



AS Citadele banka

# INTERIM REPORT

For the twelve months ended  
31 December 2021



## Key figures and events of the Group

Strong financial performance with net profit reaching EUR 55.0 million in 2021 and 14.9% return on equity. Net profit in Q4 2021 was EUR 10.3 million.

The number of active customers continued to grow and reached an all-time high of 361 thousand clients as of 31 December 2021, 11% growth y-o-y.

In 2021 EUR 1.1 billion in new financing was issued to private, SME, corporate and leasing customers, 2.3 times higher than 2020. New financing in Q4 reached EUR 293 million, 9% growth q-o-q.

Baltic deposits continued to increase by EUR 363 million in 2021, or 11% growth vs. year-end 2020.

The Bank continues to operate on the back of prudent capital and liquidity ratios. Group's CAR (including period's result) was 18.9% and LCR of 207% as of 31 December 2021.

Citadele has completed the issuance of EUR 200 million of senior unsecured preferred bonds in November 2021, rated Baa3 by Moody's. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL).

EUR 40 million bonds were issued under the Fourth Unsecured Subordinated Bonds Programme and listed on the Baltic Bond List of Nasdaq Riga in December 2021.

Citadele Banka's credit rating upgraded to Baa2 with stable outlook by Moody's.

Citadele has entered into a binding agreement with Trusted Novus Bank Limited regarding the sale of its Swiss subsidiary – Kaleido Privatbank AG. The closing of the acquisition is expected by year end 2022, subject to regulatory approvals.

<i>EUR millions</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net interest income	108.1	67.5	84.6
Net fee and commission income	36.5	30.2	30.9
Net financial and other income	10.7	(3.1)	8.4
<b>Operating income</b>	<b>155.3</b>	<b>94.7</b>	<b>123.9</b>
Operating expense	(96.6)	(80.0)	(82.8)
Net credit losses and impairments	(1.8)	(10.5)	(3.7)
<b>Net profit</b>	<b>55.0</b>	<b>3.6</b>	<b>36.5</b>
Return on average assets (ROA)	1.14%	0.09%	1.07%
Return on average equity (ROE)	14.85%	1.05%	11.5%
Cost to income ratio (CIR)	62.2%	84.5%	66.8%
Cost of risk ratio (COR)	0.1%	0.6%	0.2%
<i>Adjusted for one-time item*:</i>			
Operating income	155.3	106.0	123.9
Net profit	55.0	14.9	36.5
Return on average assets (ROA)	1.14%	0.36%	1.07%
Return on average equity (ROE)	14.85%	4.4%	11.5%
Cost to income ratio (CIR)	62.2%	75.5%	66.8%

<i>EUR millions</i>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Total assets	5,055	4,597	3,743
Loans to public	2,702	1,541	1,568
Deposits from customers	3,814	3,671	3,290
Shareholders' equity	397	344	341
Loan-to-deposit ratio	71%	42%	48%
Total capital adequacy ratio (CAR), transitional (including period's result)	18.9%	26.0%	22.2%
Common equity Tier 1 (CET1) capital ratio, transitional (including period's result)	16.4%	22.1%	18.8%
Full time employees	1,335	1,230	1,369

\* 2020 is adjusted for one-time losses related to the tail risk defensive measures in the amount of EUR (28.8) million, included in "Net financial and other income" and one-time gain of EUR 17.5 million from leaseback sale of headquarters buildings in Latvia and Lithuania.

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### ***Rounding and Percentages***

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

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

## CORPORATE GOVERNANCE

AS Citadele banka is the parent company of Citadele Group. AS Citadele banka is a joint stock company. Approximately 75% of shares in AS Citadele banka are owned by a consortium of international investors represented by Ripplewood Advisors LLC. The European Bank for Reconstruction and Development (EBRD) owns approximately 25% of shares in AS Citadele banka.

### ***Supervisory Board of the Bank as of 31/12/2021:***

<b>Name</b>	<b>Current Position</b>	<b>Date of first appointment</b>
Timothy Clark Collins	Chairman of the Supervisory Board	20 April 2015
Elizabeth Critchley	Deputy Chairperson of the Supervisory Board	20 April 2015
James Laurence Balsillie	Member of the Supervisory Board	20 April 2015
Dhananjaya Dvivedi	Member of the Supervisory Board	20 April 2015
Lawrence Neal Lavine	Member of the Supervisory Board	20 April 2015
Klāvs Vasks	Member of the Supervisory Board	30 June 2010
Nicholas Dominic Haag	Member of the Supervisory Board	19 December 2016
Karina Saroukhanian	Member of the Supervisory Board	19 December 2016
Sylvia Yumi Gansser Potts	Member of the Supervisory Board	29 October 2018

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

### ***Management Board of the Bank as of 31/12/2021:***

<b>Name</b>	<b>Current position</b>	<b>Responsibility</b>
Johan Åkerblom	Chairman of the Management Board	Chief Executive Officer
Valters Ābele	Member of the Management Board	Chief Financial Officer
Vladislavs Mironovs	Member of the Management Board	Chief Strategy Officer
Uldis Upenieks	Member of the Management Board	Chief Compliance Officer
Slavomir Mizak	Member of the Management Board	Chief Technology and Operations Officer
Vaidas Žagūnis	Member of the Management Board	Chief Corporate Commercial Officer
Rūta Ežerskienė	Member of the Management Board	Chief Retail Commercial Officer
Jūlija Lebedinska-Ļitvinova	Member of the Management Board	Chief Risk Officer

On 1 January 2021 Vladislavs Mironovs refocused on Strategy execution, Digital evolution and Business development, Valters Ābele took Chief Financial Officer role and Slavomir Mizak started running the merged IT and Operations organization. Former Chief Operations Officer Kaspars Jansons resigned on 1 January 2021. Effective from 1 February 2021 Rūta Ežerskienė joined the Management Board as Chief Retail Commercial Officer. Effective from 16 June 2021 Jūlija Lebedinska-Ļitvinova joined the Management Board and commenced duties of Chief Risk Officer of Citadele banka.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

The condensed interim financial statements set out on pages 6 to 29 are prepared in accordance with the source documents and present the financial position of the Bank and the Group as of 31 December 2021 and 31 December 2020 and the results of their operations and changes in shareholders' equity for the twelve months periods ended 31 December 2021 and 31 December 2020 in accordance with IAS 34 Interim Reporting as adopted by the European Union. The management report set out on pages 2 to 4 presents fairly the financial results of the reporting period and future prospects of the Bank and the Group.

The condensed interim financial statements are prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

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

**STATEMENT OF INCOME**

		EUR thousands			
	Note	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Interest income	5	123,974	90,124	93,458	81,144
Interest expense	5	(15,890)	(22,584)	(14,994)	(22,484)
<b>Net interest income</b>		<b>108,084</b>	<b>67,540</b>	<b>78,464</b>	<b>58,660</b>
Fee and commission income	6	60,655	51,761	49,720	43,445
Fee and commission expense	6	(24,198)	(21,580)	(23,397)	(20,745)
<b>Net fee and commission income</b>		<b>36,457</b>	<b>30,181</b>	<b>26,323</b>	<b>22,700</b>
Net financial income	7	7,319	(17,463)	6,682	(17,591)
Net other income / (expense)		3,421	14,409	1,782	(163)
<b>Operating income</b>		<b>155,281</b>	<b>94,667</b>	<b>113,251</b>	<b>63,606</b>
Staff costs		(61,111)	(50,888)	(45,900)	(44,141)
Other operating expenses	8	(25,153)	(21,057)	(18,760)	(17,540)
Depreciation and amortisation		(10,351)	(8,044)	(7,616)	(7,688)
<b>Operating expense</b>		<b>(96,615)</b>	<b>(79,989)</b>	<b>(72,276)</b>	<b>(69,369)</b>
<b>Profit before impairment</b>		<b>58,666</b>	<b>14,678</b>	<b>40,975</b>	<b>(5,763)</b>
Net credit losses	9	(1,613)	(9,351)	(11,742)	(10,379)
Other impairment losses and other provisions		(198)	(1,106)	941	11,805
<b>Operating profit / (loss) before non-current assets held for sale</b>		<b>56,855</b>	<b>4,221</b>	<b>30,174</b>	<b>(4,337)</b>
Result from non-current assets held for sale		(213)	(307)	(213)	(307)
<b>Operating profit / (loss)</b>		<b>56,642</b>	<b>3,914</b>	<b>29,961</b>	<b>(4,644)</b>
Income tax		(1,597)	(306)	(318)	(117)
<b>Net profit / (loss)</b>		<b>55,045</b>	<b>3,608</b>	<b>29,643</b>	<b>(4,761)</b>
Basic earnings per share in EUR	17	0.35	0.02	0.19	(0.03)
Diluted earnings per share in EUR	17	0.35	0.02	0.19	(0.03)

The notes on pages 10 to 29 are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

	EUR thousands			
	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
<b>Net profit / (loss)</b>	<b>55,045</b>	<b>3,608</b>	<b>29,643</b>	<b>(4,761)</b>
Other comprehensive income items that are or may be reclassified to profit or loss:				
<i>Fair value revaluation reserve</i>				
Fair value revaluation reserve charged to statement of income (Note 7)	(542)	(1,123)	(428)	(1,023)
Change in fair value of debt securities and similar	(3,717)	(809)	(2,349)	(609)
Deferred income tax charged / (credited) directly to equity	212	88	-	-
<i>Other reserves</i>				
Foreign exchange retranslation	667	144	-	-
Other comprehensive income items that may not be reclassified to profit or loss:				
<i>Fair value revaluation reserve</i>				
Change in fair value of equity and similar instruments	(42)	8	(42)	8
Transfer to retained earnings at disposal	50	927	49	927
<b>Other comprehensive income / (loss)</b>	<b>(3,372)</b>	<b>(765)</b>	<b>(2,770)</b>	<b>(697)</b>
<b>Total comprehensive income / (loss)</b>	<b>51,673</b>	<b>2,843</b>	<b>26,873</b>	<b>(5,458)</b>

The notes on pages 10 to 29 are an integral part of these financial statements.



**BALANCE SHEET**

		EUR thousands			
	Note	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
<b>Assets</b>					
Cash and cash balances at central banks		371,025	1,146,606	361,626	1,131,008
Loans to credit institutions		58,742	51,287	35,693	40,289
Debt securities	10	1,801,720	1,760,190	1,652,308	1,563,675
Loans to public	11	2,701,509	1,541,223	2,609,713	1,518,313
Equity instruments	12	1,279	4,764	1,279	4,764
Other financial instruments	12	42,032	43,343	7,400	13,834
Derivatives		4,303	1,474	4,303	1,474
Investments in related entities	13	279	274	77,087	46,756
Tangible assets		20,444	12,930	11,496	14,143
Intangible assets		8,562	5,981	6,083	5,832
Current income tax assets		1,927	885	871	878
Deferred income tax assets		2,676	2,387	2,179	2,179
Non-current assets held for sale		946	946	946	946
Other assets		39,117	25,028	28,912	16,355
<b>Total assets</b>		<b>5,054,561</b>	<b>4,597,318</b>	<b>4,799,896</b>	<b>4,360,446</b>
<b>Liabilities</b>					
Deposits from credit institutions and central banks	14	479,235	449,991	499,628	470,959
Deposits and borrowings from customers	15	3,813,863	3,671,390	3,665,524	3,478,096
Debt securities issued	16	258,895	60,080	258,895	60,080
Derivatives		739	4,461	739	4,461
Provisions		3,934	2,211	3,882	2,133
Current income tax liabilities		197	213	189	115
Deferred income tax liabilities		376	464	-	-
Other liabilities		100,247	64,198	25,476	27,003
<b>Total liabilities</b>		<b>4,657,486</b>	<b>4,253,008</b>	<b>4,454,333</b>	<b>4,042,847</b>
<b>Equity</b>					
Share capital	17	156,888	156,556	156,888	156,556
Reserves and other capital components		7,320	10,265	2,127	4,469
Retained earnings		232,867	177,489	186,548	156,574
<b>Total equity</b>		<b>397,075</b>	<b>344,310</b>	<b>345,563</b>	<b>317,599</b>
<b>Total liabilities and equity</b>		<b>5,054,561</b>	<b>4,597,318</b>	<b>4,799,896</b>	<b>4,360,446</b>
<b>Off-balance sheet items</b>					
Guarantees and letters of credit	18	34,265	23,903	38,863	23,246
Financial commitments	18	387,943	261,050	431,065	276,089

The notes on pages 10 to 29 are an integral part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY**

	<b>Group, EUR thousands</b>						
	<b>Issued Share capital</b>	<b>Share premium</b>	<b>Securities fair value revaluation reserve</b>	<b>Foreign currency retrans- lation</b>	<b>Share based payments</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance as of 31/12/2019</b>	<b>156,556</b>	<b>-</b>	<b>6,083</b>	<b>3,994</b>	<b>1,199</b>	<b>172,893</b>	<b>340,725</b>
<b>Total comprehensive income for the period</b>							
Net (loss) for the period	-	-	-	-	-	3,608	3,608
Share based payments to employees	-	-	-	-	681	61	742
Other comprehensive income / (loss) for the period	-	-	(1,836)	144	-	927	(765)
<b>Balance as of 31/12/2020</b>	<b>156,556</b>	<b>-</b>	<b>4,247</b>	<b>4,138</b>	<b>1,880</b>	<b>177,489</b>	<b>344,310</b>
<b>Total comprehensive income for the period</b>							
Net profit for the period	-	-	-	-	-	55,045	55,045
Share based payments to employees	332	239	-	-	238	283	1,092
Other comprehensive income / (loss) for the period	-	-	(4,089)	667	-	50	(3,372)
<b>Balance as of 31/12/2021</b>	<b>156,888</b>	<b>239</b>	<b>158</b>	<b>4,805</b>	<b>2,118</b>	<b>232,867</b>	<b>397,075</b>

  

	<b>Bank, EUR thousands</b>					
	<b>Issued Share capital</b>	<b>Share premium</b>	<b>Securities fair value revaluation reserve</b>	<b>Share based payments</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance as of 31/12/2019</b>	<b>156,556</b>	<b>-</b>	<b>4,213</b>	<b>1,199</b>	<b>160,346</b>	<b>322,314</b>
<b>Total comprehensive income for the period</b>						
Net (loss) for the period	-	-	-	-	(4,761)	(4,761)
Share based payments to employees	-	-	-	681	62	743
Other comprehensive income / (loss) for the period	-	-	(1,624)	-	927	(697)
<b>Balance as of 31/12/2020</b>	<b>156,556</b>	<b>-</b>	<b>2,589</b>	<b>1,880</b>	<b>156,574</b>	<b>317,599</b>
<b>Total comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	29,643	29,643
Share based payments to employees	332	239	-	238	282	1,091
Other comprehensive income / (loss) for the period	-	-	(2,819)	-	49	(2,770)
<b>Balance as of 31/12/2021</b>	<b>156,888</b>	<b>239</b>	<b>(230)</b>	<b>2,118</b>	<b>186,548</b>	<b>345,563</b>

The notes on pages 10 to 29 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

If not mentioned otherwise, referral to the Group's policies and procedures should be also considered as referral to the respective Bank's policies and procedures. Figures in parenthesis represent amounts as of 31 December 2020 or for the year ended 31 December 2020.

