



Citadele Group

Results presentation
Q1 2022

**More
opportunities**

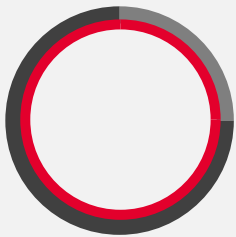
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About us

Citadele Group – pan-Baltic full-service financial group

- Universal bank offering a wide range of banking products to our retail, SME and corporate customer base. The bank also provides wealth management, asset management, life insurance, pension, leasing and factoring products.
- Alongside traditional banking services, Citadele offers a range of services based on next-generation financial technology, incl. a modern MobileApp, contactless and instant payments, modern client onboarding practices and technologically-enabled best-in-class customer service.
- The Group’s main market is the Baltics (Latvia, Lithuania and Estonia).

Shareholders



75%
Ripplewood and co-investors

25%
EBRD

Moody’s

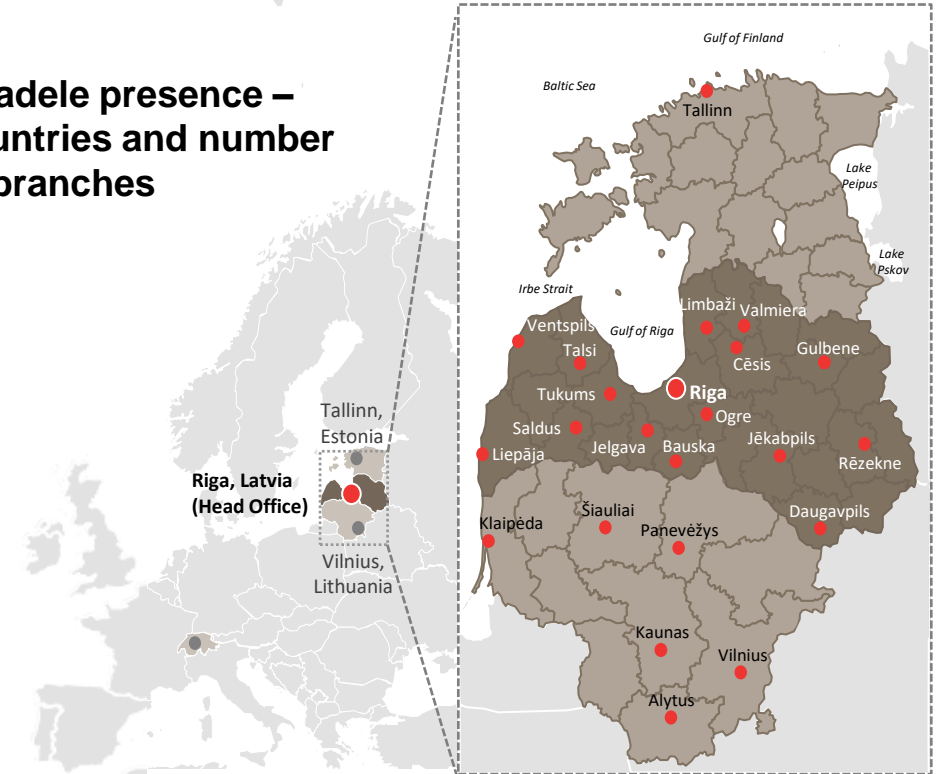
Baa2, stable

/13 September 2021, Moody’s⁽¹⁾/

⁽¹⁾ Detailed information about ratings can be found on the web page of the rating agency www.moodys.com

*Citadele banka has 19 branches and client service centres in Latvia, 1 branch in Estonia and 1 branch with 6 customer service units in Lithuania. AS Citadele banka has 4 client consultation centres in Latvia. Citadele is present also in Switzerland through AG Kaleido Privatbank (26 Employees), currently in a sales process

Citadele presence – countries and number of branches



Branches*
18 in Latvia
6 in Lithuania
1 in Estonia



1,363
Employees



363k
Active Clients
(+5% y-o-y)



207k
MobileApp users
(+28% y-o-y)

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Values and strategy

Strategic focus

Citadele aims to become the primary bank of choice for aspiring retail and small business customers across the Baltics and will continue to improve products and services for clients in the corporate and leasing segments. We see significant growth potential in the Baltics and will align our strategy to the local market dynamics in each country.

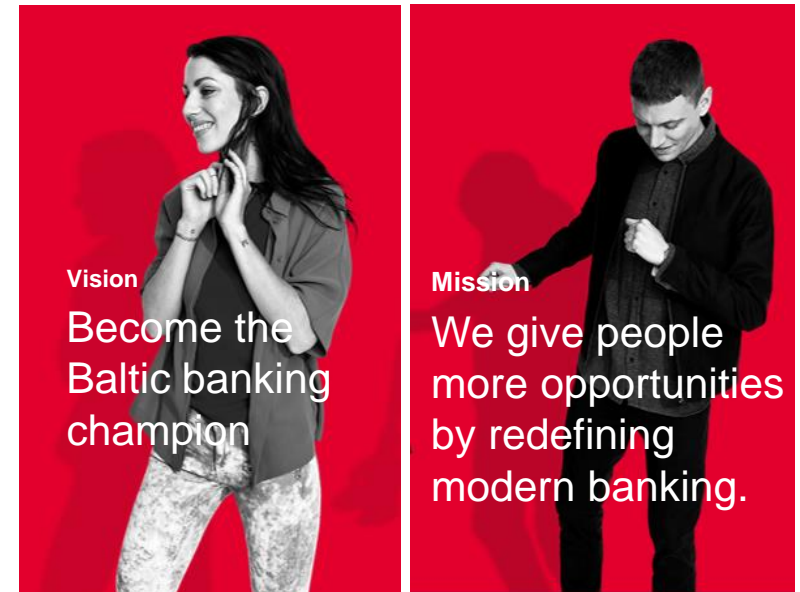
The strategy will be implemented using the following tactical steps:

Becoming Bank in the Pocket for mass and affluent retail customers by increasing new and existing customers that use Citadele as their primary bank

Driving growth in the underserved SMEs and micro-SMEs segments by offering most competitive proposition and digital tools to retailers in the region

Supporting growing Baltic Corporates, aiming for the leading roles in their industries

Establishing Citadele Leasing as flexible, digital and most trustful vendor finance player in the Baltics



Act

We create our own opportunities and deliver on promises.

Aspire

We find solution for every client to support local economy.

Innovate

We set the standard through innovative experience.

Personalize

We see people first and add human touch to banking.

