



CITADELE GROUP

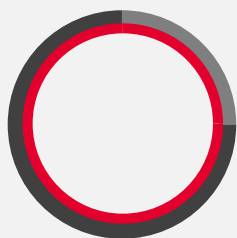
Results presentation
Q3 2022

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, Credit opinion updated on 31 October 2022. Moody's⁽¹⁾

History – key highlights

2010

Citadele was **registered** in Latvia as a joint stock company on 30 June and commenced operations on 1 August 2010.

2015

Change of ownership - Ripplewood Advisors LLC and co-investors acquired a 75% +1 share. EBRD holds a 25% -1 share. **European Commission's restrictions removed.**

2016

EUR 40,000,000 Subordinated Bonds listed on Nasdaq Riga Stock Exchange Baltic Bond List.

2017

EUR 20,000,000 Subordinated Bonds listed on Nasdaq Riga Stock Exchange Baltic Bond List.

2020

Citadele's **credit rating** upgraded to **investment grade** by Moody's, assigning Baa3 rating with stable outlook.

2021

Citadele has become the **100% owner of SIA UniCredit Leasing**. Following the acquisition Citadele's aggregate leasing portfolio exceeds EUR 1 billion.

Citadele's **credit rating** upgraded by Moody's to **Baa2 with stable outlook** (13 September 2021).

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

Citadele issues EUR 200 million of senior unsecured preferred bonds. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL).

Citadele overview

Complete portfolio of banking services

PRIVATE CUSTOMERS

Private individuals are serviced in Latvia, Lithuania and Estonia. The segment includes universal banking offer provided through branches, internet bank and mobile banking application.

LEASING

Leasing and factoring services provided to private individuals and companies in Latvia, Lithuania and Estonia.

WEALTH MANAGEMENT

Private banking, advisory, investment and wealth management services provided to high net-worth individuals serviced in Latvia, Lithuania and Estonia.

SME

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

CORPORATES

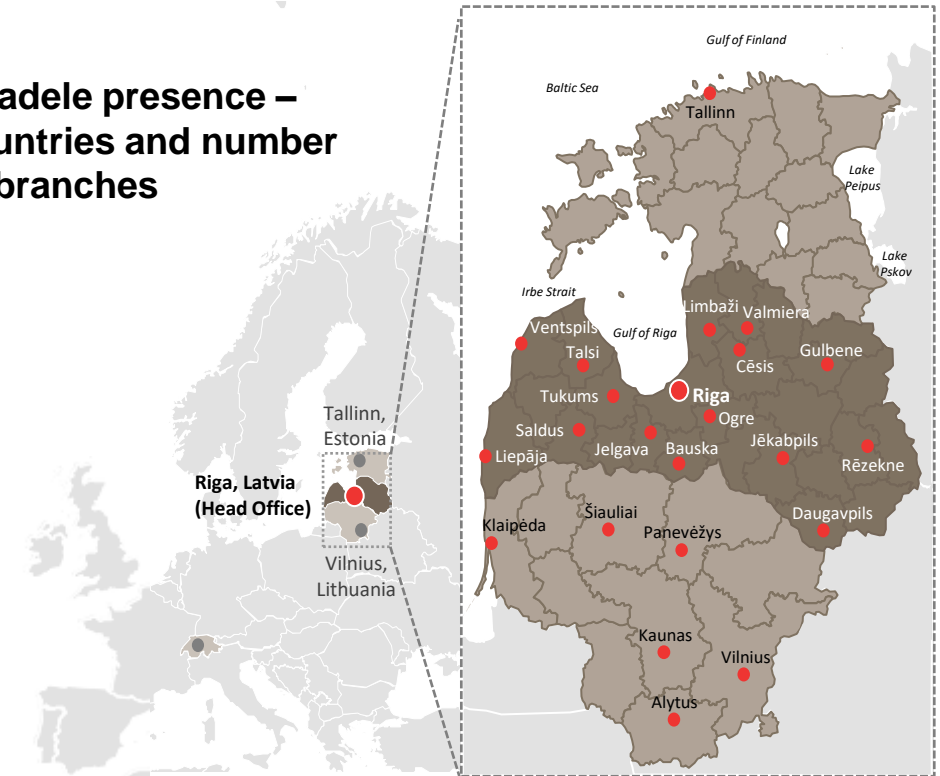
Large customers serviced in Latvia, Lithuania and Estonia. Yearly turnover of the customer is above EUR 5 million or total risk exposure with Citadele Group is above EUR 1 million or the customer needs complex financing solutions.

INVESTMENT MANAGEMENT

CBL Asset Management is one of the leading investment management companies in the Baltic area serving state-funded pension plans, corporations and other institutional clients.

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. 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*
19 in Latvia
6 in Lithuania
1 in Estonia



1,381
Employees



373k
Active Clients
(+4% y-o-y)



221k
MobileApp users
(+26% y-o-y)

Values and strategy

Strategic focus

Citadele aims to become a modern banking platform for the Baltics. Increasingly digital bank with a wide product suite and unique offerings for its private and business clients, complemented by innovative stand-alone solutions with unique value proposition.

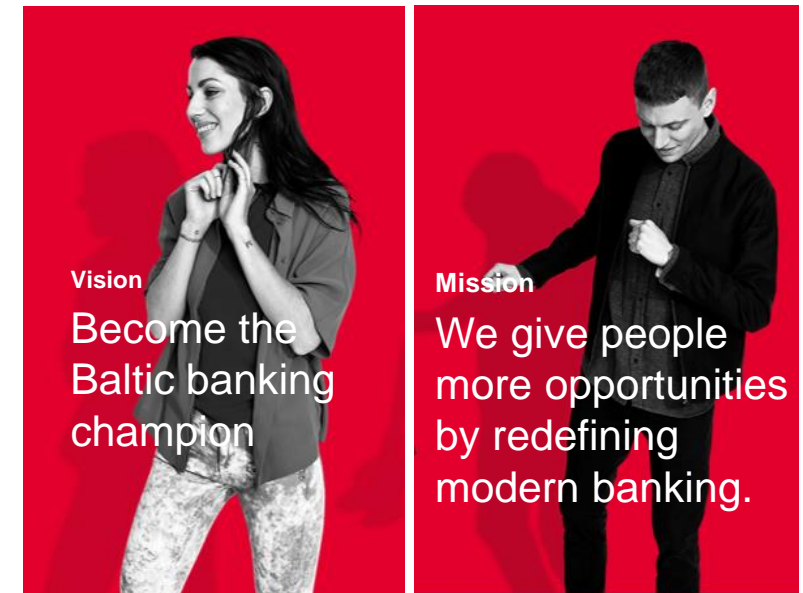
The strategy will be implemented using the following tactical steps:

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

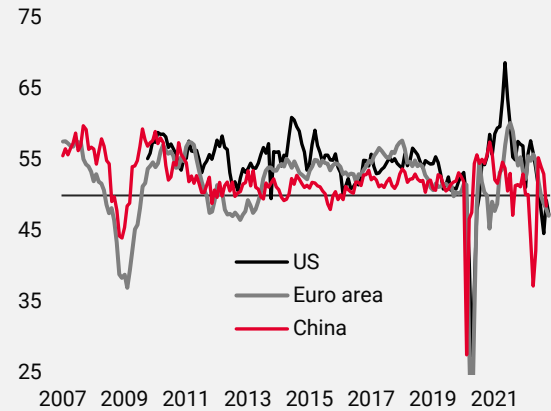
We see people first and add human touch to banking.

