



# Citadele Group

Results presentation  
Q1 2021

**More  
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# Business environment

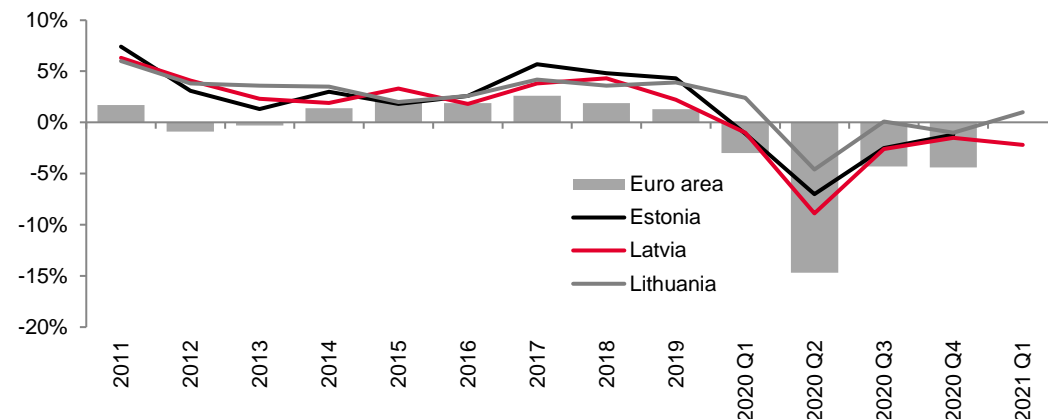
The world remains in the grip of the Covid-19 pandemic, but the situation is improving. Vaccination is accelerating, hopefully leading to the Covid-19 pandemic beginning to recede.

Global economic growth forecasts have been revised upwards and in 2021 global growth is likely to be the fastest in recent decades. According to International Monetary Fund's April forecasts, the world economy will grow by 6.0% in 2021, and by 4.4% in 2022 supported by expansionary fiscal and monetary policies

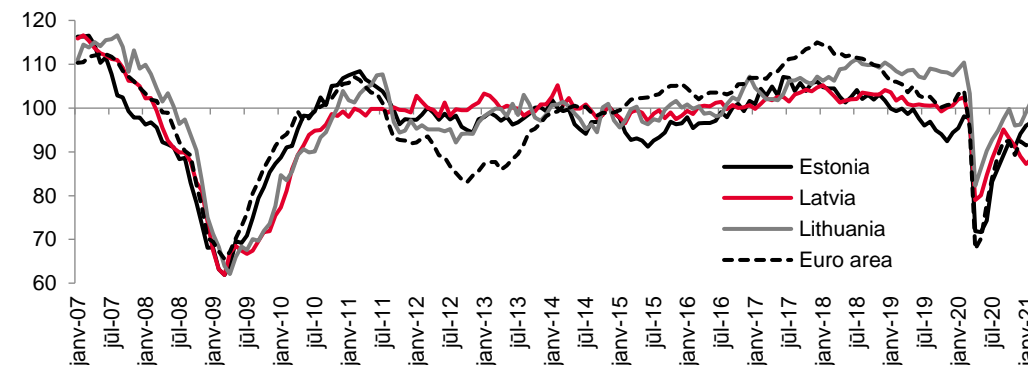
At the same time the beginning of 2021 in the Baltic economies has also been better than expected. Economic downturn in the second wave has been significantly less than in the first wave. Global manufacturing demand has rebounded strongly and is helping our exporters, while governments have increased support to workers and companies in sectors affected by Covid-19 related restrictions, and also increased investments in infrastructure. As a result, economic activity in manufacturing and construction remains strong. Recovery of the service sectors in the second half of 2021 and inflow of EU recovery funds will add to economy growth in the coming years.

According to preliminary data in Q1 2021, GDP in Latvia fell by 2.2% compared to Q1 2020, while in Lithuania GDP rose by 1.0%. Economic sentiment indicators point to a strong rebound in the economic activity in the Baltics in March and April, despite ongoing restrictions.

## Real GDP, % YoY



## Economic Sentiment Indicator



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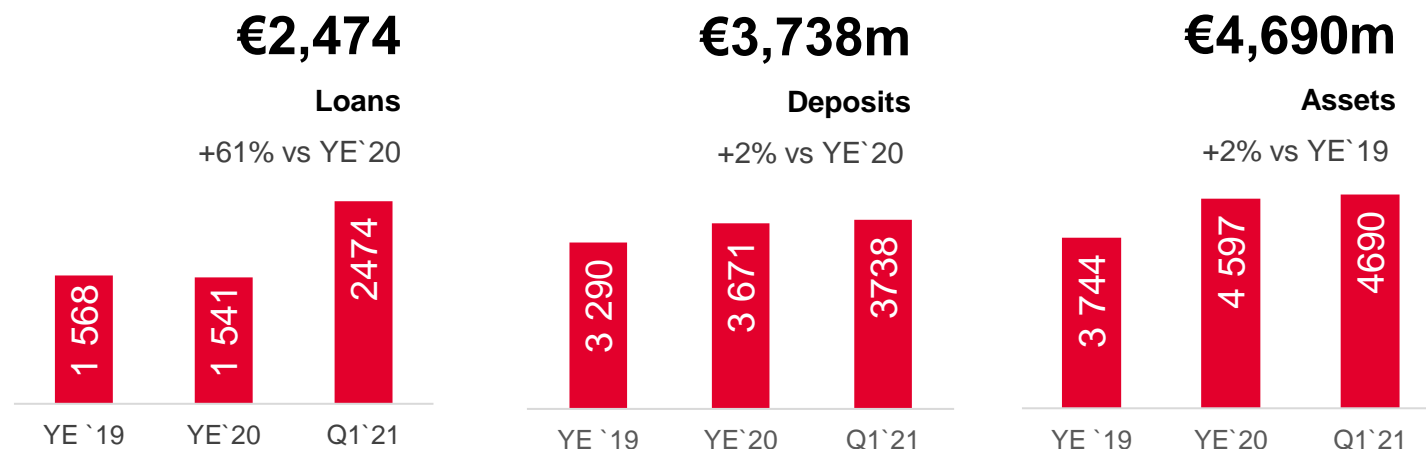
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# Key figures and events

- Highest underlying operating income in a single quarter of EUR 36.7 million resulting in EUR 10.5 million in net profit.
- The number of active customers reached 347 thousand clients as of 31 March 2021, or 9% growth y-o-y.
- Highest volume of new lending in a single quarter with EUR 308 million issued to Baltic private, SME, corporate and leasing customers in Q1 2021, or 104% growth q-o-q.
- Baltic deposits continued to increase by EUR 172 million in Q1 2021, or 5% growth vs. year-end 2020.
- The Bank continues to operate with adequate capital and liquidity ratios. Group's CAR (including period's result) was 18.0% and LCR of 214% as of 31 March 2021.
- Citadele has announced the acquisition of the majority of ABLV Bank's mortgage portfolio with a total exposure above EUR 170 million. The transaction is expected to be completed in the second half of the year and to have additional positive financial impact in 2021.