Core values

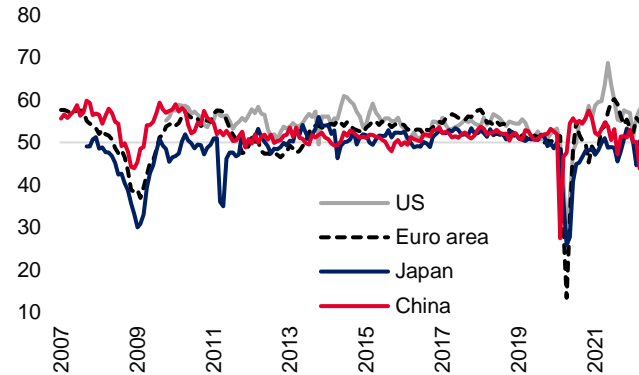
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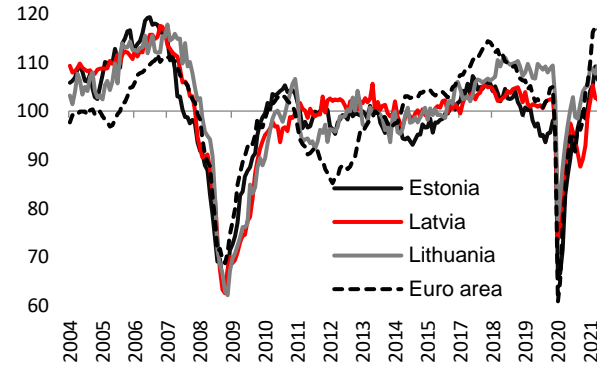
Business environment

IHS Markit Composite PMI

(Values above 50 indicate expansion)

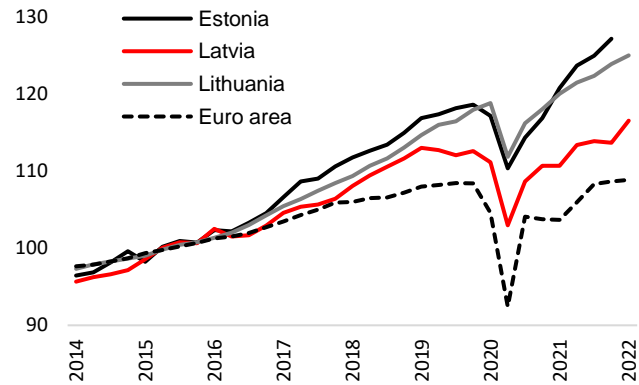


Economic sentiment indicator



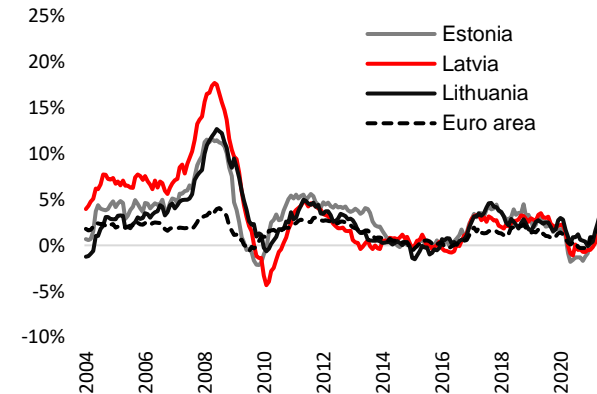
GDP

(constant prices, 2015=100)



Inflation

(% year-on-year)



Uncertainty in global economy has increased, but economic recovery in the Baltics remains strong

Baltic region continues to recover from Covid-19 pandemic and economic growth maintained strong momentum also in the first months of 2022. Unfortunately, new risks have emerged, and economic outlook has become much more uncertain. Russia's invasion into Ukraine has already pushed commodity prices higher, globally inflation has accelerated to multi-decade highs and lockdowns in China is causing new supply chain disruptions. Rising inflation is also leading to global monetary tightening as central banks begin to raise interest rates. In the Baltics reliance on energy imports from Russia is adding to these global risks and have led to lower economic growth forecasts. In March and April economic sentiment in the Baltics has declined but remains significantly above levels seen at the start of the Covid-19 pandemic in March 2020. Business in the Baltics have a successful history of coping with changing economic circumstances and short-term data has been better than expected. Low debt levels, balanced economic development in previous years and inflows from EU recovery fund should help Baltic region to successfully manage the new challenges.

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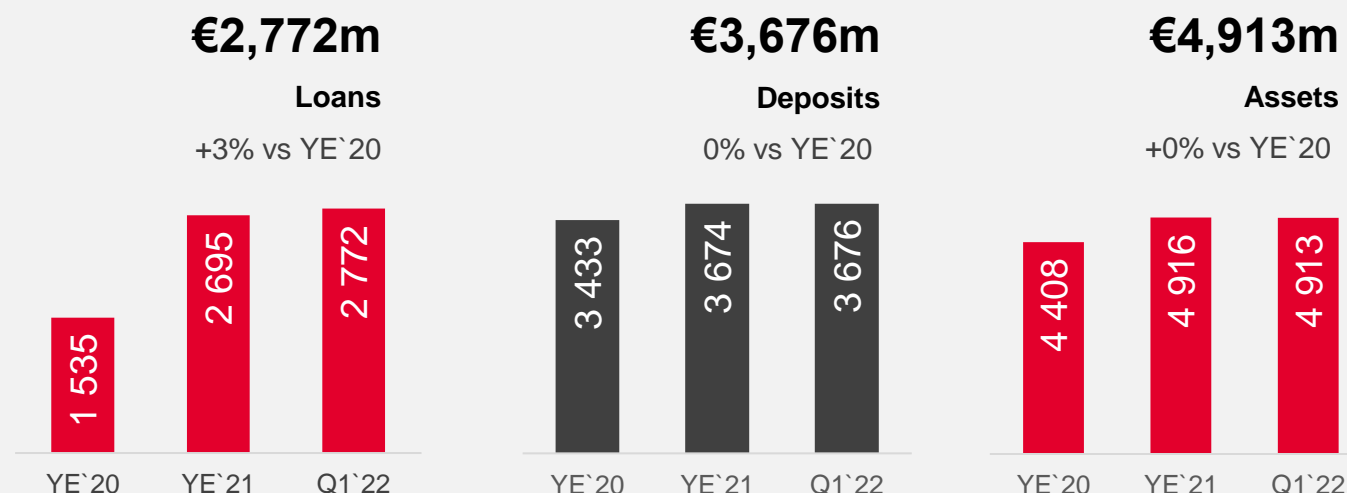
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Key figures and events

- Strong financial performance with net profit (Baltics) reaching EUR 12.7 million in Q1 2022, which translated into 12.8% return on equity, in a quarter marked by the war in Ukraine.
- Stable underlying asset quality, with expected credit losses of 90 basis points, mainly driven by macro provisions.
- On the back of attractive digital solutions and services the bank's active customers reached an all-time high of 363 thousand active clients as of 31 March 2022, 5% growth y-o-y.
- During the first quarter the bank issued EUR 297 million in new financing to support Baltic private, SME and corporate customers.
- The deposit base remained stable and Baltic deposits constituted EUR 3,566 million as of 31 March 2022, or 97% from total deposits.
- The Bank continues to operate on the back of adequate capital and liquidity ratios. Group's CAR, transitional (including period's result) was 18.7% and LCR of 205% as of 31 March 2022.

* Only continuous operations shown. Comparatives represented for discontinued operations of Kaleido Privatbank AG (Swiss subsidiary bank of the Group) which is committed for sale and thus excluded from the presented key figures.