Core values

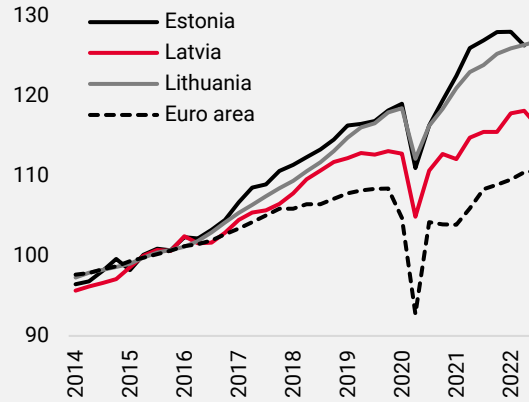
Citadele

Business environment

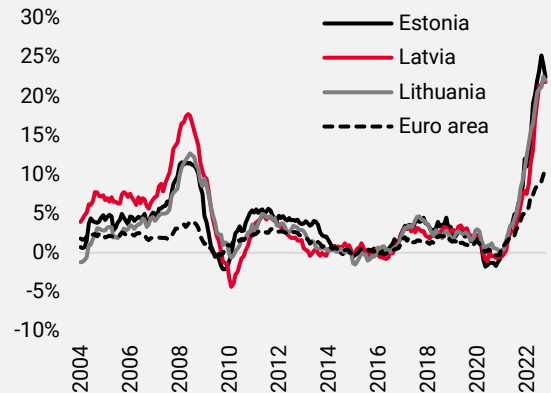
IHS Markit Composite PMI
(Values above 50 indicate expansion)



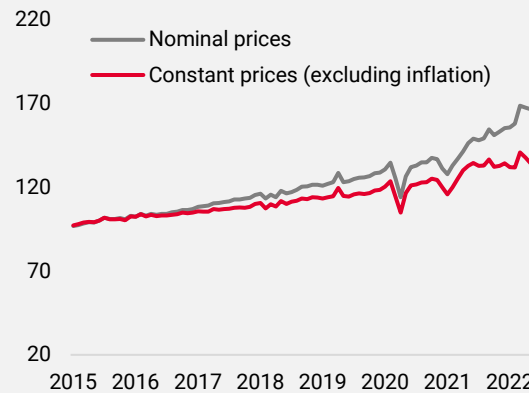
GDP
(constant prices, 2015=100)



Inflation
(% year-on-year)



Retail trade in Baltics excl. fuel
(2015=100)



Baltic region is strong

Global economic environment remains challenging and economic growth in the Baltic region has been slowing down since the beginning of 2022. Energy crisis in Europe, Russia's invasion into Ukraine, geopolitical tensions, rising interest rates and high inflation, declining consumer purchasing power and weak growth in China are significant risks to economic outlook, and growth expectations have been revised downwards.

At the same time, domestically the Baltic region is strong - debt levels are low, the financial system is stable, and the real estate market shows no obvious signs of significant overheating.

Despite weaker consumer confidence, consumer spending in the Baltics continues to grow and slower economic growth is not yet felt in the labor market.

The unemployment rate in the Baltic countries continues to decrease and wages are growing.

Energy situation in the Baltics remains challenging and households are beginning to draw down excess Covid-19 savings to cope with rising inflation, but the risk of severe natural gas shortages in the region have decreased and government support will reduce energy bills to households and companies, helping region to overcome current challenges.

Key figures and events

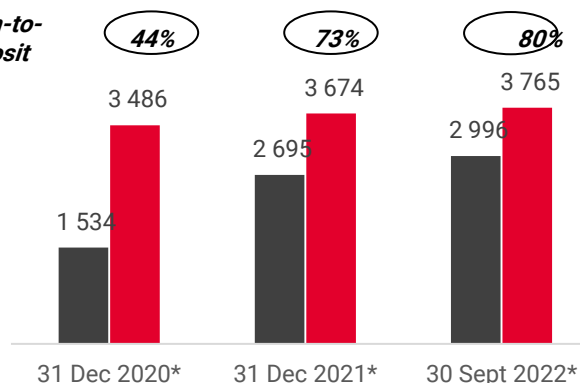
- Strong financial performance with a record high income in both Q3 and 9 months 2022. In 9 months, 2022 Operating income (Baltics) reached EUR 121.8 million, 8% growth year over year. Q3 operating income was EUR 42.1 million, 9% growth year over year.
- Baltic operations profit before impairment was EUR 54.2 million in the first 9 months of 2022, 5% higher than in the same period last year. Profit before impairment in Q3 reached EUR 19.4 million, 20% growth quarter over quarter.
- Given the increased uncertainty in macroeconomics the bank continued to take a more conservative approach and has also recognized net credit losses in amount of EUR 15.0 million in 9 months 2022 (EUR 2.3 million in Q3). Baltic operations net profit reached EUR 38.1 million in 9 months 2022, which translated into 12.6% return on equity. Q3 net profit was EUR 16.7 million, translating into 16.4% return on equity.
- In 9 months 2022, the bank issued EUR 972 million in new financing to support Baltic private, SME and corporate customers. EUR 326 million were disbursed in Q3.
- The deposit base remained stable and Baltic deposits constituted EUR 3,666 million as of 30 September 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 18.1% and LCR of 167% as of 30 September 2022.