### NOTE 1. AUTHORISATION OF THE FINANCIAL STATEMENTS

These financial statements have been authorised for issuance by the Management Board and comprise the financial information of AS Citadele banka (hereinafter – the Bank or Citadele) and its subsidiaries (together – the Group).

### NOTE 2. GENERAL INFORMATION

Citadele is a Latvian-based bank offering retail, private banking, asset management, lending, leasing and other commercial banking services. As of period end the Bank operates branches in Latvia, Lithuania and Estonia. AS Citadele banka is the parent company of the Group, which has a subsidiary bank in Switzerland and several financial services subsidiaries. The Group's main market is the Baltics (Latvia, Lithuania and Estonia). Citadele was registered as a joint stock company on 30 June 2010. Citadele commenced its operations on 1 August 2010.

As of 31 December 2021, the Group had 1,335 (2020: 1,230) and the Bank had 1,100 (2020: 1,152) full time equivalent active employees. Increase in the Group's full time equivalent active employees is a result of the acquisition of SIA Citadele Leasing (previously SIA UniCredit Leasing) in the beginning of 2021.

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

These interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by European Union (EU) on a going concern basis. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in financial position and performance of the Group and the Bank since the last annual consolidated and Bank financial statements for the year ended 31 December 2020. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS as adopted by the European Union. This interim financial information should be read in conjunction with the 2020 annual financial statements for the Group and the Bank.

#### b) New standards and amendments

New standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Some of the standards become effective in 2021, others become effective for later reporting periods. In this section those relevant for the Group are summarised. Where the implementation impact was or is expected to be reasonably material it is disclosed.

#### New requirements effective for 2021 which did not have a significant effect to the Group

*Amendments to IFRS 16 – COVID-19-Related Rent Concessions*

*Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2*

#### Upcoming requirements not in force from 1 January 2021

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2021 or are not yet effective in the EU. These standards have not been applied in preparing these financial statements. The Group does not plan to adopt any of these standards early. The Group is in the process of evaluating the potential effect if any of changes arise from these new standards and interpretations.

*IFRS 17 - Insurance Contracts.* Expected to be effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied. The upcoming standard combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract. Groups of insurance contracts have to be measured at a risk-adjusted present value of the future cash flows adjusted for unearned profits or losses. Profit from a group of insurance contracts is recognised over the period the insurance cover is provided, and as the risk is released; loss from a group of contracts is recognised immediately. The standard requires presenting insurance service results separately from insurance finance income or expenses and requires making an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

*Amendments to IAS 1 – Classification of liabilities as current or non-current*

*Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policy*

*Amendments to IAS 8 – Definition of Accounting Estimate*

*Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

#### c) Functional and Presentation Currency

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

#### d) Use of estimates and judgements in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by EU, requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses and

disclosure of contingencies. The management has applied reasonable and prudent estimates and judgments in preparing these financial statements. Significant areas of estimation used in the preparation of the accompanying financial statements relate to evaluation of impairment losses for assets, determination of the control of investees for consolidation purposes, evaluation of recognisable amounts of deferred tax assets and liabilities.

## NOTE 4. OPERATING SEGMENTS

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

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

The comparative information as of 31 December 2020 and for the year ended 31 December 2020 have been restated for comparability by applying the most recent segmentation methodology.

*Main business segments of the Group are:*

### *Private customers*

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

### *SME*

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

### *Corporate*

Large customers serviced in Latvia, Lithuania and Estonia. Yearly turnover of the customer is above EUR 7 million or total risk exposure with Citadele Group is above EUR 2 million or the customer needs complex financing solutions.

### *Wealth management*

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

### *Swiss*

This segment comprises operations of Kaleido Privatbank AG. On 1 April 2021 the legal name of the Swiss registered banking subsidiary AP Anlage & Privatbank AG was changed to Kaleido Privatbank AG.

### *Leasing*

Leasing services provided to private individuals and companies in Latvia, Lithuania and Estonia by SIA Citadele Leasing.

### *Other*

Group's treasury functions and other business support functions, including results of the subsidiaries of the Group operating in non-financial sector.

### Segments of the Group

	Group 12m 2021, EUR thousands							
	Reportable segments							Total
	Private customers	SME	Corporate	Wealth	Swiss	Leasing	Other	
Interest income	36,655	14,569	27,902	1,813	1,336	36,850	4,849	123,974
Interest expense	(1,089)	(19)	(293)	(983)	(232)	(712)	(12,562)	(15,890)
<b>Net interest income</b>	<b>35,566</b>	<b>14,550</b>	<b>27,609</b>	<b>830</b>	<b>1,104</b>	<b>36,138</b>	<b>(7,713)</b>	<b>108,084</b>
Fee and commission income	17,955	12,190	11,766	13,314	2,671	946	1,813	60,655
Fee and commission expense	(11,279)	(4,346)	(6,131)	(1,640)	(357)	(29)	(416)	(24,198)
<b>Net fee and commission income</b>	<b>6,676</b>	<b>7,844</b>	<b>5,635</b>	<b>11,674</b>	<b>2,314</b>	<b>917</b>	<b>1,397</b>	<b>36,457</b>
Net financial income	810	2,213	1,530	1,191	532	2	1,041	7,319
Net other income	(1,458)	54	1,580	873	17	1,746	609	3,421
<b>Operating income</b>	<b>41,594</b>	<b>24,661</b>	<b>36,354</b>	<b>14,568</b>	<b>3,967</b>	<b>38,803</b>	<b>(4,666)</b>	<b>155,281</b>
Net funding allocation	(787)	(193)	(979)	517	50	(2,145)	3,537	-
<b>FTP adjusted operating income</b>	<b>40,807</b>	<b>24,468</b>	<b>35,375</b>	<b>15,085</b>	<b>4,017</b>	<b>36,658</b>	<b>(1,129)</b>	<b>155,281</b>
Net credit losses	(7,010)	(743)	(3,232)	(18)	(195)	7,924	1,661	(1,613)
<b>Net result before operating expense</b>	<b>33,797</b>	<b>23,725</b>	<b>32,143</b>	<b>15,067</b>	<b>3,822</b>	<b>44,582</b>	<b>532</b>	<b>153,668</b>
Not allocated income and expense, net								(98,623)
<b>Net profit / (loss)</b>								<b>55,045</b>

Group 12m 2020, EUR thousands (Reclassified for comparability)								
	Reportable segments							Total
	Private customers	SME	Corporate	Wealth	Swiss	Leasing	Other	
Interest income	38,762	15,690	25,591	2,372	2,716	-	4,993	90,124
Interest expense	(2,003)	(51)	(625)	(2,961)	(482)	-	(16,462)	(22,584)
<b>Net interest income</b>	<b>36,759</b>	<b>15,639</b>	<b>24,966</b>	<b>(589)</b>	<b>2,234</b>	<b>-</b>	<b>(11,469)</b>	<b>67,540</b>
Fee and commission income	14,004	10,277	8,880	12,648	3,153	-	2,799	51,761
Fee and commission expense	(8,412)	(3,796)	(5,056)	(1,583)	(429)	-	(2,304)	(21,580)
<b>Net fee and commission income</b>	<b>5,592</b>	<b>6,481</b>	<b>3,824</b>	<b>11,065</b>	<b>2,724</b>	<b>-</b>	<b>495</b>	<b>30,181</b>
Net financial income	674	1,267	494	1,710	(379)	-	(21,229)	(17,463)
Net other income	(1,437)	(385)	(459)	(450)	(529)	-	17,669	14,409
<b>Operating income</b>	<b>41,588</b>	<b>23,002</b>	<b>28,825</b>	<b>11,736</b>	<b>4,050</b>	<b>-</b>	<b>(14,534)</b>	<b>94,667</b>
Net funding allocation	(1,764)	(635)	(2,783)	318	392	-	4,472	-
<b>FTP adjusted operating income</b>	<b>39,824</b>	<b>22,367</b>	<b>26,042</b>	<b>12,054</b>	<b>4,442</b>	<b>-</b>	<b>(10,062)</b>	<b>94,667</b>
Net credit losses	(282)	(782)	(400)	(5,070)	40	-	(2,857)	(9,351)
<b>Net result before operating expense</b>	<b>39,542</b>	<b>21,585</b>	<b>25,642</b>	<b>6,984</b>	<b>4,482</b>	<b>-</b>	<b>(12,919)</b>	<b>85,316</b>
Not allocated income and expense, net								(81,708)
<b>Net profit / (loss)</b>								<b>3,608</b>

Group as of 31/12/2021, EUR thousands								
	Reportable segments							Total
	Private customers	SME	Corporate	Wealth	Swiss	Leasing	Other	
<b>Assets</b>								
Cash, balances at central banks	-	-	-	-	9,399	-	361,626	371,025
Loans to credit institutions	-	-	-	3,201	19,427	421	35,693	58,742
Debt securities	-	-	49,547	48,445	100,968	-	1,602,760	1,801,720
Loans to public	843,916	253,413	668,653	41,607	6,500	870,373	17,047	2,701,509
Equity instruments	-	-	-	-	-	-	1,279	1,279
Other financial instruments	-	-	-	34,632	-	-	7,400	42,032
All other assets	-	-	1,953	6,799	2,410	14,282	52,810	78,254
<b>Total segmented assets</b>	<b>843,916</b>	<b>253,413</b>	<b>720,153</b>	<b>134,684</b>	<b>138,704</b>	<b>885,076</b>	<b>2,078,615</b>	<b>5,054,561</b>
<b>Liabilities</b>								
Deposits from banks	-	-	-	-	-	-	479,235	479,235
Deposits from customers	1,466,577	628,860	962,744	598,214	139,598	-	17,870	3,813,863
Debt securities issued	-	-	-	-	-	-	258,895	258,895
All other liabilities	-	-	125	44,969	3,992	24,830	31,577	105,493
<b>Total segmented liabilities</b>	<b>1,466,577</b>	<b>628,860</b>	<b>962,869</b>	<b>643,183</b>	<b>143,590</b>	<b>24,830</b>	<b>787,577</b>	<b>4,657,486</b>

Group as of 31/12/2020, EUR thousands (Reclassified for comparability)								
	Reportable segments							Total
	Private customers	SME	Corporate	Wealth	Swiss	Leasing	Other	
<b>Assets</b>								
Cash, balances at central banks	-	-	-	-	15,598	-	1,131,008	1,146,606
Loans to credit institutions	-	-	-	2,702	8,296	-	40,289	51,287
Debt securities	-	-	10,415	38,766	157,749	-	1,553,260	1,760,190
Loans to public	635,448	268,344	578,021	39,431	6,711	-	13,268	1,541,223
Equity instruments	-	-	-	-	-	-	4,764	4,764
Other financial instruments	-	-	-	29,509	-	-	13,834	43,343
All other assets	-	-	7	5,090	544	-	44,264	49,905
<b>Total segmented assets</b>	<b>635,448</b>	<b>268,344</b>	<b>588,443</b>	<b>115,498</b>	<b>188,898</b>	<b>-</b>	<b>2,800,687</b>	<b>4,597,318</b>
<b>Liabilities</b>								
Deposits from banks	-	-	-	-	-	-	449,991	449,991
Deposits from customers	1,285,217	492,840	826,638	705,140	184,951	-	176,604	3,671,390
Debt securities issued	-	-	-	-	-	-	60,080	60,080
All other liabilities	-	13	121	36,633	2,398	-	32,382	71,547
<b>Total segmented liabilities</b>	<b>1,285,217</b>	<b>492,853</b>	<b>826,759</b>	<b>741,773</b>	<b>187,349</b>	<b>-</b>	<b>719,057</b>	<b>4,253,008</b>