EUR millions	Q1`2020*	Q1`2021*	Q1`2022*
Net interest income	17.5	25.6	27.4
Net fee and commission income	6.6	7.5	10.3
Net financial and other income	1.4	1.9	1.7
Operating income	25.5	35.0	39.4
Operating expense	(18.1)	(20.0)	(20.8)
Net credit losses and impairments	(15.4)	(3.1)	(6.1)
Net profit	(8.0)	12.2	12.7
Return on average equity (ROE)	(9.5%)	14.0%	12.8%
Cost to income ratio (CIR)	70.8%	57.2%	52.9%
Cost to income ratio (COR)	3.8%	0.6%	0.9%



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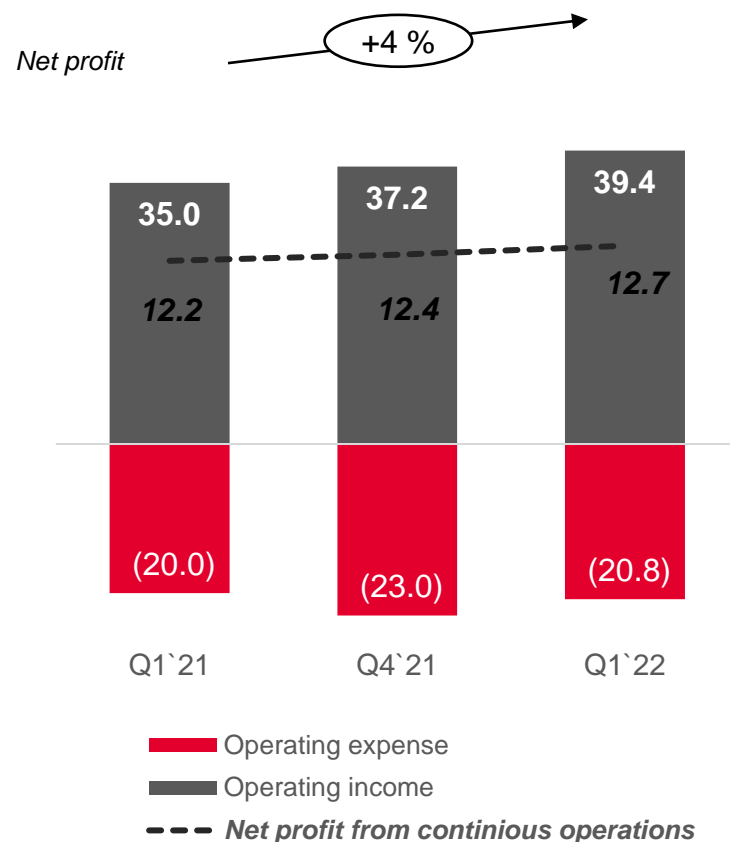
Financial highlights

Continuous operations

Financial result development

Q1`2022 vs previous periods

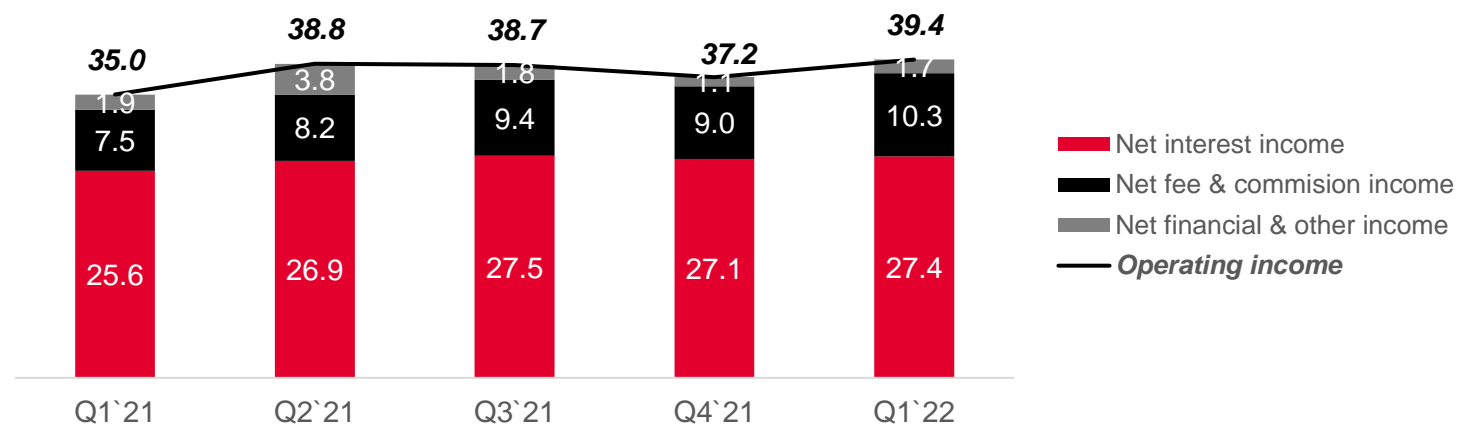
EURm



Operating income by revenue line

Q1`2022 vs. previous periods

EURm



Comment

Operating income in Q1 2022 reached EUR 39.4 million, 6% higher than in Q4 2021, supported by favourable net interest income development and strong cards income.

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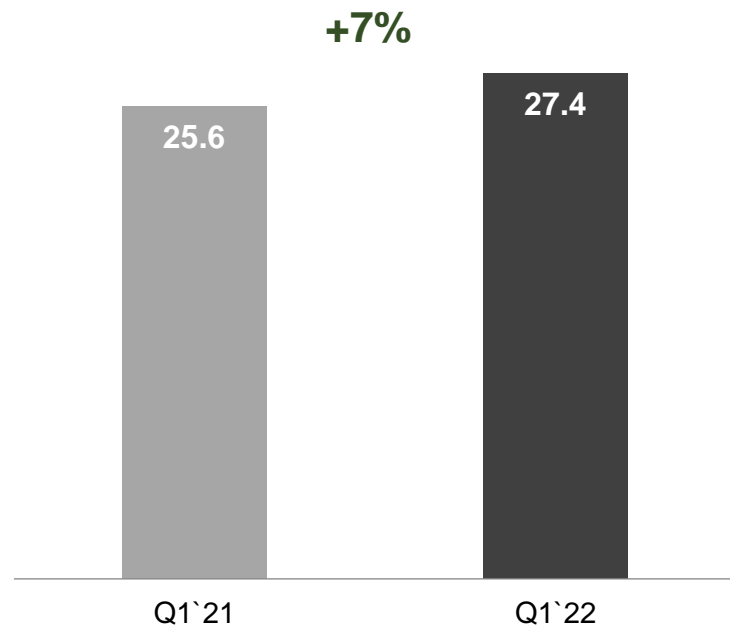
Net interest income development