<i>EUR millions</i>	Q3	Q2	Q3	Jan-Sep	
	2022*	2022*	2021*	2022*	2021*
Net interest income	28.9	26.6	27.5	82.9	79.9
Net fee and commission income	8.9	11.1	9.4	30.3	25.1
Net financial and other income	4.2	2.6	1.8	8.5	7.5
Operating income	42.1	40.3	38.7	121.8	112.5
Operating expense	(22.7)	(24.0)	(20.1)	(67.6)	(61.1)
Net credit losses and impairments	(2.3)	(6.6)	(3.8)	(15.0)	(0.1)
Net profit from continuous operations (after tax)	16.7	9.3	14.6	38.1	50.0
Return on average assets (ROA)	1.31%	0.75%	1.20%	1.00%	1.40%
Return on average equity (ROE)	16.4%	9.2%	15.3%	12.6%	18.2%
Cost to income ratio (CIR)	53.9%	59.6%	51.9%	55.5%	54.3%
Cost of risk ratio (COR)	0.3%	0.9%	1.1%	0.7%	0.0%

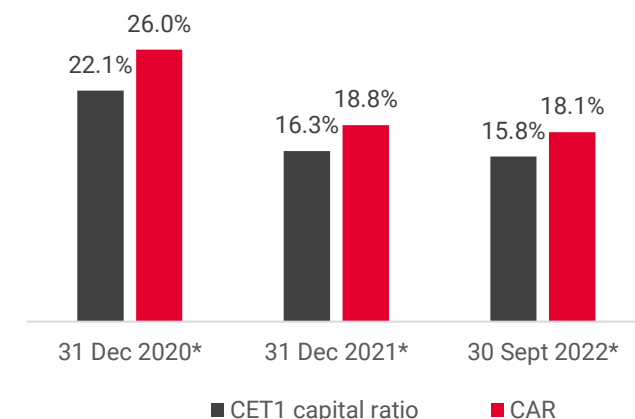
Loans to and deposits from the public

EURm

Loan-to-deposit ratio



CET1 and CAR ratios**



* 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. **Common equity Tier 1 (CET1) capital ratio, transitional (incl.period's result) and Total capital adequacy ratio (CAR), transitional (including period's result)

Financial Highlights

Continuous operations

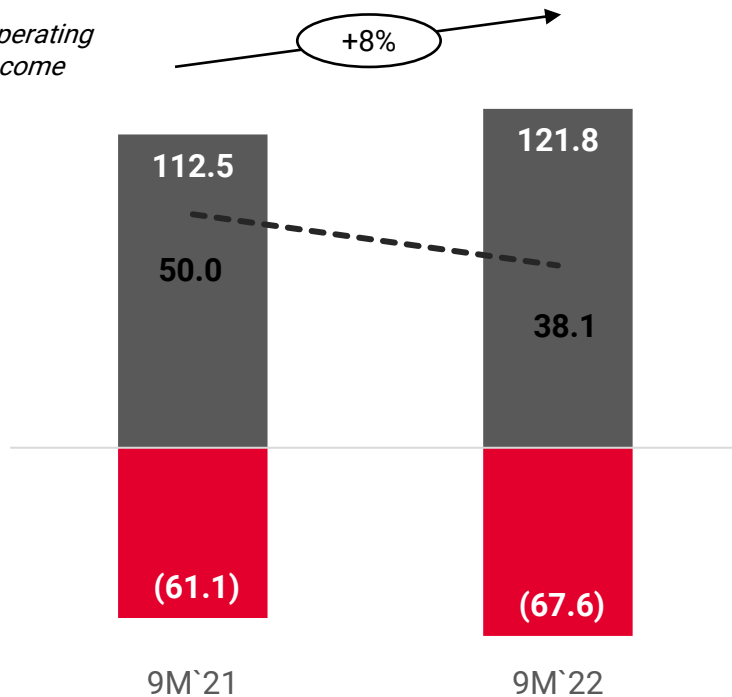
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Financial result development

9M`2022 vs previous period

EURm

Operating income

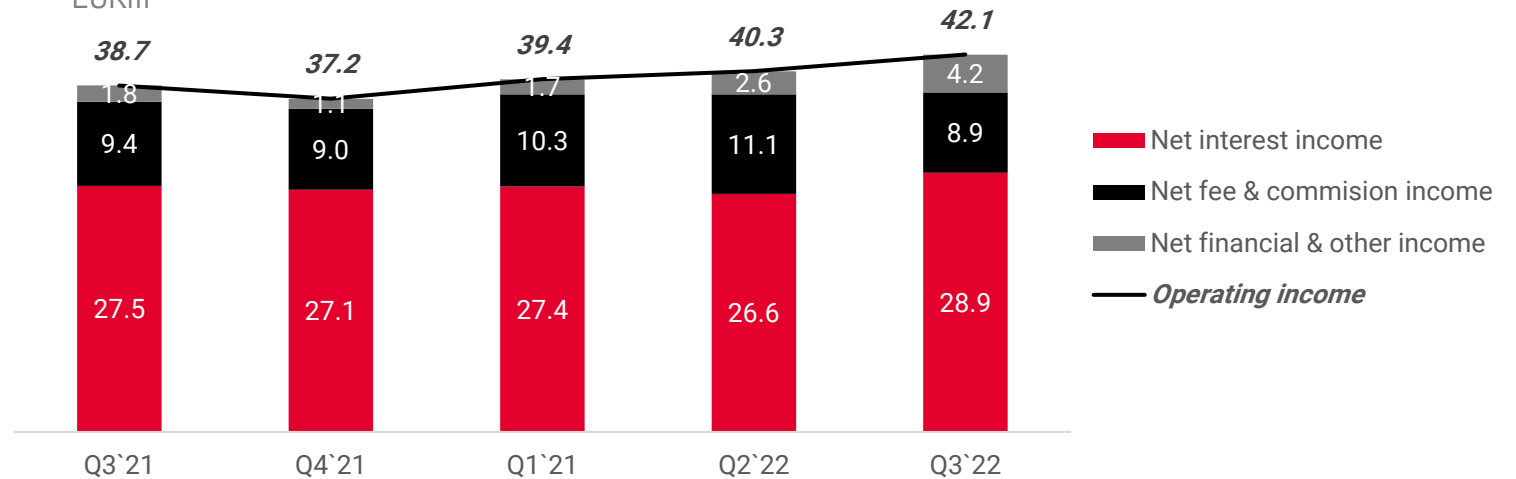


- Operating expense
- Operating income
- Net profit from continuous operations

Operating income by revenue line

Q3`2022 vs. previous periods

EURm



- Net interest income
- Net fee & commission income
- Net financial & other income
- Operating income

Comment

Strong financial performance with Q3 2022 **operating income** reaching EUR 42.1 million, 9% growth y-o-y. Operating income in 9 months 2022 reached EUR 121.8 million, 8% growth y-o-y.