## NOTE 5. INTEREST INCOME AND EXPENSE

	EUR thousands			
	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Interest income calculated using the effective interest method:				
Financial instruments at amortised cost:				
Loans to public	69,282	71,985	86,064	75,582
Debt securities	3,243	2,977	2,996	2,586
Cash balances at and lending to/from central banks and credit institutions (including TLTRO-III)	3,081	1,462	3,090	1,464
Deposits from public at negative interest rates	861	242	466	242
Debt securities at fair value through other comprehensive income	1,555	3,264	842	1,270
Interest income on finance leases (part of loans to public)	45,952	10,194	-	-
<b>Total interest income</b>	<b>123,974</b>	<b>90,124</b>	<b>93,458</b>	<b>81,144</b>
Interest expense on:				
Financial instruments at amortised cost:				
Deposits and borrowing from public	(8,978)	(14,095)	(8,130)	(13,725)
Debt securities issued	(3,952)	(3,637)	(3,952)	(3,637)
Deposits from credit institutions and central banks	(104)	(242)	(276)	(675)
Deposits to central banks and other assets at negative interest rates	(923)	(3,749)	(862)	(3,661)
Financial liabilities at fair value through profit or loss				
Deposits and borrowing from public	(145)	(129)	-	-
Lease liabilities	(64)	(41)	(50)	(94)
Other interest expense	(1,724)	(691)	(1,724)	(691)
<b>Total interest expense</b>	<b>(15,890)</b>	<b>(22,584)</b>	<b>(14,994)</b>	<b>(22,484)</b>
<b>Net interest income</b>	<b>108,084</b>	<b>67,540</b>	<b>78,464</b>	<b>58,660</b>

Effective interest rate on high-quality liquid assets is negative in certain central bank, central government and credit institution exposures. As the interest resulting from a negative effective interest rate on financial assets reflects an outflow of economic benefits, this is presented as interest expense. Similarly, an inflow of economic benefits from liabilities with negative effective interest rates (including TLTRO-III financing) is presented as interest income.

## NOTE 6. FEE AND COMMISSION INCOME AND EXPENSE

	EUR thousands			
	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Fee and commission income:				
Cards	32,681	27,284	32,638	27,224
Payments and transactions	12,393	12,079	10,757	10,169
Asset management and custody	9,612	7,391	1,797	1,615
Securities brokerage	970	1,518	577	955
Other fees	1,837	1,474	1,610	1,441
<b>Total fee and commission income from contracts with customers</b>	<b>57,493</b>	<b>49,746</b>	<b>47,379</b>	<b>41,404</b>
Guarantees, letters of credit and loans	3,162	2,015	2,341	2,041
<b>Total fee and commission income</b>	<b>60,655</b>	<b>51,761</b>	<b>49,720</b>	<b>43,445</b>
Fee and commission expense on:				
Cards	(19,260)	(16,897)	(19,254)	(16,897)
Asset management, custody and securities brokerage	(1,164)	(1,046)	(918)	(759)
Payments, transactions and other fees	(3,774)	(3,637)	(3,225)	(3,089)
<b>Total fee and commission expense</b>	<b>(24,198)</b>	<b>(21,580)</b>	<b>(23,397)</b>	<b>(20,745)</b>
<b>Net fee and commission income</b>	<b>36,457</b>	<b>30,181</b>	<b>26,323</b>	<b>22,700</b>

## NOTE 7. NET FINANCIAL INCOME

	EUR thousands			
	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Foreign exchange trading, revaluation and related derivatives	7,266	6,076	6,805	6,587
Non-trading assets and liabilities at fair value through profit or loss	443	3,803	381	3,264
Assets at fair value through other comprehensive income	542	1,123	428	1,023
Assets at amortised cost	-	211	-	211
Other derivatives	-	(28,836)	-	(28,836)
Modifications in cash flows which do not result in derecognition	(932)	160	(932)	160
<b>Total net financial income</b>	<b>7,319</b>	<b>(17,463)</b>	<b>6,682</b>	<b>(17,591)</b>

In April 2020, as a response to a fast-developing Covid-19 situation, Citadele acquired option contracts. Among the acquired option contracts were derivative instruments linked to stock market and high yield bond indexes with exercise dates in July 2020 and September 2020. The objective of the acquired option contracts was to implement a tail risk defensive measures to protect the Group and to mitigate the downside risk of a sharp and severe recession with a slow recovery. According to an internal risk assessment the chosen option instruments provided for an insurance in a tail risk in a negative macro-economic development scenario. The acquired option contracts did not qualify for hedge accounting. EUR 28.8 million loss on other derivatives (options) reflects the loss incurred on negative revaluation on the acquired option contracts over the year ended 31 December 2020. With recovery in 2020 proving stronger than anticipated and consequently market indexes fluctuating in ranges above option exercise prices, the acquired options stayed out-of-money, market value of the option contracts declined significantly, but so did the likelihood of a sharp and severe recession. As of 31 December 2020 and 31 December 2021, Citadele had no derivative option contracts outstanding as by that time all options had expired or were closed out.

## NOTE 8. OTHER OPERATING EXPENSES

	EUR thousands			
	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Information technologies and communications	(7,409)	(5,670)	(5,002)	(4,280)
Consulting and other services	(8,625)	(6,316)	(6,182)	(5,992)
Rent, premises and real estate	(2,826)	(2,770)	(2,313)	(1,648)
Advertising and marketing	(2,863)	(1,872)	(2,468)	(1,732)
Non-refundable value added tax	(2,151)	(2,779)	(1,842)	(2,563)
Other	(1,279)	(1,650)	(953)	(1,325)
<b>Total other expenses</b>	<b>(25,153)</b>	<b>(21,057)</b>	<b>(18,760)</b>	<b>(17,540)</b>

## NOTE 9. NET CREDIT LOSSES

Total net impairment allowance charged to the income statement

	EUR thousands			
	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Loans to credit institutions	21	(16)	12	(16)
Debt securities	(822)	(609)	(799)	(644)
Loans to public	(3,057)	(16,371)	(12,895)	(17,008)
Loan commitments, guarantees and letters of credit	(1,721)	2,037	(1,747)	2,073
Recovered written-off assets	3,966	5,608	3,687	5,216
<b>Total net losses on financial instruments</b>	<b>(1,613)</b>	<b>(9,351)</b>	<b>(11,742)</b>	<b>(10,379)</b>

Allowances for credit losses are recognised based on future loss expectations. The forward-looking information in the measurement of expected credit losses is implemented through adjustment for future economic development scenarios. As a result of events related to Covid-19, the adjustment for expected impact from future economic scenarios was substantially revised in the beginning of 2020. Consequently, expected credit loss charges recognised in 2020 (the comparative period) for the Group and the Bank were higher than in 2021 (the reporting period).

Due to the forward-looking nature of the credit loss estimation, the accumulated loss allowances do not necessarily represent an observable deterioration in the current credit quality of the loan portfolio (for detail refer to Note 11 (*Loans to Public*)), but is significantly affected by a forward-looking economic scenarios component. In the reporting period EUR 12.9 million impairment charge for loans to public was recognised by the Bank as a result of application of a constantly prudent provisioning policy and an increase in the Bank's loans to public by EUR 1,100 million. For the Group EUR 3.1 million impairment charges were recognised.

In 2020 the Group and the Bank recognised an impairment overlay for Stage 1 classified loans to public exposures. The impairment overlay addressed increased uncertainty regarding the forward-looking economic conditions in the unusual environment where duration and severity of Covid-19 situation and associated possible disruptions to the Baltic economies and customers of the Group was uncertain. The impairment overlay accounts for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing. The impairment overlay as of 31 December 2021 was reassessed. The impairment overlay concept is maintained as the uncertainty continues to persist.

When a loan is fully or partially written-off, the claim against the borrower normally is not forgiven. From time to time previously written-off assets are recovered due to repayment, sale of pool of overdue assets to companies specialising in recoveries of balances in arrears, or as a result of other resolution. Such recoveries are reported as recovered written-off assets.



#### Classification of impairment stages

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

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

Stage 3 – Credit-impaired financial instruments

#### Allowances for credit losses and provisions

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
<u>Stage 1</u>				
Loans to credit institutions	93	104	93	104
Debt securities	2,015	1,191	1,927	1,127
Loans to public	35,204	19,662	23,184	17,384
Loan commitments, guarantees and letters of credit	3,378	1,903	3,325	1,825
<b>Total stage 1 credit losses and provisions</b>	<b>40,690</b>	<b>22,860</b>	<b>28,529</b>	<b>20,440</b>
<u>Stage 2</u>				
Loans to public	10,702	4,058	8,873	3,901
Loan commitments, guarantees and letters of credit	358	41	358	41
<b>Total stage 2 credit losses and provisions</b>	<b>11,060</b>	<b>4,099</b>	<b>9,231</b>	<b>3,942</b>
<u>Stage 3</u>				
Loans to public	35,709	35,720	32,544	34,475
Loan commitments, guarantees and letters of credit	98	167	98	167
<b>Total stage 3 credit losses and provisions</b>	<b>35,807</b>	<b>35,887</b>	<b>32,642</b>	<b>34,642</b>
<b>Total allowances for credit losses and provisions</b>	<b>87,557</b>	<b>62,846</b>	<b>70,402</b>	<b>59,024</b>
<i>Including for debt securities classified at fair value through other comprehensive income</i>	136	135	97	81
<i>Including for loans of SIA Citadele Leasing</i>	15,286	-	-	-

In the year ended 31 December 2021, the increase of EUR 15.3 million in the Group's consolidated balance of allowances for credit losses is a result of the recent acquisition of SIA UniCredit Leasing (renamed to SIA Citadele Leasing), while the increase of EUR 1.1 million in the Bank's standalone stock of allowances for credit losses and provisions relates to credit lines extended to the recently acquired subsidiary.

In case of purchased or originated credit impaired (POCI) loans originated before acquisition date by the recently acquired subsidiary, the initial recognition date for these POCI loans in the Group's consolidated accounts is the acquisition date of the subsidiary. For POCI loans only the cumulative changes in lifetime expected credit losses since initial recognition are recognised as a loss allowance. Favourable changes in lifetime expected credit losses are recognised as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

## NOTE 10. DEBT SECURITIES

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

	Group, EUR thousands					
	31/12/2021			31/12/2020		
	At fair value through other comprehensive income	At amortised cost	Total	At fair value through other comprehensive income	At amortised cost	Total
Investment grade:						
AAA/Aaa	60,706	98,933	159,639	67,640	108,929	176,569
AA/Aa	37,904	268,521	306,425	78,451	251,826	330,277
A	225,476	1,024,958	1,250,434	204,857	988,657	1,193,514
BBB/Baa	16,118	19,059	35,177	25,763	23,389	49,152
Lower ratings or unrated	497	49,548	50,045	263	10,415	10,678
<b>Total debt securities</b>	<b>340,701</b>	<b>1,461,019</b>	<b>1,801,720</b>	<b>376,974</b>	<b>1,383,216</b>	<b>1,760,190</b>
<i>Including general government</i>	217,119	1,096,043	1,313,162	197,816	1,036,342	1,234,158
<i>Including credit institutions</i>	35,606	163,270	198,876	79,665	176,665	256,330
<i>Including classified in stage 1</i>	340,701	1,461,019	1,801,720	376,974	1,383,216	1,760,190



Bank, EUR thousands						
	31/12/2021			31/12/2020		
	At fair value through other comprehensive income	At amortised cost	Total	At fair value through other comprehensive income	At amortised cost	Total
Investment grade:						
AAA/Aaa	32,727	84,967	117,694	27,671	93,808	121,479
AA/Aa	14,703	256,295	270,998	33,067	238,556	271,623
A	184,238	1,011,665	1,195,903	162,938	974,237	1,137,175
BBB/Baa	1,498	16,668	18,166	1,034	21,949	22,983
Lower ratings or unrated	-	49,547	49,547	-	10,415	10,415
<b>Total debt securities</b>	<b>233,166</b>	<b>1,419,142</b>	<b>1,652,308</b>	<b>224,710</b>	<b>1,338,965</b>	<b>1,563,675</b>
<i>Including general government</i>	<i>185,496</i>	<i>1,083,706</i>	<i>1,269,202</i>	<i>158,559</i>	<i>1,016,650</i>	<i>1,175,209</i>
<i>Including credit institutions</i>	<i>5,219</i>	<i>151,193</i>	<i>156,412</i>	<i>27,505</i>	<i>167,613</i>	<i>195,118</i>
<i>Including classified in stage 1</i>	<i>233,166</i>	<i>1,419,142</i>	<i>1,652,308</i>	<i>224,710</i>	<i>1,338,965</i>	<i>1,563,675</i>

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

#### Debt securities by country of issuer

Group, EUR thousands						
	31/12/2021			31/12/2020		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	590,023	45,847	635,870	594,762	6,951	601,713
Latvia	478,272	3,500	481,772	417,450	3,526	420,976
Estonia	75,608	21,374	96,982	48,027	20,480	68,507
Germany	12,710	72,922	85,632	16,011	60,846	76,857
Poland	70,246	6,060	76,306	71,716	5,574	77,290
United States	12,718	34,527	47,245	11,680	50,395	62,075
Netherlands	10,651	33,504	44,155	14,641	81,459	96,100
Sweden	3,083	40,842	43,925	3,107	42,602	45,709
Canada	-	41,933	41,933	5,192	43,718	48,910
Finland	5,000	30,910	35,910	4,998	32,819	37,817
Multilateral development banks	-	49,532	49,532	-	49,650	49,650
Other countries and funds	54,851	107,607	162,458	46,574	128,012	174,586
<b>Total debt securities</b>	<b>1,313,162</b>	<b>488,558</b>	<b>1,801,720</b>	<b>1,234,158</b>	<b>526,032</b>	<b>1,760,190</b>