Continuous operations

Net interest income

Q1`2022 vs Q1`2021

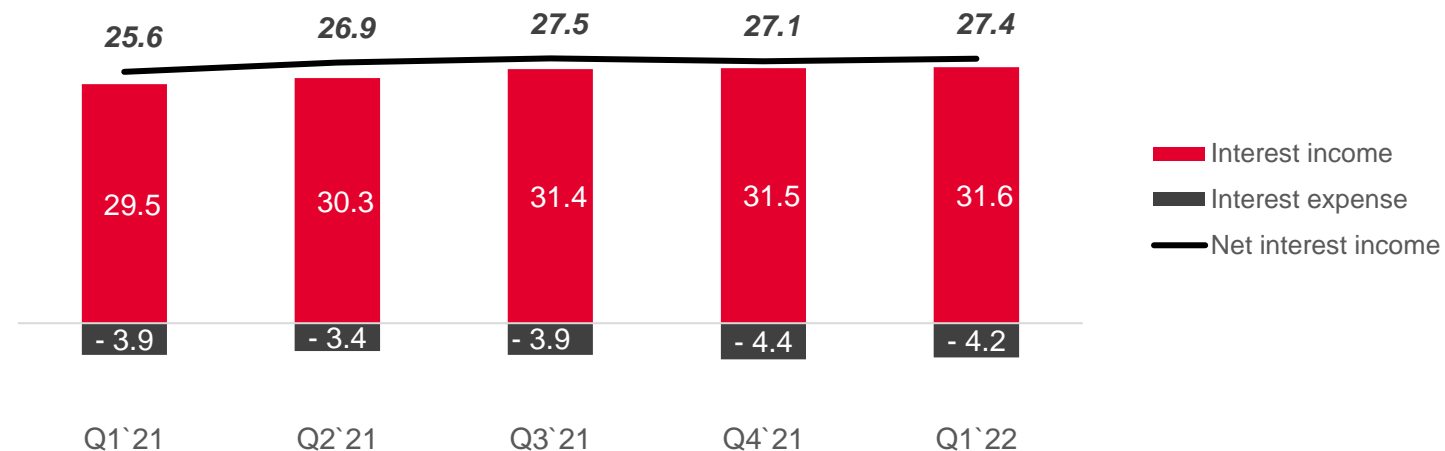
EURm



Net interest income development

Q1`2022 vs previous periods

EURm



Comment

Net interest income reached EUR 27.4 million in Q1 2022, a slight 1% increase as compared to Q4 2021.

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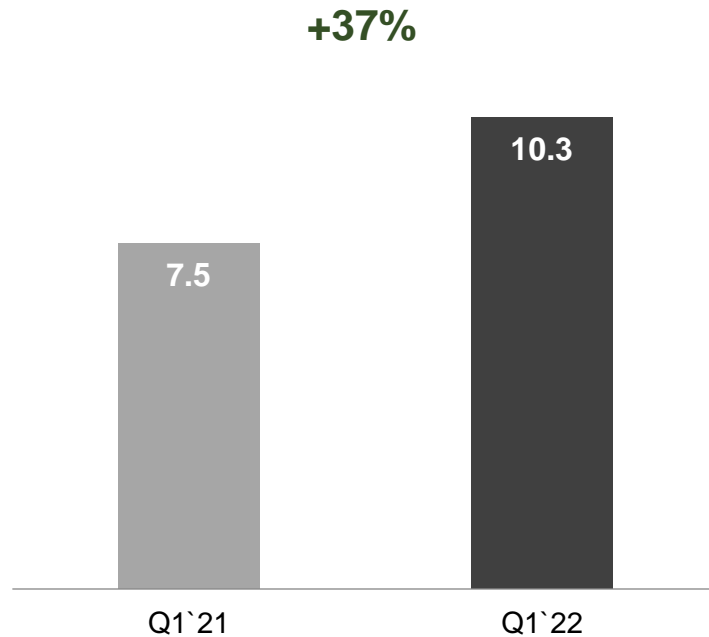
Net fee and commission income development

Continuous operations

Net fees and commissions

Q1`2022 vs Q1`2021

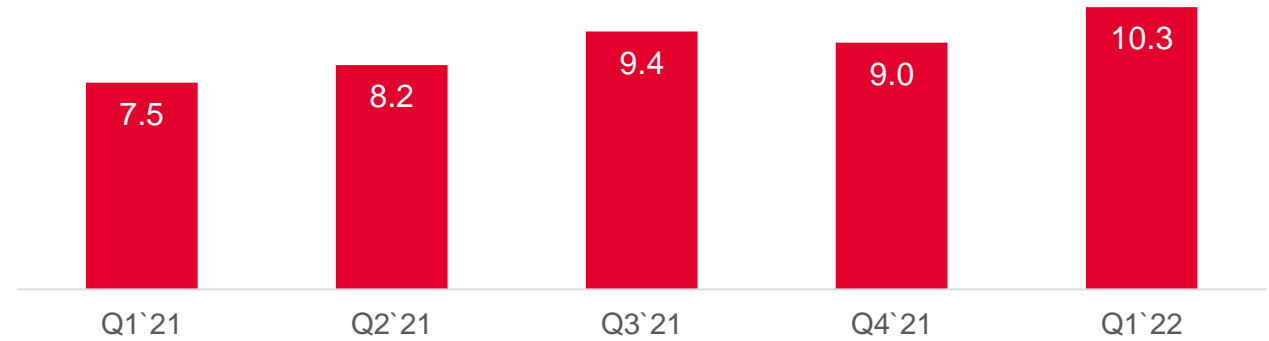
EURm



Net fee and commission income development

Q1`2022 vs previous periods

EURm



Comment

The Group's **net fee and commission income** in Q1 2022 reached EUR 10.3 million, which translates into a 14% increase q-o-q.

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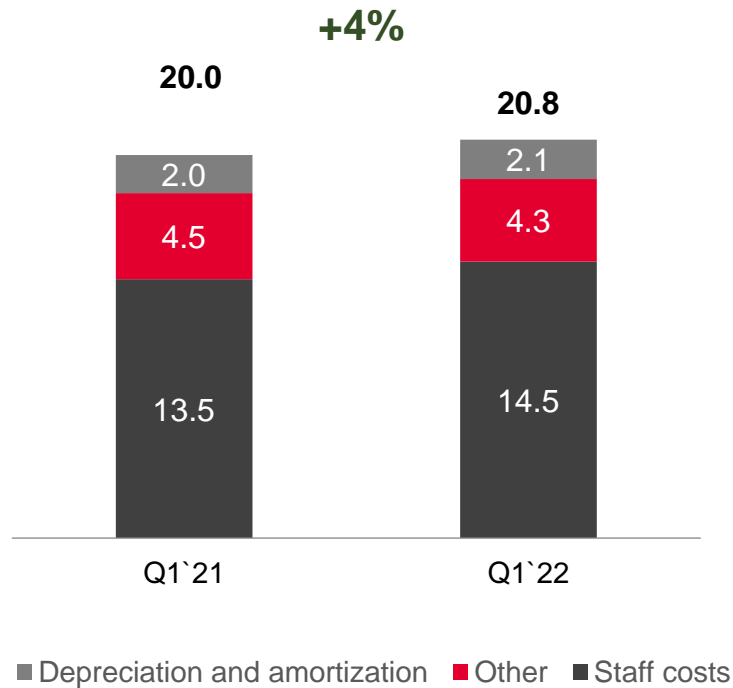
Operating expenses development