	Q1 2021	Q4 2020*	q-o-q	Q1 2020	y-o-y
Net interest income	26.1	16.7	56%	18.2	43%
Net fee and commission income	8.1	7.7	5%	7.4	10%
Net financial and other income	2.5	3.9	(37%)	1.9	29%
<b>Operating income</b>	<b>36.7</b>	<b>28.4</b>	29%	<b>27.4</b>	33%
Operating expense	-22.6	-20.4	11%	-19.4	16%
Net credit losses and impairments	-3.1	-0.1	off scale	-15.4	off scale
<b>Net profit</b>	<b>10.5</b>	<b>7.4</b>	41%	<b>-7.5</b>	off scale

\*excluding one-off profit related to Group's headquarters building sale in Riga



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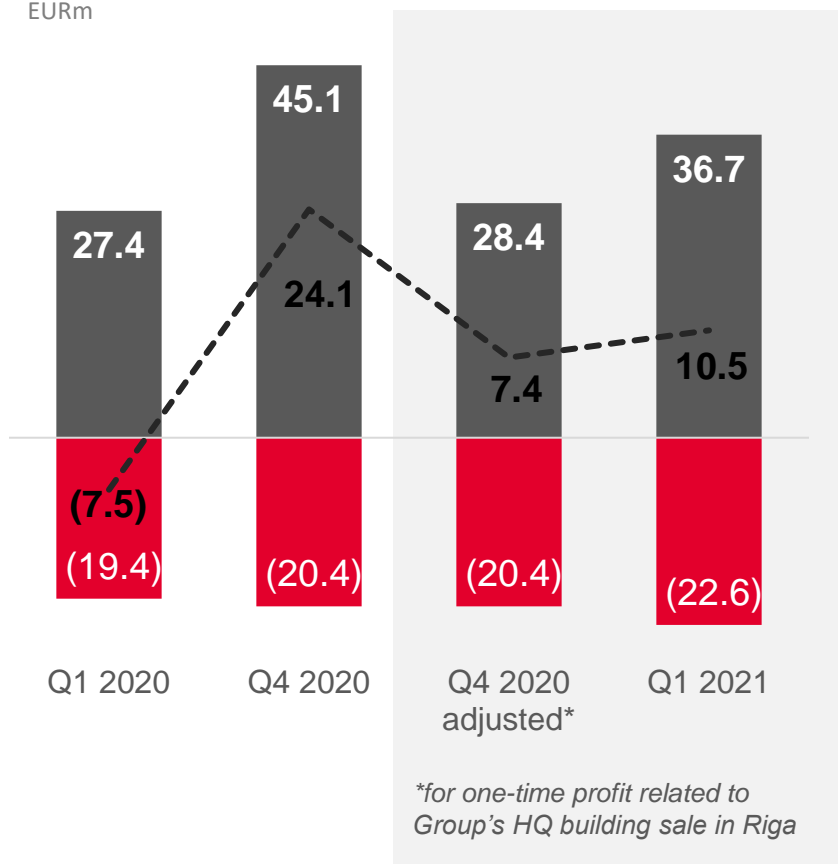
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# Financial highlights

## Financial result development

Q1 2021 vs previous periods

EURm

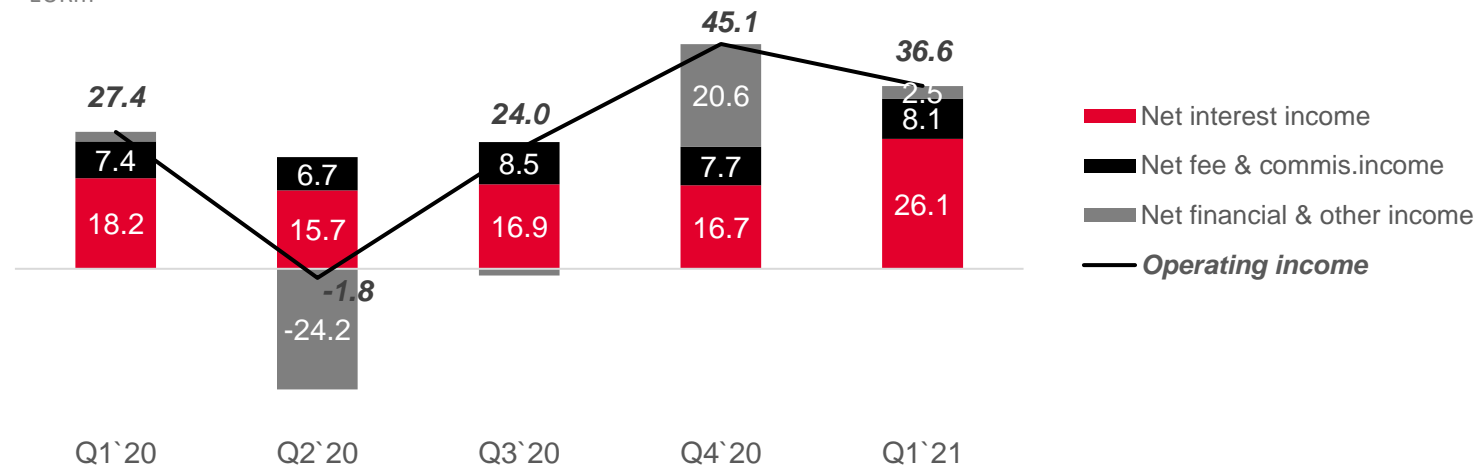


■ Operating income  
 ■ Operating expense  
 - - - Net profit

## Operating income by revenue line

Q1 2021 vs. previous periods

EURm



## Comment

Operating income in Q1 2021 reached EUR 36.7 million, a 29% increase vs. Q4 2020 underlying result (adjusted for onetime profit related sale of Group's HQ in Riga).