Bank, EUR thousands						
	31/12/2021			31/12/2020		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	582,026	44,111	626,137	586,259	5,411	591,670
Latvia	468,861	2,185	471,046	408,536	2,067	410,603
Estonia	75,608	19,230	94,838	48,027	18,823	66,850
Germany	10,000	59,468	69,468	9,999	46,280	56,279
Poland	66,246	3,075	69,321	68,507	3,092	71,599
United States	12,718	34,527	47,245	9,999	29,813	39,812
Netherlands	10,651	33,504	44,155	10,870	64,664	75,534
Canada	-	41,933	41,933	-	35,181	35,181
Sweden	-	39,516	39,516	-	39,177	39,177
Finland	5,000	30,910	35,910	4,998	31,163	36,161
Multilateral development banks	-	49,532	49,532	-	37,262	37,262
Other countries and funds	38,092	25,115	63,207	28,014	75,533	103,547
<b>Total debt securities</b>	<b>1,269,202</b>	<b>383,106</b>	<b>1,652,308</b>	<b>1,175,209</b>	<b>388,466</b>	<b>1,563,675</b>

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

## NOTE 11. LOANS TO PUBLIC

Loans by customer profile, industry profile and product type

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
<b>Financial and non-financial corporations</b>				
Real estate purchase and management	261,626	215,831	248,158	212,639
Manufacturing	232,824	146,386	121,038	117,009
Transport and communications	219,457	100,920	33,327	38,161
Trade	191,534	109,635	78,804	86,307
Agriculture and forestry	148,497	79,927	73,439	56,156
Construction	136,358	40,760	58,533	29,761
Electricity, gas and water supply	78,990	46,059	49,744	43,727
Hotels, restaurants	45,003	43,108	39,334	41,321
Financial intermediation	26,266	22,470	990,811	219,877
Other industries	178,615	44,023	35,068	24,401
<b>Total financial and non-financial corporations</b>	<b>1,519,170</b>	<b>849,119</b>	<b>1,728,256</b>	<b>869,359</b>
<b>Households</b>				
Mortgage loans	782,995	541,636	782,995	541,636
Credit for consumption	71,544	68,721	71,544	68,721
Card lending	55,794	58,411	55,794	58,411
Finance leases	307,597	42,848	-	-
Other lending	24,959	20,204	18,983	16,515
<b>Total households</b>	<b>1,242,889</b>	<b>731,820</b>	<b>929,316</b>	<b>685,283</b>
<b>General government</b>	<b>21,065</b>	<b>19,724</b>	<b>16,742</b>	<b>19,431</b>
<b>Total gross loans to public</b>	<b>2,783,124</b>	<b>1,600,663</b>	<b>2,674,314</b>	<b>1,574,073</b>
Impairment allowance and provisions	(81,615)	(59,440)	(64,601)	(55,760)
<b>Total net loans to public</b>	<b>2,701,509</b>	<b>1,541,223</b>	<b>2,609,713</b>	<b>1,518,313</b>

Loans by overdue days and impairment stage

	Group, EUR thousands									
	31/12/2021					31/12/2020				
	Gross amount					Gross amount				
	Stage 1	Stage 2	Stage 3 and POCI	Expected credit loss allowance	Net carrying amount	Stage 1	Stage 2	Stage 3 and POCI	Expected credit loss allowance	Net carrying amount
<b>Loans to public</b>										
Not past due	2,412,494	216,166	44,911	(44,319)	2,629,252	1,429,589	84,151	13,780	(25,946)	1,501,574
Past due ≤30 days	38,085	10,287	993	(5,983)	43,382	22,496	4,736	1,095	(1,321)	27,006
Past due >30 and ≤90 days	-	15,100	7,635	(2,587)	20,148	-	4,043	1,873	(1,701)	4,215
Past due >90 days	-	-	37,453	(28,726)	8,727	-	-	38,900	(30,472)	8,428
<b>Total loans to public</b>	<b>2,450,579</b>	<b>241,553</b>	<b>90,992</b>	<b>(81,615)</b>	<b>2,701,509</b>	<b>1,452,085</b>	<b>92,930</b>	<b>55,648</b>	<b>(59,440)</b>	<b>1,541,223</b>
Guarantees and letters of credit	29,002	100	161	(222)	29,041	22,418	-	51	(142)	22,327
Financial commitments	378,107	9,217	275	(3,605)	383,994	258,432	1,814	408	(1,969)	258,685
<b>Total credit exposure to public</b>	<b>2,857,688</b>	<b>250,870</b>	<b>91,428</b>	<b>(85,442)</b>	<b>3,114,544</b>	<b>1,732,935</b>	<b>94,744</b>	<b>56,107</b>	<b>(61,551)</b>	<b>1,822,235</b>

As of 31 December 2021, the gross amount of Group's POCI loans to public is EUR 26.1 million (2020: EUR 0 million). The recognised expected credit loss allowance on POCI loans to public is EUR 0.2 million (2020: EUR 0 million). Off-balance sheet credit exposure comprises various committed financing facilities to the borrowers. For details refer to Note 18 (*Off-balance Sheet Items*).

Bank, EUR thousands										
	31/12/2021					31/12/2020				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
<b>Loans to public</b>										
Not past due	2,435,524	141,440	27,492	(29,803)	2,574,653	1,425,915	81,574	11,803	(23,180)	1,496,112
Past due ≤30 days	22,051	9,185	826	(5,738)	26,324	7,870	2,969	902	(1,105)	10,636
Past due >30 and ≤90 days	-	3,237	1,375	(1,220)	3,392	-	3,155	1,674	(1,554)	3,275
Past due >90 days	-	-	33,184	(27,840)	5,344	-	-	38,211	(29,921)	8,290
<b>Total loans to public</b>	<b>2,457,575</b>	<b>153,862</b>	<b>62,877</b>	<b>(64,601)</b>	<b>2,609,713</b>	<b>1,433,785</b>	<b>87,698</b>	<b>52,590</b>	<b>(55,760)</b>	<b>1,518,313</b>
Guarantees and letters of credit	33,601	100	161	(222)	33,640	21,761	-	51	(142)	21,670
Financial commitments	421,574	9,217	275	(3,552)	427,514	273,867	1,814	408	(1,891)	274,198
<b>Total credit exposure to public</b>	<b>2,912,750</b>	<b>163,179</b>	<b>63,313</b>	<b>(68,375)</b>	<b>3,070,867</b>	<b>1,729,413</b>	<b>89,512</b>	<b>53,049</b>	<b>(57,793)</b>	<b>1,814,181</b>

**Stage 3 loans to public ratio**

	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
<b>Stage 3 loans to public ratio, gross</b>	<b>3.3%</b>	<b>3.5%</b>	<b>2.4%</b>	<b>3.3%</b>
<b>Stage 3 loans to public ratio, net</b>	<b>2.0%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.2%</b>
<b>Stage 3 impairment ratio</b>	<b>39.2%</b>	<b>64%</b>	<b>52%</b>	<b>66%</b>

The stage 3 loans to public ratio is calculated as stage 3 loans to public divided by total loans to public as of the end of the relevant period. All loans overdue by more than 90 days are classified as stage 3. Non-overdue loans and loans overdue less than 90 days which have been forborne or impairment losses have been identified based on individual assessment or financial condition of the borrower has deteriorated significantly are classified as stage 3. Part of the loans classified as stage 3 do not have any current default indicators but are put under monitoring period for a specific time before being reclassified out of stage 3. Loans under recovery are also classified as stage 3.

The stage 3 impairment ratio is calculated as impairment allowance for stage 3 exposures divided by gross loans to public classified as stage 3. Impairment allowance is the amount of expected credit loss expensed in the income statement as credit loss and is derived from historic loss rates and future expectations, and where available considering fair value of the loan collateral.

## NOTE 12. EQUITY AND OTHER FINANCIAL INSTRUMENTS

**Shares and other non-fixed income securities by issuers profile and classification**

	Group, EUR thousands				31/12/2020			
	Mutual investment funds	Foreign equities	Latvian equities	Total	Mutual investment funds	Foreign equities	Latvian equities	Total
Non-trading financial assets at fair value through profit or loss	42,032	1,076	-	43,108	43,343	4,497	-	47,840
Financial assets at fair value through other comprehensive income	-	79	124	203	-	143	124	267
<b>Total non-fixed income securities, net</b>	<b>42,032</b>	<b>1,155</b>	<b>124</b>	<b>43,311</b>	<b>43,343</b>	<b>4,640</b>	<b>124</b>	<b>48,107</b>
<i>Including unit-linked insurance plan assets</i>	25,476	-	-	25,476	21,026	-	-	21,026

All exposures in mutual investment funds which are classified as financial assets designated at fair value through profit or loss are related to the life insurance business, most of these with unit-linked insurance plan assets. According to unit-linked investment contract terms, the risk associated with the investments made by the insurance underwriter is fully attributable to the counterparty entering the insurance agreement and not the underwriter.

As of 31 December 2021, the Bank and the Group has investments in mutual investment funds with carrying amounts of EUR 7.4 million (2020: EUR 13.8 million) and EUR 25.8 million (2020: EUR 27.2 million) which are managed by IPAS CBL Asset Management. Further, EUR 15.2 million (2020: EUR 10.8 million) of these Group's investments relate to unit-linked contracts, where the risk associated with the investments made is fully attributable to the counterparty entering the insurance agreement and not the underwriter. These exposures have been acquired only with investment intentions. The Bank has no exposure to investments related to unit-linked contracts.

	Bank, EUR thousands							
	31/12/2021				31/12/2020			
	Mutual investment funds	Foreign equities	Latvian equities	Total	Mutual investment funds	Foreign equities	Latvian equities	Total
Non-trading financial assets at fair value through profit or loss	7,400	1,076	-	8,476	13,834	4,497	-	18,331
Financial assets at fair value through other comprehensive income	-	79	124	203	-	143	124	267
<b>Total non-fixed income securities, net</b>	<b>7,400</b>	<b>1,155</b>	<b>124</b>	<b>8,679</b>	<b>13,834</b>	<b>4,640</b>	<b>124</b>	<b>18,598</b>

## NOTE 13. INVESTMENTS IN RELATED ENTITIES

### Changes in investments in related entities of the Bank

	EUR thousands	
	12m 2021	12m 2020
<b>Balance at the beginning of the period, net</b>	<b>46,756</b>	<b>34,161</b>
Equity investments and acquisitions	29,203	-
Investments in associates accounted for using the equity method	5	274
Liquidation of subsidiary	(8)	(649)
Change in impairment allowance	1,131	12,970
<b>Balance at the end of the period, net</b>	<b>77,087</b>	<b>46,756</b>
<i>Including associates accounted for using the equity method</i>	<i>279</i>	<i>274</i>
<i>Including gross investment in subsidiaries</i>	<i>99,731</i>	<i>70,660</i>

### Acquisition of UniCredit leasing operations in the Baltics

In 2019 AS Citadele banka entered into a binding agreement with UniCredit S.p.A. to acquire UniCredit's Baltic leasing operations through the acquisition of 100% of the shares in SIA UniCredit Leasing. Citadele obtained full control from the beginning of January 2021. After completion of the acquisition transaction in 2021, the acquired entity was renamed to SIA Citadele Leasing. The acquisition includes Estonian and Lithuanian branches of the leasing entity and a subsidiary SIA CL Insurance Broker (former legal name SIA UniCredit Insurance Broker). After the acquisition, Citadele refinanced existing borrowings of the acquired entity and committed lending of up to EUR 880 million in total. Over the two-year period leading up to the acquisition date a total of EUR 0.7 million acquisition costs were incurred. All acquisition-related costs have been recognised as other operating expense.

The acquired leasing subsidiary is one of the leaders in the Baltics, with more than 20 years of experience in the area of leasing and a demonstrated ability to deliver sustainable business growth. Following the acquisition Citadele's aggregate leasing portfolio exceeds EUR 1 billion, creating a stronger Baltic Leasing offering allowing for economies of scale, synergies and shareholder value.

As of period end, the sales-purchase price has been finalised. The final settlement and the acquisition accounting for the business combination has been completed. Based on the fair value assessments of the business (modelling present value of future expected free equity distributable to the shareholders, after required equity allocation for capital adequacy compliance), assets, liabilities, potential intangibles and onerous agreements acquired, the major fair value adjustment was allocated to the loan portfolio, which was the main asset of the acquired entity. The fair value adjustment in relation to the Lithuanian branch of the acquired business triggered recognition of a deferred tax asset in the amount of EUR 0.8 million. The fair value assessment of the loan portfolio was derived by discounting expected future loan cash flows with up-to-date required lending yields and by estimating recoverability of the acquired loan contracts. The undiscounted gross contractual amounts receivable from the acquired loan portfolio were EUR 908 million with EUR 37 million recognised as an impairment loss on the contractual cash flows not expected to be collected. Besides allowances for impairment loss, on average higher required rate of return versus actual effective interest rates of the acquired loan portfolio contributed to a lower fair value than the portfolio's acquisition date carrying value.

