AS Citadele banka

INTERIM REPORT

For the three months ended
31 March 2024

Key figures and events of the Group

Citadele's Baltic operations' operating profit before bank tax in Q1 2024 reached an all-time high of EUR 32.9 million, representing a 22% increase year-over-year. Return on equity reached 19.4%, and the cost-to-income ratio (CIR) was 48.0%.

Citadele's ambition for growth has materialized over the last two quarters, as evidenced by the growing loan book. In Q1 2024, the loan portfolio increased by 2% and reached EUR 2,911 million as of 31 March 2024. EUR 256 million was issued in new financing to support Baltic private, SME, and corporate customers in Q1 2024.

The overall credit quality of the loan book was good. The Stage 3 loans to public gross ratio was 2.3% as of 31 March 2024, compared to 2.1% as of 31 December 2023.

Citadele's deposit base totalled EUR 3,737 million as of 31 March 2024, reflecting a slight decrease of 2% quarter-over-quarter.

Citadele's active customers increased by 1% year-over-year, reaching 380 thousand as of 31 March 2024. The number of active mobile app users reached an all-time high of 260 thousand, growing by 11% year-over-year. Active digital channel users accounted for 97% of total customers.

Citadele continues to operate with more than adequate capital and liquidity ratios. The Group's CAR was 21.6%, CET1 was 19.3%, and the LCR was 206% as of 31 March 2024.

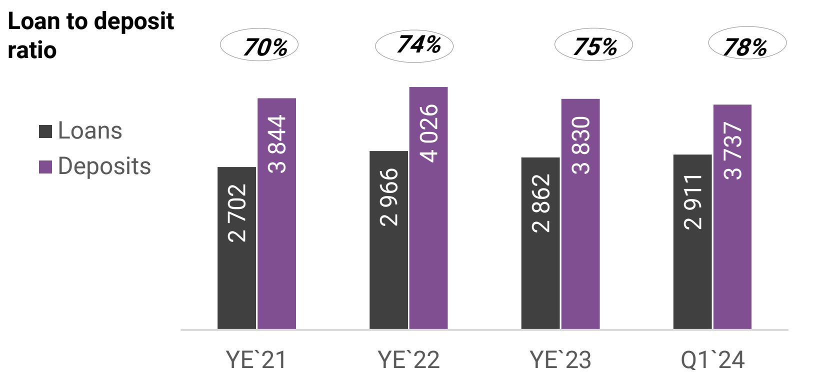
As of 31 March 2024, Citadele had 1,371 full-time employees, of which 30 were associated with discontinued operations.

Economic and geopolitical uncertainty has led to a slower pace in evaluating strategic options. Nonetheless, despite the volatility, the bank continues to assess various strategic options, including the possibility of an IPO.

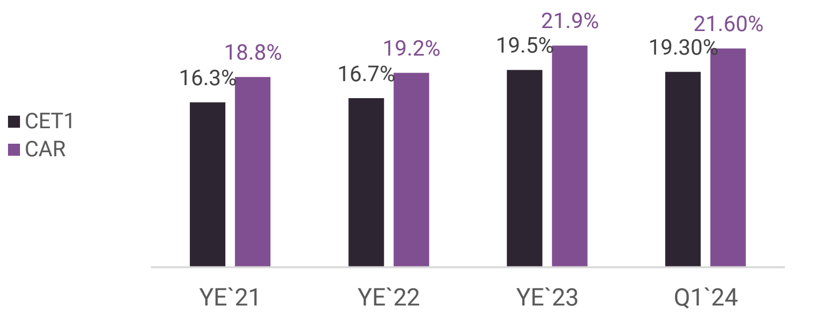
	Continuous operations*		
EUR millions	**Q1 2024**	**Q4 2023**	**Q1 2023**
Net interest income	47.0	49.2	40.5
Net fee and commission income	8.9	8.8	8.2
Net financial and other income	1.9	1.6	3.3
Operating income	**57.8**	**59.6**	**52.0**
Operating expense	(27.7)	(31.0)	(23.7)
Net credit losses and impairments	2.9	(1.9)	(1.3)
Net profit from continuous operations (after tax)	**25.6**	**10.2**	**26.0**
Return on average assets (ROA)	2.2%	0.9%	2.0%
Return on average equity (ROE)	19.4%	8.0%	24.1%
Cost to income ratio (CIR)	48.0%	52.0%	45.6%
Cost of risk ratio (COR)	(0.4%)	0.3%	0.2%

Loans to and deposits from the public

EURm



Common equity Tier 1 (CET1) capital ratio and Total capital adequacy ratio (CAR) (including 50% of the net result for the period, i.e. decreased by the expected dividends)



**Only continuous operations shown. Comparatives are restated 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. Comparative figures for 2022 have been restated due to the adoption of IFRS 17, earlier comparative figures are not restated for IFRS 17.*

***For definitions of Alternative Performance Ratios refer to Definitions and Abbreviations section of these interim condensed financial statements.*

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Other

Rounding and Percentages

Some numerical figures included in these interim condensed 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 interim condensed 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.

For definitions of Alternative Performance Ratios used throughout these interim condensed financial statements refer to Definitions and Abbreviations section of this report.

Photo: LETA

Growth is returning to the Baltic region

In the first quarter of 2024, global economic growth remained robust, and in the euro area, business surveys show gradually improving business confidence despite widening geopolitical instability, persistent inflation, and high interest rates. Although inflation has remained above central bank targets longer than expected, it is now declining, and financial markets anticipate interest rate cuts to begin in 2024. High interest rates are holding back new lending and construction in the euro area, but strong labor markets continue to support real income growth, while business surveys point to ongoing de-stocking in the industry. At the same time, the situation is also starting to improve in the Baltic region. In the first quarter, GDP in both Latvia and Lithuania grew by 0.8%, while it remained unchanged in Estonia compared to the previous quarter. While this is still modest growth, on a quarterly basis, GDP growth in the first quarter in the Baltics was one of the strongest since the end of 2021. Meanwhile, inflation in the Baltics has declined rapidly and is now below the euro area level, while the labor market situation in the Baltics remains stable. Despite a slight increase over the past year, unemployment in the Baltics remains historically low, while wage growth once again exceeds inflation, which has led to a notable improvement in consumer confidence in Latvia and Lithuania.

Strong financial result

In Q1 2024, Citadele's Baltic operations' operating profit before bank tax reached an all-time high of EUR 32.9 million, representing a 22% growth compared to the same period a year ago. The Q1 2024 net profit from continuous operations reached EUR 25.6 million, with a return on equity of 19.4%.

Citadele's ambition for growth has materialized over the last two quarters, as evidenced by the growing loan book. Citadele's total loan book as of 31 March 2024 stood at EUR 2,911 million, marking a EUR 49 million increase compared to 31 December 2023.

Citadele has continued to support the business community with financing for growth and expansion. New financing to private, SME, and corporate customers reached EUR 255.8 million in Q1 2024.

The financial standing of our customers is stable, and the quality of our portfolio remains strong. The non-performing loan (NPL) ratio was 2.3% as of 31 March 2024, compared to 2.1% at year-end 2023.

Citadele's deposit base totalled EUR 3,737 million as of 31 March 2024, reflecting a slight decrease of 2% quarter-over-quarter. Loan-to-deposit ratio stood at 78% as of 31 March 2024.

Citadele continues to operate with more than adequate capital and liquidity ratios: CAR was 21.6% (including 50% of the net result for the period, i.e. decreased by the expected dividends), Tier 1 ratio was 19.3% and LCR was 206% as of 31 March 2024.

Economic and geopolitical uncertainty has led to a slower pace in evaluating strategic options. Nonetheless, despite the volatility, the bank persists in assessing various strategic options, including the possibility of an IPO.

Stable client base

Citadele continues to attract new clients, and we are proud of our strong customer base who trust us with their financial service needs. The active customer base reached 380 thousand, representing an increase of 1% year-over-year. Active digital channel users reached 97% of total customers, with the majority preferring the mobile app, while the rest use i-Bank. The number of active mobile app users as of 31 March 2024 reached 260 thousand, marking an 11% year-over-year growth.

Innovations and development

Citadele is the first bank in the Baltics to introduce a GenAI-based chatbot named Adele. Adele is now live on the web in Latvia, and will expand to all three Baltic countries during the first half of 2024.

The mobile banking application has also received a new feature called the Task Tool, which allows parents to educate their children about finances by creating tasks that provide a financial reward upon completion.

Sustainable financial services portfolio has expanded by the launch of new payment cards made of 95% recycled plastic. The new cards also include features to assist those with visual impairments, such as cut-outs on the edge to help identify the correct side for insertion into an ATM or card terminal. Additionally, the card name is printed in Braille to help differentiate between cards if a user has more than one.

Klix, Citadele's e-commerce checkout solution, reached 1,480 merchants, with its registered user base surpassing 306 thousand and active users reaching 46 thousand as of 31 March 2024. During Q1 2024, 3.8 million transactions were processed, with a total value of EUR 148 million. Klix "Buy Now, Pay Later" issuance reached EUR 8 million during Q1 2024, compared to EUR 11 million for the full year 2023. Several top-tier retailers, including global furniture retailer in the Baltics and Kesko Senukai Digital, went live with Klix during Q1 2024.

Moody's has affirmed Citadele ratings and changed the outlook to positive

On 25 January 2024, the international credit rating agency Moody's affirmed Citadele's Baa2 credit rating and changed the outlook to positive. The outlooks on the long-term deposit and senior unsecured debt ratings were changed to positive from stable, reflecting Moody's view that Citadele's capital will continue to strengthen during the next 12 to 18 months, supported by higher sustained profitability and stable credit quality. Upon affirmation of Citadele's long-term Baa2 deposit rating and Baa3 senior unsecured debt rating, Moody's has considered Citadele's strong improvement in earnings during 2023 and forecast of continued strong earnings in coming quarters, increased capitalization and good credit quality.

Citadele completed a three-times oversubscribed issuance of EUR 20 million bonds

The strong demand resulting in a three-times oversubscribed issuance is a remarkable response that reflects the investors' confidence in Citadele's financial strength and strategic direction, and we appreciate trust from our investors, partners and clients. Bonds in total amount of EUR 20 million were issued with a ten-year maturity and a fixed interest rate of 8% per annum. The purpose of the issuance is to further strengthen Citadele's regulatory capital structure, including use as Citadele's subordinated capital (Tier 2 instruments) in accordance with the requirements of the Capital Requirements Regulation (CRR) and any other applicable rules for Tier 2 capital. The bonds are listed on the Baltic Bond List of Nasdaq Riga.

Events after the reporting period

Changes in the Management Board

Johan Akerblom, Chairman of the Management Board and Chief Executive Officer has announced his decision to step down. Citadele has announced the appointment of Rūta Ežerskiene, currently serving as a Member of the Management Board and Chief Retail Officer, as the new Chair of the Management Board and CEO, subject to regulatory approval. In conjunction with Rūta Ežerskienė's appointment, Jean Yves Hocher has been appointed as Senior Advisor to the Management Board. Jean Yves Hocher's extensive professional international banking experience will complement Rūta Ežerskienė's vision, further strengthening the bank's leadership team.

Dividend payment

Citadele has distributed dividends totalling EUR 50.6 million, equivalent to EUR 0.32 per share. This dividend payout is in line with Citadele's 50% dividend policy. The payment serves as confirmation of the bank's sustained growth, robust capital position, and stable balance sheet.

Financial review of the Group

Results and profitability in Q1 2024 – Baltics

Strong financial performance with **operating income** for Q1 2024 ending 31 March 2024 reaching EUR 57.8 million, as compared to EUR 59.6 million in Q4 2023.

Performance driven by strong **net interest income,** which reached EUR 47.0 million in Q1 2024 ended 31 March 2024 (EUR 49.2 million in Q4 2023).

The Group's **net fee and commission income** reached EUR 8.9 million in Q1 2024, increasing by 2% quarter-over-quarter.

Operating expenses in Q1 2024 ended 31 March 2024 reached EUR 27.7 million, representing an 11% decrease quarter-over-quarter.

Staff costs increased by 12% to EUR 18.3 million. The number of full-time employees was 1,371, compared to 1,329 as of year-end 2023, of which 30 (2023: 28) were with discontinued operations.

Other costs were EUR 7.1 million, representing a 43% decrease quarter-over-quarter, mainly impacted by decrease in consulting expenses (68% decrease quarter-over-quarter) and advertising and marketing expenses (51% decrease quarter-over-quarter).

Depreciation and amortization expenses stood at EUR 2.3 million (a 5% increase quarter-over-quarter).

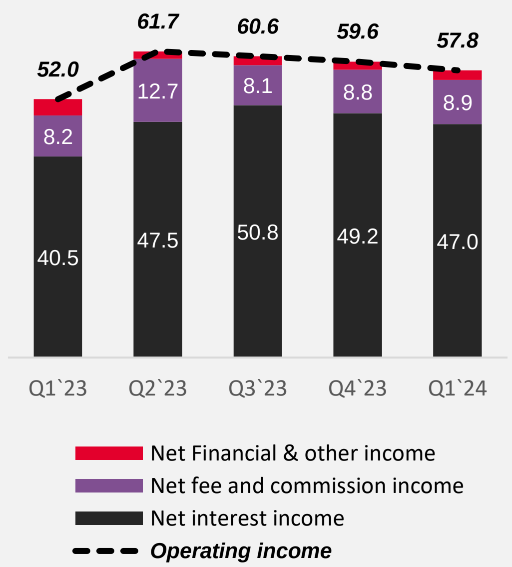
Citadele's **cost to income ratio** in Q1 2024 ended 31 March 2024 was 48.0%, compared to 52.0% Q4 2023.

Net credit losses and **impairments reversal** recognised in the amount of EUR 2.8 million in Q1 2024.

Net profit from continuous operations reached EUR 25.6 million in the Q1 2024 ended 31 March 2024 with 19.4% return on equity. Kaleido Privatbank AG (Swiss subsidiary committed for sale) has been presented as discontinued operations since 31 December 2022. The Group's net profit was EUR 24.4 million in Q1 2024.

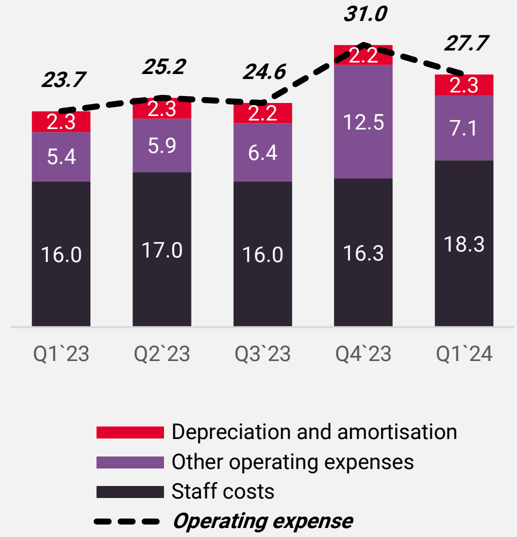
Operating income, EURm

Continuing operations



Operating expense, EURm

Continuing operations



Balance sheet overview

The **Group's assets** stood at EUR 4,783 million as of 31 March 2024, decreasing by 2% since year-end 2023 (EUR 4,863 million). As of 31 March 2024, Kaleido Privatbank AG (Swiss subsidiary committed for sale) is presented as discontinued operations. Continuing operations assets were EUR 4,663 million as of 31 March 2024 (compared to EUR 4,731 million as of 31 December 2023).

The **net loan portfolio** of continuing operations was EUR 2,911 million as of 31 March 2024, increasing by EUR 49 million (2%) from year-end 2023. The overall credit quality of the loan book was good. **Stage 3 loans to public** gross ratio was 2.3% as of 31 March 2024, compared to 2.1% as of 31 December 2023.

New financing in Q1 2024 constituted EUR 255.8 million, representing a 7% decrease quarter-over-quarter. EUR 96.3 million was issued to private customers, EUR 87.8 million to SMEs and EUR 71.7 million to corporate customers.

In terms of products, EUR 98.9 million was disbursed in regular or mortgage loans (16% decrease quarter-over-quarter), EUR 132.0 million leasing and factoring (4% decrease quarter-over-quarter), and EUR 24.9 million consumer and micro loans (13% increase quarter-over-quarter).

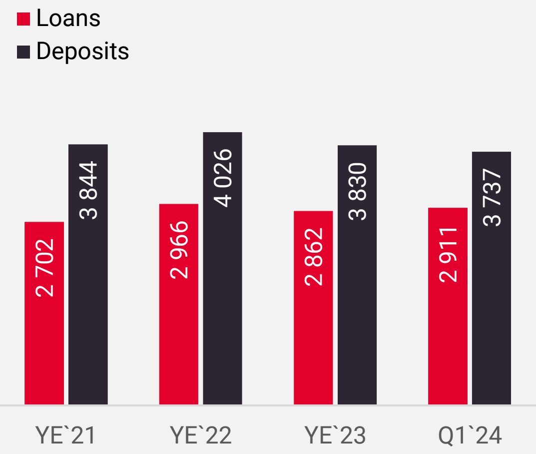
In terms of the **loan portfolio's geographical profile**, as of 31 March 2024, Latvia accounted for 45% of the portfolio, with EUR 1,304 million (45% as of year-end 2023), followed by Lithuania at 36% with EUR 1,047 million (vs. 36% as of year-end 2023), Estonia at 19% with EUR 546 million (vs. 18% as of the year-end 2023) and EU and other countries at 0.5% with EUR 14 million.

As of 31 March 20024, loans to Households represented 46% of the loan portfolio (46% as of year-end 2023). Mortgages have slightly increased compared to year-end 2023 (2% increase), and constituted EUR 834 million. Finance leases increased by 1% and was EUR 351 million (vs. 348 million as of year-end 2023). Consumer lending increased by 3% vs. year-end 2023 (EUR 109 million) and reached EUR 112 million. Card lending has slightly increased by 2% and was EUR 61 million. Overall, the main industry concentrations were Real estate purchase and management (12% of total gross loans), Transport and communications (7%), Manufacturing (7%) and Trade (6%).