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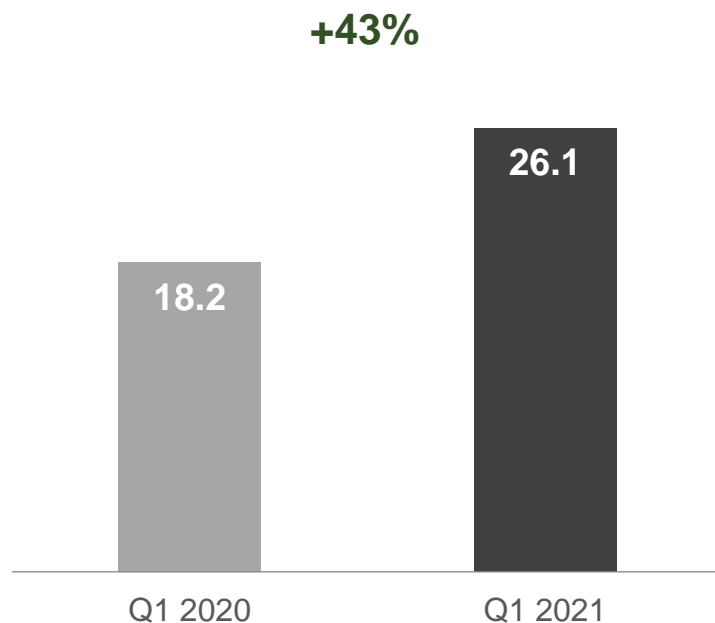
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# Net interest income development

## Net interest income

Q1 2021 vs. Q1 2020

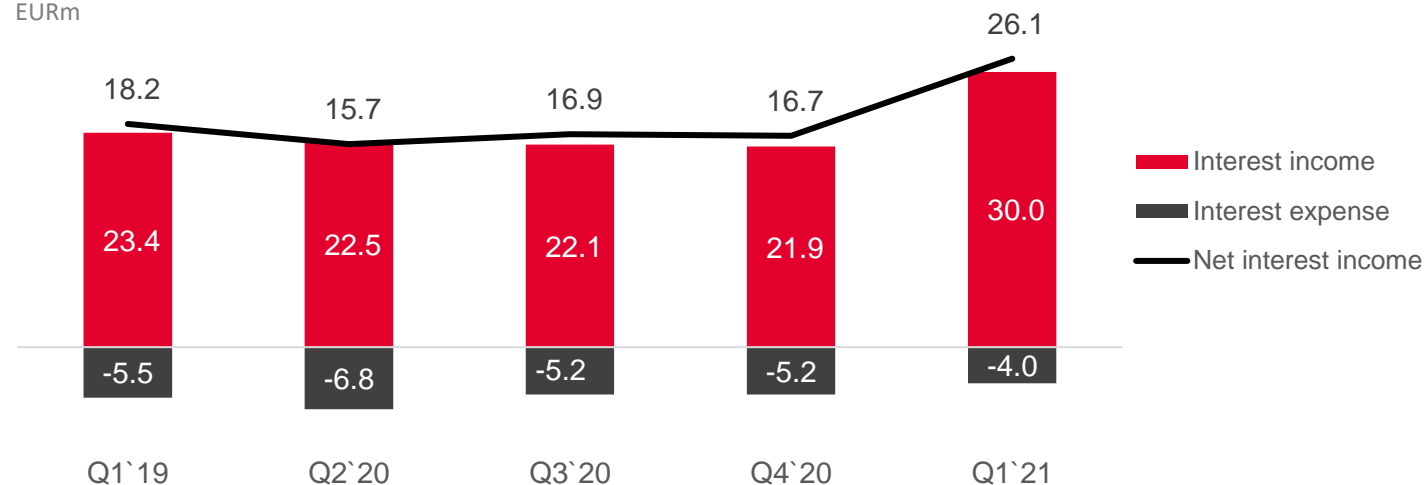
EURm



## Net interest income development

Q1 2021 vs. previous periods

EURm



## Comment

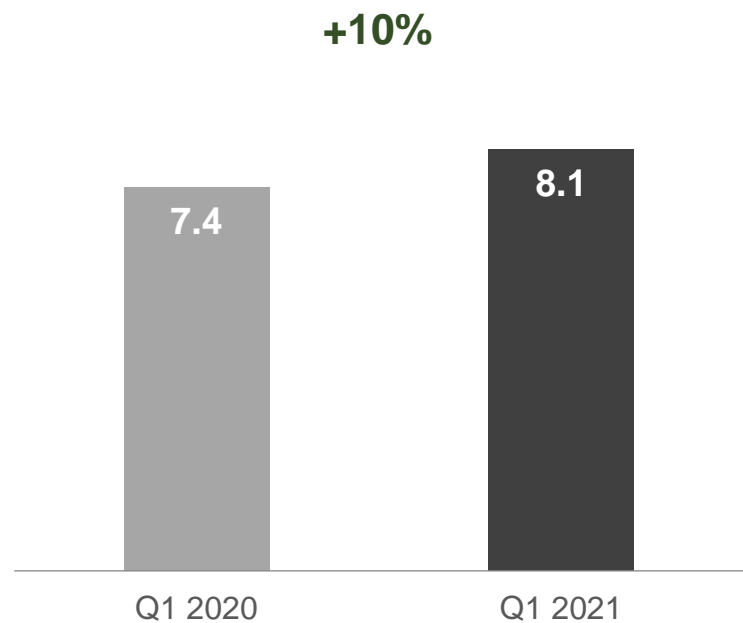
**Net interest income** reached EUR 26.1 million in Q1 2021, a 56% increase q-o-q, primarily driven by higher interest income as a result of recently acquired UniCredit Leasing book and lower interest expenses resulting from lower cash balances due to funding of the UniCredit Leasing acquisition.

