |
| | Of which: exposures with forbearance measures | Of which: increase in credit risk since initial recognition but not credit-impaired (Stage 2) | Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) | Of which: exposures with forbearance measures | Of which: Unlikely to pay that are not past-due or past-due <= 90 days | | Of which: exposures with forbearance measures | Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) | Of which: exposures with forbearance measures | Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) | | Of which: exposures with forbearance measures | Of which: Unlikely to pay that are not past-due or past-due <= 90 days | | Of which: exposures with forbearance measures | Of which: Unlikely to pay that are not past-due or past-due <= 90 days | | | |
| 1 | Loans and advances subject to moratorium | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | of which: Households | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | of which: Collateralised by residential immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | of which: Non-financial corporations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | of which: Small and Medium-sized Enterprises | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | of which: Collateralised by commercial immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

EBA/GL/2020/07, Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

Exposure amounts disclosed in the Template 2 include not only active EBA-compliant moratoria but also expired EBA-compliant moratoria; that is, the exposure amount of loans and advances for which the EBA-compliant moratoria have expired at the reference date (i.e. the residual maturity of moratoria is equal to zero).

| | a | b | c | d | Gross carrying amount | | | | | | |
|---|---|-----|--------|--------|---------------------------------------|----------------------|--------------------------------|---------------------------|---------------------------|----------------------------|----------|
| | | | | | Of which: legislative moratoria | Of which: expired | Residual maturity of moratoria | | | | |
| | | | | | | | <= 3 months | > 3 months <= 6 months | > 6 months <= 9 months | > 9 months <= 12 months | > 1 year |
| 2 | Loans and advances subject to moratorium (granted) | 312 | 32,192 | 32,192 | - | - | - | - | - | | |
| 3 | of which: Households | n/a | 12,228 | - | 12,228 | - | - | - | - | | |
| 4 | of which: <i>Collateralised by residential immovable property</i> | n/a | 12,228 | - | 12,228 | - | - | - | - | | |
| 5 | of which: Non-financial corporations | n/a | 19,964 | - | 19,964 | - | - | - | - | | |
| 6 | of which: <i>Small and Medium-sized Enterprises</i> | n/a | 19,964 | - | 19,964 | - | - | - | - | | |
| 7 | of which: <i>Collateralised by commercial immovable property</i> | n/a | 19,482 | - | 19,482 | - | - | - | - | | |

EBA/GL/2020/07, Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

Exposure amounts disclosed in the Template 3 include only newly originated loans and advances subject to public guarantee schemes subject to legislative and non-legislative moratoria. Pre-existing exposures, that as a result of Covid-19 were subjected to legislative and non-legislative moratoria, are excluded in the Template 3.

| | a | b | c | d | |
|---|---|-----------------------|----------------------------------|---|-----------------------|
| | | | | | Gross carrying amount |
| | | of which: forborne | Public guarantees received | Inflows to non-performing exposures | |
| 1 | Newly originated loans and advances subject to public guarantee schemes | 880 | - | 704 | - |
| 2 | of which: Households | - | n/a | n/a | - |
| 3 | of which: <i>Collateralised by residential immovable property</i> | - | n/a | n/a | - |
| 4 | of which: Non-financial corporations | 880 | - | 704 | - |
| 5 | of which: <i>Small and Medium-sized Enterprises</i> | 380 | n/a | n/a | - |
| 6 | of which: <i>Collateralised by commercial immovable property</i> | 211 | n/a | n/a | - |