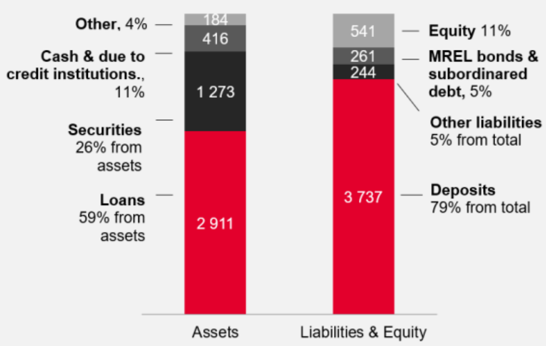
The Group's **securities portfolio** forms a part of its liquidity resources and in Q1 2024 increased by 2% vs. the year-end 2023. 93% of the securities portfolio consist of securities with a rating of A and higher. The largest changes were in A rated bonds, which increased by 4% or EUR 30 million.

The main source of Citadele's funding, **customer deposits** of continuing operations**,** decreased by 2% to EUR 3,737 million in the Q1 2024, compared to year-end 2023. Term deposits share out of total deposits stood at 28% as of 31 March 2024, as compared to 26% as of end of year 2023. Baltic domestic customer deposits formed 98% of total deposits or EUR 3,679 million (compared to 98% as of year-end 2023).

Loans and Deposits, EURm



Balance sheet structure, EURm



Ratings

International credit rating agency Moody's Investors Service has affirmed Baa2 rating changing outlook to positive *(January 2024).*

The main credit strengths are:

- Sound funding and liquidity, underpinned by a domestic-based deposit funding model
- Strong capital generation, underpinned by organic and non-organic growth
- Improving asset quality with unwinding of problem loans.

Moody's	
Long term deposit	Baa2
Short term deposit	P-2
Counterparty risk rating	Baa1/P-2
Baseline Credit Assessment/ adj. BCA	ba1/ba1
Counterparty Risk Assessment	Baa1(cr)/P-2(cr)
Senior Unsecured -Dom Curr	Baa3
Outlook:	Positive

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

Business Environment

Economic outlook in the euro area is improving

In 2023 global economy grew by 3.2% despite widening geopolitical instability, persistent core inflation and restrictive monetary policy. In the first quarter of 2024 global economic growth remained robust, and business surveys show improving business confidence in the euro area. According to the International Monetary Fund April 2024 forecast, the global economy is expected to grow by 3.2% in 2024 as well. In the euro area, GDP growth is projected to accelerate from 0.4% in 2023 to 0.8% in 2024.

Although inflation has remained above central bank targets longer than expected, it is now declining, and financial markets anticipate interest rate cuts to begin in 2024. High interest rates are holding back new lending and construction in the euro area, but strong labour markets continue to support real income growth, while business surveys point to ongoing de-stocking in the industry. These factors will continue to support economic growth in 2024, and central banks are close to achieving their goal of reducing inflation without a significant economic downturn.

Growth is returning to the Baltic region

After two years of almost no growth, the economic situation in the Baltics has begun to stabilize. According to preliminary estimates, in Q1 2024, GDP in Latvia declined by 0.2% compared to Q1 2023 and fell by 2.1% in Estonia, while GDP increased by 2.9% in Lithuania. However, the strong growth numbers in Lithuania were mostly due to a base effect from a very weak Q1 2023.

Although the overall economic outlook remains uncertain due to ongoing geopolitical tensions, still high interest rates, and weak growth in the euro area, GDP in Q1 2024 grew by 0.8% in both Latvia and Lithuania, while it remained unchanged in Estonia compared to the previous quarter. On a quarterly basis, GDP growth in the first quarter in the Baltics was one of the strongest since the end of 2021.

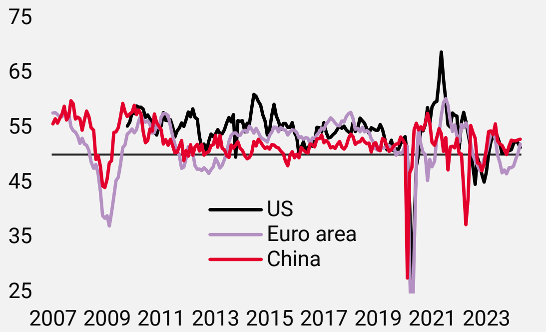
Declining inflation is improving consumer confidence

Inflation in the Baltics has declined rapidly and is now below the euro area level. In April, inflation fell to 0.4% in Lithuania, while it was 1.1% in Latvia and 3.4% in Estonia. The labor market situation in the Baltics remains stable, although weak economic growth is becoming more noticeable as unemployment has increased slightly over the past year. In March 2024, unemployment in Lithuania increased to 7.3% from 7.0% at the end of 2023, and in Estonia, it rose from 7.0% to 7.8%. Meanwhile, unemployment in Latvia fell slightly from 7.0% to 6.8%.

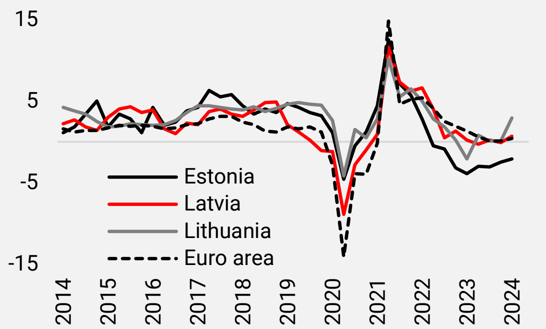
Despite this, unemployment levels in the Baltics remain historically low. In Q4 2023, the average wage increased by 11.6% in Latvia, 11.1% in Lithuania, and 9.7% in Estonia. Stable labour markets, rising real wages, and declining inflation have led to a notable improvement in consumer confidence in Latvia and Lithuania.

IHS Markit Composite PMI

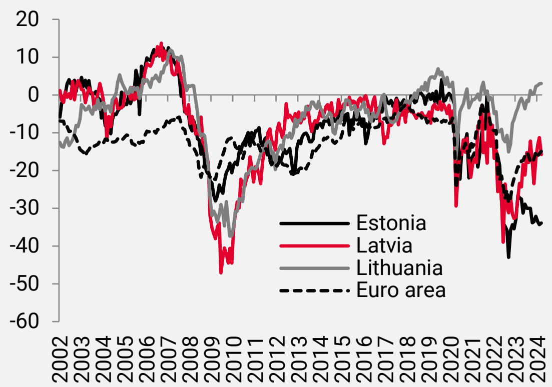
(Values above 50 indicate expansion



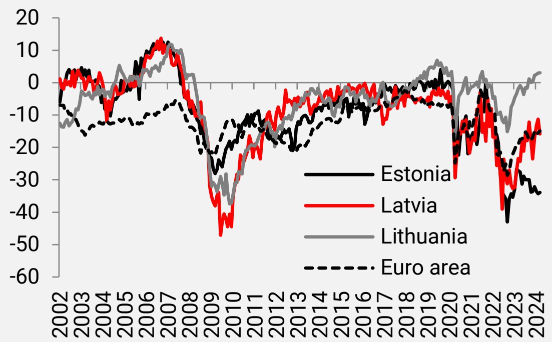
GDP (constant prices, % year-on year)



Inflation (%, year-on-year)



Consumer confidence



CORPORATE GOVERNANCE

AS Citadele banka is the parent company of Citadele Group. AS Citadele banka is a joint stock company. Citadele's shareholders are an international group of investors with global experience in the banking sector. As of period end 74.2% shares in AS Citadele banka are owned by a consortium of international investors represented by Ripplewood Advisors LLC, 24.7% shares are owned by the European Bank for Reconstruction and Development (EBRD), and 1.1% shares are owned by the management, employees, and other investors.

The Statement of Corporate Governance is published on the Bank's website www.cblgroup.com.

Supervisory Board of the Bank as of 31/03/2024:

Name	Current Position	Date of first appointment
Timothy Clark Collins	Chairman of the Supervisory Board	20 April 2015
Elizabeth Critchley	Deputy Chairperson 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
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
Stephen Young	Member of the Supervisory Board	4 October 2023
Daiga Auzina-Melalksne	Member of the Supervisory Board	1 November 2023

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

Management Board of the Bank as of 31/03/2024:

Name	Current position	Responsibility
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
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 4 April 2024 Chief Executive Officer and Chairman of the Management Board of the Bank Johan Akerblom tendered his resignation to the Supervisory Board.

Subsequent to the period end, on 20 May 2024 Rūta Ežerskienė was appointed as the new Chief Executive Officer and Chair of the Management Board of AS Citadele banka, subject to the Regulatory approval. Up till this time Rūta Ežerskienė was a Member of the Management Board and Chief Retail Commercial Officer.

Effective from 2 January 2024, Uldis Upenieks, previous Member of the Management Board of AS Citadele banka resigned from his duties and left Management Board of the Bank.

Statement of Management's Responsibility

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

The interim condensed financial statements are prepared in accordance with the source documents and present the financial position of the Bank and the Group as of 31 March 2024 and the results of their operations for the three months period ended 31 March 2024, changes in shareholders' equity for the three months period ended 31 March 2024 in accordance with IAS 34 Interim Reporting as adopted by the European Union. The management report presents fairly the financial results of the reporting period and future prospects of the Bank and the Group.

The interim condensed 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 interim condensed 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 Bank of Latvia and other legislation of the Republic of Latvia and European Union applicable for credit institutions.

Management Board of AS Citadele banka approved these interim condensed financial statements on 23 May 2024.

CONDENSED STATEMENT OF INCOME

		EUR thousands			
	Note	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Interest income calculated using the effective interest method	5	41,395	33,243	55,967	45,032
Other interest income	5	20,821	16,040	-	-
Interest expense	5	(15,227)	(8,774)	(15,632)	(8,780)
Net interest income		**46,989**	**40,509**	**40,335**	**36,252**
Fee and commission income	6	16,888	16,106	15,511	14,754
Fee and commission expense	6	(7,985)	(7,861)	(7,632)	(7,176)
Net fee and commission income		**8,903**	**8,245**	**7,879**	**7,578**
Net financial income	7	2,529	3,951	2,467	3,751
Net other income / (expense)		(601)	(696)	(255)	(338)
Operating income		**57,820**	**52,009**	**50,426**	**47,243**
Staff costs	8	(18,324)	(16,015)	(15,580)	(13,686)
Other operating expenses	9	(7,110)	(5,422)	(6,629)	(4,781)
Depreciation and amortisation		(2,308)	(2,287)	(2,041)	(2,151)
Operating expense		**(27,742)**	**(23,724)**	**(24,250)**	**(20,618)**
Profit from continuous operations before impairment, bank tax and non-current assets held for sale		**30,078**	**28,285**	**26,176**	**26,625**
Net credit losses	10	2,786	(1,247)	2,846	(2,338)
Other impairment losses and other provisions		72	(28)	71	(33)
Operating profit from continuous operations before bank tax and non-current assets held for sale		**32,936**	**27,010**	**29,093**	**24,254**
Mortgage loan levy and bank tax	11	(2,246)	-	(2,235)	-
Result from non-current assets held for sale and discontinued operations, net of tax	16	(1,067)	(2,807)	(2,977)	(1)
Operating profit		**29,623**	**24,203**	**23,881**	**24,253**
Income tax	11	(5,221)	(973)	(4,805)	(851)
Net profit		**24,402**	**23,230**	**19,076**	**23,402**
Basic earnings / (loss) per share in EUR	20	0.15	0.15	0.12	0.15
from continuing operations		*0.16*	*0.17*	*0.12*	*0.15*
from discontinued operations		*(0.01)*	*(0.02)*	-	-
Diluted earnings / (loss) per share in EUR	20	0.15	0.15	0.12	0.15
from continuing operations		*0.16*	*0.16*	*0.12*	*0.15*
from discontinued operations		*(0.01)*	*(0.02)*	-	-

The notes on pages 15 to 55 are an integral part of these interim condensed financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	EUR thousands			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Net profit	**24,402**	**23,230**	**19,076**	**23,402**
Other comprehensive income items that are or may be reclassified to profit or loss:				
Fair value revaluation from continuing operations				
Fair value revaluation charged to statement of income (Note 7)	-	-	-	-
Change in fair value of debt securities and similar	1,176	1,400	936	1,155
Fair value revaluation from discontinued operations				
Fair value revaluation charged to statement of income	34	325	-	-
Change in fair value of debt securities and similar	(34)	415	-	-
Deferred income tax charged / (credited) directly to equity	(23)	(179)	-	-
Other reserves				
Foreign exchange retranslation from discontinued operations	(943)	(193)	-	-
Other comprehensive income items that will not be reclassified to profit or loss:				
Fair value revaluation reserve				
Change in fair value of equity and similar instruments	-	16	-	16
Transfer to retained earnings at disposal	-	-	-	-
Other comprehensive income / (loss)	**210**	**1,784**	**936**	**1,171**
Total comprehensive income	**24,612**	**25,014**	**20,012**	**24,573**

The notes on pages 15 to 55 are an integral part of these interim condensed financial statements.

CONDENSED BALANCE SHEET

		EUR thousands			
		31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Assets					
Cash and cash balances at central banks		380,396	520,569	380,396	520,569
Loans to credit institutions		35,496	34,640	53,267	53,019
Debt securities	12	1,244,517	1,220,032	1,205,309	1,178,936
Loans to public	13	2,910,501	2,861,958	2,811,826	2,768,436
Equity instruments	14	1,348	1,239	1,348	1,239
Other financial instruments	14	26,026	26,372	1,284	1,235
Derivatives		1,209	1,019	1,209	1,019
Investments in related entities	15	-	248	47,690	47,939
Tangible assets		10,295	11,183	6,725	7,309
Intangible assets		7,830	8,065	5,767	6,010
Current income tax assets	11	175	81	-	-
Bank tax assets	11	1,777	1,777	1,777	1,777
Deferred income tax assets	11	338	714	244	579
Discontinued operations and non-current assets held for sale	16	120,599	132,574	13,170	12,788
Other assets		42,706	42,865	33,590	35,369
Total assets		**4,783,213**	**4,863,336**	**4,563,602**	**4,636,224**
Liabilities					
Deposits from credit institutions and central banks	17	47,389	47,434	61,917	66,994
Deposits and borrowings from customers	18	3,736,933	3,829,582	3,712,090	3,799,406
Debt securities issued	19	261,226	259,560	261,226	259,560
Derivatives		1,294	3,331	1,294	3,331
Provisions	10	3,829	4,899	3,738	4,839
Current income tax liabilities	11	21,954	17,696	21,505	17,247
Deferred income tax liabilities	11	375	375	-	-
Discontinued operations	16	103,930	121,660	-	-
Other liabilities		65,524	63,404	28,116	31,894
Total liabilities		**4,242,454**	**4,347,941**	**4,089,886**	**4,183,271**
Equity					
Share capital	20	158,178	158,145	158,178	158,145
Reserves and other capital components		837	(92)	(4,244)	(5,899)
Retained earnings		381,744	357,342	319,782	300,707
Total equity		**540,759**	**515,395**	**473,716**	**452,953**
Total liabilities and equity		**4,783,213**	**4,863,336**	**4,563,602**	**4,636,224**
Off-balance sheet items					
Guarantees and letters of credit	21	83,999	70,409	91,887	78,227
Financial commitments	21	341,418	346,036	324,101	363,952

The notes on pages 15 to 55 are an integral part of these interim condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Group, EUR thousands						
	Issued share capital	Share premium	Securities fair value revaluation reserve *(Note 12)*	Foreign currency retrans-lation	Share based payments	Retained earnings	Total equity
Balance as of 31/12/2022 (*restated for IFRS 17*)	**157,258**	**444**	**(20,343)**	**5,939**	**2,902**	**273,446**	**419,646**
Share repurchase	-	-	-	-	-	-	-
Share based payments to employees (Note 8 and Note 20)	-	-	-	-	440	-	440
Total comprehensive income	***-***	***-***	***1,977***	***(193)***	***-***	***23,230***	***25,014***
Net result for the period	-	-	-	-	-	23,230	23,230
Other comprehensive income / (loss) for the period	-	-	1,977	(193)	-	-	1,784
Balance as of 31/03/2023	**157,258**	**444**	**(18,366)**	**5,746**	**3,342**	**296,676**	**445,100**
Balance as of 31/12/2023	**158,145**	**1,175**	**(12,531)**	**7,689**	**3,575**	**357,342**	**515,395**
Dividends to shareholders (*Note 20*)	-	-	-	-	-	-	-
Share repurchase	-	-	-	-	-	-	-
Share based payments	33	120	-	-	599	-	752
Total comprehensive income	***-***	***-***	***1,153***	***(943)***	***-***	***24,402***	***24,612***
Net profit for the period	-	-	-	-	-	24,402	24,402
Other comprehensive income / (loss) for the period	-	-	1,153	(943)	-	-	210
Balance as of 31/03/2024	**158,178**	**1,295**	**(11,378)**	**6,746**	**4,174**	**381,744**	**540,759**

	Bank, EUR thousands					
	Issued share capital	Share premium	Securities fair value revaluation reserve (Note 12)	Share based payments	Retained earnings	Total equity
Balance as of 31/12/2022	**157,258**	**444**	**(16,297)**	**2,902**	**228,898**	**373,205**
Share repurchase	-	-	-	-	-	-
Share based payments to employees (Note 8 and Note 20)	-	-	-	440	16	456
Total comprehensive income	***-***	***-***	***1,171***	***-***	***23,402***	***24,573***
Net result for the period	-	-	-	-	23,402	23,402
Other comprehensive income / (loss) for the period	-	-	1,171	-	-	1,171
Balance as of 31/03/2023	**157,258**	**444**	**(15,126)**	**3,342**	**252,316**	**398,234**
Balance as of 31/12/2023	**158,145**	**1,175**	**(10,649)**	**3,575**	**300,707**	**452,953**
Dividends to shareholders (*Note 20*)	-	-	-	-	-	-
Share repurchase	-	-	-	-	-	-
Share based payments	33	120	-	599	(1)	751
Total comprehensive income	***-***	***-***	***936***	***-***	***19,076***	***20,012***
Net result for the period	-	-	-	-	19,076	19,076
Other comprehensive income / (loss) for the period	-	-	936	-	-	936
Balance as of 31/03/2024	**158,178**	**1,295**	**(9,713)**	**4,174**	**319,782**	**473,716**

The notes on pages 15 to 55 are an integral part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED 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 2023 or for the three months period ended 31 March 2023.