Net interest income

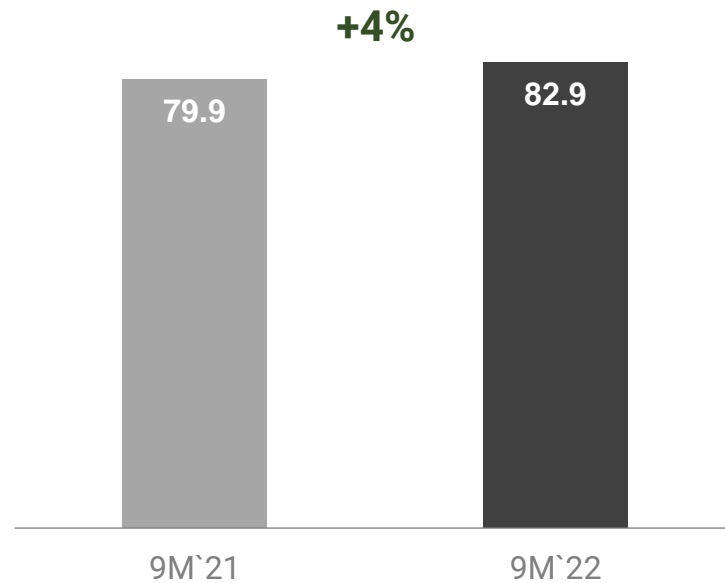
Continuous operations

Citadele

Net interest income

9M`2022 vs previous period

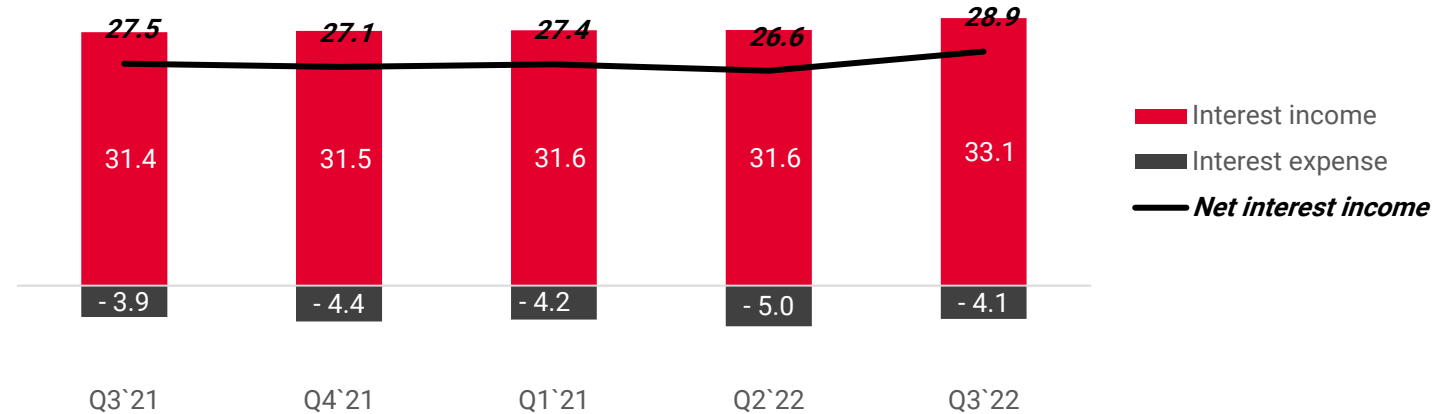
EURm



Net interest income development

Q3`2022 vs previous periods

EURm



Comment

Performance driven by strong **net interest income** which reached EUR 28.9 million in Q3 2022, a 9% increase as compared to Q2 2022, mainly impacted by rising interest rates. Net interest income in 9 months 2022 was EUR 82.9 million, 4% higher than in the respective period of 2021.

Net fee and commission income development

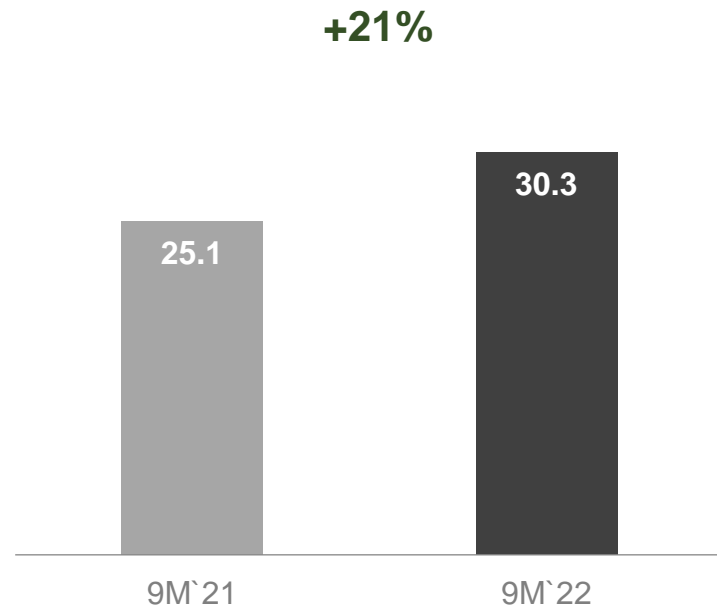
Continuous operations

Citadele

Net fees and commissions

9M`2022 vs previous period

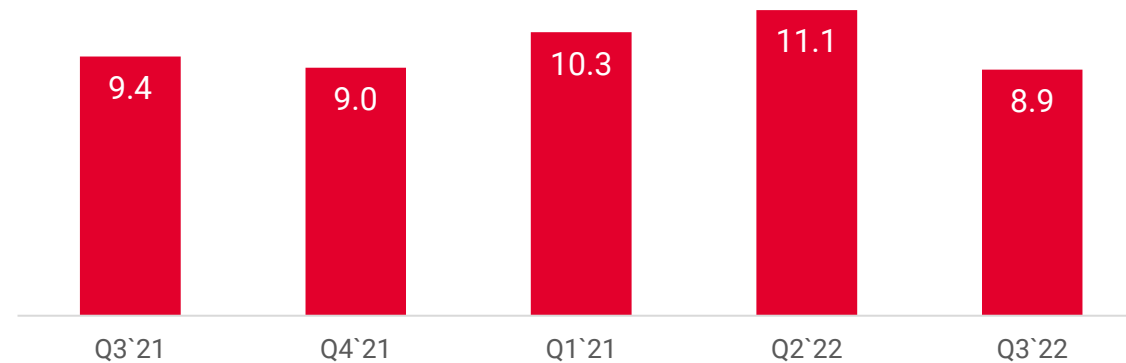
EURm



Net fee and commission income development

Q3`2022 vs previous periods

EURm



Comment

The Group's **net fee and commission income** in Q3 2022 reached EUR 8.9 million, which translates into an 20% decrease q-o-q, mainly due to lower income from cards. 9 month 2022 net fee and commissions income reached EUR 30.3 million, 21% growth y-o-y.