Continuous operations

Operating expenses

Q1`2022 vs Q1`2021

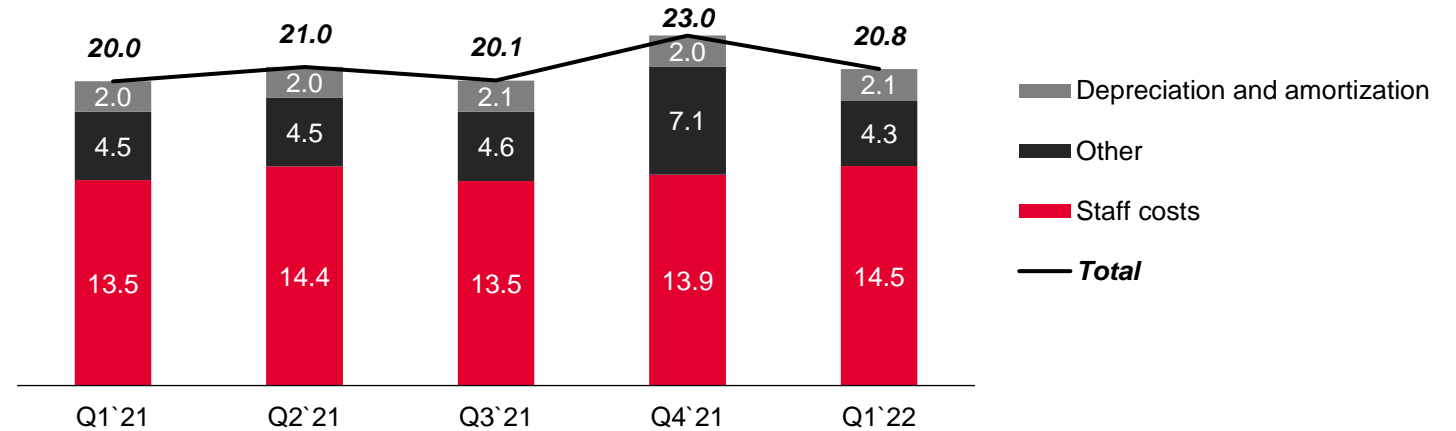
EURm



Operating expenses development

Q1`2022 vs. previous periods

EURm



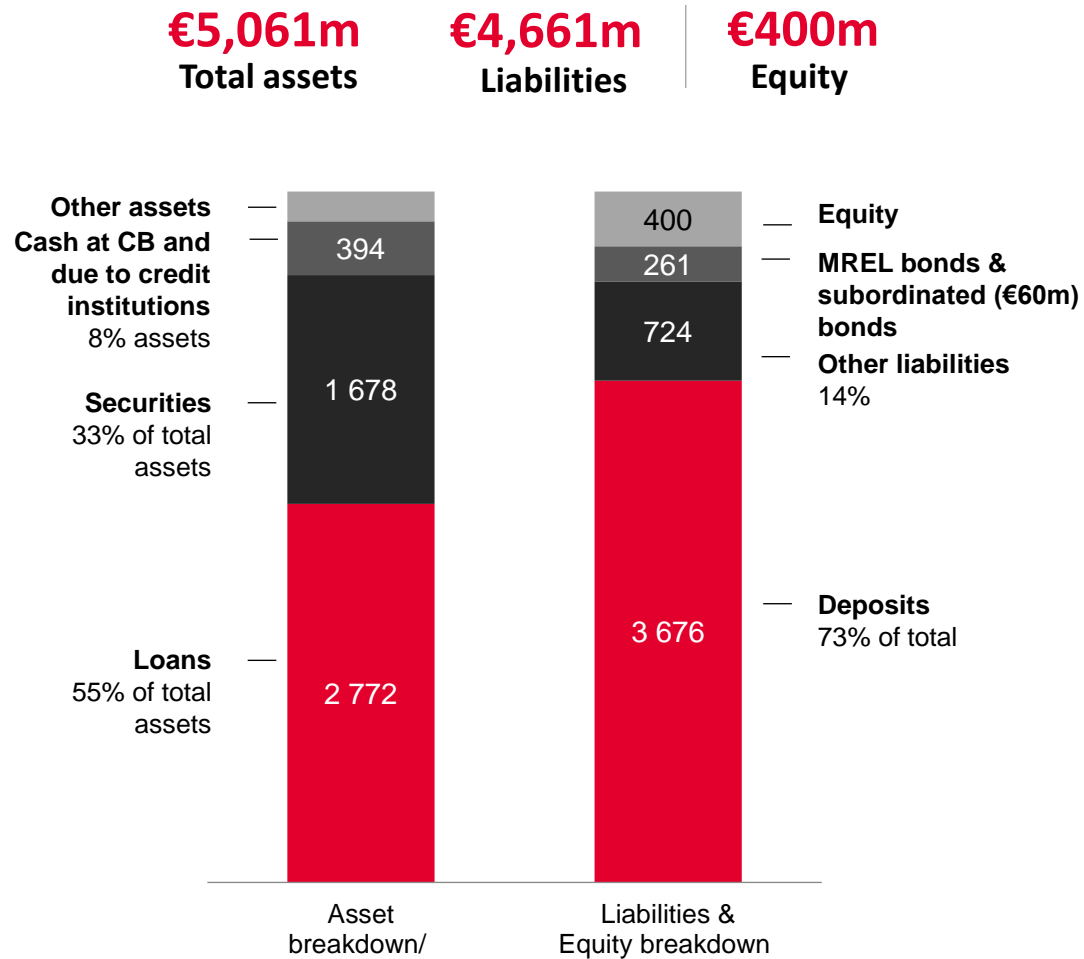
Comment

Operating expenses in Q1 2022 was EUR 20.8 million, or 10% decrease q-o-q. Staff costs increased by 4% to EUR 14.5 million. The number of full-time employees was 1,363 vs. 1,335 as of 31 December 2021. Other costs were EUR 4.3 million (39% decrease q-o-q). Depreciation and amortization expenses stood at EUR 2.1 million (2% increase q-o-q).

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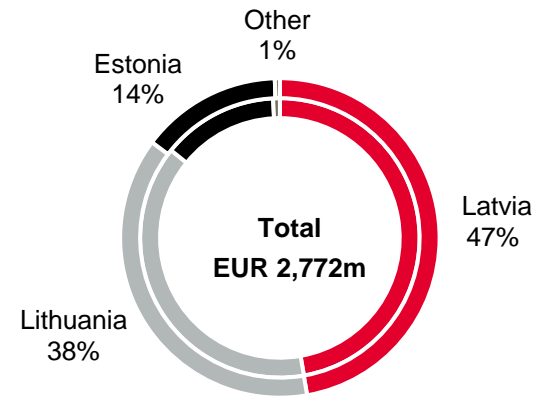
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Stable asset quality and strong balance sheet



Loan portfolio by country

Q1`22 (outer circle) vs. Q1`21 (inner circle)



The Group's **securities portfolio** performance during Q1 2022 was affected by rapid rise of interest rates that had an adverse effect on revaluation reserve in current portfolio. However, change of interest rate environment also opens more opportunities, as low EUR interest rate environment had been a drag on portfolio performance during the past years. Rapid shift to positive yields means that it will be possible to reinvest cash from maturing bonds at higher yields, thus increasing interest income for upcoming periods.