NOTE 1. AUTHORISATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed 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 full-service financial group offering a wide range of banking products to retail, SME and corporate customer base as well as 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, including a modern mobile application, contactless and instant payments, modern client onboarding practices and technologically-enabled best-in-class customer service.

As of period end the Bank operates branches in Latvia, Lithuania and Estonia. AS Citadele banka is the parent company of the Group. 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 March 2024, the Group had 1,371 (2023: 1,329) and the Bank had 1,134 (2023: 1,097) full time equivalent active employees. From total Group's full time equivalent active employees 30 (2023: 28) were with discontinued operations.

The legal address of AS Citadele banka is Republikas laukums 2A, Riga, LV-1010, Latvia. Domicile of the entity is Latvia, country of incorporation is Latvia. Legal form is stock company (in Latvian "akciju sabiedrība").

NOTE 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) *Basis of preparation*

These interim condensed 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. These interim condensed financial statements do not include all 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 2023 annual financial statements for the Group and the Bank. Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's and the Bank's financial statements as at and for the year ended 31 December 2023.

The Management considers going concern basis of accounting appropriate in preparing these financial statements; there are no material uncertainties in applying going concern basis of accounting. The Group's financial and capital position, business activities, its risk management objectives and policies and the major risks to which the Group is exposed to are disclosed in the Risk Management section of these financial statements. Liquidity risk management is particularly important in respect to the going concern convention, as a failure to have a sufficient funding to meet payment obligations due may result in an extraordinary borrowing at excessive cost, regulatory requirement breach, delays in day-to-day settlements activities or cause the Group to no longer be a going concern; for more details refer to Liquidity risk management section. Regulatory compliance, especially capital adequacy requirements, is also significant to the going concern of the Group. The Group conducts and plans business in accordance with the available capital and in line with other regulatory requirements. For capital adequacy ratios as at period end refer to the Capital management section. The Group has implemented a comprehensive liquidity risk management and capital planning framework and policies and procedures to manage other risks.

The preparation of financial statements in conformity with IFRS accounting standards as adopted by the EU requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from the estimated. For more details refer to the paragraph *Use of estimates and judgements in the preparation of financial statements*.

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 2024, 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 2024 which did not have a significant effect to the Group

Amendments to IAS 1 – Classification of liabilities as current or non-current and Non-current Liabilities with Covenants
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

Upcoming requirements not in force for current reporting period

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2024 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.

Amendments to IAS 21 – Lack of Exchangeability

IFRS 18 – Presentation and Disclosure in Financial Statements

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

IFRS S1 (Sustainability Disclosure Standards) General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

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 in conformity with IFRS Accounting 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 the evaluation of impairment losses for financial and non-financial assets. Critical judgements made in the preparation of the accompanying financial statements relate to the determination of determination of whether the group has control over certain investees for consolidation purposes, and the determination of whether Kaleido Privatbank AG constitutes a discontinued operation held for sale.

Impairment of loans to public, loan commitments, financial guarantee contracts and finance lease receivables

The Group regularly reviews its loans to public, loan commitments, financial guarantee contracts and finance lease receivables for assessment of impairment. The estimation of impairment losses is inherently uncertain and dependent upon many factors. Two distinct approaches are applied for expected credit loss estimation – individual evaluation, mostly applied to large exposures, and collectively estimated expected credit losses for homogeneous groups of smaller exposures.

On an on-going basis expected credit losses are identified promptly as a result of large lending exposures being individually monitored. For these exposures expected credit losses are calculated on an individual basis with reference to expected future cash flows including those arising from the sale of collateral. The Group uses its experienced judgement to estimate the amount of any expected credit losses considering future economic conditions and the resulting trading performance of the borrower and the value of collateral. As a result, the individually assessed expected credit losses can be subject to variation as time progresses and the circumstances change, or new information becomes available. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between expected credit loss estimates and actual credit loss experience.

Changes in net present value of estimated future cash flows, except for changes in cash flows from collateral, by +/-5% for loans to public for which expected credit losses are individually assessed would result in no change in impairment allowance for the Bank (2023: EUR 0.0 million) as recovery estimates happen to be based solely on collateral disposal income and EUR +/-0.05 million for the Group (2023: EUR +/-0.1 million). Change in estimated value of collateral by +/-5% for loans to public for which expected credit losses are individually assessed would result in EUR +/-0.2 million change in impairment allowance for the Bank (2023: EUR +/-0.2 million) and EUR +/-0.4 million for the Group (2023: EUR +/-0.4 million).

For majority of the loans to public, loan commitments, financial guarantee contracts and finance lease receivables the Group collectively estimates impairment allowance to cover expected losses inherent in the portfolio. The collective impairment assessment is based on observable data derived from historic and applied to current exposures to clients with similar credit risk characteristics. For this assessment exposures to clients are segmented into homogeneous groups based on product type (mortgage, consumer loan, leases etc.) and customer type (private individual, legal entity, public entity etc.). Historical loss experience is adjusted for current observable market data using the Group's experienced judgement to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The major parameters of the collectively assessed expected credit loss calculation methodology are PD, LGD, EAD and staging outcome. The model also incorporates forward-looking macroeconomic information to arrive to point in time instead of over the cycle expected credit loss estimates. The future credit quality of the portfolio for which the expected credit losses are estimated collective is subject to uncertainties that could cause actual credit losses to differ from expected credit losses. These uncertainties include factors such as international and local economic conditions, borrower specific factors, industry and market trends, interest rates, unemployment rates and other external factors.

In the reporting period the management continued to recognize impairment overlay. The adjustment for expected impact from future economic scenarios was revised correspondingly to the newest forecasts. However, credit loss estimation may not drop below the historically observed loss levels even if the very positive macro out-look is expected. Thus, the Group and the Bank has recognised an unbiased impairment overlay for Stage 1 classified loans to public exposures, including extra overlay for Stage 1 agriculture sector exposures which have been negatively affected by external factors and an individual overlay for certain other Stage 2 classified exposures. The impairment overlay represents an additional loss reserve over the modelled ECL amounts to account for other economic uncertainties and addresses uncertainty regarding the forward-looking economic conditions and possible disruptions to the Baltic economies and customers of the Group. The impairment overlay accounted 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 in the current unusual environment. As of the period end, impairment overlay of EUR 10.9 million for the Bank (2023: EUR 11.3 million) and EUR 16.0 million for the Group has been recognised to address these modelling uncertainties (2023: EUR 17.5 million).

Changes in all applied LGD rates by 500 basis points would result in change in collectively estimated impairment allowance and provisions by EUR +5.3/-4.5 million for the Bank and EUR +7.8/-7.0 million for the Group (2023: EUR +5.1/-5.2 million for the Bank and EUR +7.5/-7.6 million for the Group). Changes in the 12-month PD rates by 100 basis points would result in change in collectively estimated impairment allowance and provisions for off-balance sheet commitments and guarantees by EUR +6.6/-6.6 million for the Bank and EUR +9.2/-9.2 million for the Group (2023: EUR +6.3/-6.3 million for the Bank and EUR +9.0/-9.0 million).

The Group includes forward-looking information in the measurement of expected credit losses. The forward-looking adjustment incorporates three economic scenarios with distinct economic consequences: a base case scenario which comprises most likely future economic development, a less likely adverse scenario and positive scenario. The GDP annual growth rates, which are derived from a combination of internal and external macroeconomic forecasts, are one of the key variables.

Key forward-looking information variables for measurement of expected credit losses as of 31 March 2024

	Base case scenario			Adverse scenario			Positive scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
Latvia									
GDP (annual change)	2.6%	2.7%	2.7%	(0.3%)	2.7%	3.0%	4.7%	2.7%	2.5%
Unemployment rate	6.2%	5.4%	5.0%	8.1%	6.8%	6.1%	5.1%	4.7%	4.4%
Average gross wage (annual change)	6.5%	5.1%	5.2%	4.3%	4.9%	5.3%	8.1%	5.3%	5.2%
Lithuania									
GDP (annual change)	2.6%	3.0%	2.7%	(0.4%)	3.0%	3.0%	4.7%	3.0%	2.6%
Unemployment rate	5.8%	5.0%	4.7%	7.7%	6.4%	5.8%	4.6%	4.3%	4.1%
Average gross wage (annual change)	6.4%	5.3%	5.3%	4.2%	5.1%	5.4%	8.0%	5.5%	5.3%
Estonia									
GDP (annual change)	2.1%	2.9%	2.7%	(0.9%)	2.9%	3.0%	4.2%	2.9%	2.6%
Unemployment rate	6.4%	5.3%	5.0%	8.4%	6.7%	6.1%	5.3%	4.6%	4.4%
Average gross wage (annual change)	6.0%	5.6%	5.3%	3.7%	5.3%	5.3%	7.5%	5.7%	5.2%

Key forward-looking information variables for measurement of expected credit losses as of 31 December 2023

	Base case scenario			Adverse scenario			Positive scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
Latvia									
GDP (annual change)	2.0%	2.8%	2.7%	(0.9%)	2.8%	3.0%	4.1%	2.8%	2.5%
Unemployment rate	6.5%	5.6%	5.1%	8.4%	6.9%	6.2%	5.1%	4.7%	4.4%
Average gross wage (annual change)	7.0%	5.2%	5.2%	4.8%	5.0%	5.2%	8.6%	5.4%	5.2%
Lithuania									
GDP (annual change)	2.0%	3.0%	2.8%	(0.9%)	3.0%	3.0%	4.1%	3.0%	2.6%
Unemployment rate	6.0%	5.2%	4.8%	7.9%	6.6%	5.8%	4.6%	4.3%	4.1%
Average gross wage (annual change)	7.0%	5.4%	5.3%	4.7%	5.2%	5.3%	8.5%	5.6%	5.3%
Estonia									
GDP (annual change)	2.3%	3.0%	2.8%	(0.6%)	3.0%	3.0%	4.4%	3.0%	2.6%
Unemployment rate	6.7%	5.6%	5.0%	8.6%	6.9%	6.1%	5.3%	4.7%	4.3%
Average gross wage (annual change)	6.1%	5.7%	5.4%	3.9%	5.4%	5.4%	7.6%	5.8%	5.3%

The current forward-looking adjustment, based on an expert judgement, weights base case scenario with 50% likelihood, the adverse scenario at 45% likelihood and positive scenario at 5% likelihood (2023: 50% base case scenario, 45% adverse scenario and 5% positive scenario). The 50% / 45% / 5% weighted augmented scenario is used for forward-looking adjustment. If the weighting of the adverse scenario was to increase by 5 percent points, the expected credit loss allowance of the Bank would increase EUR 0.8 million and for the Group by EUR 1.1 million as of the period end. If the weighting of the base case scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 6.7 million and for the Group by EUR 9.0 million as of the period end. If as of 31 December 2023 the weighting of the adverse scenario was to increase by 5 percent points, the expected credit loss allowance of the Bank would increase by EUR 0.8 million and for the Group by EUR 1.0 million. If as of 31 December 2023 the weighting of the base case scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 6.5 million and for the Group by EUR 8.6 million.

Impairment of non-financial assets and recoverability of non-current assets held for sale

The Bank and the Group at the end of each reporting period assesses whether there is any indication that a non-financial asset may be impaired other than inventory and deferred tax. If any such indication exists, the recoverable amount of the particular asset or cash generating unit is estimate. Recoverable amount estimates depend on uncertainties in future free cash flow estimates and discount rates applied. For more details on the approach and key assumptions in recoverable amount estimates of the Bank's investments in subsidiaries refer to note *Investments in Related Entities*. For assessment of fair value less cost to sell for these items classified as held for sale refer to note *Discontinued Operations and Non-current assets held for sale*.

Consolidation group

The Group consolidates all entities where it controls the investee. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. For list of investees included in the consolidation group refer to note *Investments in Related Entities*. For investments in securities which are not consolidated refer to note *Equity and Other Financial Instruments*.

In the ordinary course of business IPAS CBL Asset Management provides management services to several funds where its interest held is only fees from servicing. The Bank has made an investment solely with a view to diversify its securities portfolio also in funds managed by IPAS CBL Asset Management. According to the prospectus of the funds, the investment decisions are made collectively by IPAS CBL Asset Management Investment Committee. The Bank has no intention to participate in decision making regarding the asset allocation of any of the funds. Moreover, interfering with Investment Committee's decision-making process would be against the corporate governance principles maintained by that Bank since its inception. As such, the Bank believes it does not have the control over the funds, as per IFRS 10, and the funds should not be consolidated.

Presentation of Kaleido Privatbank AG as discontinued operations held for sale

AS Citadele banka is selling its Swiss subsidiary Kaleido Privatbank AG under market standard terms and conditions. At the end of 2023 it was concluded that successful execution of the previous sales-purchase agreement is no longer feasible, and the contract was terminated due to buyer not satisfying conditions for regulatory approval. The Group is working with a reputable M&A advisor on an alternative sales transaction. As the conditions indicate that the investment will be recovered principally through a sale transaction in a foreseeable future rather than through continuing operations, Kaleido Privatbank AG is presented as discontinued operations as of period end. Citadele has identified a preliminary list of potential buyers and has taken steps to improve certainty that regulatory approval for potential sale will be obtained.

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.

Main business segments of the Group are:

Retail Private

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

Private affluent

Private banking services provided to clients serviced in Latvia, Lithuania and Estonia.

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.

Asset management

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.

Other

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

Segments of the Group

	Group 3m 2024, EUR thousands						
	Reportable segments					Other	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Interest income	22,681	848	13,190	18,162	217	7,118	62,216
Interest expense	(4,112)	(1,159)	(1,398)	(7,897)	(134)	(527)	(15,227)
Net interest income	**18,569**	**(311)**	**11,792**	**10,265**	**83**	**6,591**	**46,989**
Fee and commission income	6,788	849	4,049	3,168	1,639	395	16,888
Fee and commission expense	(3,434)	(272)	(1,734)	(2,186)	(64)	(295)	(7,985)
Net fee and commission income	**3,354**	**577**	**2,315**	**982**	**1,575**	**100**	**8,903**
Net financial income	14	75	560	(508)	95	2,293	2,529
Net other income	(442)	(47)	(125)	(128)	81	60	(601)
Operating income	**21,495**	**294**	**14,542**	**10,611**	**1,834**	**9,044**	**57,820**
Net funding allocation	(658)	2,400	(1,972)	(300)	225	305	-
FTP adjusted operating income	**20,837**	**2,694**	**12,570**	**10,311**	**2,059**	**9,349**	**57,820**
Operating expense adjusted for indirect costs	(11,042)	(822)	(5,111)	(7,973)	(1,633)	(1,161)	(27,742)
Net credit losses	1,080	153	(387)	1,949	1	(10)	2,786
Other impairment losses and other provisions	(8)	-	(11)	(8)	-	99	72
Bank tax	-	-	-	-	-	(2,246)	(2,246)
Result from non-current assets held for sale *(Note 16)*	-	-	-	-	-	81	81
Operating profit from continuous operations, before tax	**10,867**	**2,025**	**7,061**	**4,279**	**427**	**6,112**	**30,771**
Discontinued operations *(Note 16)*							(1,148)
Operating profit, before tax							**29,623**

	Group 3m 2023, EUR thousands						
	Reportable segments					Other	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Interest income	17,900	692	11,088	15,300	223	4,080	49,283
Interest expense	(1,936)	(472)	(823)	(3,132)	(79)	(2,332)	(8,774)
Net interest income	**15,964**	**220**	**10,265**	**12,168**	**144**	**1,748**	**40,509**
Fee and commission income	5,809	947	4,028	3,332	1,516	474	16,106
Fee and commission expense	(3,797)	(327)	(1,683)	(2,019)	(67)	32	(7,861)
Net fee and commission income	**2,012**	**620**	**2,345**	**1,313**	**1,449**	**506**	**8,245**
Net financial income	228	176	635	551	119	2,242	3,951
Net other income	(386)	(62)	(67)	(133)	(15)	(33)	(696)
Operating income	**17,818**	**954**	**13,178**	**13,899**	**1,697**	**4,463**	**52,009**
Net funding allocation	760	1,996	(241)	(855)	158	(1,818)	-
FTP adjusted operating income	**18,578**	**2,950**	**12,937**	**13,044**	**1,855**	**2,645**	**52,009**
Operating expense adjusted for indirect costs	(9,873)	(1,043)	(4,569)	(6,928)	(1,195)	(116)	(23,724)
Net credit losses	(257)	1	745	(1,864)	-	128	(1,247)
Other impairment losses and other provisions	12	-	(12)	(31)	-	3	(28)
Bank tax	-	-	-	-	-	-	-
Result from non-current assets held for sale *(Note 16)*	-	-	-	-	-	(1)	(1)
Operating profit from continuous operations, before tax	**8,460**	**1,908**	**9,101**	**4,221**	**660**	**2,659**	**27,009**
Discontinued operations *(Note 16)*							(2,806)
Operating profit, before tax							**24,203**