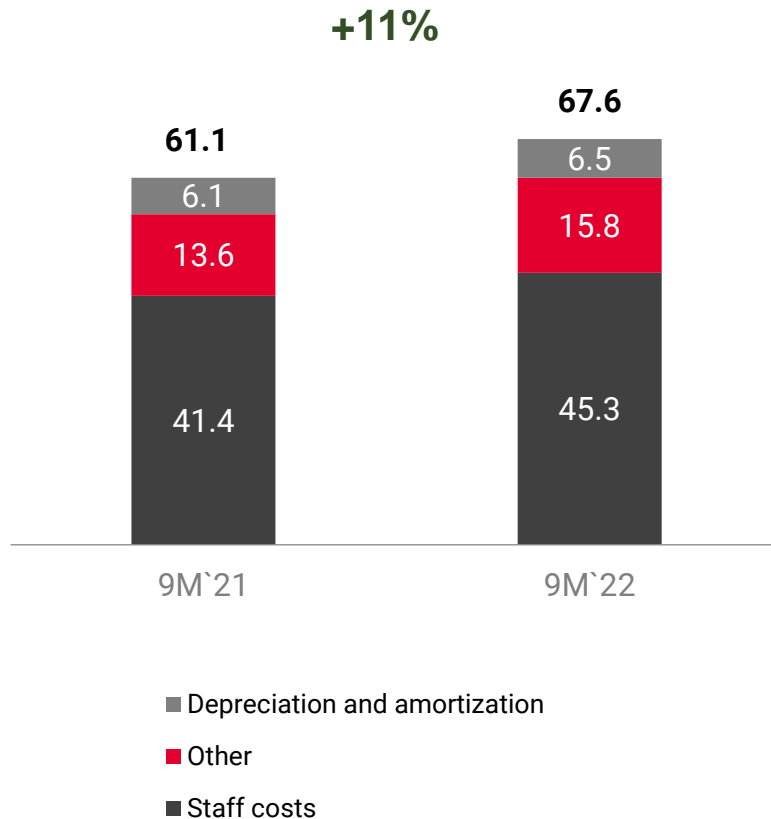
Operating expenses development

Continuous operations

Citadele

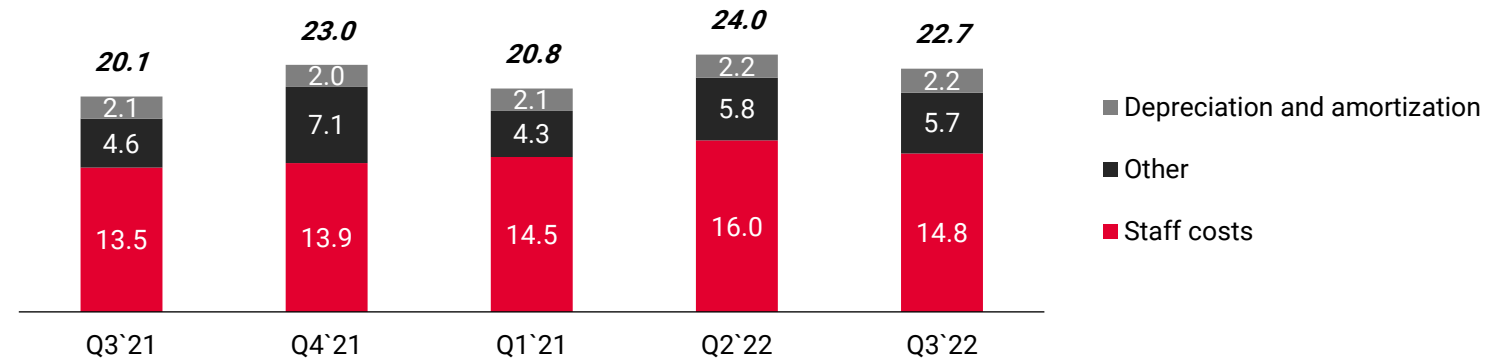
Operating expenses 9M`2022 vs previous period

EURm



Operating expenses development Q3`2022 vs previous periods

EURm

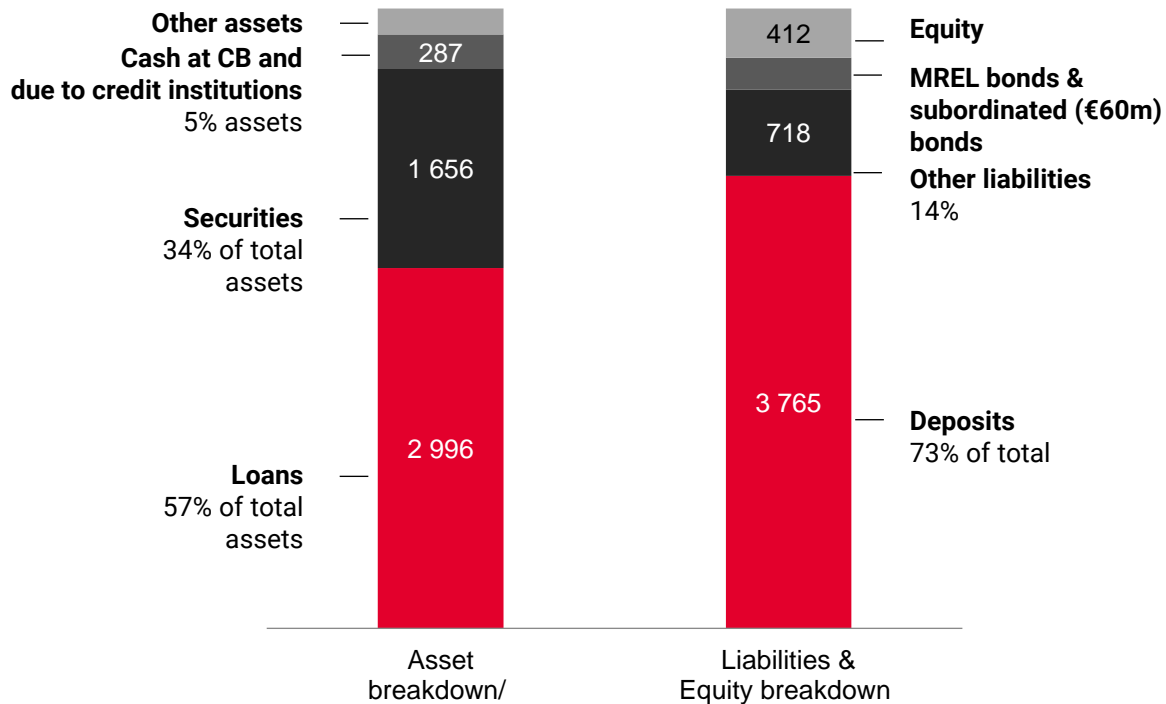


Comment

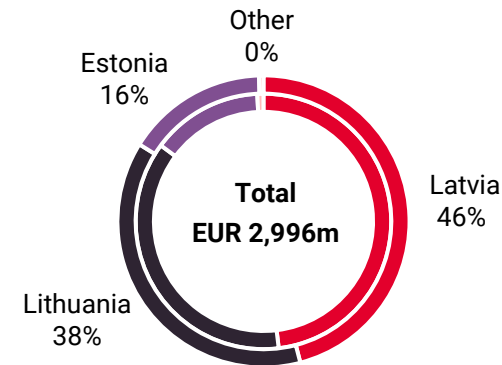
Operating expenses in Q3 2022 were EUR 22.7 million, or 6% decrease q-o-q. Staff costs decreased by 8% to EUR 14.8 million. The number of full-time employees was 1,381 vs. 1,335 as of 31 December 2021. Other costs were EUR 5.7 million (3% decrease q-o-q). Depreciation and amortization expenses stood at EUR 2.2 million (3% increase q-o-q). 9 month 2022 operating expenses were EUR 67.6 million vs. EUR 61.1 million in 9 months 2021.