# Net fee and commission income development

## Net fees and commissions

Q1 2021 vs. Q1 2020

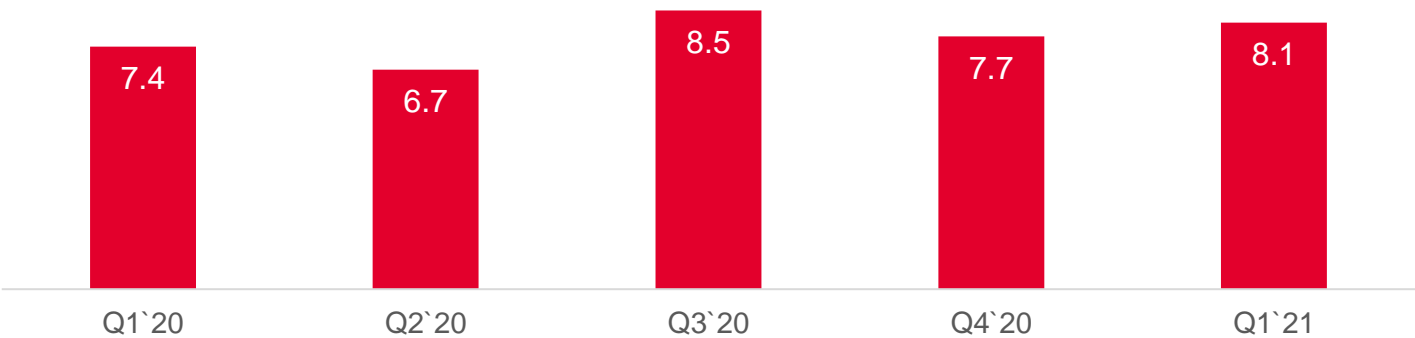
EURm



## Net fee and commission income development

Q1 2021 vs. previous periods

EURm



## Comment

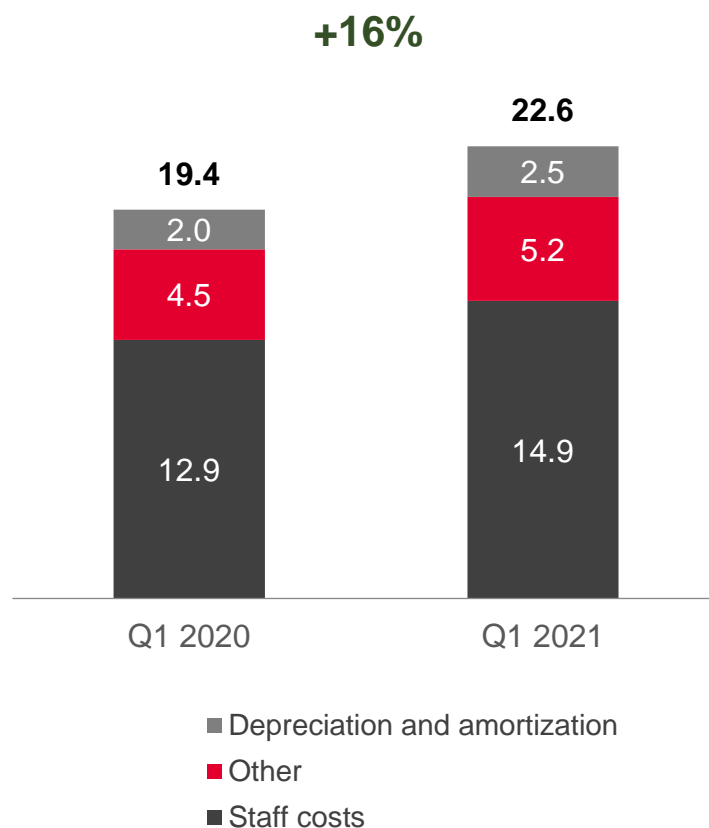
The Group's **net fee and commission income** in Q1 2021 reached EUR 8.1 million, which translates into a 5% increase vs. Q4 2020, mainly due to higher income from cards and payments and transactions.