	Group as of 31/03/2024, EUR thousands						
	Reportable segments					Other (including discontinued operations)	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Assets							
Cash, balances at central banks	-	-	-	-	-	380,396	380,396
Loans to credit institutions	-	-	-	86	652	34,758	35,496
Debt securities	-	-	-	38,584	39,208	1,166,725	1,244,517
Loans to public	1,198,774	49,797	682,821	968,659	-	10,450	2,910,501
Equity instruments	-	-	-	-	-	1,348	1,348
Other financial instruments	-	-	-	-	24,741	1,285	26,026
All other assets	-	-	14	32	3,860	181,023	184,929
Total segmented assets	**1,198,774**	**49,797**	**682,835**	**1,007,361**	**68,461**	**1,775,985**	**4,783,213**
Liabilities							
Deposits from banks	-	-	-	-	-	47,389	47,389
Deposits from customers	1,536,797	362,314	660,602	1,068,937	78,091	30,192	3,736,933
Debt securities issued	-	-	-	-	-	261,226	261,226
All other liabilities	-	-	-	1	16,573	180,332	196,906
Total segmented liabilities	**1,536,797**	**362,314**	**660,602**	**1,068,938**	**94,664**	**519,139**	**4,242,454**

	Group as of 31/12/2023, EUR thousands						
	Reportable segments					Other (including discontinued operations)	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Assets							
Cash, balances at central banks	-	-	-	-	-	520,569	520,569
Loans to credit institutions	-	-	-	88	623	33,929	34,640
Debt securities	-	-	-	35,501	41,096	1,143,435	1,220,032
Loans to public	1,203,749	50,391	636,623	961,306	720	9,169	2,861,958
Equity instruments	-	-	-	-	-	1,239	1,239
Other financial instruments	-	-	-	-	25,137	1,235	26,372
All other assets	-	-	7	56	3,962	194,501	198,526
Total segmented assets	**1,203,749**	**50,391**	**636,630**	**996,951**	**71,538**	**1,904,077**	**4,863,336**
Liabilities							
Deposits from banks	-	-	-	-	-	47,434	47,434
Deposits from customers	1,536,846	374,726	690,671	1,105,023	95,706	26,610	3,829,582
Debt securities issued	-	-	-	-	-	259,560	259,560
All other liabilities	-	-	4	13	16,769	194,579	211,365
Total segmented liabilities	**1,536,846**	**374,726**	**690,675**	**1,105,036**	**112,475**	**528,183**	**4,347,941**

NOTE 5. INTEREST INCOME AND EXPENSE

	EUR thousands			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Interest income calculated using the effective interest method:				
Financial instruments at amortised cost:				
Loans to public	33,808	28,575	48,292	40,587
Debt securities	2,265	1,815	2,234	1,815
Balances to/from central banks and credit institutions (incl. TLTRO-III)	4,478	2,403	4,782	2,403
Deposits from public at negative interest rates	146	179	12	22
Debt securities at fair value through profit or loss	490	-	490	-
Debt securities at fair value through other comprehensive income	208	271	157	205
Interest income on finance leases (part of loans to public)	20,821	16,040	-	-
Total interest income	**62,216**	**49,283**	**55,967**	**45,032**
Interest expense on:				
Financial instruments at amortised cost:				
Deposits and borrowing from public	(12,552)	(4,283)	(12,731)	(4,351)
Debt securities issued	(1,665)	(1,652)	(1,665)	(1,652)
Deposits from credit institutions and central banks (including TLTRO-III)	(398)	(2,047)	(648)	(2,057)
Deposits to central banks and other assets at negative interest rates	(79)	(205)	(62)	(188)
Financial liabilities at fair value through profit or loss				
Deposits and borrowing from public	(6)	(54)	-	-
Lease liabilities	(29)	(14)	(28)	(13)
Other interest expense	(498)	(519)	(498)	(519)
Total interest expense	**(15,227)**	**(8,774)**	**(15,632)**	**(8,780)**
Net interest income	**46,989**	**40,509**	**40,335**	**36,252**

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			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Fee and commission income:				
Cards	11,191	10,328	11,191	10,328
Payments and transactions	2,701	2,906	2,707	2,912
Asset management and custody	1,730	1,596	450	399
Securities brokerage	201	149	202	150
Other fees	579	549	492	542
Total fee and commission income from contracts with customers	**16,402**	**15,528**	**15,042**	**14,331**
Guarantees letters of credit and loans	486	578	469	423
Total fee and commission income	**16,888**	**16,106**	**15,511**	**14,754**
Fee and commission expense on:				
Cards	(5,912)	(5,914)	(5,912)	(5,913)
Securitisation	(602)	(911)	(291)	(291)
Payments and transactions	(959)	(710)	(959)	(710)
Asset management custody and securities brokerage	(221)	(212)	(219)	(210)
Other fees	(291)	(114)	(251)	(52)
Total fee and commission expense	**(7,985)**	**(7,861)**	**(7,632)**	**(7,176)**
Net fee and commission income	**8,903**	**8,245**	**7,879**	**7,578**

Fee and commission expense for securitisation represents an expense on a multi-year financial guarantee contract issued by the EIB Group, consisting of the European Investment Bank (EIB) and the European Investment Fund (EIF), to Citadele in December 2022. The guarantee contract secures probable Citadele's future losses allocated to the relevant tranche of the reference loan portfolio for a pre-agreed fee to the EIB Group. The guarantee contract provides capital relief for Citadele by mitigating specific credit risks and enables Citadele to grant at least EUR 460 million in additional loans and leases to businesses in the Baltics over a three year period.

NOTE 7. NET FINANCIAL INCOME

	EUR thousands			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Foreign exchange trading, revaluation and related derivatives	2,706	3,747	2,719	3,660
Non-trading assets and liabilities at fair value through profit or loss	894	204	819	91
Assets at fair value through other comprehensive income	-	-	-	-
Assets at amortised cost	-	-	-	-
Modifications in cash flows which do not result in derecognition	(1,071)	-	(1,071)	-
Total net financial income	**2,529**	**3,951**	**2,467**	**3,751**

NOTE 8. STAFF COSTS

Personnel costs include remuneration for work to the personnel, related social security contributions, bonuses and costs of other benefits, including accruals for the period. Other personnel expense includes health insurance, training, education and similar expenditure.

	EUR thousands			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Remuneration:				
- management	(1,001)	(891)	(908)	(796)
- other personnel	(14,041)	(12,362)	(11,933)	(10,543)
Total remuneration for work	**(15,042)**	**(13,253)**	**(12,841)**	**(11,339)**
Social security and solidarity tax contributions:				
- management	(158)	(145)	(118)	(122)
- other personnel	(2,793)	(2,405)	(2,350)	(2,047)
Total social security and solidarity tax contributions	**(2,951)**	**(2,550)**	**(2,468)**	**(2,169)**
Other personnel expense	**(331)**	**(212)**	**(271)**	**(178)**
Total personnel expense	**(18,324)**	**(16,015)**	**(15,580)**	**(13,686)**
	31/03/2024	**31/12/2023**	**31/03/2024**	**31/12/2023**
Number of full-time equivalent employees at the period end				
- continuous operations	1,301	1,329	1,097	1,113
- discontinued operations	28	26	-	-

Non-share-based remuneration with deferred pay-out

Part of the remuneration for work is deferred up to a one-year period and subsequent pay-outs may be conditional.

Share-based long-term incentive plans

Citadele has opened several share-based long-term incentive plans for its employees comprising share options. The expense for share-based incentive plans is recognised on a straight-line basis over the period of the remuneration program as intention is to receive services from employees over the whole period.

NOTE 9. OTHER OPERATING EXPENSES

	EUR thousands			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Information technologies and communications	(2,114)	(2,010)	(1,882)	(1,759)
Consulting and other services	(1,943)	(1,201)	(1,859)	(981)
Rent, premises and real estate	(695)	(697)	(662)	(659)
Advertising and marketing	(790)	(478)	(765)	(420)
Non-refundable value added tax	(1,202)	(654)	(1,158)	(624)
Other	(366)	(382)	(303)	(338)
Total other expenses	**(7,110)**	**(5,422)**	**(6,629)**	**(4,781)**

NOTE 10. NET CREDIT LOSSES

Total net impairment allowance charged to the income statement

	EUR thousands			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Loans to credit institutions	-	49	2	49
Debt securities	(3)	82	(3)	82
Loans to public	1,421	(384)	1,481	(1,501)
Loan commitments, guarantees and letters of credit	972	(1,135)	1,002	(1,090)
Recovered written-off assets	396	141	364	122
Total net losses on financial instruments	**2,786**	**(1,247)**	**2,846**	**(2,338)**

Allowances for credit losses are recognised based on the future loss expectations. The forward-looking information in the measurement of expected credit losses is implemented through adjustment for future economic development scenarios. Due to the forward-looking nature of the credit loss estimation, in general the change in loss allowances does not necessarily represent an observable change in the current credit quality of the loan portfolio (for detail refer to *note Loans to Public*), but is more a representation of an expectation of the future trends in the economic out-look. However, credit loss estimation may not drop below the historically observed loss levels even if the very positive macro out-look is expected.

The Group and the Bank has recognised an impairment overlay for Stage 1 and Stage 2 classified loans to public exposures. The impairment overlay addresses increased uncertainty regarding the forward-looking economic conditions in the unusual environment where duration and severity of future economic uncertainties and associated possible disruptions to the Baltic economies and customers of the Group is undefined. The impairment overlay accounted 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. See also section *Use of estimates and judgements in the preparation of financial statements* of the note *Summary of material accounting policies*.

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

Changes in the allowances for credit losses and provisions

	Group, EUR thousands						
	Opening balance 01/01/2024	Charged to statement of income			Write-offs of allowances	Other adjustments	Closing balance 31/03/2024
		Origination	Repayment, disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	3	62	(64)	2	-	-	3
Debt securities	583	21	-	(18)	-	-	586
Loans to public	52,173	3,438	(885)	(5,184)	-	7	49,549
Including impairment overlay	11,262						10,411
Loan commitments, guarantees and letters of credit	4,502	908	(266)	(1,566)	-	2	3,580
Total stage 1 credit losses and provisions	**57,261**	**4,429**	**(1,215)**	**(6,766)**	**-**	**9**	**53,718**
Stage 2							
Loans to public	15,652	152	(852)	244	-	8	15,204
Including impairment overlay	6,215						5,636
Loan commitments, guarantees and letters of credit	157	2	(53)	(21)	-	-	85
Total stage 2 credit losses and provisions	**15,809**	**154**	**(905)**	**223**	**-**	**8**	**15,289**
Stage 3							
Loans to public	31,148	67	(1,084)	2,683	(1,398)	963	32,379
Loan commitments, guarantees and letters of credit	140	-	(43)	67	-	-	164
Total stage 3 credit losses and provisions	**31,288**	**67**	**(1,127)**	**2,750**	**(1,398)**	**963**	**32,543**
Total allowances for credit losses and provisions	**104,358**	**4,650**	**(3,247)**	**(3,793)**	**(1,398)**	**980**	**101,550**
Including for debt securities classified at fair value through other comprehensive income	*101*						*95*

For purchased or originated credit impaired (POCI) loans only the cumulative changes in the lifetime expected credit losses since purchase by Citadele or the most recent re-origination is recognised as a loss allowance. Favorable changes in lifetime expected credit losses are recognised as an impairment gain, even if the lifetime expected credit losses to be recognised are less than the amount of expected credit losses that were included in the estimated cash flows on the designation as POCI. For POCI loans acquired in business combinations, the initial recognition date in the Group's consolidated accounts is the purchase date of the subsidiary.

	Group, EUR thousands						
	Opening balance 01/01/2023	**Charged to statement of income**			**Write-offs of allowances**	**Other adjustments**	**Closing balance 31/12/2023**
		Origination	**Repayment, disposal**	**Credit risk, net**			
Stage 1							
Loans to credit institutions	385	17	-	(394)	-	(5)	3
Debt securities	708	29	(18)	(136)	-	-	583
Loans to public	53,284	11,336	(4,449)	(8,002)	-	4	52,173
Including impairment overlay	*10,897*						11,262
Loan commitments, guarantees and letters of credit	4,528	2,270	(1,069)	(1,207)	-	(20)	4,502
Total stage 1 credit losses and provisions	**58,905**	**13,652**	**(5,536)**	**(9,739)**	**-**	**(21)**	**57,261**
Stage 2							
Loans to public	16,746	340	(783)	(665)	-	14	15,652
Including impairment overlay	*6,196*						6,215
Loan commitments, guarantees and letters of credit	158	112	(176)	63	-	-	157
Total stage 2 credit losses and provisions	**16,904**	**452**	**(959)**	**(602)**	**-**	**14**	**15,809**
Stage 3							
Loans to public	36,479	381	(8,248)	8,257	(6,394)	673	31,148
Loan commitments, guarantees and letters of credit	134	13	(59)	52	-	-	140
Total stage 3 credit losses and provisions	**36,613**	**394**	**(8,307)**	**8,309**	**(6,394)**	**673**	**31,288**
Total allowances for credit losses and provisions	**112,422**	**14,498**	**(14,802)**	**(2,032)**	**(6,394)**	**666**	**104,358**
Including for debt securities classified at fair value through other comprehensive income	*94*						*101*

	Bank, EUR thousands						
	Opening balance 01/01/2024	Charged to statement of income			Write-offs of allowances	Other adjustments	Closing balance 31/03/2024
		Origination	Repayment, disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	33	62	(64)	-	-	1	32
Debt securities	558	21	-	(18)	-	-	561
Loans to public	40,719	2,372	(494)	(3,562)	-	-	39,035
Including impairment overlay	*7,002*						*6,674*
Loan commitments, guarantees and letters of credit	4,455	881	(332)	(1,497)	-	-	3,507
Total stage 1 credit losses and provisions	**45,765**	**3,336**	**(890)**	**(5,077)**	**-**	**1**	**43,135**
Stage 2							
Loans to public	9,942	90	(108)	(789)	-	-	9,135
Including impairment overlay	*4,303*						*4,303*
Loan commitments, guarantees and letters of credit	144	2	(53)	(27)	-	-	66
Total stage 2 credit losses and provisions	**10,086**	**92**	**(161)**	**(816)**	**-**	**-**	**9,201**
Stage 3							
Loans to public	28,827	66	(401)	1,345	(893)	476	29,420
Loan commitments, guarantees and letters of credit	141	-	(43)	67	-	-	165
Total stage 3 credit losses and provisions	**28,968**	**66**	**(444)**	**1,412**	**(893)**	**476**	**29,585**
Total allowances for credit losses and provisions	**84,819**	**3,494**	**(1,495)**	**(4,481)**	**(893)**	**477**	**81,921**
Including for debt securities classified at fair value through other comprehensive income	*82*						*76*

	Bank, EUR thousands						
	Opening balance 01/01/2023	Charged to statement of income			Write-offs of allowances	Other adjustments	Closing balance 31/12/2023
		Origination	Repayment, disposal	Credit risk, net			
Stage 1							
Loans to credit institutions	385	16	-	(362)	-	(6)	33
Debt securities	686	27	(15)	(140)	-	-	558
Loans to public	41,130	6,879	(2,885)	(4,403)	-	(2)	40,719
Including impairment overlay	*7,705*						*7,002*
Loan commitments, guarantees and letters of credit	4,498	2,383	(1,086)	(1,339)	-	(1)	4,455
Total stage 1 credit losses and provisions	**46,699**	**9,305**	**(3,986)**	**(6,244)**	**-**	**(9)**	**45,765**
Stage 2							
Loans to public	13,421	158	(431)	(3,205)	-	(1)	9,942
Including impairment overlay	*6,189*						*4,303*
Loan commitments, guarantees and letters of credit	115	111	(176)	94	-	-	144
Total stage 2 credit losses and provisions	**13,536**	**269**	**(607)**	**(3,111)**	**-**	**(1)**	**10,086**
Stage 3							
Loans to public	33,573	258	(6,744)	8,727	(6,202)	(785)	28,827
Loan commitments, guarantees and letters of credit	125	6	(59)	69	-	-	141
Total stage 3 credit losses and provisions	**33,698**	**264**	**(6,803)**	**8,796**	**(6,202)**	**(785)**	**28,968**
Total allowances for credit losses and provisions	**93,933**	**9,838**	**(11,396)**	**(559)**	**(6,202)**	**(795)**	**84,819**
Including for debt securities classified at fair value through other comprehensive income	*72*						*82*

* Credit risk, net movement represents the effects on ECLs from exposure movements between the credit risk stages, revision of assumptions of ECL models as well as post model adjustments.

Transfers of gross loans to customers between impairment stages

	Group, EUR thousands					
	Transfers between impairment stages of gross exposures (gross transfer basis)					
	from Stage 1 to Stage 2	from Stage 2 to Stage 1	from Stage 2 to Stage 3	from Stage 3 to Stage 2	from Stage 1 to Stage 3	from Stage 3 to Stage 1
Transfers during 3m 2024						
Loans to public	70,199	39,480	6,644	735	2,359	135
Financial commitments, guarantees and letters of credit	1,575	1,048	14	2	45	18
Transfers during 3m 2023						
Loans to public	54,222	77,891	21,456	2,862	1,075	155
Financial commitments, guarantees and letters of credit	1,723	969	5,497	15	61	70

NOTE 11. TAXATION

Corporate income tax expense

	EUR thousands			
	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Current corporate income tax	(4,845)	(385)	(4,470)	(353)
Deferred income tax	(376)	(588)	(335)	(498)
Total corporate income tax expense	**(5,221)**	**(973)**	**(4,805)**	**(851)**
Mortgage loan levy and bank tax	**(2,246)**	**-**	**(2,235)**	**-**

In Q4 2023 a change in corporate income tax (CIT) legislation was introduced in Latvia stipulating an advance CIT payable at 20% rate on unadjusted accounting profits of the Latvian banking and leasing operations, with the advance paid being eligible to fully offset dividend distribution tax with no expiry date.