Stable asset quality and strong balance sheet

€5,157m Total assets
€4,745m Liabilities
€412m Equity



Loan portfolio by country
 Q3'22 (outer circle) vs. YE'21 (inner circle)



In Q3 2022 Group's **securities portfolio** declined by 2.4% q-o-q via planned maturities. In terms of credit quality biggest decreases have occurred in holdings of AAA/Aaa and A rated bonds – by EUR 13.2 million and EUR 23.6 million respectively, while holdings in other rating buckets have remained close to unchanged. In terms of issuers, the biggest decreases have been government bonds of Lithuania (EUR 18.3 million), multilateral development banks (EUR 10 million) and securities classified as other from other sectors and countries (EUR 4 million) and Canada (EUR 3.9 million).

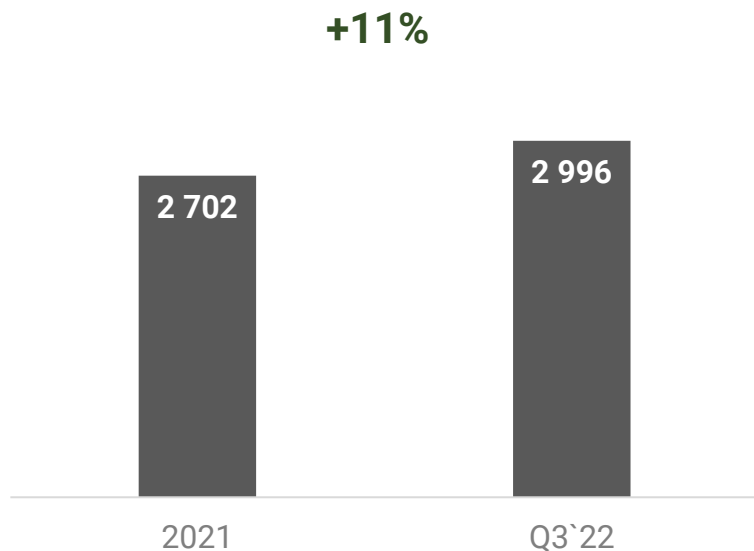
The main source of funding, **customer deposits** of continuing operations, **remained flat** vs. the year end 2021 and were EUR 3,765 million. Baltic domestic customer deposits formed 97% of total deposits or EUR 3,666 million (vs. 94% as of the year end 2021).

Balance sheet overview

Loans

Q3`2022 vs. YE 2021

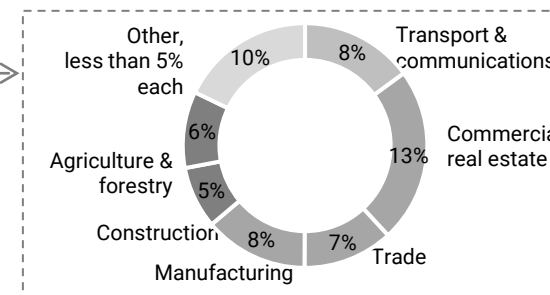
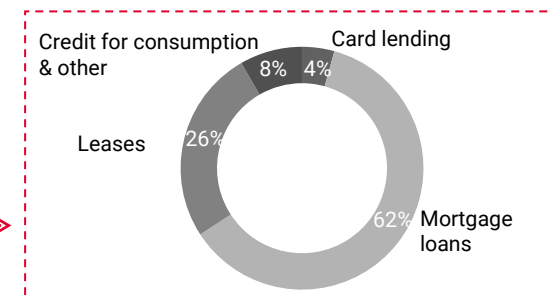
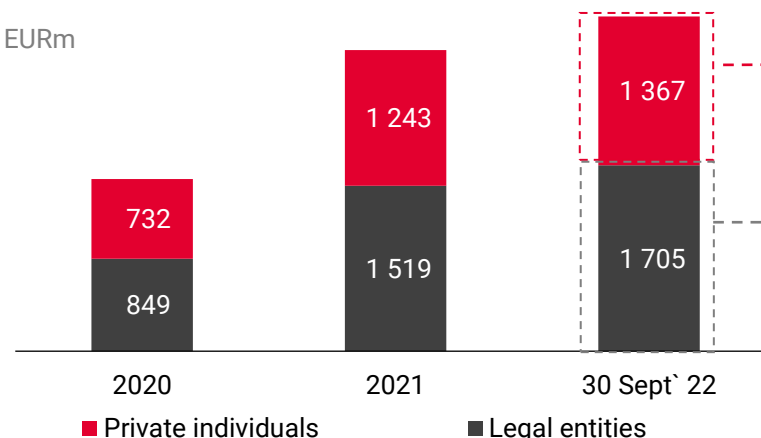
EURm



Gross loans by customer profile

30 September 2022 vs. previous periods

EURm



Comment

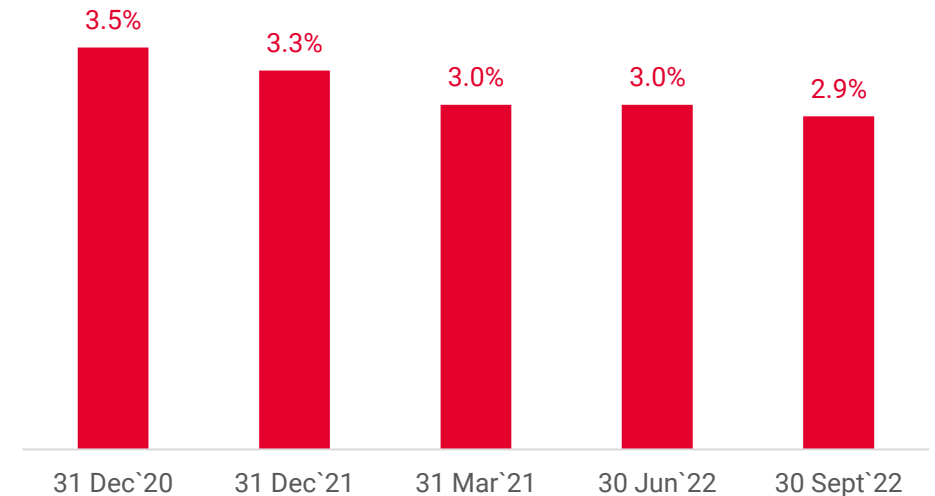
Loans to Households represented 44% of the portfolio (vs. 45% as of the year end 2021). Mortgages have increased by 7% since the year end 2021, and constituted EUR 841 million. Finance leases increased by 15% and reached EUR 353 million. Increase seen also in consumer lending - 34% vs. the year end 2021 (EUR 96 million). Card lending has slightly increased by 5% in Q3 2022 and was EUR 59 million. Overall, the main industry concentrations were Real estate purchase and management (13% of total gross loans), Manufacturing (8%), Transport and Communications (8%) and Trade (7%).