The main source of funding, **customer deposits** from continued operations remained flat and stood at EUR 3,676 (v.s. EUR 3,674). Baltic domestic customer deposits formed 97% of total deposits or EUR 3,566 million (vs. 94% as of the year end 2021).

More opportunities

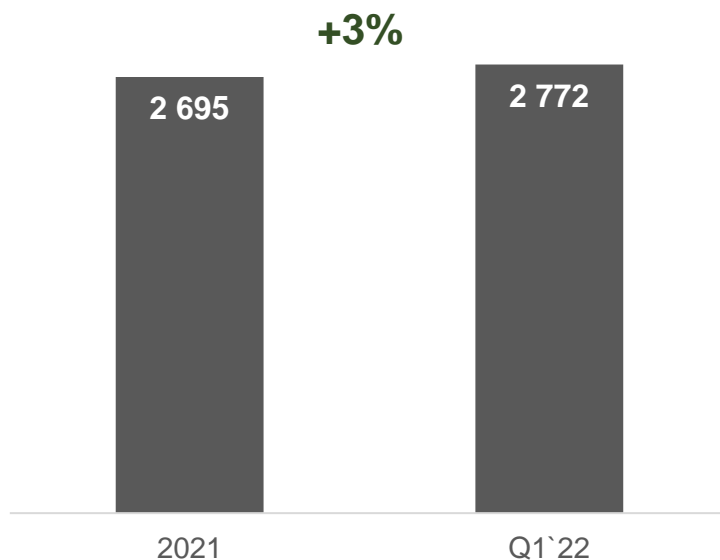


Balance sheet overview

Loans

Q1`2022 vs. YE 2021

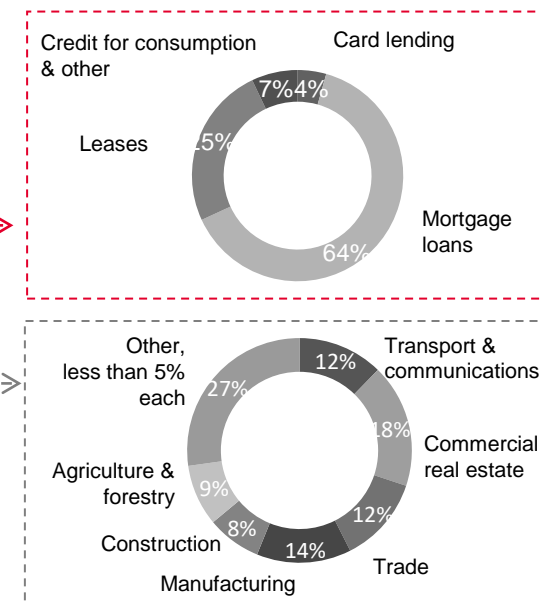
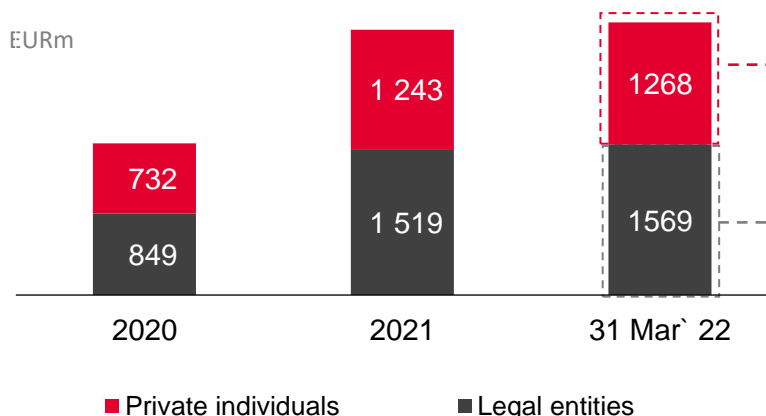
EURm



Gross loans by customer profile

31 Mar 2022 vs. previous periods

EURm



Comment

Loans to Households represented 44% of the portfolio (vs. 45% as of the year end 2021). Mortgages have increased by 3% since the year end 2021, and constituted EUR 808 million. Finance leases increased by 3% and reached EUR 315 million. Increase seen also in consumer lending - 8% vs. the year end 2021 (EUR 77 million). Card lending has slightly decreased by 1% in Q1 2022 and was EUR 55 million. Overall, the main industry concentrations were Real estate purchase and management (20% of gross loans), Manufacturing (15%), Transport and Communications (13%) and Trade (14%).

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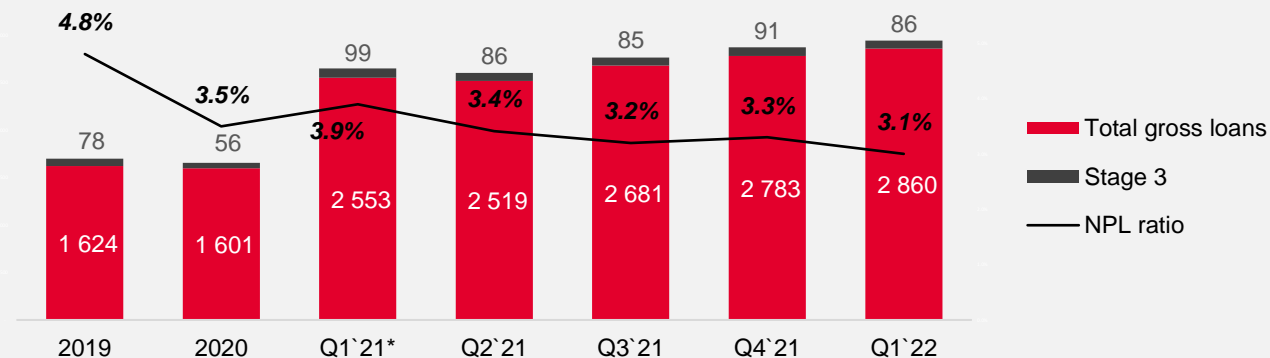
Credit losses & NPLs

Net credit losses in amount of EUR 6.1 million were recognised in Q1 2022 following the worsening of macro-economic forecasts.

The overall credit quality of the loan book continued to improve and **Stage 3 loans to public**, gross ratio has decreased to 3.1% as of 31 March 2022, compared to 3.3% at the end of 2021, benefiting from recoveries from several legacy cases.