Previously in Latvia corporate income tax (CIT) was payable when the profits were distributed, not when the profits were earned. The Q4 2023 changes in the tax legislation require advance payment of CIT based on profits earned in Latvia in 2023 and future periods. These CIT advance payments may be offset only against future profit distribution tax due. Thus, the amount of the CIT advance paid, amount of which is calculated based on 2023 profits, despite generally being eligible for offsetting against future profit distribution tax, is expensed as profits are generated.

In Latvia, incremental CIT expense will not arise on the Bank's dividend distribution from retained earnings generated under the old tax regime (before 2018) which as of period end amounted to EUR 61.8 million (2023: EUR 61.8 million) and additional EUR 17.2 million profits already taxed when distributed from subsidiaries and branches. EUR 50.6 million dividend distribution subsequent to the period end, decreases this amount correspondingly. Currently there is no expiry date for this distribution right.

For distributions of 2023 and later period profits from banking and leasing operations a theoretical 20% CIT rate would apply and would be calculated as 0.2/0.8 from net distributed dividend (effectively 25%), but the profit distribution tax payment would be decreased by the CIT advance already paid in 2023 and later period profits. This incremental profit distribution tax expense on 2023 and later period profits would arise only if the profit distribution tax exceeded the CIT advance paid.

The Latvian government has introduced a mortgage loan levy effective from 2024 with the purpose to reimburse mortgage borrowers for some of the impact of the higher interest rate environment experienced from mid-2023. The mortgage loan levy is calculated as 0.5% on the Latvian gross mortgage loan portfolio as of 31 October 2023. The levy is payable on the first month of each calendar quarter in 2024 in the amount of EUR 2.2 million quarterly. The Group has concluded that the levy in not an expense for 2023 and should be expensed based on the calculated amounts in the respective quarters in 2024 as the obligation for the Group to pay arises only if it is liable to declare on the respective dates in 2024.

In Estonia, if regular and annually increasing dividends are distributed, a lower preferential tax rate applies on amount equal to average of distributions over the last three years. Similarly, as for Latvian operations, any CIT advance paid, was expensed in the reporting period as profits are generated.

In Q2 2023 bank tax (windfall tax) was introduced in Lithuania. Bank tax is calculated as a tax on certain increases in net interest income vs. reference period and is presented as levy in the line Bank tax. Bank tax asset represents overpayment based on the tax payment requirement in previous quarters vs. full year bank tax calculation, where due to different reference period the taxable interest income increase is lower. Corporate income tax in Lithuania is calculated at 15% rate on taxable profits, an extra 5% corporate income tax for Banks is charged on tax profits exceeding EUR 2.0 million.

Income tax assets and liabilities

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Current income tax assets	175	81	-	-
Deferred income tax assets	338	714	244	579
Tax assets	**513**	**795**	**244**	**579**
Current income tax liabilities	(21,954)	(17,696)	(21,505)	(17,247)
Deferred income tax liabilities	(375)	(375)	-	-
Tax liabilities	**(22,329)**	**(18,071)**	**(21,505)**	**(17,247)**
Bank tax	**1,777**	**1,777**	**1,777**	**1,777**

The Group has recognised a deferred tax liability of EUR 0.4 million as in Estonia it anticipates paying out dividends to Latvia. These dividends would become taxable at distribution.

NOTE 12. DEBT SECURITIES

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

	Group, EUR thousands							
	31/03/2024				31/12/2023			
	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	7,341	61,134	-	68,475	9,202	56,658	-	65,860
AA/Aa	18,138	257,389	-	275,527	17,920	269,033	-	286,953
A	123,718	622,620	69,167	815,505	125,281	617,625	42,815	785,721
BBB/Baa	9,949	31,481	-	41,430	9,887	31,158	-	41,045
Lower ratings or unrated	2,748	40,832	-	43,580	2,731	37,722	-	40,453
Total debt securities	**161,894**	**1,013,456**	**69,167**	**1,244,517**	**165,021**	**1,012,196**	**42,815**	**1,220,032**
Including general government	*124,781*	*697,914*	*69,167*	*891,862*	*123,603*	*691,645*	*42,815*	*858,063*
Including credit institutions	*10,922*	*103,016*	*-*	*113,938*	*10,873*	*111,809*	*-*	*122,682*
Including classified in stage 1	*161,894*	*1,013,456*	*n/a*	*n/a*	*165,021*	*1,012,196*	*n/a*	*n/a*

	Bank, EUR thousands							
	31/03/2024				31/12/2023			
	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	7,341	56,220	-	63,561	7,202	51,762	-	58,964
AA/Aa	18,138	257,389	-	275,527	17,920	269,033	-	286,953
A	106,230	616,055	69,167	791,452	107,857	611,054	42,815	761,726
BBB/Baa	1,462	29,963	-	31,425	1,422	29,649	-	31,071
Lower ratings or unrated	2,509	40,835	-	43,344	2,502	37,720	-	40,222
Total debt securities	**135,680**	**1,000,462**	**69,167**	**1,205,309**	**136,903**	**999,218**	**42,815**	**1,178,936**
Including general government	*113,491*	*691,853*	*69,167*	*874,511*	*112,367*	*685,585*	*42,815*	*840,767*
Including credit institutions	*3,721*	*103,016*	*-*	*106,737*	*3,741*	*111,809*	*-*	*115,550*
Including classified in stage 1	*135,680*	*1,000,462*	*n/a*	*n/a*	*136,903*	*999,218*	*n/a*	*n/a*

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					
	31/03/2024			31/12/2023		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	346,269	54,294	400,563	343,709	51,138	394,847
Latvia	390,584	2,384	392,968	360,279	2,392	362,671
Estonia	76,953	23,299	100,252	76,440	23,045	99,485
Germany	-	91,685	91,685	-	91,214	91,214
Poland	22,218	5,184	27,402	22,229	5,164	27,393
United States	18,657	22,858	41,515	18,262	22,650	40,912
Sweden	-	25,465	25,465	-	25,485	25,485
Canada	-	28,155	28,155	-	28,116	28,116
Switzerland	-	24,624	24,624	-	24,509	24,509
Netherlands	6,203	7,916	14,119	6,209	11,138	17,347
Finland	-	4,410	4,410	-	12,446	12,446
Other countries	30,978	28,558	59,536	-	35,433	35,433
Multilateral development banks and international organisations	-	33,823	33,823	30,936	29,238	60,174
Total debt securities	**891,862**	**352,655**	**1,244,517**	**858,064**	**361,968**	**1,220,032**

	Bank, EUR thousands					
	31/03/2024			31/12/2023		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	342,158	52,922	395,080	339,632	49,781	389,413
Latvia	384,360	1,303	385,663	354,063	1,310	355,373
Germany	-	91,685	91,685	-	91,214	91,214
Estonia	76,953	22,130	99,083	76,440	21,910	98,350
Poland	21,444	3,051	24,495	21,448	3,043	24,491
United States	18,657	16,605	35,262	18,262	16,395	34,657
Sweden	-	25,465	25,465	-	25,485	25,485
Canada	-	28,155	28,155	-	28,116	28,116
Switzerland	-	24,624	24,624	-	24,509	24,509
Netherlands	6,203	7,916	14,119	6,209	11,138	17,347
Finland	-	4,410	4,410	-	12,446	12,446
Other countries	24,735	23,623	48,358	-	28,536	28,536
Multilateral development banks and international organisations	-	28,910	28,910	24,713	24,286	48,999
Total debt securities	**874,510**	**330,799**	**1,205,309**	**840,767**	**338,169**	**1,178,936**

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 13. LOANS TO PUBLIC

Loans to public by overdue days and impairment stage

Group, EUR thousands

	31/03/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3 and POCI			Stage 1	Stage 2	Stage 3 and POCI		
Loans to public										
Not past due	2,666,552	201,136	28,151	(58,881)	2,836,958	2,627,867	206,974	29,715	(62,554)	2,802,002
Past due <=30 days	29,625	7,412	1,579	(5,384)	33,232	26,175	8,829	1,591	(5,694)	30,901
Past due >30 and ≤90 days	-	30,920	4,412	(5,191)	30,141	-	23,294	1,960	(4,047)	21,207
Past due >90 days	-	-	37,846	(27,676)	10,170	-	-	34,541	(26,693)	7,848
Total loans to public	**2,696,177**	**239,468**	**71,988**	**(97,132)**	**2,910,501**	**2,654,042**	**239,097**	**67,807**	**(98,988)**	**2,861,958**
Guarantees and letters of credit	81,260	2,702	38	(498)	83,502	67,622	2,748	38	(370)	70,038
Financial commitments	331,691	9,036	690	(3,331)	338,086	338,341	6,672	1,022	(4,428)	341,607
Total credit exposure to public	**3,109,128**	**251,206**	**72,716**	**(100,961)**	**3,332,089**	**3,060,005**	**248,517**	**68,867**	**(103,786)**	**3,273,603**

As of the period end, the gross amount of Group's POCI loans to public is EUR 8.7 million (2023: EUR 9.7 million). The recognised expected credit loss allowance on POCI loans to public is EUR 0.6 million (2023: EUR 0.6 million). Off-balance sheet credit exposure comprises various committed financing facilities to the borrowers. For details refer to note *Off-balance Sheet Items*.

Bank, EUR thousands

	31/03/2024					31/12/2023				
	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		
Loans to public										
Not past due	2,701,647	95,322	21,052	(44,304)	2,773,717	2,669,492	88,240	20,268	(46,302)	2,731,698
Past due <=30 days	26,512	6,831	1,008	(5,190)	29,161	23,201	8,567	1,454	(5,554)	27,668
Past due >30 and ≤90 days	-	4,384	2,218	(2,270)	4,332	-	6,351	1,224	(2,255)	5,320
Past due >90 days	-	-	30,442	(25,826)	4,616	-	-	29,127	(25,377)	3,750
Total loans to public	**2,728,159**	**106,537**	**54,720**	**(77,590)**	**2,811,826**	**2,692,693**	**103,158**	**52,073**	**(79,488)**	**2,768,436**
Guarantees and letters of credit	89,148	2,702	38	(513)	91,375	75,441	2,748	38	(384)	77,843
Financial commitments	319,294	4,117	690	(3,225)	320,876	358,565	4,365	1,022	(4,355)	359,597
Total credit exposure to public	**3,136,601**	**113,356**	**55,448**	**(81,328)**	**3,224,077**	**3,126,699**	**110,271**	**53,133**	**(84,227)**	**3,205,876**

Stage 3 loans to public ratio

	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Stage 3 loans to public ratio, gross	**2.30%**	**2.10%**	**1.90%**	**1.80%**
Stage 3 loans to public ratio, net	**1.20%**	**1.10%**	**0.90%**	**0.80%**
Stage 3 impairment ratio	**48%**	**49%**	**54%**	**55%**

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 due to other factors 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 credit loss rates and future credit loss expectations, and where relevant considering fair value of the loan collateral and expected proceeds from other loan recovery measures.

Expected credit loss allowance by customer profile and impairment stage

Group, EUR thousands

	31/03/2024				31/12/2023			
	Expected credit loss allowance			Total	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3 and POCI		Stage 1	Stage 2	Stage 3 and POCI	
Financial and non-financial corporations	(21,516)	(10,855)	(12,446)	(44,817)	(22,273)	(10,874)	(12,657)	(45,804)
Households	(27,564)	(4,341)	(19,933)	(51,838)	(29,462)	(4,771)	(18,506)	(52,739)
General government	(469)	(8)	-	(477)	(438)	(7)	-	(445)
Expected credit loss allowance	**(49,549)**	**(15,204)**	**(32,379)**	**(97,132)**	**(52,173)**	**(15,652)**	**(31,163)**	**(98,988)**

Bank, EUR thousands

	31/03/2024				31/12/2023			
	Expected credit loss allowance			Total	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Financial and non-financial corporations	(14,333)	(6,038)	(10,093)	(30,464)	(14,318)	(6,429)	(10,765)	(31,512)
Households	(24,694)	(3,097)	(19,327)	(47,118)	(26,391)	(3,513)	(18,062)	(47,966)
General government	(8)	-	-	(8)	(10)	-	-	(10)
Expected credit loss allowance	**(39,035)**	**(9,135)**	**(29,420)**	**(77,590)**	**(40,719)**	**(9,942)**	**(28,827)**	**(79,488)**

Loans by customer profile and impairment stage

	Group, EUR thousands									
	31/03/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3 and POCI			Stage 1	Stage 2	Stage 3 and POCI		
Financial and non-financial corporations										
Real estate purchase and management	344,367	18,851	444	(5,446)	358,216	339,949	17,321	649	(5,500)	352,419
Transport and communications	171,246	30,089	8,586	(10,264)	199,657	171,095	40,126	9,075	(11,385)	208,911
Manufacturing	147,236	42,158	17,294	(9,186)	197,502	145,979	46,079	17,699	(9,423)	200,334
Trade	171,089	18,518	3,553	(4,815)	188,345	169,050	13,150	3,676	(4,817)	181,059
Agriculture and forestry	130,374	46,059	3,329	(6,367)	173,395	137,690	39,260	2,249	(6,507)	172,692
Construction	107,167	13,995	2,840	(3,242)	120,760	94,884	13,435	3,256	(3,122)	108,453
Electricity, gas and water supply	99,945	522	1,985	(1,186)	101,266	96,898	1,742	1,993	(1,015)	99,618
Financial intermediation	35,382	601	23	(597)	35,409	33,496	605	20	(436)	33,685
Hotels, restaurants	25,205	656	1,868	(693)	27,036	24,546	790	1,618	(605)	26,349
Other industries	133,092	19,847	3,193	(3,020)	153,112	134,161	20,216	3,343	(2,992)	154,728
Total financial and non-financial corporations	**1,365,103**	**191,296**	**43,115**	**(44,816)**	**1,554,698**	**1,347,748**	**192,724**	**43,578**	**(45,802)**	**1,538,248**
Households										
Mortgage loans	796,994	12,005	24,624	(32,088)	801,535	780,517	12,908	21,539	(31,394)	783,570
Finance leases	322,163	26,738	1,899	(4,332)	346,468	323,242	24,146	926	(4,291)	344,023
Credit for consumption	106,108	5,448	757	(7,455)	104,858	103,497	4,811	546	(7,306)	101,548
Card lending	58,394	2,287	590	(6,531)	54,740	56,867	2,526	579	(8,398)	51,574
Other lending	22,723	1,495	1,003	(1,432)	23,789	18,955	1,782	637	(1,351)	20,023
Total households	**1,306,382**	**47,973**	**28,873**	**(51,838)**	**1,331,390**	**1,283,078**	**46,173**	**24,227**	**(52,740)**	**1,300,738**
General government	**24,692**	**199**	**-**	**(478)**	**24,413**	**23,217**	**201**	**-**	**(446)**	**22,972**
Total loans to public	**2,696,177**	**239,468**	**71,988**	**(97,132)**	**2,910,501**	**2,654,043**	**239,098**	**67,805**	**(98,988)**	**2,861,958**

Loans by customer profile and impairment stage

	Bank, EUR thousands									
	31/03/2024					31/12/2023				
	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		
Financial and non-financial corporations										
Real estate purchase and management	330,479	17,331	295	(5,152)	342,953	326,710	15,875	444	(5,189)	337,840
Transport and communications	22,334	2,291	6,822	(7,138)	24,309	22,934	2,752	7,059	(7,501)	25,244
Manufacturing	54,539	31,028	12,992	(6,753)	91,806	53,266	33,626	13,485	(7,168)	93,209
Trade	55,045	5,304	2,796	(2,707)	60,438	61,424	2,847	2,956	(2,875)	64,352
Agriculture and forestry	42,542	27,006	1,576	(2,726)	68,398	47,185	23,416	1,582	(3,253)	68,930
Construction	35,380	2,770	554	(1,443)	37,261	26,846	2,528	1,084	(1,427)	29,031
Electricity, gas and water supply	87,801	16	687	(944)	87,560	85,570	-	676	(807)	85,439
Financial intermediation	1,072,422	-	23	(2,257)	1,070,188	1,064,940	-	20	(2,074)	1,062,886
Hotels, restaurants	19,261	197	1,844	(589)	20,713	18,978	415	1,592	(511)	20,474
Other industries	22,805	561	436	(755)	23,047	22,215	874	281	(708)	22,662
Total financial and non-financial corporations	**1,742,608**	**86,504**	**28,025**	**(30,464)**	**1,826,673**	**1,730,068**	**82,333**	**29,179**	**(31,513)**	**1,810,067**
Households										
Mortgage loans	795,450	11,783	24,431	(31,941)	799,723	779,284	12,286	21,238	(31,163)	781,645
Finance leases	-	-	-	-	0	-	-	-	-	0
Credit for consumption	102,238	4,471	742	(7,280)	100,171	99,396	4,234	524	(7,128)	97,026
Card lending	58,394	2,287	590	(6,531)	54,740	56,867	2,526	579	(8,398)	51,574
Other lending	19,938	1,492	932	(1,366)	20,996	16,695	1,779	553	(1,277)	17,750
Total households	**976,020**	**20,033**	**26,695**	**(47,118)**	**975,630**	**952,242**	**20,825**	**22,894**	**(47,966)**	**947,995**
General government	**9,531**	**-**	**-**	**(8)**	**9,523**	**10,384**	**-**	**-**	**(10)**	**10,374**
Total loans to public	**2,728,159**	**106,537**	**54,720**	**(77,590)**	**2,811,826**	**2,692,694**	**103,158**	**52,073**	**(79,489)**	**2,768,436**

NOTE 14. EQUITY AND OTHER FINANCIAL INSTRUMENTS

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

	Group, EUR thousands							
	31/03/2024				31/12/2023			
	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	26,026	1,226	-	27,252	26,372	1,117	-	27,489
Financial assets at fair value through other comprehensive income	-	101	21	122	-	101	21	122
Total non-fixed income securities, net	**26,026**	**1,327**	**21**	**27,374**	**26,372**	**1,218**	**21**	**27,611**
Including unit-linked insurance plan assets	*16,531*	-	-	*16,531*	*17,059*	-	-	*17,059*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management	*15,668*	-	-	*15,668*	*15,621*	-	-	*15,621*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management and which relate to unit-linked contracts	*11,473*	-	-	*11,473*	*11,575*	-	-	*11,575*

Most exposures in mutual investment funds which are classified as financial assets mandatorily 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. All investments in mutual investment funds are mandatorily classified as financial assets at fair value through profit or loss.