Credit losses & NPLs

- Taking a prudent approach towards more uncertain macro-economic outlook, the bank has recognized net credit losses in amount of EUR 15.0 million in the first 9 months of 2022 (EUR 2.3 million in Q3).
- The overall credit quality of the loan book continued to improve and **Stage 3 loans to public**, gross ratio has decreased to **2.9%** as of 30 September 2022, compared to 3.3% at the end of 2021, benefiting from recoveries from several legacy cases.

Non-performing loans, % of total gross loans

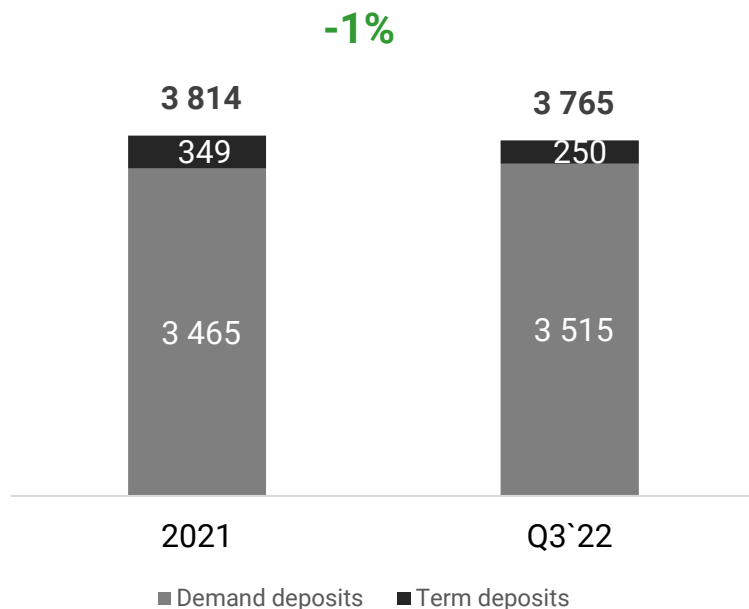
Q3`22 vs. previous periods



Stable Funding structure

Deposits Q3`22 vs. YE 2021

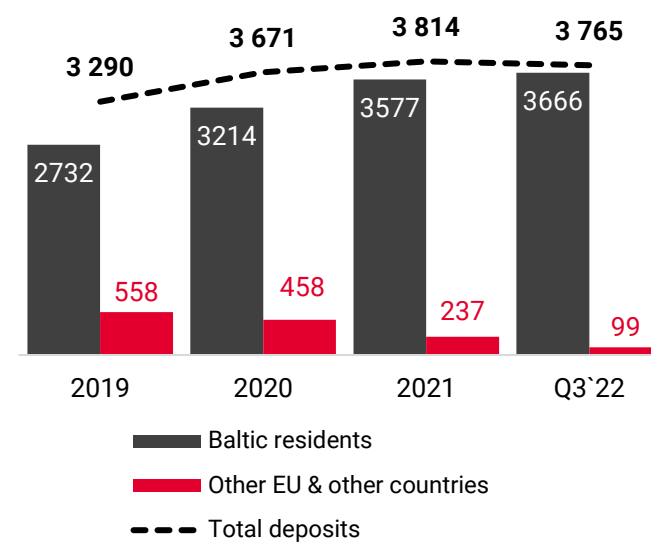
EURm



Increase of domestic deposits

Q3`22 vs. previous periods*

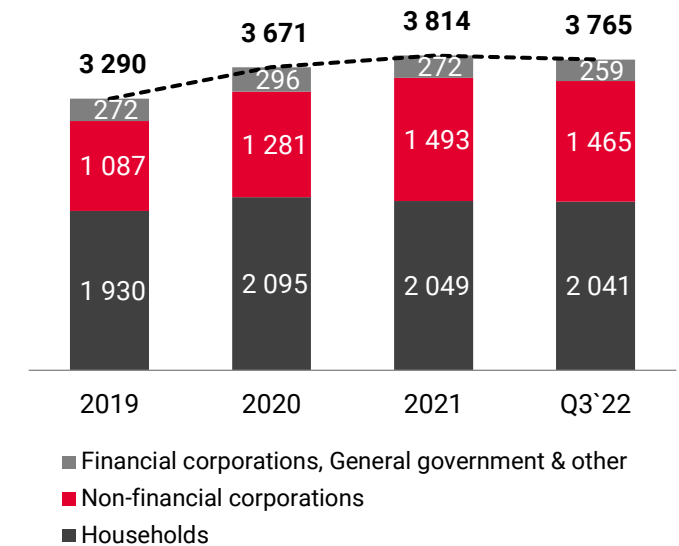
EURm



Deposits by customer profile

Q3`22 vs. previous periods*

EURm



Comment

The main source of funding, customer deposits of continuing operations, remained flat vs. the year end 2021 and were EUR 3,765 million. Baltic domestic customer deposits formed 97% of total deposits or EUR 3,666 million (vs. 94% as of the year end 2021).

*previous periods include discontinued operations (Kaleido Privatbank AG, Swiss registered banking subsidiary currently in a sales process)

Customer overview

- ✓ Increasing customer base and user experience
- ✓ Bank with one of the best customer service in the Baltics
- ✓ NPS of individual banks – shared 1st place in Latvia and Lithuania
- ✓ NPS Mobile Apps – shared 1st place in Latvia and 2nd in Lithuania



Awards

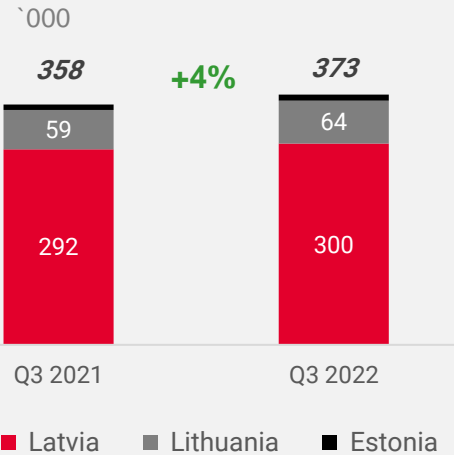
Citadele was announced as the bank with the best customer service in Latvia for the 7th time and TOP3 in Lithuania and Estonia.