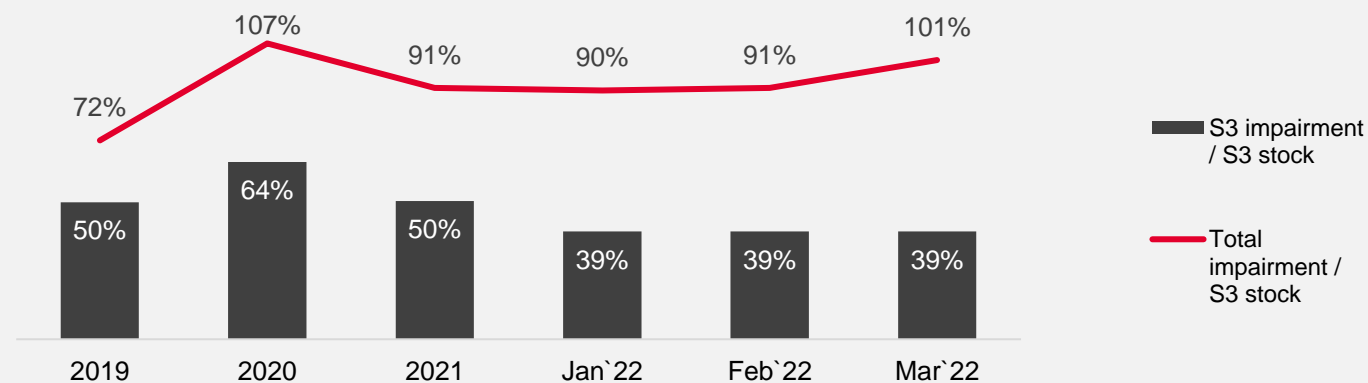
Non-performing loans, % of total gross loans

Q1`22 vs. previous periods



Impairment coverage ratio

Q1`22 vs. previous periods

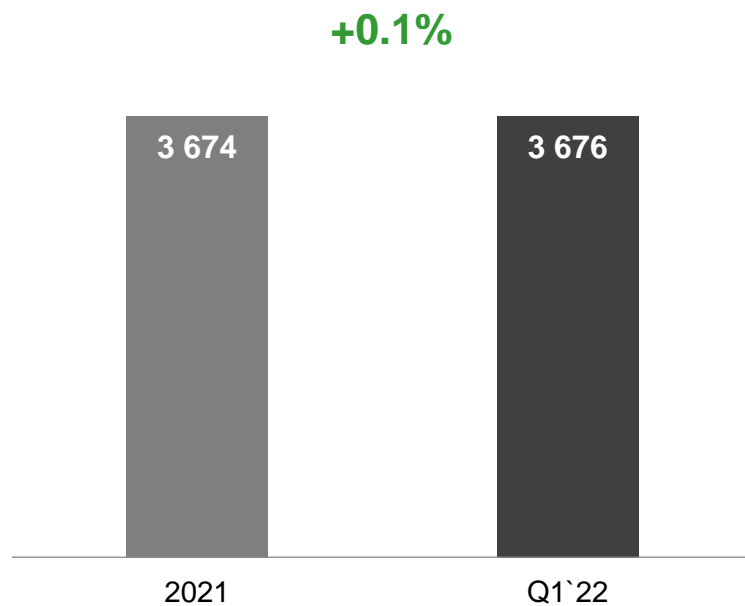


Stable Funding structure

Deposits

Q1`22 vs. YE 2020

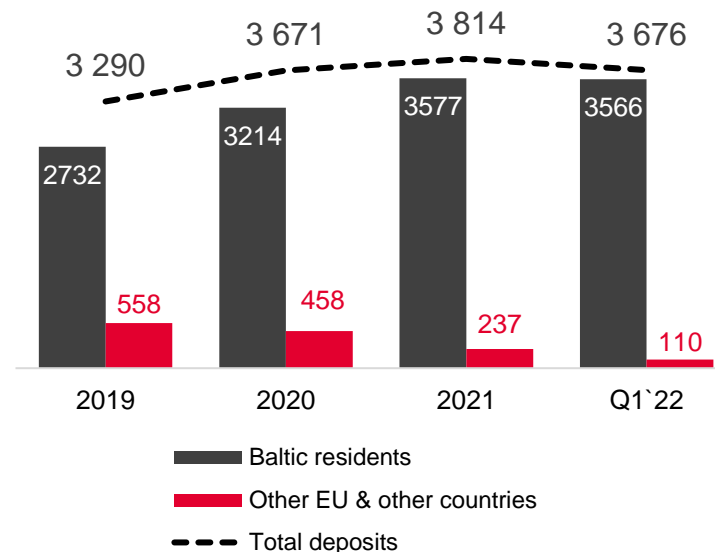
EURm



Increase of domestic deposits

Q1`22 vs. previous periods*

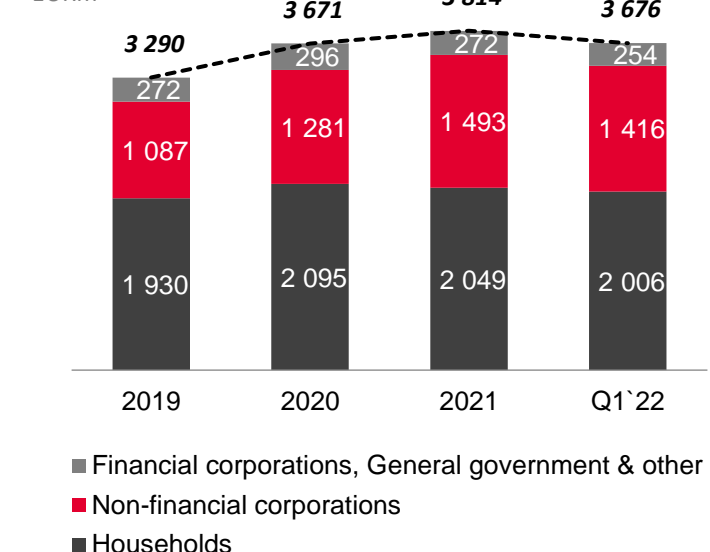
EURm



Deposits by customer profile

Q1`22 vs. previous periods*

EURm



Comment

The main source of funding, **customer deposits** from continued operations remained flat and stood at EUR 3,676 (v.s. EUR 3,674). Baltic domestic customer deposits formed 97% of total deposits or EUR 3,566 million (vs. 94% as of the year end 2021).

Customer overview

- ✓ Increasing customer base and user experience
- ✓ Bank with one of the best customer service in the Baltics
- ✓ 2nd highest NPS of Latvian banks



Awards

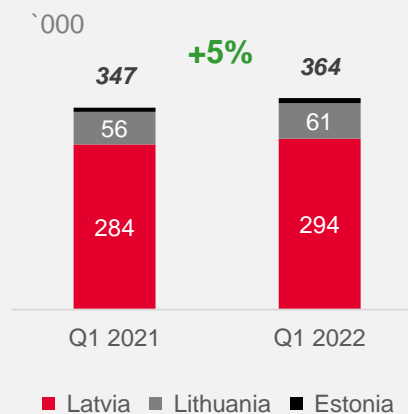
Citadele was announced as the bank with the best customer service in Latvia for the 7th time and TOP3 in Lithuania and Estonia.