Part of the Bank's and the Group's investments in mutual investment funds, which are managed by IPAS CBL Asset Management, are related 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							
	31/03/2024				31/12/2023			
	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	1,284	1,226	-	2,510	1,235	1,117	-	2,352
Financial assets at fair value through other comprehensive income	-	101	21	122	-	101	21	122
Total non-fixed income securities, net	**1,284**	**1,327**	**21**	**2,632**	**1,235**	**1,218**	**21**	**2,474**
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management	*1,284*	-	-	*1,284*	*1,235*	-	-	*1,235*

NOTE 15. INVESTMENTS IN RELATED ENTITIES

Changes in investments in related entities of the Bank

	EUR thousands	
	3m 2024	3m 2023
Balance at the beginning of the period, net	**47,939**	**47,770**
Associates accounted for using the equity method	134	-
Change in impairment allowance	(1)	-
Transfer to discontinued operations held for sale	(382)	-
Balance at the end of the period, net	**47,690**	**47,770**
Including associates accounted for using the equity method	*-*	*190*
Including gross investment in subsidiaries	*60,598*	*60,598*

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 31/03/2024	Carrying value EUR thousands 31/12/2023
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	29,203
SIA Citadele Factoring	50003760921	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	8,266	8,266
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	1,075	1,076
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 accounted for using the equity method, held for sale)	40003654405	Latvia, Dzirnavu iela 91 k-3 - 20, Rīga, LV-1011	ENI	CT	12.5	12.5	-	248
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	-	-
						Total net investments in subsidiaries and associated entities	**47,690**	**47,939**

*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.

Kaleido Privatbank AG is a 100% owned subsidiary classified as discontinued operations held for sale (for details refer to note *Discontinued Operations and Non-current Assets Held For Sale*). Registration number of Kaleido Privatbank AG is 130.0.007.738-0, it is registered in Switzerland with legal address in Bellerivestrasse 17, 8008, Zürich.

NOTE 16. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

AS Citadele banka is selling its Swiss subsidiary Kaleido Privatbank AG under market standard terms and conditions. In January 2022, AS Citadele banka entered into a binding agreement regarding the sale of its Swiss subsidiary – Kaleido Privatbank AG. The closing was subject to regulatory approvals and took longer than expected. In 2023 it was concluded that successful execution of this sales-purchase agreement was no longer feasible and the contract was terminated due to buyer not satisfying conditions for regulatory approval.

The Group is working with a reputable M&A advisor on an alternative sales transaction. As the conditions indicate that the investment will be recovered principally through a sale transaction in a foreseeable future rather than through continuing operations, Kaleido Privatbank AG is presented as discontinued operations as of period end. Citadele has identified a preliminary list of potential buyers and has taken steps to improve certainty that regulatory approval for potential sale will be obtained. The Management has a strong commitment to sell Kaleido Privatbank AG and this 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.

In 2024 the management of the Bank increased share capital of Swiss subsidiary Kaleido Privatbank AG by CHF 3.0 million (12m2023: CHF 3.0 million). The capital increase strengthens capital position of the subsidiary which is classified as discontinued operations held for sale.

Write-down of investment in Kaleido Privatbank AG

In the reporting period the Bank recognised EUR 3.0 million write-down on the investment in Kaleido Privatbank AG equal to the lower of the carrying amount and fair value less cost to sale (12m2023: EUR 6.1 million). The write-down relates to the loss of the operations in the respective period and estimated time till sale. The write-down is presented in the statement of income as net result from non-current assets held for sale and discontinued operations. To arrive to the fair value less cost to sale of the investment, a present value of expected free equity distributable to the shareholders, after required equity allocation for capital adequacy compliance, less cost to sell is estimated. The target capital adequacy ratio is set at 10.5% which is applicable to Swiss Category 5 banks. Other key inputs of the model are 15.5% discount rate and future profitability of the operations of the entity which was re-adjusted for the most recent financials and forecast.

Result from discontinued operations and non-current assets held for sale

	EUR thousands			
	3m 2024 Group	**3m 2023 Group**	**3m 2024 Bank**	**3m 2023 Bank**
Net interest income	1,029	847	-	-
Net fee and commission income	781	701	-	-
Other operating income and expense	303	(160)	-	-
Staff costs, other operating expenses, depreciation and amortisation	(3,188)	(2,640)	-	-
Net credit losses and other impairment losses	(44)	(1,527)	-	-
Income tax	(29)	(27)	-	-
Net result from discontinued operations	**(1,148)**	**(2,806)**	**-**	**-**
Result from non-current assets held for sale	81	(1)	(2,977)	(1)
Net result from non-current assets held for sale and discontinued operations	**(1,067)**	**(2,807)**	**(2,977)**	**(1)**

Assets and liabilities constituting discontinued operations and non-current assets held for sale

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Assets				
Cash, cash balances at central banks	8,156	11,867	-	-
Loans to credit institutions	6,321	12,607	-	-
Debt securities (Classified in stage 1)	50,678	51,762	-	-
Including:				
AAA/Aaa rated	*20,459*	*21,421*	-	-
AA/Aa rated	*18,784*	*18,758*	-	-
A rated	*8,913*	*8,926*	-	-
BBB/Baa rated	*2,522*	*2,657*	-	-
General government	*17,045*	*17,019*	-	-
Credit institutions	*14,691*	*15,575*	-	-
Loans to public	54,037	55,033	-	-
Other assets	1,025	1,305	-	-
Discontinued operations	**120,217**	**132,574**	**-**	**-**
Net investment in Kaleido Privatbank AG (subsidiary)	-	-	12,788	12,788
Other non-current assets held for sale	382	-	382	-
Discontinued operations and non-current assets held for sale	**120,599**	**132,574**	**13,170**	**12,788**
Liabilities				
Deposits from credit institutions and central banks	233	460	-	-
Deposits and borrowings from customers	101,317	118,229	-	-
Other liabilities	2,380	2,971	-	-
Discontinued operations	**103,930**	**121,660**	**-**	**-**

NOTE 17. DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Bank deposits and borrowings by type

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
ECB's targeted longer-term refinancing operations	40,493	40,099	40,493	40,099
Deposits from Citadele Group banks	-	-	14,528	19,560
Other credit institution deposits and collateral accounts	6,896	6,121	6,896	6,121
Other central bank deposits and accounts	-	1,214	-	1,214
Total deposits from credit institutions and central banks	**47,389**	**47,434**	**61,917**	**66,994**

ECB's targeted longer-term refinancing operations (TLTRO-III) financing in the amount of EUR 40 million is maturing in 2024. In the statement of cash flows the repayment of the TLTRO-III borrowing is presented within operating cash flows as the primary objective for the borrowing was not a need for financing, but the attractive borrowing rate.

NOTE 18. DEPOSITS AND BORROWINGS FROM CUSTOMERS

Deposits and borrowings by profile of the customer

	EUR thousands			
	31/03/2024 Group	**31/12/2023 Group**	**31/03/2024 Bank**	**31/12/2023 Bank**
Households	1,964,622	1,986,684	1,907,938	1,926,620
Non-financial corporations	1,513,159	1,550,606	1,513,633	1,550,895
Financial corporations	173,886	180,144	205,253	209,742
General government	59,427	89,620	59,427	89,620
Other	25,839	22,528	25,839	22,529
Total deposits from customers	**3,736,933**	**3,829,582**	**3,712,090**	**3,799,406**

Deposits and borrowings from customers by contractual maturity

	EUR thousands			
	31/03/2024 Group	**31/12/2023 Group**	**31/03/2024 Bank**	**31/12/2023 Bank**
Demand deposits	2,701,641	2,822,542	2,713,989	2,835,084
Term deposits due within:				
less than 1 month	167,304	137,931	178,706	147,876
more than 1 month and less than 3 months	384,924	269,128	383,825	269,107
more than 3 months and less than 6 months	143,792	243,074	145,887	241,123
more than 6 months and less than 12 months	243,515	249,100	235,933	243,651
more than 1 year and less than 5 years	89,290	100,698	52,770	61,415
more than 5 years	6,467	7,109	980	1,150
Total term deposits	1,035,292	1,007,040	998,101	964,322
Total deposits from customers	**3,736,933**	**3,829,582**	**3,712,090**	**3,799,406**

Deposits and borrowings from customers by categories

	EUR thousands			
	31/03/2024 Group	**31/12/2023 Group**	**31/03/2024 Bank**	**31/12/2023 Bank**
At amortised cost	3,718,510	3,810,183	3,712,090	3,799,406
At fair value through profit or loss	18,423	19,399	-	-
Total deposits from customers	**3,736,933**	**3,829,582**	**3,712,090**	**3,799,406**
Including unit-linked insurance plan liabilities	*16,479*	*17,153*	-	-

All deposits from customers of the Group which are classified at fair value through profit or loss relate to the Group's life insurance business (classified as investment contracts). Unit-linked 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 underwriter is fully attributable to the counterparty entering the agreement and not the underwriter.

NOTE 19. 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	
						31/03/2024	31/12/2023
XS2393742122	MREL eligible	EUR	1.625%	22/11/2026	200,000	200,258	199,366
LV0000880102	Subordinated	EUR	5.00%	13/12/2031	40,000	40,601	40,104
LV0000880011	Subordinated	EUR	5.50%	24/11/2027	20,000	20,367	20,090
						261,226	**259,560**

Key features of the issued subordinated bonds and MREL eligible senior unsecured bonds

EUR 200 million senior unsecured preferred bonds (XS2393742122) have a 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. The bonds are listed on Euronext Dublin and Nasdaq Riga. As of the issuance date, the bonds were rated Baa3 by Moody's.

EUR 40 million (LV0000880102) and EUR 20 million (LV0000880011) unsecured subordinated bonds were issued in the local Baltic capital markets with ten years maturity and issuer's optional redemption after five years. These subordinated bonds are included in the Tier 2 capital of Citadele and contribute to stronger capital position of the Bank. 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 States of the EEA.

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 *Risk Management*.

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	December 2023	252	108	26,380	66%	144	13,620	34%
LV0000880011	November 2023	75	41	17,040	85%	34	2,960	15%

NOTE 20. SHARE CAPITAL

The Bank has one class dematerialised shares i.e., recorded in the depositary (Nasdaq CSD SE). As of the period end the total paid capital of the Bank was EUR 158,240,718 (2023: EUR 158,240,718) and conditional capital was EUR 2,907,496 (2023: EUR 2,907,496). Subsequent to the period end, on 9 April 2024 the Bank's conditional capital was increased from EUR 2,907,496 to EUR 3,807,496. The conditional capital represents the maximum number of shares that may be allocated for awarding to employees as share options. As of the period end the Bank owns EUR 62,476 (2023: EUR 95,476) of its own shares. Each dematerialised share carries one vote, a share in profits and is eligible for dividends (except for shares owned by the Bank itself). In the reporting period all Bank's shares were dematerialised. On 28 March 2024 a dividend of EUR 0.32 per share, which is EUR 50.6 million in total, was approved (2023: EUR 20.0 million total dividends which is c.a. EUR 0.127 per share). Dividends were disbursed to the shareholders on 7 May 2024. For more details refer to the note *Events after the reporting date*.

Shareholders of the Bank

	31/03/2024		31/12/2023	
	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[1]	51,549,212	51,549,212	51,549,212	51,549,212
EMS LB LLC[3]	17,635,133	17,635,133	17,635,133	17,635,133
Amolino Holdings Inc.[4]	13,490,578	13,490,578	13,490,578	13,490,578
Delan S.à.r.l.[2]	12,477,728	12,477,728	12,477,728	12,477,728
Shuco LLC[5]	9,838,158	9,838,158	9,838,158	9,838,158
Members of the Management Board of the Bank and parties related to them	1,353,823	1,353,823	1,353,823	1,353,823
Other shareholders	12,694,662	12,694,662	12,661,662	12,661,662
Total	**158,178,242**	**158,178,242**	**158,145,242**	**158,145,242**
Own shares	62,476		95,476	
Total paid capital	**158,240,718**		**158,240,718**	

[1] RA Citadele Holdings LLC (United States) is a wholly owned subsidiary of Ripplewood Advisors LLC and is beneficially owned by Mr Timothy Collins

[2] Delan S.à.r.l. is beneficially owned by the Baupost Group LLC

[3] EMS LB LLC is beneficially owned by Mr Edmond M. Safra

[4] Amolino Holdings Inc. is beneficially owned by Mr James L. Balsillie

[5] Shuco LLC is beneficially owned by Mr Stanley S. Shuman

Earnings per share

Basic earnings per share are calculated by dividing the net profit that is attributable to the shareholders by the weighted average number of the shares outstanding during the period. Diluted earnings per share are determined by adjusting the net profit that is attributable to the shareholders and the weighted-average number of the shares outstanding for the effects of all dilutive potential 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 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. For contingently issuable share options where these conditions are not fully satisfied, the number of contingently issuable shares included in diluted earnings per share is based on the number of shares that would be issuable if the reporting date were the end of the contingency period.

	3m 2024	3m 2023	3m 2024	3m 2023
	Group	**Group**	**Bank**	**Bank**
Profit for the period, EUR thousands	24,402	23,230	19,076	23,402
Weighted average number of the shares outstanding in thousands	158,162	157,258	158,162	157,258
Basic earnings per share in EUR	**0.15**	**0.15**	**0.12**	**0.15**
Weighted average number of the shares (basic) outstanding in thousands	158,162	157,258	158,162	157,258
Effect of share options in issue in thousands	1,418	1,440	1,418	1,440
Weighted average number of the shares (diluted) outstanding during the period in thousands	**159,580**	**158,698**	**159,580**	**158,698**
Profit for the period, EUR thousands	24,402	23,230	19,076	23,402
Weighted average number of the shares (diluted) outstanding in thousands	159,580	158,698	159,580	158,698
Diluted earnings per share in EUR	**0.15**	**0.15**	**0.12**	**0.15**
Net loss from discontinued operations (Note 16)	(1,148)	(2,806)	-	-
Profit for the period from continuing operations, EUR thousands thousands	25,550	26,036	19,076	23,402
Basic earnings / (loss) per share in EUR	0.15	0.15	0.12	0.15
from continuing operations	*0.16*	*0.17*	*0.12*	*0.15*
from discontinued operations	*(0.01)*	*(0.02)*	-	-
Diluted earnings / (loss) per share in EUR	0.15	0.15	0.12	0.15
from continuing operations	*0.16*	*0.16*	*0.12*	*0.15*
from discontinued operations	*(0.01)*	*(0.02)*	-	-

NOTE 21. 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			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Contingent liabilities:				
Outstanding guarantees	80,370	65,759	88,038	73,578
Outstanding letters of credit	3,629	4,650	3,849	4,649
Total contingent liabilities	**83,999**	**70,409**	**91,887**	**78,227**
Provisions for credit risk	(498)	(370)	(513)	(384)
Net credit risk exposure for guarantees and letters of credit	**83,501**	**70,039**	**91,374**	**77,843**
Financial commitments:				
Card commitments	109,897	112,136	109,917	112,161
Unutilised credit lines and loans granted, not fully drawn down	171,097	170,663	214,184	251,791
Factoring commitments	60,169	62,968	-	-
Other commitments	255	269	-	-
Total financial commitments	**341,418**	**346,036**	**324,101**	**363,952**
Provisions for financial commitments	(3,331)	(4,428)	(3,225)	(4,355)
Net credit risk exposure for financial commitments	**338,087**	**341,608**	**320,876**	**359,597**

Lending commitments are a time limited 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.

NOTE 22. ASSETS UNDER MANAGEMENT

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

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Fixed income securities:				
Corporate bonds	161,718	163,802	-	-
Government bonds	97,855	97,129	-	-
Credit institution bonds	54,243	55,588	-	-
Loans	569	583	569	583
Other financial institution bonds	23,566	21,409	-	-
Total investments in fixed income securities	**337,951**	**338,511**	**569**	**583**
Other investments:				
Investment funds	628,960	586,190	-	-
Deposits with credit institutions	1,675	2,619	-	-
Compensations for distribution on behalf of deposit guarantee fund	28,164	28,274	28,164	28,274
Shares	126,202	111,583	-	-
Real estate	5,100	5,100	-	-
Other	24,472	36,784	-	-
Total other investments	**814,573**	**770,550**	**28,164**	**28,274**
Total assets under management	**1,152,524**	**1,109,061**	**28,733**	**28,857**

Customer profile on whose behalf the funds are managed

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Pension plans	848,495	815,945	-	-
Insurance companies, investment and pension funds	152,968	145,099	-	-
Other companies and government	64,666	64,539	28,733	28,857
Private individuals	86,395	83,478	-	-
Total liabilities under management	**1,152,524**	**1,109,061**	**28,733**	**28,857**

Funds managed by the Group on behalf of individuals, corporate customers, trusts and other institutions are not regarded as assets of the Group and, therefore, are not included in the balance sheet. Funds under management are presented in financial statements only for disclosure purposes and are off-balance sheet items.