Major agreements, customer-related intangibles and assumed commitments were analysed in detail, in particular client loyalty, acquirer's client portfolio overlap with existing Citadele's clients, sales channel structure and arrangements. Acquirer's existing borrowing from credit institutions were refinanced on the acquisition date at the amount outstanding which was fair value of these liabilities. Acquirer's existing trademarks were not part of the sales-purchase transaction and after a short transition period, usage of these was ceased.

### Identifiable assets acquired and liabilities assumed as of the acquisition date of UniCredit leasing operations in the Baltics

Citadele obtained full control of the acquirer from the beginning of January 2021 which is the date of the transaction. No gain from bargain purchase or goodwill was recognised on the transaction as the fair value of the identifiable net assets acquired approximated the total consideration paid in cash to the previous owner. The overall day-one cash outflow for the Group as a result of the acquisition was EUR 799 million, as besides consideration paid and cash and cash equivalent obtained, AS Citadele Banka at an arm's length transaction refinanced acquirer's existing borrowing from credit institutions.

	EUR thousands
Cash and credit institution balances	23,709
Loans to public	792,341
Tangible and intangible assets	11,843
Deferred tax assets	915
Other assets	10,948
Borrowing from credit institutions	(793,056)
Other liabilities	(16,547)
Provisions	(950)
<b>Total fair value of identifiable net assets acquired</b>	<b>29,203</b>
Total consideration, paid in cash	(29,203)
<b>Gain from bargain purchase / (Goodwill)</b>	<b>-</b>

#### Changes in investments in other subsidiaries

SIA Hortus Land was liquidated on 27 September 2021 as the entity had no ongoing operations. Similarly, Calenia Investments Limited was liquidated in December 2021.

In the reporting period valuation of SIA Citadele Factoring, SIA Citadeles moduļi and SIA Hortus Residential was reassessed. In total EUR 1.1 million net release of impairment in the investments in these subsidiaries was recognised as a result of an improved expectations of future free cash flows distributable to shareholders of SIA Citadele Factoring and an improved profitability of SIA Hortus Residential while for SIA Citadeles moduļi future expenditure was reassessed resulting in decrease in valuation.

Carrying value of the investment in SIA Citadele Līzings un Faktoringa is derived from present value of expected free equity distributable to the shareholders, after required equity allocation for capital adequacy compliance. The target capital adequacy ratio is set at 12% and includes allocated charges for all banking risks inherent in the business model of the leasing plus full set of regulatory buffers as applicable for the Group consolidated and on top of that a managements buffer. Other key inputs of the model are 12.0% (2020: 12.0%) discount rate and future profitability of the operations of the entity. Sensitivity scenarios: if discount rate was +/-100 basis points than the carrying value would change by EUR -0.8/+0.9 million (2020: EUR +/-0.2 million), if net result was +/-10% than the carrying value would change by EUR +/-1.3 million (2020: EUR +/-0.04 million).

Carrying value of the investment in SIA Citadeles moduļi is estimated as a residual interest in the assets of the entity (mostly cash) after deducting all of its liabilities, adjusted for future cash flows. Previously the major asset of the entity was the Group's Latvian headquarters building. After the sale of the property in 2020 the major asset of the company is cash. As of 31 December 2021 and 31 December 2020 the valuation of the company is not sensitive to any significant key inputs.

#### Consolidation Group subsidiaries and associated entities for accounting purposes

Company	Registration number	Registration address and country	Company type*	Basis for inclusion in the Group**	The Group's share (%)	% of total voting rights	Carrying value EUR thousands	
							31/12/2021	31/12/2020
AS Citadele banka	40103303559	Latvia, Riga, Republikas laukums 2A	BNK	MT	-	-	-	-
SIA Citadele Leasing	40003423085	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	29,203	-
SIA Citadeles moduļi	40003397543	Latvia, Riga, Republikas laukums 2A	PLS	MS	100	100	15,752	15,932
Kaleido Privatbank AG	130.0.007.738-0	Switzerland, Bellerivestrasse 17, 8008, Zürich	BNK	MS	100	100	13,805	13,805
SIA Citadele Factoring	50003760921	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	8,043	6,921
IPAS CBL Asset Management	40003577500	Latvia, Riga, Republikas laukums 2A	IPS	MS	100	100	5,906	5,906
UAB Citadele Factoring	126233315	Lithuania, Upės g. 21, Vilnius, LT-0812	LIZ	MS	100	100	2,149	2,149
SIA Hortus Residential	40103460622	Latvia, Riga, Republikas laukums 2A	PLS	MS	100	100	859	670
AS CBL Atklātais Pensiju Fonds	40003397312	Latvia, Riga, Republikas laukums 2A	PFO	MS	100	100	646	646
OU Citadele Factoring	10925733	Estonia, Tallinn 10152, Narva mnt. 63/1	LIZ	MS	100	100	445	445
SIA Mobilly (Investments in associates)	40003654405	Latvia, Dzīrmavu iela 91 k-3 - 20, Rīga, LV-1011	ENI	CT	12.5	12.5	279	274
SIA Hortus Land (liquidated)	40103460961	Latvia	PLS	MS	100	100	-	8
SIA CL Insurance Broker	40003983430	Latvia, Riga, Republikas laukums 2A	PLS	MMS	100	100	-	-
AAS CBL Life	40003786859	Latvia, Riga, Republikas laukums 2A	APS	MMS	100	100	-	-
<b>Total net investments in subsidiaries and associated entities</b>							<b>77,087</b>	<b>46,756</b>

On 1 April 2021 the legal name of the Swiss registered banking subsidiary AP Anlage & Privatbank AG was changed to Kaleido Privatbank AG. Similarly, in the reporting period SIA Citadele Līzings un Faktoringa was renamed to SIA Citadele Factoring, UAB Citadele faktoringas ir līzings was renamed to UAB Citadele Factoring and OU Citadele Leasing & Factoring was renamed to OU Citadele Factoring.

#### Consolidation Group subsidiaries in liquidation process in foreign jurisdictions

Company	Registration number	Registration address and country	Company type*	Basis for inclusion in the Group**	The Group's share (%)	% of total voting rights	Carrying value EUR thousands	
							31/12/2021	31/12/2020
OOO Mizush Asset Management Ukraina (in liquidation)	32984601	Ukraine	IBS	MMS	100	100	-	-

\*BNK – bank, ENI – authorized electronic money institution, IBS – investment brokerage company, IPS – investment management company, PFO – pension fund, CFI – other financial institution, LIZ – leasing company, PLS – company providing various support services, APS – insurance company. \*\* MS – subsidiary company, MMS – subsidiary of the subsidiary company, MT – parent company, MTM – parent of the parent company, CT – other company.



OOO Mizush Asset Management Ukraina is in liquidation as this Group subsidiaries had no ongoing business operations. For OOO Mizush Asset Management Ukraina a liquidator (AA PricewaterhouseCoopers Legal) has been appointed. The final tax audit has been completed. The final report is being prepared and will be submitted as per statutory requirement; in due time a formal liquidation decision from the statutory register is expected.

## NOTE 14. DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Bank deposits and borrowings by type

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
ECB's targeted longer-term refinancing operations	475,810	438,833	475,810	438,833
Deposits from Citadele Group banks	-	-	20,393	20,968
Other credit institution deposits and collateral accounts	3,419	11,153	3,419	11,153
Other central bank deposits and accounts	6	5	6	5
<b>Total deposits from credit institutions and central banks</b>	<b>479,235</b>	<b>449,991</b>	<b>499,628</b>	<b>470,959</b>

On 24 June 2020, Citadele participated in the ECB's latest targeted longer-term refinancing operations (TLTRO-III) borrowing EUR 440 million. The maturity date of the facility is 28 June 2023 with an early repayment option starting on 29 September 2021. In June 2021 TLTRO-III borrowing was increased by EUR 40 million. From 24 June 2020 a basic interest rate on TLTRO-III borrowing has been -0.5%. The interest rate is linked to a reference rate which may change in the future. For banks meeting the ECB's specified lending criteria, which Citadele has met for the reference periods up to 31 December 2021, the interest rate can be as low as -1.0% and is applicable retrospectively. Based on an internal assessment, part of the inflow of economic benefits from TLTRO-III borrowing with negative effective interest rate, which may be justified as market rate, is recognised within interest income. The remainder is a benefit of the below-market rate of interest and is recognised within other income as a support or compensation for the fulfilment of the required obligations and supporting customer needs.

## NOTE 15. DEPOSITS AND BORROWINGS FROM CUSTOMERS

Deposits and borrowings by profile of the customer

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
Households	2,048,986	2,095,185	2,001,336	1,992,892
Non-financial corporations	1,493,271	1,280,670	1,386,755	1,187,775
Financial corporations	214,207	228,679	220,034	230,572
General government	44,682	49,576	44,682	49,576
Other	12,717	17,280	12,717	17,281
<b>Total deposits from customers</b>	<b>3,813,863</b>	<b>3,671,390</b>	<b>3,665,524</b>	<b>3,478,096</b>

Deposits and borrowings from customers by contractual maturity

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
Demand deposits	3,464,832	3,015,900	3,366,093	2,873,767
Term deposits due within:				
less than 1 month	61,678	100,229	58,141	94,722
more than 1 month and less than 3 months	60,500	130,020	51,867	124,224
more than 3 months and less than 6 months	37,064	53,559	27,036	47,918
more than 6 months and less than 12 months	128,875	255,437	122,432	250,857
more than 1 year and less than 5 years	51,452	105,619	36,521	81,248
more than 5 years	9,462	10,626	3,434	5,360
Total term deposits	349,031	655,490	299,431	604,329
<b>Total deposits from customers</b>	<b>3,813,863</b>	<b>3,671,390</b>	<b>3,665,524</b>	<b>3,478,096</b>

Deposits and borrowings from customers by categories

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
At amortised cost	3,774,118	3,635,380	3,665,524	3,478,096
At fair value through profit or loss	39,745	36,010	-	-
<b>Total deposits from customers</b>	<b>3,813,863</b>	<b>3,671,390</b>	<b>3,665,524</b>	<b>3,478,096</b>
<i>Including unit-linked insurance plan liabilities</i>	<i>25,772</i>	<i>21,629</i>	<i>-</i>	<i>-</i>

All the Group deposits from customers classified at fair value through profit or loss relate to the Group's life insurance business. It is the deposit component of the insurance plans. All unit-linked insurance plan liabilities are covered by financial assets designated at fair value through profit or loss. According to unit-linked investment contract terms, the risk associated with the investments made by the insurance underwriter is fully attributable to the counterparty entering the insurance agreement and not the underwriter.

## NOTE 16. DEBT SECURITIES ISSUED

### Publicly listed debt securities

ISIN code of the issued bond	Eligibility	Currency	Interest rate	Initial maturity date	Principal, EUR thousands	Amortised cost, EUR thousands	
						31/12/2021	31/12/2020
XS2393742122	MREL eligible	EUR	1.625%	22/11/2026	200,000	198,714	-
LV0000880102	Subordinated	EUR	5.00%	13/12/2031	40,000	40,104	-
LV0000880011	Subordinated	EUR	5.50%	24/11/2027	20,000	20,077	20,070
LV0000802221	Subordinated	EUR	6.25%	06/12/2026	40,000	-	40,010
						<b>258,895</b>	<b>60,080</b>

Unsecured subordinated securities qualify for inclusion in the Bank's and the Group's Tier 2 capital. For details on capital adequacy refer to *Capital management* section of the Note 20 (*Risk Management*).

### Redemption of subordinated bonds

In the beginning of December 2021, after obtaining all necessary regulatory approvals, AS Citadele Banka early redeemed subordinated bond liabilities (LV0000802221) of EUR 40 million. The early redemption right was exercised in order to maintain effective Citadele Group's Tier 2 capital structure.

### Issuance of subordinated bonds and MREL eligible senior unsecured bonds

On 17 November 2021, AS Citadele Banka completed issuance of EUR 200 million of senior unsecured preferred bonds (XS2393742122). The bonds were issued with five years maturity, with issuer's optional redemption date after four years. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL). The senior unsecured preferred bonds were offered to institutional investors. In total almost 40 investors participated in the offering. Out of total order book 59% was received from Nordic and Baltic investors, 27% from UK and 14% from investors of other European countries. The bonds were issued at a spread of 185 basis points over the mid-swap rate. The new security was priced with a coupon of 1.625%. The bonds are listed on Euronext Dublin and Nasdaq Riga. As of the issuance date, the bonds are rated Baa3 by Moody's.

On 10 December 2021 AS Citadele banka completed an oversubscribed issuance of EUR 40 million bonds (LV0000880102) in the local Baltic market by this contributing to the development of the Baltic capital markets. The bonds were issued with ten years maturity, with issuer's optional redemption date after five years and with fixed interest rate of 5% per annum. The purpose of this issuance was to further improve Citadele's capital adequacy ratio as well as to refinance the previous outstanding subordinated bonds issued in 2016. Citadele aims to strengthen the bank's capital position and to support the bank's ongoing growth strategy providing active lending to small and medium sized enterprises. The unsecured subordinated bonds were offered to institutional and retail investors in Latvia, Lithuania and Estonia, as well as institutional investors located in the Member State of the EEA. Out of total order book 52% was received from investors in Latvia, 20% from Lithuania, 19% from Estonia and 9% from other EU countries.