# Operating expenses development

## Operating expenses

Q1 2021 vs. Q1 2020

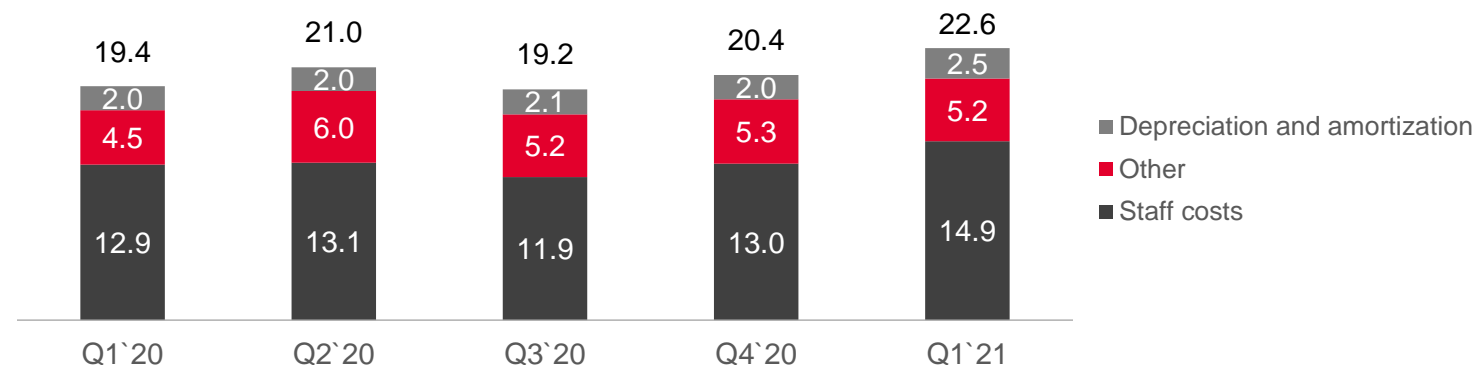
EURm



## Operating expenses development

Q1 2021 vs. previous periods

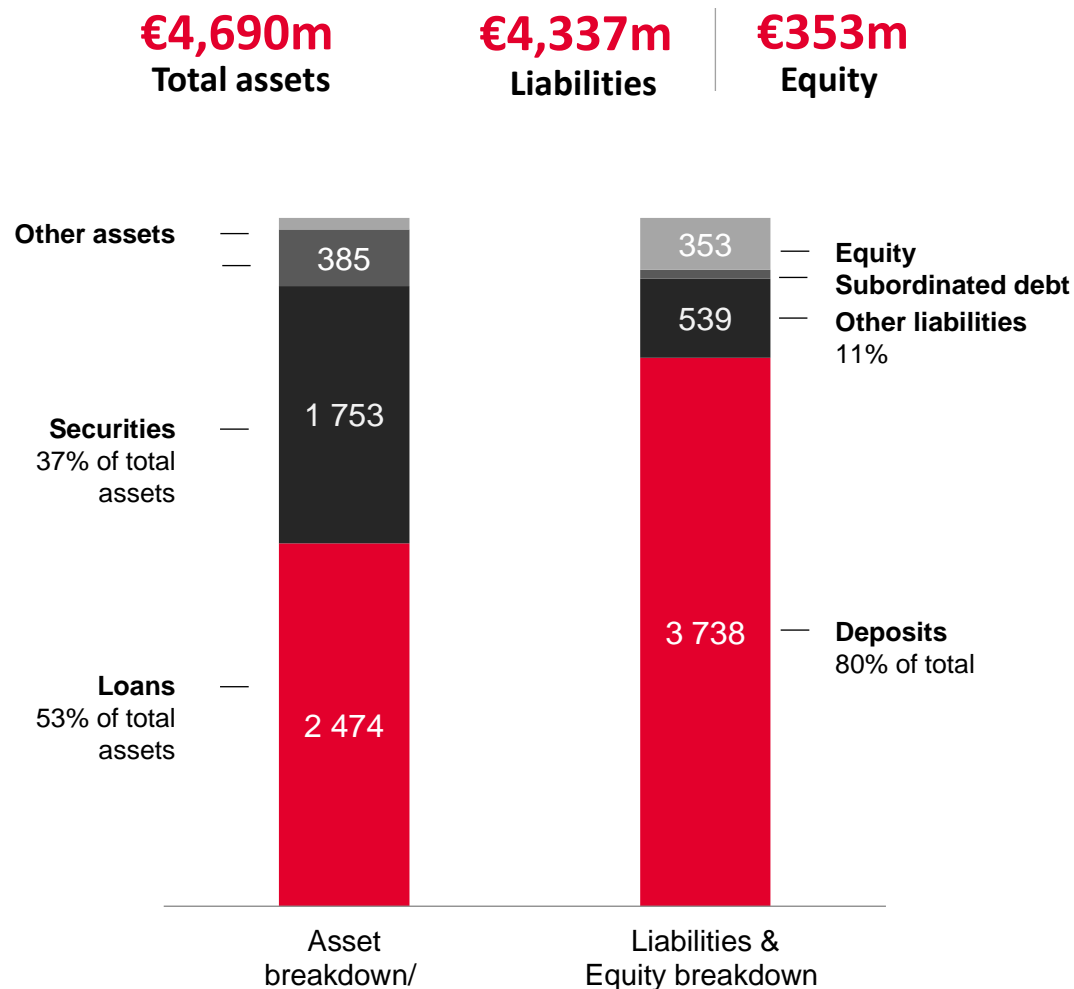
EURm



## Comment

Operating expenses in Q1 2021 was EUR 22.6 million, increase by 11% compared to Q4 2020. Staff costs increased by 14% q-o-q to EUR 14.9 million. The number of full-time employees was 1,371 vs. 1,230 as of 31 December 2020, reflecting recent UniCredit Leasing acquisition. Other costs were EUR 5.2 million (2% decrease q-o-q). Depreciation and amortization expenses stood at EUR 2.5 million.

# Stable asset quality and strong balance sheet



## Comment

The Group's assets stood at EUR 4,690 million as of 31 March 2021, representing a 2% increase from year end 2020 (EUR 4,597 million).

The **net loan portfolio** stood at EUR 2,474 million as of 31 March 2021, increasing by EUR 932 million (61%) from year end 2020, mainly impacted by the SIA UniCredit Leasing (now SIA Citadele Leasing) acquisition at the beginning of year.

**Strong growth** also seen in **new lending** in Q1 2021 reaching EUR 308 million, two and a half times higher than the 2020 average. EUR 73 million were issued to retail customers, EUR 160 million to corporate customers and EUR 75 million to SIA Citadele Leasing clients.

Settlement of UniCredit Leasing transaction at the beginning of Q1 2021 returned the Bank to **optimal cash balances**, allowing to keep the securities portfolio at a relatively stable level throughout the quarter as well. Portfolio size declined by 3% over the quarter as funds from maturing securities were not fully re-invested.

The main source of funding, **customer deposits**, grew by 2% vs. year-end 2020. Baltic residents' deposits increased by EUR 176 million (+5%).