NOTE 23. CASH AND CASH EQUIVALENTS

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Cash and cash balances with central banks	380,396	520,569	380,396	520,569
Loans on demand to credit institutions (excluding encumbered)	10,438	8,407	9,786	7,788
Demand deposits from central banks and credit institutions	(6,745)	(7,335)	(14,184)	(7,513)
Cash equivalents in discontinued operations	14,244	24,013	-	-
Total cash and cash equivalents	**398,333**	**545,654**	**375,998**	**520,844**

NOTE 24. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received for an asset sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

For illiquid financial assets and liabilities, including loans and advances to customers, there are no active markets. Accordingly, fair value for these has been estimated using appropriate valuation techniques. The methods used to determine the fair value of balance sheet items are as follows:

Cash and balances at central banks

The fair value of cash and balances with central banks is their carrying amount as these balances may be withdrawn without notice.

Loans to credit institutions and deposits from credit institutions and central banks

The fair value of on-demand balances with credit institutions is their carrying amount as these balances may be withdrawn without notice. The fair value of overnight placements is their carrying amount. The fair value of other amounts due from banks is calculated by discounting expected cash flows using current market rates. The carrying value is a close representation of fair value due to short maturity profiles and interest rate profile.

Loans to public

The fair value of loans and advances to customers is calculated by discounting expected future cash flows. The discount rate is the sum of money market rate as of the end of the reporting period and credit margin, which is adjusted for current market conditions.

Debt securities

Debt securities classified as at fair value through profit or loss and at fair value through other comprehensive income are accounted at unadjusted quoted prices in active markets which is their fair value. Debt securities classified at amortised cost are not accounted at fair value; the disclosed fair value for these is their unadjusted quoted prices in active markets.

Equity instruments and other financial instruments at fair value

Investments in mutual investment funds (presented as other financial instruments at fair value) are valued using unadjusted quoted prices in active markets.

Equity instruments include Visa Inc. preferred C shares which have been valued by reference to consideration, which is contingent upon future events. The valuation is dependent on exchange rate, Visa Inc. stock price and preferred stocks' conversion ratio as well as liquidity discount.

Derivatives

Derivatives are valued using techniques based on observable market data.

Deposits and borrowings from customers

Deposits and borrowing from customers include part which is carried at amortised cost and part which is carried at fair value. The entire portfolio of deposits and borrowing from customers which is carried at fair value is the deposit part of the life insurance contracts.

The fair value of deposits and borrowings from customers repayable on demand is their carrying amount. The fair value of other deposits is calculated by discounting expected cash flows using average market interest rates close to or at the period-end.

The fair value of unit-linked investment contract liabilities is their carrying amount which equals fair value of unit-linked insurance plan assets. The fair value of other life insurance deposits carried at fair value through profit or loss is calculated by discounting expected cash flows using current effective deposit rates. The fair value of other life insurance deposits carried at fair value through profit or loss is calculated by discounting expected cash flows using current effective deposit rates.

Debt securities issued

The fair value of publicly listed unsecured subordinated bonds is estimated based on the quoted prices.

Fair value hierarchy

Quoted market prices (Level 1)

Financial instruments are valued using unadjusted quoted prices in active markets.

Valuation technique - observable market inputs (Level 2)

Financial instruments are valued using techniques based on observable market data. In some instances, valuations received from independent third party are used or quotations from less active market.

Valuation technique - non-market observable inputs (Level 3)

Financial instruments are valued using techniques for which significant inputs are not based on observable market data.

Fair values of financial assets and liabilities of the Group on 31 March 2024

	Carrying value	Total fair value	Fair value hierarchy (where applicable)		
			Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	161,894	161,894	139,098	22,796	-
Equity instruments	122	122	-	-	122
Financial assets measured at fair value through profit or loss:					
Debt securities	69,167	69,167	46,114	23,053	-
Equity instruments	1,226	1,226	-	-	1,226
Other financial instruments	26,026	26,026	26,026	-	-
Other financial assets at fair value through profit or loss					
Derivatives	1,209	1,209	-	1,209	-
Financial assets not measured at fair value:					
Cash and balances at central banks	380,396	380,396	-	-	-
Loans to credit institutions	35,496	35,496	-	-	-
Debt securities	1,013,456	932,706	763,649	166,241	2,816
Loans to public	2,910,501	2,941,797	-	-	2,941,797
Total assets	**4,599,493**	**4,550,039**	**974,887**	**213,299**	**2,945,961**
Financial liabilities measured at fair value:					
Derivatives	1,294	1,294	-	1,294	-
Deposits and borrowings from customers	18,423	18,423	16,479	-	1,944
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	47,389	47,389	-	-	-
Deposits and borrowings from customers	3,718,510	3,717,163	-	-	3,717,163
Debt securities issued	261,226	245,220	-	245,220	-
Total liabilities	**4,046,842**	**4,029,489**	**16,479**	**246,514**	**3,719,107**

Fair values of financial assets and liabilities of the Group on 31 December 2023

	Carrying value	Total fair value	Fair value hierarchy (where applicable): Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	165,021	165,021	126,926	38,095	-
Equity instruments	122	122	-	-	122
Financial assets measured at fair value through profit or loss:					
Debt securities	42,815	42,815	10,868	31,947	-
Equity instruments	1,117	1,117	-	-	1,117
Other financial instruments	26,372	26,372	26,372	-	-
Other financial assets at fair value through profit or loss:					
Derivatives	1,019	1,019	-	1,019	-
Financial assets not measured at fair value:					
Cash and balances at central banks	520,569	520,569	-	-	-
Loans to credit institutions	34,640	34,640	-	-	-
Debt securities	1,012,196	932,027	634,306	297,721	-
Loans to public	2,861,958	2,874,351	-	-	2,874,351
Total assets	**4,665,829**	**4,598,053**	**798,472**	**368,782**	**2,875,590**
Financial liabilities measured at fair value:					
Derivatives	3,331	3,331	-	3,331	-
Deposits and borrowings from customers	19,399	19,399	17,153	-	2,246
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	47,434	47,434	-	-	-
Deposits and borrowings from customers	3,810,183	3,808,271	-	-	3,808,271
Debt securities issued	259,560	239,687	-	239,687	-
Total liabilities	**4,139,907**	**4,118,122**	**17,153**	**243,018**	**3,810,517**

Fair values of financial assets and liabilities of the Bank on 31 March 2024

	Carrying value	Total fair value	Fair value hierarchy (where applicable)		
			Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	135,680	135,680	114,667	21,013	-
Equity instruments	122	122	-	-	122
Financial assets measured at fair value through profit or loss:					
Debt securities	69,167	69,167	46,114	23,053	-
Equity instruments	1,226	1,226	-	-	1,226
Other financial instruments	1,284	1,284	1,284	-	-
Other financial assets at fair value through profit or loss					
Derivatives	1,209	1,209	-	1,209	-
Financial assets not measured at fair value:					
Cash and balances at central banks	380,396	380,396	-	-	-
Loans to credit institutions	53,267	53,267	-	-	-
Debt securities	1,000,462	920,440	755,065	162,559	2,816
Loans to public	2,811,826	2,843,122	-	-	2,843,122
Total assets	**4,454,639**	**4,405,913**	**917,130**	**207,834**	**2,847,286**
Financial liabilities measured at fair value:					
Derivatives	1,294	1,294	-	1,294	-
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	61,917	61,917	-	-	-
Deposits and borrowings from customers	3,712,090	3,713,105	-	-	3,713,105
Debt securities issued	261,226	245,220	-	245,220	-
Total liabilities	**4,036,527**	**4,021,536**	**-**	**246,514**	**3,713,105**

Fair values of financial assets and liabilities of the Bank on 31 December 2023

	Carrying value	Total fair value	Fair value hierarchy (where applicable)		
			Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	136,903	136,903	102,416	34,487	-
Equity instruments	122	122	-	-	122
Financial assets measured at fair value through profit or loss:					
Debt securities	42,815	42,815	10,868	31,947	-
Equity instruments	1,117	1,117	-	-	1,117
Other financial instruments	1,235	1,235	1,235	-	-
Other financial assets at fair value through profit or loss:					
Derivatives	1,019	1,019	-	1,019	-
Financial assets not measured at fair value:					
Cash and balances at central banks	520,569	520,569	-	-	-
Loans to credit institutions	53,019	53,019	-	-	-
Debt securities	999,218	919,797	625,720	294,077	-
Loans to public	2,768,436	2,780,829	-	-	2,780,829
Total assets	**4,524,453**	**4,457,425**	**740,239**	**361,530**	**2,782,068**
Financial liabilities measured at fair value:					
Derivatives	3,331	3,331	-	3,331	-
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	66,994	66,994	-	-	-
Deposits and borrowings from customers	3,799,406	3,800,395	-	-	3,800,395
Debt securities issued	259,560	239,687	-	239,687	-
Total liabilities	**4,129,291**	**4,110,407**	**-**	**243,018**	**3,800,395**

NOTE 25. RISK MANAGEMENT

Risk management policies

The Group considers risk management to be an essential component of its management process. The Group pursues prudent risk management that is aligned with its business ambitions and aims 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 the risk committees represent various operations of the Group in order to balance business and risk within the respective risk committees. Annually Group defines its Risk Appetite Framework which sets acceptable risk-taking limits across all relevant risk types, considering business goals, macroeconomic environment and regulatory setting. Risk appetite limits are cascaded to all risk management strategies and implemented operationally through detailed internal regulations.

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;
- 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, sustainable growth, long-term financial stability and to protect the Group from unidentified risks. The Bank has appointed a Risk Director (CRO) who is a member of the Bank's Management Board and whose responsibilities do not include the duties related to the activities under control. The CRO has a direct access to the Bank's Supervisory Board. The Risk Committee, which is subordinated to the Bank's Supervisory Board, has been established in the Bank. The main task of the Risk Committee is to provide support to the Bank's Supervisory Board in relation to the monitoring of the Group's risk management system. The Risk Committee established by the Bank's Supervisory Board provides recommendations to the Bank's Management Board regarding improvements of the risk management system. Risk management within the Group is controlled by an independent unit – the Risk Management Division.

The main risks to which the Group is exposed are credit risk, market risk, interest rate risk, liquidity risk, currency risk and operational risk. For each of these risks the Group has approved risk management policies and other internal regulations defining key risk management principles and processes, functions and responsibilities of units, risk concentration limits, as well as control and reporting system. The Bank's Supervisory Board approves risk management policies and ensures the control of efficiency of the risk management system. The Bank's Management Board and CRO ensure implementation of the risk management policies and development of internal regulations for the management of each material risk within the Group. In order to assess and monitor material and complex risk exposures, the Bank's Management Board establishes risk committees. Members of risk committees represent various units of the Group in order to ensure the balance between the units responsible for risk monitoring and control and the units with business orientation.

Since the latest annual reporting date, the Group's exposure to market risk, interest rate risk, currency risk and operational risk has not changed materially. 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 31/03/2024, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	364,358	14,324	1,714	-	-	380,396
Loans to credit institutions	652	86	-	8,586	26,172	35,496
Debt securities	392,968	400,563	100,252	246,867	103,867	1,244,517
Loans to public	1,304,070	1,046,907	546,060	6,627	6,837	2,910,501
Equity instruments	21	-	-	101	1,226	1,348
Other financial instruments	15,668	-	-	10,290	68	26,026
Derivatives	725	2	-	463	19	1,209
Discontinued operations	1,500	1,688	-	52,604	64,807	120,599
Other assets	49,591	8,195	3,624	363	1,348	63,121
Total assets	**2,129,553**	**1,471,765**	**651,650**	**325,901**	**204,344**	**4,783,213**
Liabilities						
Deposits from credit institutions and central banks	43,106	-	-	4,129	154	47,389
Deposits and borrowings from customers	2,905,759	718,630	54,982	8,914	48,648	3,736,933
Debt securities issued	261,226	-	-	-	-	261,226
Derivatives	318	-	-	927	49	1,294
Discontinued operations	2,513	-	338	20,534	80,545	103,930
Other liabilities	66,669	14,173	10,548	168	124	91,682
Total liabilities	**3,279,591**	**732,803**	**65,868**	**34,672**	**129,520**	**4,242,454**
Off-balance sheet items						
Contingent liabilities	9,837	55,324	15,982	1,640	1,216	83,999
Financial commitments	226,929	71,051	12,253	10,554	20,631	341,418

For additional information on geographical distribution of securities exposures please refer to note *Debt Securities*. Investments in mutual funds are not analysed by their ultimate issuer and are classified as other financial instruments. From the Group's loans to credit institutions presented as "Other countries" EUR 23.8 million is with United States registered credit institutions (2023: EUR 22.6 million). From the Group's discontinued operations presented as "Other countries" EUR 8.2 million is central banks balances with Swiss National Bank (2023: EUR 11.9 million) and EUR 0.04 million are with Swiss credit institutions (2023: EUR 4.3 million).

	Group as of 31/12/2023, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
Assets						
Cash and cash balances at central banks	507,175	12,008	1,386	-	-	520,569
Loans to credit institutions	623	88	-	8,188	25,741	34,640
Debt securities	362,671	394,848	99,485	259,972	103,056	1,220,032
Loans to public	1,285,109	1,039,164	524,304	6,447	6,934	2,861,958
Equity instruments	21	-	-	101	1,117	1,239
Other financial instruments	15,622	-	-	10,653	97	26,372
Derivatives	771	1	-	229	18	1,019
Discontinued operations	1,116	1,686	-	54,588	75,184	132,574
Other assets	53,144	7,899	2,884	225	781	64,933
Total assets	**2,226,252**	**1,455,694**	**628,059**	**340,403**	**212,928**	**4,863,336**
Liabilities						
Deposits from credit institutions and central banks	42,582	1,208	-	2,264	1,380	47,434
Deposits and borrowings from customers	2,991,346	726,364	49,254	11,489	51,129	3,829,582
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	1,628	5	-	1,693	5	3,331
Discontinued operations	2,671	-	569	24,661	93,759	121,660
Other liabilities	65,207	13,141	7,064	368	594	86,374
Total liabilities	**3,362,994**	**740,718**	**56,887**	**40,475**	**146,867**	**4,347,941**
Off-balance sheet items						
Contingent liabilities	10,859	55,970	1,098	1,032	1,450	70,409
Financial commitments	233,595	70,381	9,841	10,372	21,847	346,036

	Bank as of 31/03/2024, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	364,358	14,324	1,714	-	-	380,396
Loans to credit institutions	-	-	-	8,586	44,681	53,267
Debt securities	385,664	395,080	99,083	230,935	94,547	1,205,309
Loans to public	1,927,214	596,212	275,160	6,524	6,716	2,811,826
Equity instruments	21	-	-	101	1,226	1,348
Other financial instruments	1,284	-	-	-	-	1,284
Derivatives	725	2	-	463	19	1,209
Other assets	85,367	7,913	1,171	363	14,149	108,963
Total assets	**2,764,633**	**1,013,531**	**377,128**	**246,972**	**161,338**	**4,563,602**
Liabilities						
Deposits from credit institutions and central banks	43,106	-	-	4,129	14,682	61,917
Deposits and borrowings from customers	2,881,217	718,656	57,883	8,658	45,676	3,712,090
Debt securities issued	261,226	-	-	-	-	261,226
Derivatives	318	-	-	927	49	1,294
Other liabilities	41,528	9,471	2,054	168	138	53,359
Total liabilities	**3,227,395**	**728,127**	**59,937**	**13,882**	**60,545**	**4,089,886**
Off-balance sheet items						
Contingent liabilities	9,837	55,324	16,202	1,640	8,884	91,887
Financial commitments	252,865	51,791	19,381	10	54	324,101

For additional information on geographical distribution of securities exposures please refer to note *Debt Securities*. From the Bank's loans to credit institutions presented as "Other countries" EUR 23.8 million with United States registered credit institutions (2023: EUR 22.6 million).

	Bank as of 31/12/2023, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
Assets						
Cash and cash balances at central banks	507,175	12,008	1,386	-	-	520,569
Loans to credit institutions	-	-	-	8,188	44,831	53,019
Debt securities	355,372	389,413	98,351	242,090	93,710	1,178,936
Loans to public	1,909,515	583,022	262,721	6,356	6,822	2,768,436
Equity instruments	21	-	-	101	1,117	1,239
Other financial instruments	1,235	-	-	-	-	1,235
Derivatives	771	1	-	229	18	1,019
Other assets	88,335	8,424	1,207	224	13,581	111,771
Total assets	**2,862,424**	**992,868**	**363,665**	**257,188**	**160,079**	**4,636,224**
Liabilities						
Deposits from credit institutions and central banks	42,582	1,208	-	2,264	20,940	66,994
Deposits and borrowings from customers	2,962,245	726,526	51,318	11,197	48,120	3,799,406
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	1,628	5	-	1,693	5	3,331
Other liabilities	42,292	9,136	1,700	315	537	53,980
Total liabilities	**3,308,307**	**736,875**	**53,018**	**15,469**	**69,602**	**4,183,271**
Off-balance sheet items						
Contingent liabilities	10,851	55,970	1,098	1,032	9,276	78,227
Financial commitments	267,998	74,391	21,493	10	60	363,952

Liquidity coverage ratio

The general principles of the liquidity coverage ratio (LCR) as measurements of the Bank's and the Group's liquidity position is 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			
		31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
1.	Liquidity buffer	1,271,780	1,383,267	1,241,879	1,350,295
2.	Net liquidity outflow	615,967	670,744	641,646	694,721
3.	**Liquidity coverage ratio**	**206%**	**206%**	**194%**	**194%**

Net stable funding ratio (including 50% of the net result for the period, i.e. decreased by the expected dividends)

The net stable funding ratio (NSFR) is defined in the Regulation (EC) No 575/2013. NSFR is the ratio of the available amount of stable funding to the required amount of stable funding over one-year horizon. The minimum NSFR requirement is 100%. The minimum NSFR requirement is 100%. NSFR as of period end, if no interim profits are included, for the Group is 143% and for the Bank is 209%.