### Profile of the bondholders as of the last coupon payment date of the subordinated bonds

ISIN code of the issued bond	Last coupon or origination date	Number of bondholders	Legal and professional investors			Private individuals		
			Number	EUR th.	%	Number	EUR th.	%
LV0000880102	13/12/2021	146	45	27,250	68%	101	12,750	32%
LV0000880011	24/05/2021	76	42	16,780	84%	34	3,220	16%

## NOTE 17. SHARE CAPITAL

The Bank has one class ordinary shares. As of the period end, the Bank's registered and authorised share capital was EUR 159,344,468 (2020: EUR 158,511,384). From the total registered capital EUR 156,888,384 (2020: EUR 156,555,796) were issued and fully paid while EUR 2,456,084 (2020: EUR 1,955,588) were registered as conditional capital. The conditional capital represents the maximum number of shares that may be allocated for awarding to employees as share options. No dividends were proposed and paid during the reporting period. Each ordinary share carries one vote, a share in profits and is eligible for dividends.

### Shareholders of the Bank

	31/12/2021		31/12/2020	
	Paid-in share capital (EUR)	Total shares with voting rights	Paid-in share capital (EUR)	Total shares with voting rights
European Bank for Reconstruction and Development	39,138,948	39,138,948	39,138,948	39,138,948
RA Citadele Holdings LLC <sup>1</sup>	42,772,216	42,772,216	35,082,302	35,082,302
Delan S.à.r.l. <sup>2</sup>	15,597,160	15,597,160	15,597,160	15,597,160
EMS LB LLC <sup>3</sup>	15,577,301	15,577,301	13,864,142	13,864,142
NNS Luxembourg Investments S.à.r.l.	-	-	13,864,142	13,864,142
Amolino Holdings Inc. <sup>4</sup>	15,639,924	15,639,924	13,863,987	13,863,987
Shuco LLC <sup>5</sup>	12,297,697	12,297,697	10,998,979	10,998,979
Members of the Management Board of the Bank	302,732	302,732	-	-
Other shareholders	15,562,406	15,562,406	14,146,136	14,146,136
<b>Total</b>	<b>156,888,384</b>	<b>156,888,384</b>	<b>156,555,796</b>	<b>156,555,796</b>



<sup>1</sup> RA Citadele Holdings LLC (United States) is a wholly owned subsidiary of Ripplewood Advisors LLC and is beneficially owned by Mr Timothy Collins

<sup>2</sup> Delan S.à.r.l. is beneficially owned by the Baupost Group LLC

<sup>3</sup> EMS LB LLC is beneficially owned by Mr Edmond M. Safra

<sup>4</sup> Amolino Holdings Inc. is beneficially owned by Mr James L. Balsillie

<sup>5</sup> Shuco LLC is beneficially owned by Mr Stanley S. Shuman

In the reporting period 332,588 share options, previously awarded to the employees of the Bank, vested. All options were exercised on the vesting date, from these 302,732 were exercised by the Members of the Management Board of the Bank.

#### Earnings per share

Basic earnings per share are calculated by dividing the net profit that is attributable to the ordinary shareholders by the weighted average number of the ordinary shares outstanding during the period. Diluted earnings per share are determined by adjusting the net profit that is attributable to the ordinary shareholders and the weighted-average number of the ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees in the long-term incentive programs. The part of the performance-based employee share options for which the services under the approved long-term incentive programs have been received are included in the calculation of diluted earnings per share. The remaining part of the performance-based employee share options, issuance of which is contingent upon satisfying specific conditions, in addition to the passage of time, are treated as contingently issuable shares and are not included in the calculation of diluted earnings per share.

	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Profit for the period, EUR thousands	55,045	3,608	29,643	(4,761)
Weighted average number of the ordinary shares outstanding during the period in thousands	156,722	156,556	156,722	156,556
<b>Basic earnings per share in EUR</b>	<b>0.35</b>	<b>0.02</b>	<b>0.19</b>	<b>(0.03)</b>
Weighted average number of the ordinary shares (basic) outstanding during the period in thousands	156,722	156,556	156,722	156,556
Effect of share options in issue in thousands	1,095	886	1,095	886
<b>Weighted average number of the ordinary shares (diluted) outstanding during the period in thousands</b>	<b>157,817</b>	<b>157,442</b>	<b>157,817</b>	<b>157,442</b>
Profit for the period, EUR thousands	55,045	3,608	29,643	(4,761)
Weighted average number of the ordinary shares (diluted) outstanding during the period in thousands	157,817	157,442	157,817	157,442
<b>Diluted earnings per share in EUR</b>	<b>0.35</b>	<b>0.02</b>	<b>0.19</b>	<b>(0.03)</b>

## NOTE 18. OFF-BALANCE SHEET ITEMS

Off-balance sheet items comprise contingent liabilities, financial commitments, notional amounts payable or receivable from transactions with foreign exchange contracts and other derivative financial instruments.

#### Contingent liabilities and financial commitments outstanding

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
Contingent liabilities:				
Outstanding guarantees	17,333	18,138	21,932	17,481
Outstanding letters of credit with public	5,002	4,331	5,001	4,331
Contingent liabilities with credit institutions	11,930	1,434	11,930	1,434
<b>Total contingent liabilities</b>	<b>34,265</b>	<b>23,903</b>	<b>38,863</b>	<b>23,246</b>
Provisions for credit risk	(229)	(142)	(229)	(142)
<b>Maximum credit risk exposure for guarantees and letters of credit</b>	<b>34,036</b>	<b>23,761</b>	<b>38,634</b>	<b>23,104</b>
Financial commitments:				
Card commitments	122,102	124,135	122,118	124,140
Unutilised credit lines and overdraft facilities	66,443	50,723	166,571	88,818
Loans granted, not fully drawn down	145,566	63,131	142,376	63,131
Factoring commitments	53,488	22,665	-	-
Other commitments	345	396	-	-
<b>Total financial commitments</b>	<b>387,944</b>	<b>261,050</b>	<b>431,065</b>	<b>276,089</b>
Provisions for financial commitments	(3,605)	(1,969)	(3,552)	(1,891)
<b>Maximum credit risk exposure for financial commitments</b>	<b>384,339</b>	<b>259,081</b>	<b>427,513</b>	<b>274,198</b>

Lending commitments are a time limited and binding promise that a specified amount of loan or credit line will be made available to the specific borrower on specific pre-agreed terms. For part of the committed lending promises clients have to perform certain obligations before the balance committed becomes available to them. Some lending commitments and undrawn credit facilities may be cancelled unconditionally by the Group at any time without notice, or in accordance with lending terms and conditions may effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.

## NOTE 19. ASSETS UNDER MANAGEMENT

Fair value of assets managed on behalf of customers by investment type

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
Fixed income securities:				
Corporate bonds	193,845	206,766	-	-
Government bonds	71,233	68,552	-	-
Credit institution bonds	54,083	30,566	-	-
Other financial institution bonds	22,477	21,787	-	-
<b>Total investments in fixed income securities</b>	<b>341,638</b>	<b>327,671</b>	<b>-</b>	<b>-</b>
Other investments:				
Investment funds	641,845	485,557	-	-
Deposits with credit institutions	1,005	61,923	-	-
Compensations for distribution on behalf of deposit guarantee fund	12,049	17,284	12,049	17,284
Shares	116,175	71,771	-	-
Real estate	4,820	4,247	-	-
Loans	631	681	631	681
Other	31,777	91,774	-	-
<b>Total other investments</b>	<b>808,302</b>	<b>733,237</b>	<b>12,680</b>	<b>17,965</b>
<b>Total assets under management</b>	<b>1,149,940</b>	<b>1,060,908</b>	<b>12,680</b>	<b>17,965</b>

Customer profile on whose behalf the funds are managed

	EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/03/2020 Bank
Pension plans	814,908	745,174	-	-
Insurance companies, investment and pension funds	187,750	161,338	-	-
Other companies and government	19,397	54,057	12,680	17,965
Private individuals	127,885	100,339	-	-
<b>Total liabilities under management</b>	<b>1,149,940</b>	<b>1,060,908</b>	<b>12,680</b>	<b>17,965</b>

In 2020 the Group acquired rights to manage 2<sup>nd</sup> tier Latvian pension investment plans of the former AS PNB banka. As a result of this acquisition assets under management of the Group increased by more than EUR 100 million. To achieve economies of scale, the above PNB pension investment plans in October 2021 were merged with existing CBL pension investment plans. Management right asset in the amount of consideration paid was recognised by the Group and will be amortised to expenses proportionally to the acquired asset expected management income streams.

## NOTE 20. RISK MANAGEMENT

### *Risk management policies*

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. For more details on the Group's risk management policies refer to the latest annual report of the Group and the interim disclosures below.

Assets, liabilities and off-balance sheet items by geographical profile

Group as of 31/12/2021, EUR thousands						
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	270,249	88,875	2,502	-	9,399	371,025
Loans to credit institutions	3,201	16	406	6,017	49,102	58,742
Debt securities	481,772	635,869	96,982	421,132	165,965	1,801,720
Loans to public	1,299,294	1,000,969	380,421	9,372	11,453	2,701,509
Equity instruments	124	-	-	79	1,076	1,279
Other financial instruments	25,759	-	-	15,811	462	42,032
Derivatives	4,182	15	-	106	-	4,303
Other assets	56,812	9,527	5,146	30	2,436	73,951
<b>Total assets</b>	<b>2,141,393</b>	<b>1,735,271</b>	<b>485,457</b>	<b>452,547</b>	<b>239,893</b>	<b>5,054,561</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	477,065	-	-	2,153	17	479,235
Deposits and borrowings from customers	2,845,249	669,061	62,472	53,821	183,260	3,813,863
Debt securities issued	258,895	-	-	-	-	258,895
Derivatives	357	125	-	200	57	739
Other liabilities	76,081	12,177	12,463	32	4,001	104,754
<b>Total liabilities</b>	<b>3,657,647</b>	<b>681,363</b>	<b>74,935</b>	<b>56,206</b>	<b>187,335</b>	<b>4,657,486</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	7,498	25,747	637	121	262	34,265
Financial commitments	229,014	131,811	23,153	322	3,643	387,943

For additional information on geographical distribution of securities exposures please refer to Note 10 (*Debt Securities*). EUR 9.4 million of the Group's cash and deposit with central banks balances presented as "Other countries" is with Swiss National Bank (2020: EUR 15.6 million). From the Group's loans to credit institutions presented as "Other countries" EUR 20.0 million are with Swiss credit institutions (2020: EUR 6.7 million) and EUR 23.6 million with United States registered credit institutions (2020: EUR 21.4 million). Investments in mutual funds are not analysed by their ultimate issuer and are classified as other financial instruments.

Group as of 31/12/2020, EUR thousands						
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	1,049,958	48,214	32,837	-	15,597	1,146,606
Loans to credit institutions	2,702	-	-	16,681	31,904	51,287
Debt securities	420,977	601,713	68,507	485,620	183,373	1,760,190
Loans to public	875,681	493,598	149,436	8,876	13,632	1,541,223
Equity instruments	124	-	-	143	4,497	4,764
Other financial instruments	27,151	-	-	15,880	312	43,343
Derivatives	1,139	7	-	327	1	1,474
Other assets	37,200	7,716	2,854	36	625	48,431
<b>Total assets</b>	<b>2,414,932</b>	<b>1,151,248</b>	<b>253,634</b>	<b>527,563</b>	<b>249,941</b>	<b>4,597,318</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	448,926	-	-	86	979	449,991
Deposits and borrowings from customers	2,596,230	558,796	58,769	238,025	219,570	3,671,390
Debt securities issued	60,080	-	-	-	-	60,080
Derivatives	3,002	8	-	1,441	10	4,461
Other liabilities	56,395	6,072	2,074	15	2,530	67,086
<b>Total liabilities</b>	<b>3,164,633</b>	<b>564,876</b>	<b>60,843</b>	<b>239,567</b>	<b>223,089</b>	<b>4,253,008</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	15,684	5,230	919	205	1,865	23,903
Financial commitments	177,199	78,293	4,809	136	613	261,050

Bank as of 31/12/2021, EUR thousands						
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	270,249	88,875	2,502	-	-	361,626
Loans to credit institutions	-	-	-	6,578	29,115	35,693
Debt securities	470,922	626,137	94,838	335,844	124,567	1,652,308
Loans to public	1,829,828	584,948	181,119	9,097	4,721	2,609,713
Equity instruments	124	-	-	79	1,076	1,279
Other financial instruments	7,400	-	-	-	-	7,400
Derivatives	4,182	15	-	106	-	4,303
Other assets	101,248	9,314	3,191	1	13,820	127,574
<b>Total assets</b>	<b>2,683,953</b>	<b>1,309,289</b>	<b>281,650</b>	<b>351,705</b>	<b>173,299</b>	<b>4,799,896</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	477,065	-	-	2,153	20,410	499,628
Deposits and borrowings from customers	2,834,407	669,457	61,133	15,602	84,925	3,665,524
Debt securities issued	258,895	-	-	-	-	258,895
Derivatives	357	125	-	200	57	739
Other liabilities	22,127	6,565	809	32	14	29,547
<b>Total liabilities</b>	<b>3,592,851</b>	<b>676,147</b>	<b>61,942</b>	<b>17,987</b>	<b>105,406</b>	<b>4,454,333</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	7,477	25,747	637	52	4,950	38,863
Financial commitments	266,091	138,314	26,229	322	109	431,065

For additional information on geographical distribution of securities exposures please refer to Note 10 (*Debt Securities*). From the Bank's loans to credit institutions presented as "Other countries" EUR 23.6 million with United States registered credit institutions (2020: EUR 21.4 million).