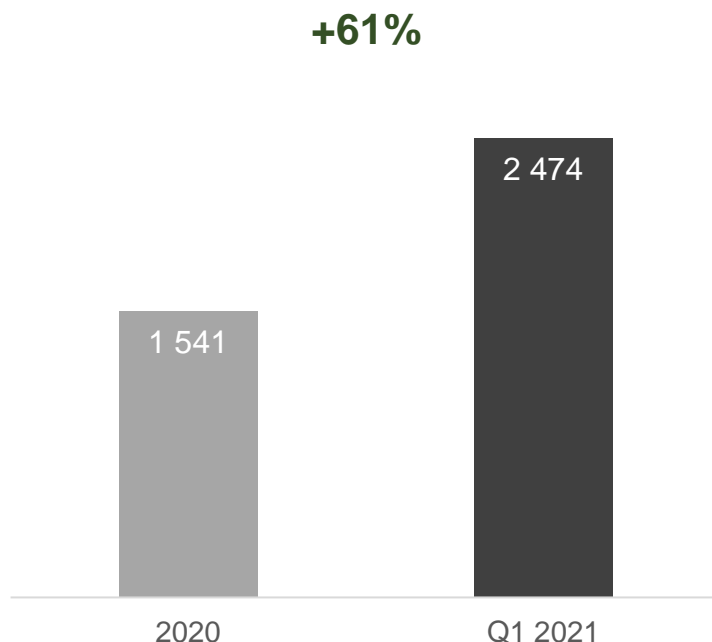


# Balance sheet overview

## Loans

31 Mar 2021 vs. YE 2020

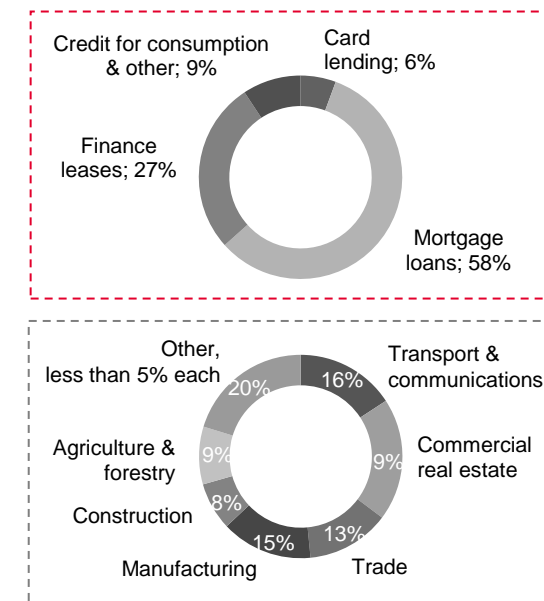
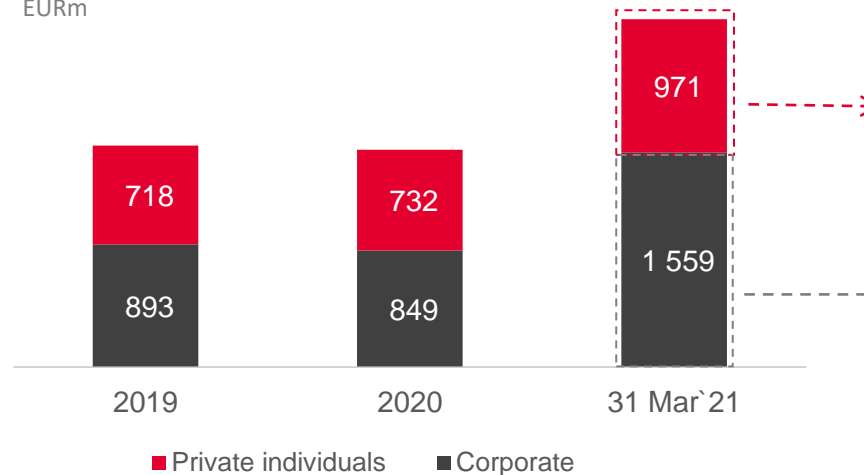
EURm



## Gross loans by customer profile

31 Mar 2021 vs. previous periods

EURm



## Comment

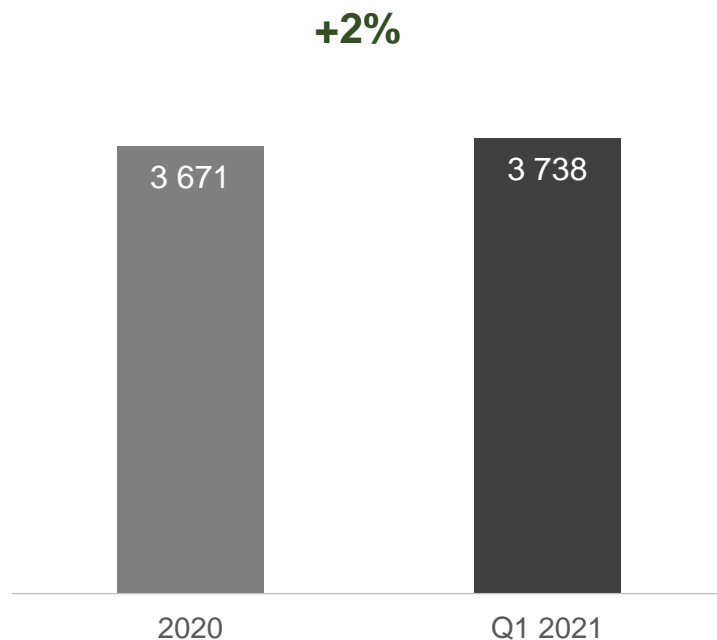
As a result of the UniCredit Leasing acquisition, changes seen in the loan **portfolio's geographical profile** and **industry concentrations**. As of 31 March 2021, Latvia accounted for 47% of the portfolio (vs. 57% as of year-end 2020), followed by Lithuania at 39% (vs. 32% as of year-end 2020) and Estonia at 13% (vs. 10% as of year-end 2020). Loans to Households represented 38% of the portfolio (vs. 46% as of year-end 2020). Finance leases has increased six times after the UniCredit loan book acquisition. Increase is also seen in mortgages (4% q-o-q).