Bank with the best customer service in Latvia



Active customers

Q3 2022 vs. Q3 2021



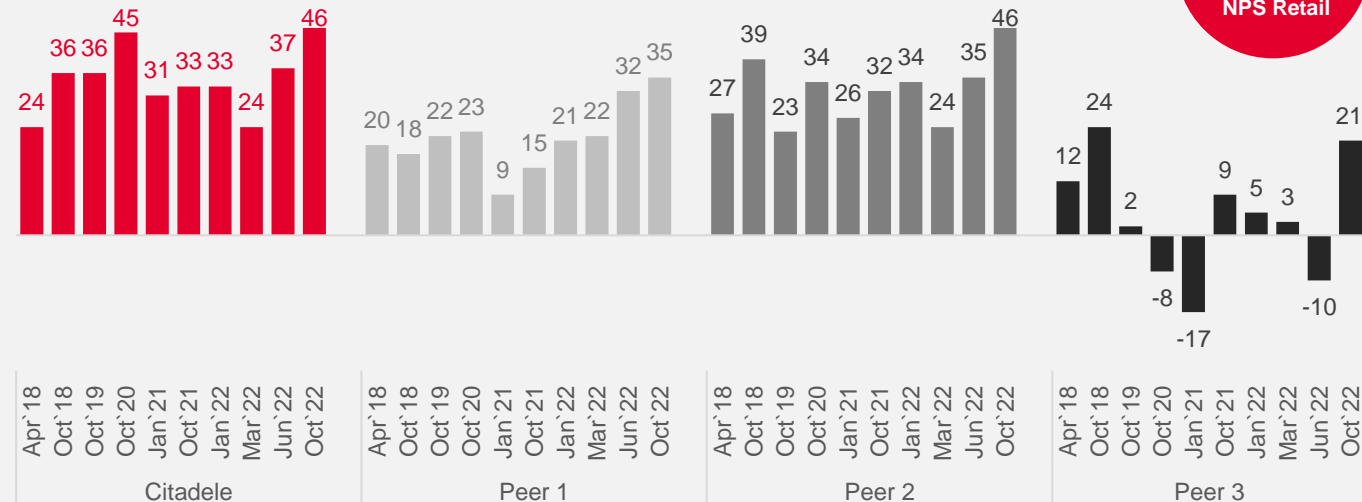
Mobile App active users

Q3 2022 vs. Q3 2021



LV 62 / LT 65
Mobile App NPS

Net Promoter Scores of individual banks in Latvia



LV 46 / LT 42
NPS Retail

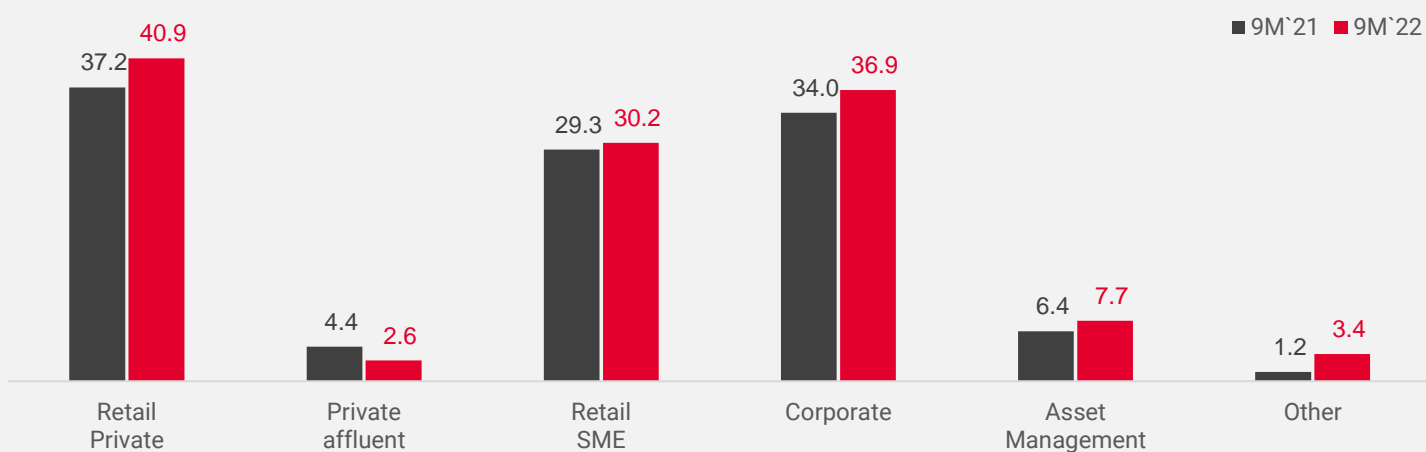
Segment overview

9M 2022	Retail Private	Private affluent	Private SME	Corporate	AM	Other*	Total
Net interest income	33.5	0.0	20.6	29.8	0.1	-1.1	82.9
Net fee & commission income	7.7	2.1	7.5	5.2	4.7	3.2	30.3
Net financial and other income	-0.3	0.5	2.1	1.9	2.9	1.4	8.5
Operating income	40.9	2.6	30.2	36.9	7.7	3.4	121.8

Operating income by segment

9M`22 vs. 9M`21

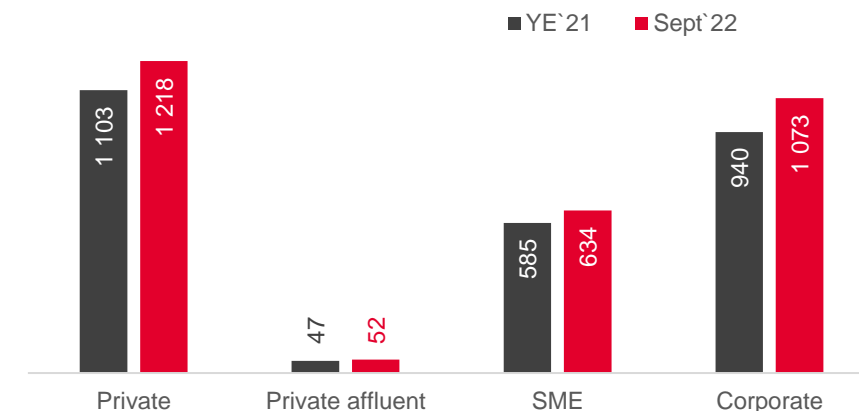
EURm



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

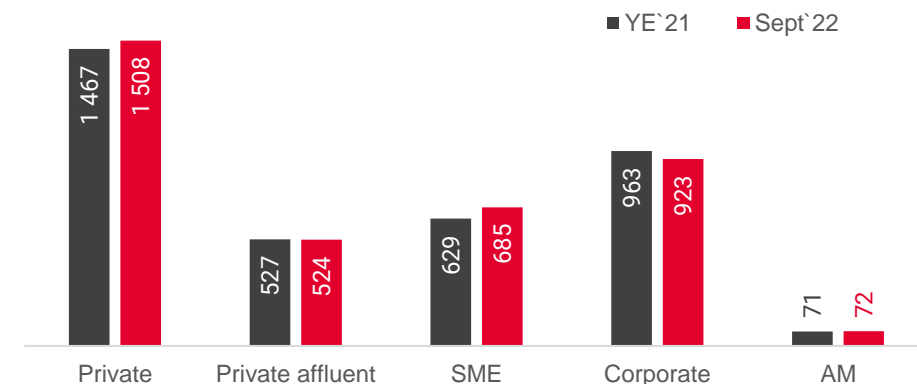
Loans

Q3`22 vs. YE 2021, EURm



Deposits

Q3`22 vs. YE 2021, EURm



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