Bank with the best customer service in Latvia



Active customers

Q1 2022 vs. Q1 2021



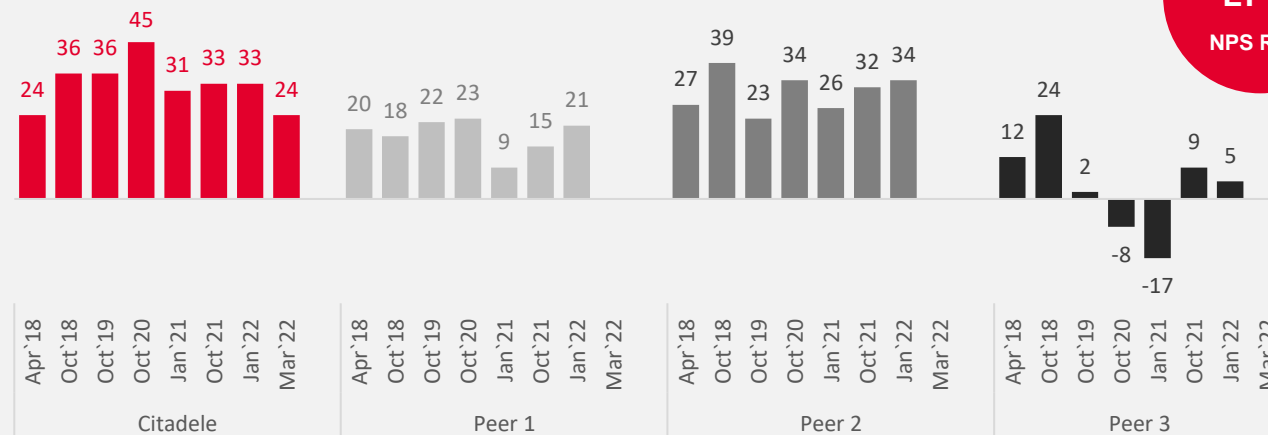
Mobile App active users

Q1 2022 vs. Q1 2021



LV 58 / LT 65
Mobile App NPS

Net Promoter Scores of individual banks in Latvia



LV 24 / LT 40
NPS Retail

More opportunities

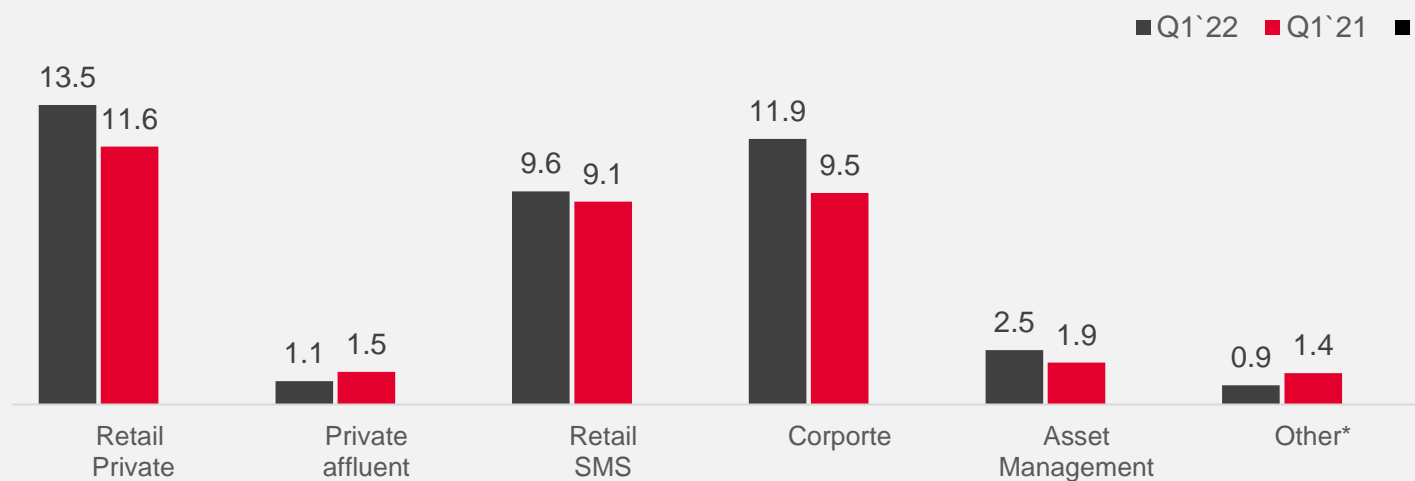


Segment overview

	Retail Private	Private affluent	Retail SMS	Corporate	AM	Other*	Total
Net interest income	10.8	0.1	6.5	9.4	0.0	0.5	27.4
Net fee & commission income	2.8	0.7	2.3	1.9	1.7	0.8	10.3
Net financial and other income	-0.1	0.2	0.7	0.6	0.7	-0.5	1.7
Operating income	13.5	1.1	9.6	11.9	2.5	0.9	39.4

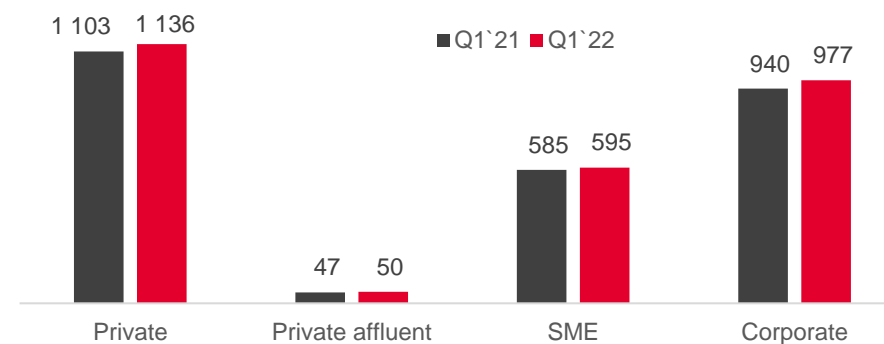
Operating income by segment

Q1'22 vs. 2020, EURm



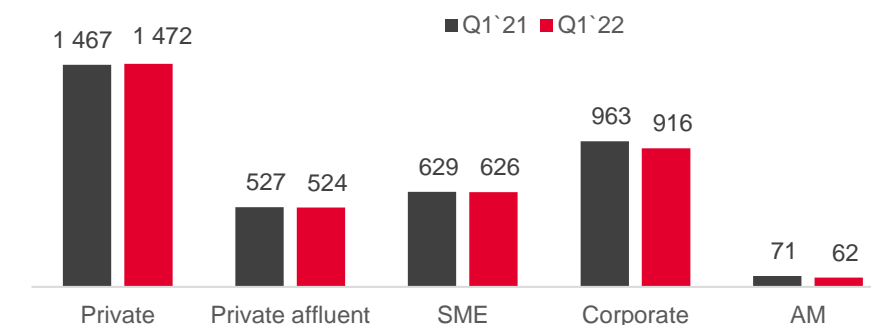
Loans

Q1'22 vs. YE 2020, EURm



Deposits

Q1'22 vs. YE 2020, EURm



*Group's treasury functions and other business support functions, incl. results of the subsidiaries of the Group operating in nonfinancial sector. This segment comprises discontinued operations, namely operations of Kaleido Privatbank AG (a Swiss registered banking subsidiary) which Citadele has agreed to sell.

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