# Balance sheet overview

## Deposits

31 Mar 2021 vs. YE 2020

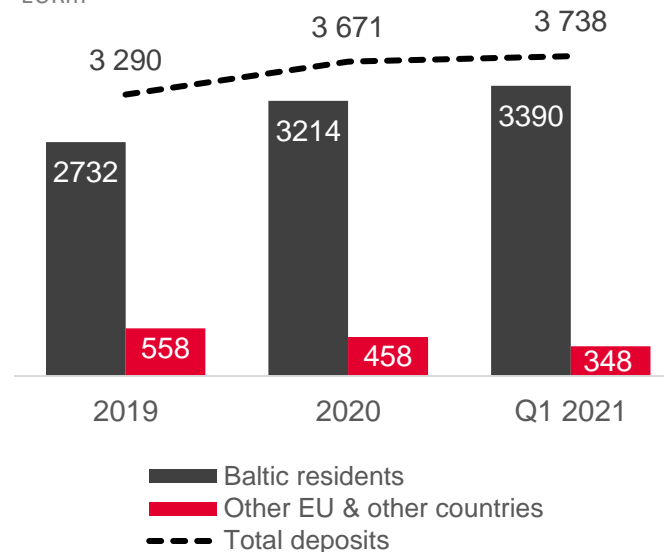
EURm



## Increase of domestic deposits

Q1 2021 vs. previous periods

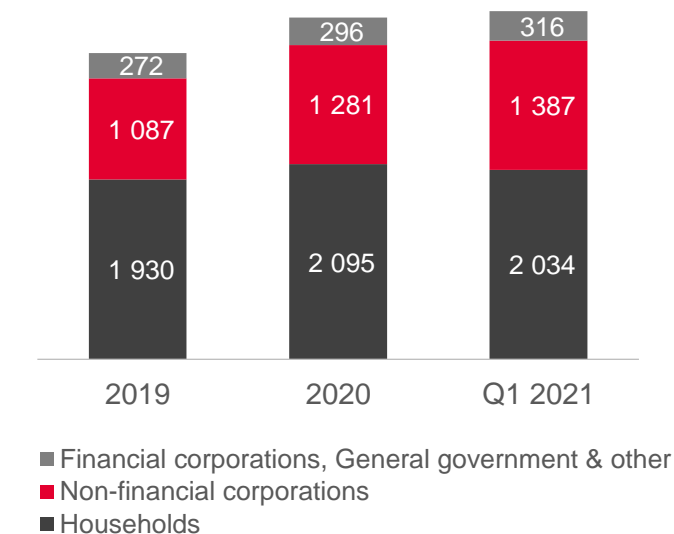
EURm



## Deposits by customer profile

Q1 2021 vs. previous periods

EURm



## Comment

The main source of funding, **customer deposits**, grew by 2% vs. year-end 2020. Baltic residents' deposits increased by EUR 176 million (+5%).

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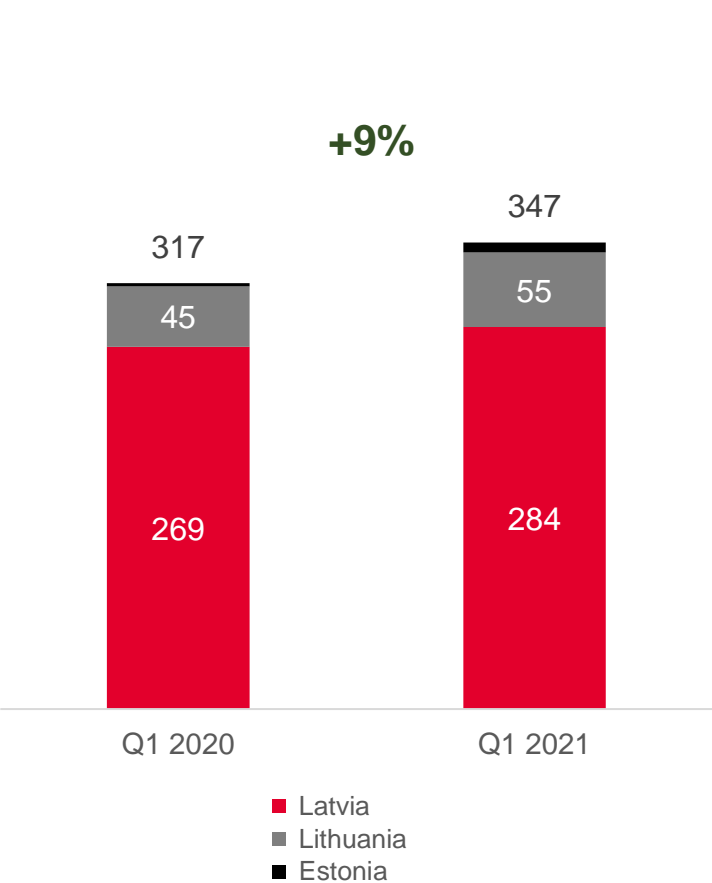
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# Customer overview

## Active customers

Q1 2021 vs. Q1 2020

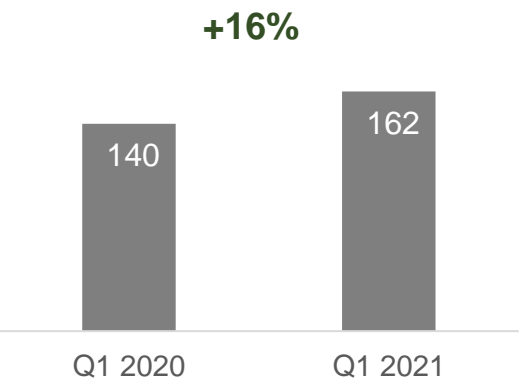
`thousands



## Mobile App users

Q1 2021 vs. Q1 2020

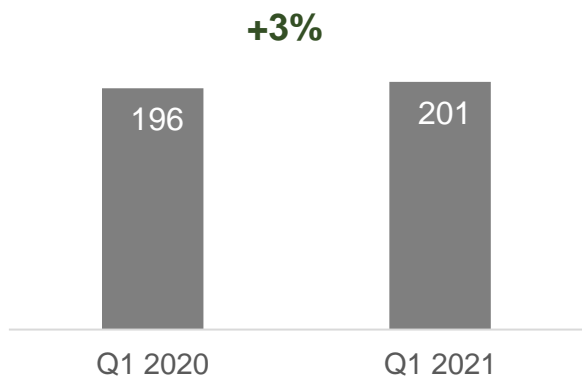
`thousands



## Internet bank customers

Q1 2021 vs. Q1 2020

`thousands



## Comment

Active customers reached 347 thousand clients as of 31 March 2021, or 9% growth y-o-y. Mobile App users and Internet bank customers increased by 16% and 3% y-o-y, respectively, reaching 162 thousand active Mobile App users and 201 thousand active Internet Bank customers.