Bank as of 31/12/2020, EUR thousands						
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	1,049,957	48,214	32,837	-	-	1,131,008
Loans to credit institutions	-	-	-	15,070	25,219	40,289
Debt securities	410,603	591,670	66,850	375,827	118,725	1,563,675
Loans to public	870,136	488,202	144,289	8,775	6,911	1,518,313
Equity instruments	124	-	-	143	4,497	4,764
Other financial instruments	13,834	-	-	-	-	13,834
Derivatives	1,139	7	-	327	1	1,474
Other assets	60,535	9,582	3,125	7	13,840	87,089
<b>Total assets</b>	<b>2,406,328</b>	<b>1,137,675</b>	<b>247,101</b>	<b>400,149</b>	<b>169,193</b>	<b>4,360,446</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	448,926	-	-	86	21,947	470,959
Deposits and borrowings from customers	2,586,803	558,818	58,209	173,238	101,028	3,478,096
Debt securities issued	60,080	-	-	-	-	60,080
Derivatives	3,002	8	-	1,441	10	4,461
Other liabilities	22,171	5,551	1,504	15	10	29,251
<b>Total liabilities</b>	<b>3,120,982</b>	<b>564,377</b>	<b>59,713</b>	<b>174,780</b>	<b>122,995</b>	<b>4,042,847</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	15,662	5,230	919	-	1,435	23,246
Financial commitments	182,061	85,821	7,854	136	217	276,089

#### Liquidity coverage ratio

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.

EUR thousands			
	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank
1. Liquidity buffer	1,168,586	2,061,640	1,190,783
2. Net liquidity outflow	564,834	578,923	727,528
3. Liquidity coverage ratio	207%	356%	164%

#### Capital management

Capital adequacy is calculated in accordance with the current global standards of the bank capital adequacy (the Basel III international regulatory framework) as implemented by the European Union via a regulation (EU) 575/2013 and a directive 2013/36/EU, 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

	<b>Common equity Tier 1 capital ratio</b>	<b>Tier 1 capital ratio</b>	<b>Total capital adequacy ratio</b>
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%
<b>Capital requirement</b>	<b>9.79%</b>	<b>11.73%</b>	<b>14.30%</b>

As of the period end capital and capital buffer requirements for the Bank and the Group are the same.

#### Capital adequacy ratio (including net result for the period)

	<b>EUR thousands</b>			
	<b>31/12/2021 Group</b>	<b>31/12/2020 Group</b>	<b>31/12/2021 Bank</b>	<b>31/12/2020 Bank</b>
Common equity Tier 1 capital				
Paid up capital instruments and share premium	157,127	156,556	157,127	156,556
Retained earnings	230,786	176,651	186,548	156,574
Regulatory deductions	(8,255)	(5,599)	(6,290)	(5,187)
Other capital components and transitional adjustments, net	9,633	13,405	5,173	8,746
Tier 2 capital				
Eligible part of subordinated liabilities	60,000	60,000	60,000	60,000
<b>Total own funds</b>	<b>449,292</b>	<b>401,013</b>	<b>402,558</b>	<b>376,689</b>
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,157,704	1,340,639	2,174,142	1,303,818
Total exposure amounts for position, foreign currency open position and commodities risk	10,916	13,690	10,916	4,747
Total exposure amounts for operational risk	206,624	187,358	162,314	146,960
Total exposure amounts for credit valuation adjustment	4,592	933	4,592	933
<b>Total risk exposure amount</b>	<b>2,379,836</b>	<b>1,542,620</b>	<b>2,351,964</b>	<b>1,456,458</b>
<b>Total capital adequacy ratio</b>	<b>18.9%</b>	<b>26.0%</b>	<b>17.1%</b>	<b>25.9%</b>
<b>Common equity Tier 1 capital ratio</b>	<b>16.4%</b>	<b>22.1%</b>	<b>14.6%</b>	<b>21.7%</b>



The consolidated Group for regulatory purposes is different from the consolidated Group for accounting purposes. As per regulatory requirements AAS CBL Life, a licensed insurer, is not included in the consolidated Group for capital adequacy purposes. Consequently, it is excluded from own funds calculation and individual assets of AAS CBL Life are not included as risk exposures in the Group's capital adequacy calculation. Instead, the carrying value of the Group's investment in AAS CBL Life constitutes a risk exposure in the Group's capital adequacy ratio calculation.

#### 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 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
Common equity Tier 1 capital, fully loaded	386,366	336,917	339,503	312,412
Tier 2 capital	60,000	60,000	60,000	60,000
<b>Total own funds, fully loaded</b>	<b>446,366</b>	<b>396,917</b>	<b>399,503</b>	<b>372,412</b>
<b>Total risk exposure amount, fully loaded</b>	<b>2,377,416</b>	<b>1,539,013</b>	<b>2,349,277</b>	<b>1,452,523</b>
<b>Total capital adequacy ratio, fully loaded</b>	<b>18.8%</b>	<b>25.8%</b>	<b>17.0%</b>	<b>25.6%</b>
<b>Common equity Tier 1 capital ratio, fully loaded</b>	<b>16.3%</b>	<b>21.9%</b>	<b>14.5%</b>	<b>21.5%</b>

#### Leverage ratio – fully loaded and transitional (including net result for the period)

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.

	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
Leverage Ratio – fully phased-in definition of Tier 1 capital	7.6%	7.3%	6.9%	7.1%
Leverage Ratio – transitional definition of Tier 1 capital	7.6%	7.4%	6.9%	7.1%

#### Fully loaded and transitional capital adequacy ratio excluding net result for the period

The transitional capital adequacy ratio as of period end, if the net result since the latest audited financials as of 30 June 2021 is not included, for the Group is 18.0% and for the Bank is 16.5%; the transitional Tier 1 capital ratio for the Group is 15.4% and for the Bank is 14.0%. The fully loaded capital adequacy ratio, if the net result for the period is not included, for the Group is 17.9% and for the Bank is 16.4%; the fully loaded Tier 1 capital ratio for the Group is 15.3% and for the Bank is 13.9%.

#### Minimum requirement for own funds and eligible liabilities (MREL) under BRRD

The European Commission has adopted the regulatory technical standards (RTS) on the criteria for determining the minimum requirement for own funds and eligible liabilities (MREL) under the Banking Package (CRR2/CRD5/BRRD2/SRM2). In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD 2, it requires that all institutions must meet an individual MREL requirement. The MREL requirement for each institution is comprised of several elements, including the required loss absorbing capacity of the institution, and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Items eligible for inclusion in MREL include institution's own funds (within the meaning of the capital requirements directive), along with eligible liabilities subject to conditions set in regulation 2019/876.

As a part of the new Banking Package in 2020 the SRB published an updated MREL policy, effective from 2021. It requires MREL to be calculated based on both total risk exposure amount (TREA) and leverage ratio exposure (LRE) amount. Statutory subordination requirements will be set depending on the Group's classification and will be communicated individually in a MREL decision.

SRB has determined the consolidated intermediate MREL target for Citadele Group at the level of 18.03% of TREA or 5.26% of LRE, whichever is higher, to be met by 1 January 2022 and the final calibrated MREL target to be met by 1 January 2024 at the level of 19.96% of TREA or 5.26% of LRE, whichever is higher. After the transition period the Group shall comply with MREL at all times on the basis of evolving amounts of TREA/LRE. As of 1 January 2022, the Group is in compliance with both TREA and LRE based MREL requirements.

The MREL targets effective as of period end were determined by the SRB using the financial and supervisory information as of 31 December 2019 and is expected to be updated by the SRB annually based on more recent financial information of the Group.

**NOTE 21. EVENTS AFTER THE REPORTING DATE*****Citadele has agreed to sell its Swiss subsidiary***

AS Citadele banka has entered into a binding agreement with Trusted Novus Bank Limited regarding the sale of its Swiss subsidiary – Kaleido Privatbank AG. Trusted Novus Bank Limited will acquire 100% of Kaleido Privatbank AG. The closing of the acquisition is expected by year end 2022, subject to regulatory approvals.

The sale of Kaleido Privatbank AG is a further step focusing on Citadele's core activities in the Baltics and is in line with Citadele's long-term ambition to become the leading financial services provider in the Baltics.



## OTHER REGULATORY DISCLOSURES

Besides financial, corporate governance and other disclosures included in this interim report of AS Citadele banka, the Financial and Capital Market Commission's regulation No. 231 "Regulation on Preparation of Public Quarterly Reports of Credit institutions" requires several additional disclosures which are presented in this note.

### *Income Statement, regulatory format*

<i>EUR thousands</i>	<b>12m 2021 Group</b>	<b>12m 2020 Group</b>	<b>12m 2021 Bank</b>	<b>12m 2020 Bank</b>
1. Interest income	123,974	90,124	93,458	81,144
2. Interest expense	(15,890)	(22,584)	(14,994)	(22,484)
3. Dividend income	37	42	37	42
4. Commission and fee income	60,655	51,761	49,720	43,445
5. Commission and fee expense	(24,198)	(21,580)	(23,397)	(20,745)
6. Gain or loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	526	1,334	412	1,234
7. Gain or loss on financial assets and liabilities measured at fair value through profit or loss, net	443	(25,033)	381	(25,572)
8. Fair value change in the hedge accounting	-	-	-	-
9. Gain or loss from foreign exchange trading and revaluation of open positions	7,282	6,076	6,821	6,587
10. Gain or loss on derecognition of non-financial assets, net	-	-	-	-
11. Other income	7,606	19,154	4,816	3,629
12. Other expense	(4,227)	(4,061)	(3,076)	(3,108)
13. Administrative expense	(86,264)	(71,945)	(64,660)	(61,681)
14. Amortisation and depreciation charge	(10,351)	(8,044)	(7,616)	(7,688)
15. Gain or loss on modifications in financial asset contractual cash flows	(932)	160	(932)	160
16. Provisions, net	(1,721)	1,937	(1,747)	1,973
17. Impairment charge and reversals, net	(90)	(12,394)	(9,054)	(547)
18. Negative goodwill recognised in profit or loss	-	-	-	-
19. Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	5	(726)	5	(726)
20. Profit or loss from non-current assets and disposal groups classified as held for sale	(213)	(307)	(213)	(307)
<b>21. Profit before taxation</b>	<b>56,642</b>	<b>3,914</b>	<b>29,961</b>	<b>(4,644)</b>
22. Corporate income tax	(1,597)	(306)	(318)	(117)
<b>23. Net profit / loss for the period</b>	<b>55,045</b>	<b>3,608</b>	<b>29,643</b>	<b>(4,761)</b>
<b>24. Other comprehensive income for the period</b>	<b>(3,372)</b>	<b>(765)</b>	<b>(2,770)</b>	<b>(697)</b>

### *Balance Sheet, regulatory format*

<i>EUR thousands</i>	<b>31/12/2021 Group</b>	<b>31/12/2020 Group</b>	<b>31/12/2021 Bank</b>	<b>31/12/2020 Bank</b>
1. Cash and demand balances with central banks	371,025	1,146,606	361,626	1,131,008
2. Demand deposits due from credit institutions	36,743	31,018	13,710	20,020
3. Financial assets designated at fair value through profit or loss	47,410	49,314	12,778	19,805
3.1. Including loans to public and credit institutions	-	-	-	-
4. Financial assets at fair value through other comprehensive income	340,905	377,240	233,370	224,976
5. Financial assets at amortised cost	4,184,527	2,944,709	4,050,838	2,877,548
5.1. Including loans to public and credit institutions	2,723,508	1,561,492	2,631,696	1,538,582
6. Derivatives – hedge accounting	-	-	-	-
7. Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
8. Investments in subsidiaries, joint ventures and associates	279	274	77,087	46,756
9. Tangible assets	20,444	12,930	11,496	14,143
10. Intangible assets	8,562	5,981	6,083	5,832
11. Tax assets	4,603	3,272	3,050	3,057
12. Other assets	39,117	25,028	28,912	16,355
13. Non-current assets and disposal groups classified as held for sale	946	946	946	946
<b>14. Total assets (1.+.....+13.)</b>	<b>5,054,561</b>	<b>4,597,318</b>	<b>4,799,896</b>	<b>4,360,446</b>
15. Due to central banks	475,816	438,838	475,816	438,838
16. Demand liabilities to credit institutions	3,419	1,069	11,664	2,824
17. Financial liabilities designated at fair value through profit or loss	40,485	40,471	739	4,461
17.1. Including deposits from customers and credit institutions	39,745	36,010	-	-
18. Financial liabilities measured at amortised cost	4,033,012	3,705,544	3,936,567	3,567,473
18.1. Including deposits from customers and credit institutions	3,774,117	3,645,464	3,677,672	3,507,393
19. Derivatives – hedge accounting	-	-	-	-
20. Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
21. Provisions	3,934	2,211	3,882	2,133
22. Tax liabilities	573	677	189	115
23. Other liabilities	100,247	64,198	25,476	27,003
24. Liabilities included in disposal groups classified as held for sale	-	-	-	-
<b>25. Total liabilities (15.+.....+24.)</b>	<b>4,657,486</b>	<b>4,253,008</b>	<b>4,454,333</b>	<b>4,042,847</b>
26. Shareholders' equity	397,075	344,310	345,563	317,599
<b>27. Total liabilities and shareholders' equity (25.+26.)</b>	<b>5,054,561</b>	<b>4,597,318</b>	<b>4,799,896</b>	<b>4,360,446</b>

28. Memorandum items	422,208	284,953	469,928	299,335
29. Contingent liabilities	34,265	23,903	38,863	23,246
30. Financial commitments	387,943	261,050	431,065	276,089

**ROE and ROA ratios**

	12m 2021 Group	12m 2020 Group	12m 2021 Bank	12m 2020 Bank
Return on equity (ROE) (%)	14.85%	1.05%	8.94%	(1.49%)
Return on assets (ROA) (%)	1.14%	0.09%	0.65%	(0.12%)

Average value is calculated as the arithmetic mean of the balance sheet assets or residual capital and reserves at the beginning of the reporting period and at the end of the reporting period.