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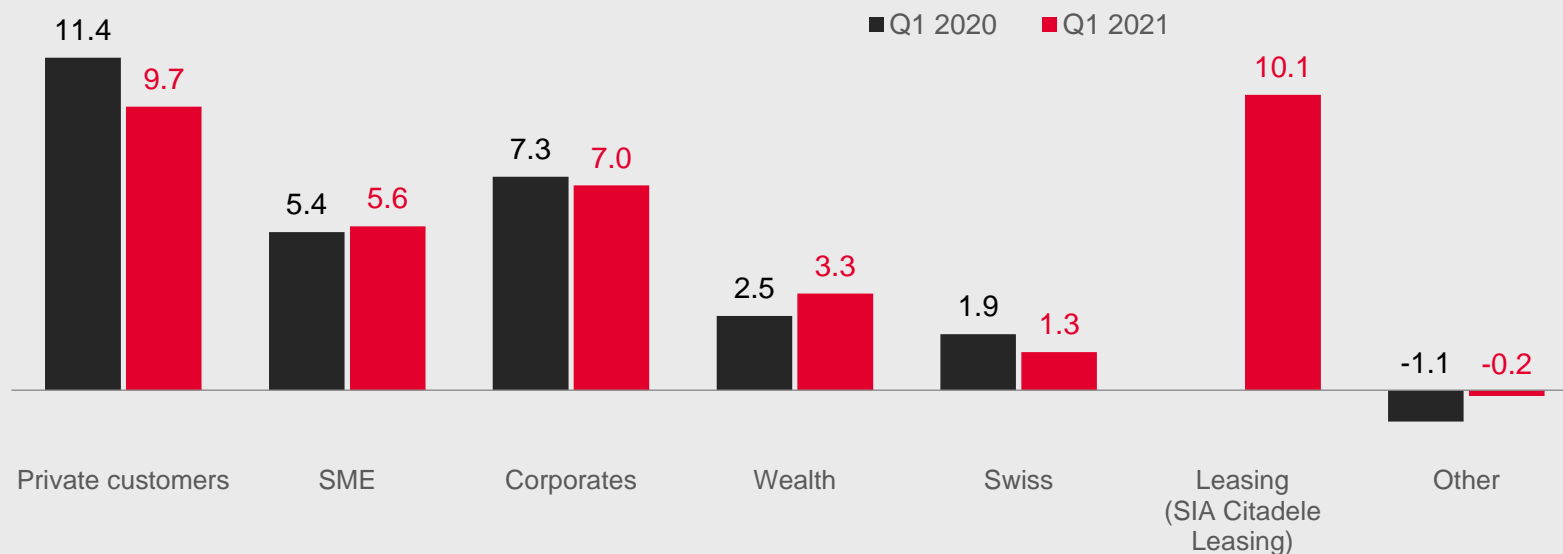
# Segment overview

Q1 2021, EURm	Private customers	SME	Corporates	Wealth	Swiss	Leasing	Other*	Total
Net interest income	8.5	3.7	5.9	0.2	0.4	9.3	-2.0	26.1
Net fee & commission income	1.4	1.6	0.9	2.9	0.6	0.4	0.4	8.2
Net financial and other income	-0.3	0.3	0.2	0.3	0.2	0.4	1.3	2.5
<b>Operating income</b>	<b>9.7</b>	<b>5.6</b>	<b>7.0</b>	<b>3.3</b>	<b>1.3</b>	<b>10.1</b>	<b>-0.2</b>	<b>36.7</b>

\* Other – Group's treasury functions and other business support functions, incl. results of the subsidiaries of the Group operating in non-financial sector

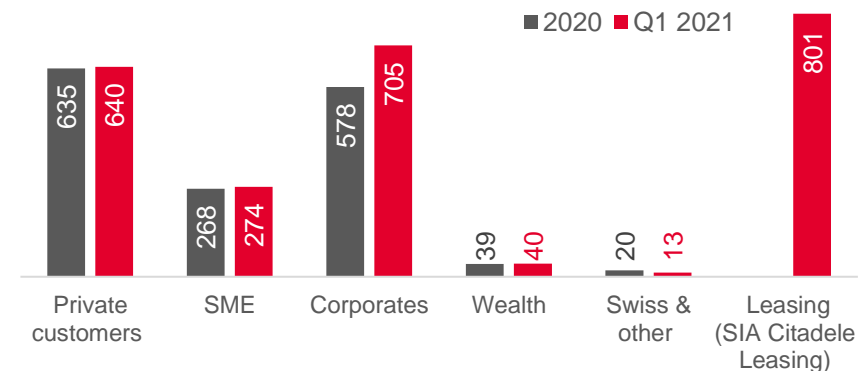
## Operating income by segment

Q1 2021 vs. Q1 2020, EURm



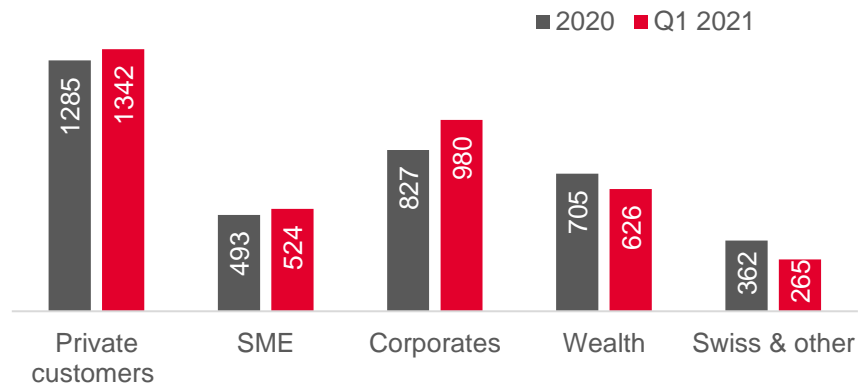
## Loans

Q1 2021 vs. YE 2020, EURm



## Deposits

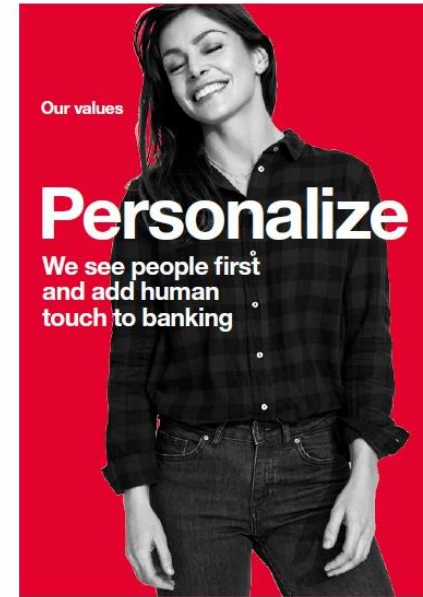
Q1 2021 vs. YE 2020, EURm



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# About us



## Branches

23 in Latvia  
6 in Lithuania  
1 in Estonia



**1,371**  
Employees



**347k**  
Active  
Clients  
(+9% y-o-y)



**201k**  
I-bank  
Customers  
(+3% y-o-y)



**162k**  
Mobile App  
users  
(+16% y-o-y)



**24/7**  
Access to  
SkyBranch



**>12.0k**  
contactless  
POS across  
Latvia



**4th**  
Largest ATM  
network in  
Latvia

## AWARDS

Bank with the best  
customer service in  
Latvia



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