**Capital adequacy ratio**

EUR thousands

	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
<b>1 Own funds (1.1.+1.2.)</b>	<b>427,642</b>	<b>401,013</b>	<b>388,798</b>	<b>376,689</b>
1.1 Tier 1 capital (1.1.1.+1.1.2.)	367,642	341,013	328,798	316,689
1.1.1 Common equity Tier 1 capital	367,642	341,013	328,798	316,689
1.1.2 Additional Tier 1 capital	-	-	-	-
1.2 Tier 2 capital	60,000	60,000	60,000	60,000
<b>2 Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>2,379,836</b>	<b>1,542,620</b>	<b>2,351,964</b>	<b>1,456,458</b>
2.1 Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	2,157,704	1,340,639	2,174,142	1,303,818
2.2 Total risk exposure amount for settlement/delivery	-	-	-	-
2.3 Total risk exposure amount for position, foreign exchange and commodities risks	10,916	13,690	10,916	4,747
2.4 Total risk exposure amount for operational risk	206,624	187,358	162,314	146,960
2.5 Total risk exposure amount for credit valuation adjustment	4,592	933	4,592	933
2.6 Total risk exposure amount related to large exposures in the trading book	-	-	-	-
2.7 Other risk exposure amounts	-	-	-	-
<b>3 Capital adequacy ratios</b>				
3.1 Common equity Tier 1 capital ratio (1.1.1./2.*100)	15.4%	22.1%	14.0%	21.7%
3.2 Surplus (+)/ deficit (-) of Common equity Tier 1 capital (1.1.1.-2.*4.5%)	260,549	271,595	222,960	251,148
3.3 Tier 1 capital ratio (1.1./2.*100)	15.4%	22.1%	14.0%	21.7%
3.4 Surplus (+)/ Deficit (-) of Tier 1 capital (1.1.-2.*6%)	224,851	248,456	187,680	229,302
3.5 Total capital ratio (1./2.*100)	18.0%	26.0%	16.5%	25.9%
3.6 Surplus (+)/ Deficit (-) of total capital (1.-2.*8%)	237,255	277,604	200,641	260,172
<b>4 Combined buffer requirements (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>95,193</b>	<b>61,705</b>	<b>94,079</b>	<b>58,258</b>
4.1 Capital conservation buffer	59,496	38,566	58,799	36,411
4.2 Conservation buffer for macroprudential or systemic risk at member state's level	-	-	-	-
4.3 Institution specific countercyclical buffer	-	-	-	-
4.4 Systemic risk buffer	-	-	-	-
4.5 Other systemically important institution buffer	35,698	23,139	35,279	21,847
<b>5 Capital adequacy ratios, including adjustments</b>				
5.1 Impairment or asset value adjustments for capital adequacy ratio purposes	-	-	-	-
5.2 Common equity tier 1 capital ratio including line 5.1 adjustments	15.4%	22.1%	14.0%	21.7%
5.3 Tier 1 capital ratio including line 5.1 adjustments	15.4%	22.1%	14.0%	21.7%
5.4 Total capital ratio including line 5.1 adjustments	18.0%	26.0%	16.5%	25.9%

Capital adequacy ratios here are calculated in accordance with the Basel III regulation as implemented via EU regulation 575/2013, directive 2013/36/EU and relevant FCMC regulations. In the disclosure above, in the Group's and the Bank's regulatory capital audited profits (the latest audited financials were as of 30 June 2021) and any losses accumulated up to the reporting date are included, but all other profits of the reporting period are excluded.

EUR thousands

	31/12/2021 Group	31/12/2020 Group	31/12/2021 Bank	31/12/2020 Bank
<b>1.A Own funds, IFRS 9 transitional provisions not applied</b>	<b>424,716</b>	<b>396,917</b>	<b>385,743</b>	<b>372,412</b>
1.1.A Tier 1 capital, IFRS 9 transitional provisions not applied	364,716	336,917	325,743	312,412
1.1.1 Common equity Tier 1 capital, IFRS 9 transitional provisions not applied	364,716	336,917	325,743	312,412
<b>2.A Total risk exposure amount, IFRS 9 transitional provisions not applied</b>	<b>2,377,416</b>	<b>1,539,013</b>	<b>2,349,277</b>	<b>1,452,523</b>
3.1.A Common equity Tier 1 capital ratio, IFRS 9 transitional provisions not applied	15.3%	21.9%	13.9%	21.5%
3.3.A Tier 1 capital ratio, IFRS 9 transitional provisions not applied	15.3%	21.9%	13.9%	21.5%
3.5.A Total capital ratio, IFRS 9 transitional provisions not applied	17.9%	25.8%	16.4%	25.6%

### **Business Strategy and Objectives**

Information about Citadele's strategy and objectives is available in the "[Values and strategy](#)" section of the Bank's web page.

### **Branches**

AS Citadele banka has 19 branches and client service centres in Latvia, 1 branch in Estonia and 1 branch in Lithuania as of the period end. AS Citadele banka has 4 client consultation centres in Latvia. The Lithuanian branch has 6 customer service units in Lithuania. Information about branches, client service centres and ATMs of Citadele is available in the Citadele web page's section "[Branches and ATMs](#)".

### **Bank's Organizational Structure**



## QUARTERLY STATEMENTS OF INCOME AND BALANCE SHEETS OF THE GROUP

Group, EUR thousands					
	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Interest income	31,714	31,598	30,653	30,009	21,892
Interest expense	(4,499)	(3,967)	(3,470)	(3,954)	(5,152)
<b>Net interest income</b>	<b>27,215</b>	<b>27,631</b>	<b>27,183</b>	<b>26,055</b>	<b>16,740</b>
Fee and commission income	16,598	15,896	14,709	13,452	13,529
Fee and commission expense	(6,985)	(5,955)	(5,956)	(5,302)	(5,851)
<b>Net fee and commission income</b>	<b>9,613</b>	<b>9,941</b>	<b>8,753</b>	<b>8,150</b>	<b>7,678</b>
Net financial income	503	2,138	2,293	2,385	5,301
Net other income / (expense)	1,260	191	1,874	96	15,336
<b>Operating income</b>	<b>38,591</b>	<b>39,901</b>	<b>40,103</b>	<b>36,686</b>	<b>45,055</b>
Staff costs	(15,347)	(15,001)	(15,895)	(14,868)	(13,009)
Other operating expenses	(8,354)	(6,032)	(5,558)	(5,209)	(5,333)
Depreciation and amortisation	(2,592)	(2,606)	(2,630)	(2,523)	(2,021)
<b>Operating expense</b>	<b>(26,293)</b>	<b>(23,639)</b>	<b>(24,083)</b>	<b>(22,600)</b>	<b>(20,363)</b>
<b>Profit before impairment</b>	<b>12,298</b>	<b>16,262</b>	<b>16,020</b>	<b>14,086</b>	<b>24,692</b>
Net credit losses	(1,608)	(3,775)	6,878	(3,108)	300
Other impairment losses	(56)	(35)	(89)	(18)	(448)
<b>Operating profit before non-current assets held for sale</b>	<b>10,634</b>	<b>12,452</b>	<b>22,809</b>	<b>10,960</b>	<b>24,544</b>
Result from non-current assets held for sale	(60)	(51)	(46)	(56)	(243)
<b>Operating profit</b>	<b>10,574</b>	<b>12,401</b>	<b>22,763</b>	<b>10,904</b>	<b>24,301</b>
Income tax	(268)	(250)	(648)	(431)	(194)
<b>Net profit</b>	<b>10,306</b>	<b>12,151</b>	<b>22,115</b>	<b>10,473</b>	<b>24,107</b>

Group, EUR thousands					
	31/12/2021	30/09/2021	30/06/2021	31/03/2021	31/12/2020
<b>Assets</b>					
Cash and cash balances at central banks	371,025	370,806	486,072	306,060	1,146,606
Loans to credit institutions	58,742	78,725	60,020	79,184	51,287
Debt securities	1,801,720	1,729,212	1,684,213	1,702,676	1,760,190
Loans to public	2,701,509	2,602,470	2,456,803	2,473,663	1,541,223
Equity instruments	1,279	1,302	1,311	1,281	4,764
Other financial instruments	42,032	41,653	39,633	43,587	43,343
Derivatives	4,303	4,657	3,889	5,094	1,474
Investments in related entities	279	274	274	274	274
Tangible assets	20,444	22,643	23,770	24,686	12,930
Intangible assets	8,562	8,501	8,212	7,474	5,981
Tax assets	4,603	5,537	5,340	4,216	3,272
Non-current assets held for sale	946	946	946	946	946
Other assets	39,117	52,263	35,447	41,324	25,028
<b>Total assets</b>	<b>5,054,561</b>	<b>4,918,989</b>	<b>4,805,930</b>	<b>4,690,465</b>	<b>4,597,318</b>
<b>Liabilities</b>					
Deposits from credit institutions and central banks	479,235	477,492	478,047	440,384	449,991
Deposits and borrowings from customers	3,813,863	3,893,309	3,797,982	3,737,707	3,671,390
Debt securities issued	258,895	61,000	60,088	60,981	60,080
Derivatives	739	1,476	1,120	1,392	4,461
Provisions	3,934	2,763	1,757	2,221	2,211
Tax liabilities	573	659	806	681	677
Other liabilities	100,247	94,631	90,860	93,953	64,198
<b>Total liabilities</b>	<b>4,657,486</b>	<b>4,531,330</b>	<b>4,430,660</b>	<b>4,337,319</b>	<b>4,253,008</b>
<b>Equity</b>					
Share capital	156,888	156,888	156,556	156,556	156,556
Reserves and other capital components	7,320	8,260	8,354	8,627	10,265
Retained earnings	232,867	222,511	210,360	187,963	177,489
<b>Total equity</b>	<b>397,075</b>	<b>387,659</b>	<b>375,270</b>	<b>353,146</b>	<b>344,310</b>
<b>Total liabilities and equity</b>	<b>5,054,561</b>	<b>4,918,989</b>	<b>4,805,930</b>	<b>4,690,465</b>	<b>4,597,318</b>
<b>Off-balance sheet items</b>					
Guarantees and letters of credit	34,265	44,596	46,144	47,658	23,903
Financial commitments	387,943	297,747	267,409	267,395	261,050

## DEFINITIONS AND ABBREVIATIONS

**ALCO** – Assets and Liabilities Management Committee.

**AML** – anti-money laundering.

**BRRD** – the bank recovery and resolution directive.

**CIR** – cost to income ratio. "Operating expense" divided by "Operating income".

**COR** – cost of risk ratio. "Net credit losses" divided by the average of gross loans at the beginning and the end of the period.

**CTF** – combating terrorist financing.

**ECB** - European Central Bank.

**EU** – the European Union.

**FCMC** – Financial and Capital Markets Commission.

**FMCRC** – Financial Market and Counterparty Risk Committee.

**GIC** – Group's Investment Committee.

**IAS** – International accounting standards.

**ICAAP** – internal capital adequacy assessment process.

**IFRS** – International financial reporting standards.

**LCR** – liquidity coverage ratio.

**Loan-to-deposit ratio.** Carrying value of "Loans to public" divided by "Deposits and borrowings from customers" at the end of the relevant period.

**ML/TF** – money laundering and terrorism financing.

**MREL** – minimum requirement for own funds and eligible liabilities.

**NSFR** – net stable funding ratio.

**OFAC** – Office of Foreign Assets Control of the US Department of the Treasury.

**O-SII** – other systemically important institution.

**ROA** – return on average assets. Annualised net profit for the relevant period divided by the average of opening and closing balances for the period.

**ROE** – return on average equity. Annualised net profit for the relevant period divided by the average of opening and closing total equity for the period.

**RTS** – regulatory technical standards.

**SRB** – the Single Resolution Board.

**SREP** – supervisory review and evaluation process.

**Stage 1 financial instruments** – exposures without significant increase in credit risk since initial recognition.

**Stage 2 financial instruments** – exposures with significant increase in credit risk since initial recognition but not credit-impaired.

**Stage 3 financial instruments** – Credit-impaired exposures.

**Stage 3 impairment ratio** – impairment allowance for stage 3 exposures divided by gross loans to public classified as stage 3.

**Stage 3 loans to public ratio** – stage 3 loans to public divided by total loans to public as of the end of the relevant period.

**TLOF** – total liabilities and own funds.

**TLTRO** – ECB's targeted longer-term refinancing operations

**TSCR** – SREP capital requirement.