		EUR thousands			
		31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
1.	Total available stable funding	3,629,892	3,687,365	3,523,906	3,590,223
2.	Total required stable funding	2,534,540	2,507,341	1,682,645	1,662,473
3.	**Net stable funding ratio**	**143%**	**147%**	**209%**	**215%**

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, rules and recommendations issued by supervisory authorities 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 assessment of the supervisory authority an additional 2.50% own funds requirement is determined to cover Pillar 2 risks. Thus, as of the period end Citadele shall at all times meet, on a consolidated basis, a total SREP capital requirement (TSCR) of 10.5% (which includes a Pillar 2 additional own funds requirement of 2.5% to be held in the form of 56.25% of Common Equity Tier 1 (CET1) capital and 75% of Tier 1 capital, as a minimum).

On top of the minimum capital adequacy ratios and the Pillar 2 additional 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 repurchase, if the buffer threshold is not exceeded.

Citadele, being identified as "other systemically important institution" (O-SII), as of period end must also comply with the O-SII capital buffer requirement set by the supervisory authority at 1.75%.

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. Increases in countercyclical capital buffer norms, when announced by the respective country, become effective after prespecified delay. Decreases take effect immediately.

The Pillar 2 Guidance (P2G) is a bank-specific recommendation that indicates the level of capital that the supervisory authority expects banks to maintain in addition to their binding capital requirements. It serves as a buffer for banks to withstand stress. The Pillar 2 Guidance is determined as part of the Supervisory Review and Evaluation Process (SREP) and for Citadele as of period end is set at 1.5%. Unlike the Pillar 2 Requirement, the Pillar 2 Guidance is not legally binding.

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 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.

For definitions of Alternative Performance Ratios refer to Definitions and Abbreviations section of these financial statements.

Regulatory capital requirements of the Group on 31 March 2024

	Common equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital adequacy ratio
Common equity Tier 1 ratio	4.50%	4.50%	4.50%
Additional Tier 1 ratio	-	1.50%	1.50%
Additional total capital ratio	-	-	2.00%
Pillar 2 additional own funds requirement (individually determined by the supervisory authority in the SREP, P2R)	1.41%	1.88%	2.50%
Capital buffer requirements:			
Capital conservation buffer	2.50%	2.50%	2.50%
O-SII capital buffer (only for the Group)	1.75%	1.75%	1.75%
Systemic risk buffer	0.07%	0.07%	0.07%
Countercyclical capital buffer	0.60%	0.60%	0.60%
Capital requirement	**10.83%**	**12.80%**	**15.42%**
Pillar 2 Guidance (P2G)	1.50%	1.50%	1.50%
Capital requirement with non-legally binding Pillar 2 Guidance	**12.33%**	**14.30%**	**16.92%**

For the Bank as of period end Other systemically important institution buffer requirement is not applicable, Systemic risk buffer applies at 0.10% and institution specific Countercyclical capital buffer requirement is 0.55%. Thus, for the Bank as of period end Common equity Tier 1 capital ratio requirement is 10.81%, Tier 1 capital ratio requirement is 12.78% and Total capital adequacy ratio requirement is 15.40%. On top of the capital ratio requirements a 1.50% Pillar 2 Guidance applies.

Capital adequacy ratio (including 50% of the net result for the period, i.e. decreased by the expected dividends)

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Common equity Tier 1 capital				
Paid up capital instruments and share premium	159,474	159,321	159,474	159,321
Retained earnings	329,322	355,792	269,176	300,707
Proposed or estimated dividends	(12,068)	(50,606)	(9,538)	(50,606)
Regulatory deductions	(15,899)	(15,357)	(14,061)	(14,058)
Other capital components, net	4,173	3,574	4,174	3,574
Tier 2 capital				
Eligible part of subordinated liabilities	54,600	55,597	54,600	55,597
Total own funds	**519,602**	**508,321**	**463,825**	**454,535**
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,011,349	1,980,726	1,368,226	1,349,491
Total exposure amounts for position, foreign currency open position and commodities risk	6,662	3,803	6,195	3,518
Total exposure amounts for operational risk	326,786	326,786	286,311	286,311
Total exposure amounts for credit valuation adjustment	3,459	2,297	3,388	2,166
Total risk exposure amount	**2,348,256**	**2,313,612**	**1,664,120**	**1,641,486**
Common equity Tier 1 capital ratio	**19.3%**	**19.6%**	**24.0%**	**24.3%**
Total capital adequacy ratio	**21.6%**	**22.0%**	**27.3%**	**27.7%**

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.

As of period end, no transitional provisions were applied in capital adequacy calculation. Fully loaded capital adequacy ratio equals transitional capital adequacy ratio as of the period end.

Capital adequacy ratio (excluding the net result for the period)

Per regulations, Bank may include interim or year-end profits in capital before taking a formal decision confirming the final audited profit for the year only with a prior permission of the competent authority. Any foreseeable charges or dividends must be deducted from those profits. Submission of documents for permission takes time and such permission is requested only after the publishing of the financial report for the respective period and completion of the audit verification. Such permission of the competent authority for inclusion of the 2024 interim profits, which have been decreased by foreseeable charges and dividends, has not been received for three months period end 31 March 2024. Below is presented a scenario, where no 2024 interim profits are included. 2024 audited annual profits will become eligible for inclusion in the regulatory capital after the institution will take a formal decision confirming the final profit or loss for the year.

	EUR thousands			
	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Common equity Tier 1 capital	452,934	452,724	399,687	398,938
Tier 2 capital	54,600	55,597	54,600	55,597
Total own funds	**507,534**	**508,321**	**454,287**	**454,535**
Total risk exposure amount	**2,348,256**	**2,313,612**	**1,664,120**	**1,641,486**
Common equity Tier 1 capital ratio	**19.3%**	**19.6%**	**24.0%**	**24.3%**
Total capital adequacy ratio	**21.6%**	**22.0%**	**27.3%**	**27.7%**

Leverage ratio (including 50% of the net result for the period, i.e. decreased by the expected dividends)

Leverage ratio is calculated as Tier 1 capital versus the total exposure measure. As of period end Citadel is not applying transitional provisions. 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.

	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
Leverage Ratio – fully phased-in definition of Tier 1 capital	9.6%	9.2%	8.8%	8.4%

The fully loaded leverage ratio as of period end, if no interim profits are included, for the Group is 9.4% and for the Bank is 8.6%.

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/SRMR2). In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD 2, all institutions must meet an individual MREL requirement. The MREL requirement for each institution is comprised of several elements, including calculation of 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.

MREL is required to be calculated based on both total risk exposure amount (TREA) and leverage ratio exposure (LRE) amount. Statutory subordination requirements may also be set depending on the Group's regulatory classification and are communicated individually in a MREL decision.

SRB has determined the consolidated MREL target for the Group to be met starting from 1 January 2024 at the level of 23.70% of TREA or 5.91% leverage ratio, whichever is higher. The Group must comply with MREL at all times on the basis of evolving amounts of TREA/LRE. As of the period end, the Group is in compliance with TREA and LRE based MREL requirements. As of the period end Group's MREL is 30.4% based on TREA criteria and 14.7% based on leverage ratio criteria. The MREL targets is determined by the SRB using financial and supervisory information and is re-calibrated by the SRB periodically.

NOTE 26. EVENTS AFTER THE REPORTING DATE

Changes in the Management Board of the Bank

On 4 April 2024 Chief Executive Officer and Chairman of the Management Board of the Bank Johan Akerblom tendered his resignation to the Supervisory Board.

Subsequent to the period end, on 20 May 2024 Rūta Ežerskienė was appointed as the new Chief Executive Officer and Chair of the Management Board of AS Citadele banka, subject to the Regulatory approval. Up till this time Rūta Ežerskienė was a Member of the Management Board and Chief Retail Commercial Officer.

Issuance of EUR 20 million of subordinated bonds

Subsequent to the period end, AS Citadele Banka completed a three-times oversubscribed issuance of EUR 20 million first series bonds under its EUR 60 million Fifth Unsecured Subordinated Bonds Programme.

The bonds were issued with a ten-year maturity and a fixed interest rate of 8% per annum. The purpose of the issuance is to further strengthen Citadele's regulatory capital structure, including use as Citadele's subordinated capital (Tier 2 instruments) in accordance with the requirements of the Capital Requirements Regulation (CRR) and any other applicable rules for Tier 2 capital.

The unsecured subordinated bonds were offered to institutional and retail investors in Latvia, Lithuania and Estonia, as well as to qualified investors located elsewhere in the EEA. In total, 582 investors participated in the offering, of which 549 were retail investors and 33 were institutional investors. Out of the total order book, 36% was received from investors in Latvia, 23% from Lithuania, 40% from Estonia and 1% from other countries.

Dividend payment

Shareholders' meeting of AS Citadele Banka held on 28 March 2024 approved allocation of Citadele's profit and pay-out of dividends in the amount of EUR 0.32 per share, which is EUR 50.6 million in total.

Dividends were paid out to persons who were the shareholders of Citadele banka at the end of the record day – 28 March 2024. Dividends were disbursed to the shareholders on 7 May 2024. The dividend payment aligns with Citadele's 50% dividend pay-out policy and provides 11% dividend return on the basis of book value of one Citadele share as of 31 December 2023.

OTHER REGULATORY DISCLOSURES

Besides financial, corporate governance and other disclosures included in these financial statements 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. Bank tax expense is presented within "Corporate income tax", Bank tax liability is presented within "Tax liabilities".

Income Statement, regulatory format

	EUR thousands	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
1	Interest income	62,216	49,283	55,967	45,032
2	Interest expense	(15,227)	(8,774)	(15,632)	(8,780)
3	Dividend income	6	-	6	-
4	Commission and fee income	16,888	16,106	15,511	14,754
5	Commission and fee expense	(7,985)	(7,861)	(7,632)	(7,176)
6	Gain or loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	-	-	-	-
7	Gain or loss on financial assets and liabilities measured at fair value through profit or loss, net	894	204	819	91
8	Fair value change in the hedge accounting	-	-	-	-
9	Gain or loss from foreign exchange trading and revaluation of open positions	2,706	3,747	2,719	3,660
10	Gain or loss on derecognition of non-financial assets, net	-	-	-	-
11	Other income	789	750	615	518
12	Other expense	(1,396)	(1,446)	(876)	(856)
13	Administrative expense	(25,434)	(21,437)	(22,209)	(18,467)
14	Amortisation and depreciation charge *	(2,308)	(2,287)	(2,041)	(2,151)
15	Gain or loss on modifications in financial asset contractual cash flows	(1,071)	-	(1,071)	-
16	Provisions, net	1,072	(1,135)	1,102	(1,090)
17	Impairment charge and reversals, net	1,786	(140)	1,815	(1,281)
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	-	-	-	-
20	Profit or loss from non-current assets and disposal groups classified as held for sale	(1,067)	(2,807)	(2,977)	(1)
21	**Profit before taxation**	**31,869**	**24,203**	**26,116**	**24,253**
22	Corporate income tax	(7,467)	(973)	(7,040)	(851)
23	**Net profit / loss for the period**	**24,402**	**23,230**	**19,076**	**23,402**
24	**Other comprehensive income for the period**	**210**	**1,784**	**936**	**1,171**

* Group's depreciation charges for assets under operating lease contracts are presented within other operating expense as use of assets is core business of the Group. These expenses are part of operating income.

Balance Sheet, regulatory format

	EUR thousands	31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
1	Cash and demand balances with central banks	380,396	520,569	380,396	520,569
2	Demand deposits due from credit institutions	12,283	11,925	11,631	11,306
3	Financial assets designated at fair value through profit or loss	97,627	71,324	72,886	46,186
3.1.	*Including loans to public and credit institutions*	-	-	-	-
4	Financial assets at fair value through other comprehensive income	162,017	165,143	135,804	137,025
5	Financial assets at amortised cost	3,947,170	3,896,868	3,853,922	3,809,367
5.1.	*Including loans to public and credit institutions*	*2,933,714*	*2,884,673*	*2,853,462*	*2,810,149*
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	-	248	47,690	47,939
9	Tangible assets	10,295	11,183	6,725	7,309
10	Intangible assets	7,830	8,065	5,767	6,010
11	Tax assets	2,290	2,572	2,021	2,356
12	Other assets	42,706	42,865	33,590	35,369
13	Non-current assets and disposal groups classified as held for sale	120,599	132,574	13,170	12,788
14	**Total assets (1.+....+13.)**	**4,783,213**	**4,863,336**	**4,563,602**	**4,636,224**
15	Due to central banks	40,493	41,313	40,493	41,314
16	Demand liabilities to credit institutions	6,746	6,121	14,184	6,298
17	Financial liabilities designated at fair value through profit or loss	19,716	22,731	1,294	3,331
17.1	*Including deposits from customers and credit institutions*	*18,423*	*19,399*	-	-
18	Financial liabilities measured at amortised cost	3,979,887	4,069,742	3,980,556	4,078,348
18.1	*Including deposits from customers and credit institutions*	*3,718,661*	*3,810,182*	*3,719,330*	*3,818,788*
19	Derivatives – hedge accounting	-	-	-	-
20	Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
21	Provisions	3,829	4,899	3,738	4,839
22	Tax liabilities	22,329	18,071	21,505	17,247
23	Other liabilities	65,524	63,404	28,116	31,894
24	Liabilities included in disposal groups classified as held for sale	103,930	121,660	-	-
25	**Total liabilities (15.+...+24.)**	**4,242,454**	**4,347,941**	**4,089,886**	**4,183,271**
26	Shareholders' equity	540,759	515,395	473,716	452,953
27	**Total liabilities and shareholders' equity (25.+26.)**	**4,783,213**	**4,863,336**	**4,563,602**	**4,636,224**
28	**Memorandum items**	**425,417**	**416,445**	**415,988**	**442,179**
29	Contingent liabilities	83,999	70,409	91,887	78,227
30	Financial commitments	341,418	346,036	324,101	363,952

ROE and ROA ratios

	3m 2024 Group	3m 2023 Group	3m 2024 Bank	3m 2023 Bank
Return on equity (ROE) (%)	18.48%	21.49%	16.47%	24.27%
Return on assets (ROA) (%)	2.02%	1.76%	1.66%	1.87%

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

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 other relevant regulations. In this disclosure, in the Group's and the Bank's regulatory capital, annual audited profits before reporting period are included; 2024 audited profits will become eligible for inclusion in the regulatory capital after the institution will take a formal decision confirming the final profit or loss for the year; interim audited and interim reviewed profits for the reporting period are included only after regulatory approval is obtained and in the amount approved (i.e. in this disclosure no 3m2024 interim profits are included).

EUR thousands		31/03/2024 Group	31/12/2023 Group	31/03/2024 Bank	31/12/2023 Bank
1	**Own funds (1.1.+1.2.)**	**507,534**	**508,321**	**454,287**	**454,535**
1.1	Tier 1 capital (1.1.1.+1.1.2.)	452,934	452,724	399,687	398,938
1.1.1	*Common equity Tier 1 capital*	*452,934*	*452,724*	*399,687*	*398,938*
1.1.2	*Additional Tier 1 capital*	-	-	-	-
1.2	Tier 2 capital	54,600	55,597	54,600	55,597
2	**Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)**	**2,348,256**	**2,313,612**	**1,664,120**	**1,641,486**
2.1	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	2,011,349	1,980,726	1,368,226	1,349,491
2.2	Total risk exposure amount for settlement/delivery	-	-	-	-
2.3	Total risk exposure amount for position, foreign exchange and commodities risks	6,662	3,803	6,195	3,518
2.4	Total risk exposure amount for operational risk	326,786	326,786	286,311	286,311
2.5	Total risk exposure amount for credit valuation adjustment	3,459	2,297	3,388	2,166
2.6	Total risk exposure amount related to large exposures in the trading book	-	-	-	-
2.7	Other risk exposure amounts	-	-	-	-
3	**Capital adequacy ratios**				
3.1	Common equity Tier 1 capital ratio (1.1.1./2.*100)	**19.3%**	**19.6%**	**24.0%**	**24.3%**
3.2	Surplus (+)/ deficit (-) of Common equity Tier 1 capital (1.1.1.-2.*4.5%)	347,263	348,611	324,802	325,071
3.3	Tier 1 capital ratio (1.1./2.*100)	**19.3%**	**19.6%**	**24.0%**	**24.3%**
3.4	Surplus (+)/ Deficit (-) of Tier 1 capital (1.1.-2.*6%)	312,039	313,907	299,840	300,449
3.5	Total capital ratio (1./2.*100)	**21.6%**	**22.0%**	**27.3%**	**27.7%**
3.6	Surplus (+)/ Deficit (-) of total capital (1.-2.*8%)	319,674	323,232	321,158	323,216
4	**Combined buffer requirements (4.1.+4.2.+4.3.+4.4.+4.5.)**	115,613	113,759	52,445	51,576
4.1	Capital conservation buffer	58,706	57,840	41,603	41,037
4.2	Conservation buffer for macroprudential or systemic risk at member state's level	-	-	-	-
4.3	Institution specific countercyclical buffer	14,153	13,845	9,183	8,953
4.4	Systemic risk buffer	1,659	1,586	1,659	1,586
4.5	Other systemically important institution buffer	41,094	40,488	-	-
5	**Capital adequacy ratios, including adjustments**				
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	19.3%	19.6%	24.0%	24.3%
5.3	Tier 1 capital ratio including line 5.1 adjustments	19.3%	19.6%	24.0%	24.3%
5.4	Total capital ratio including line 5.1 adjustments	21.6%	22.0%	27.3%	27.7%

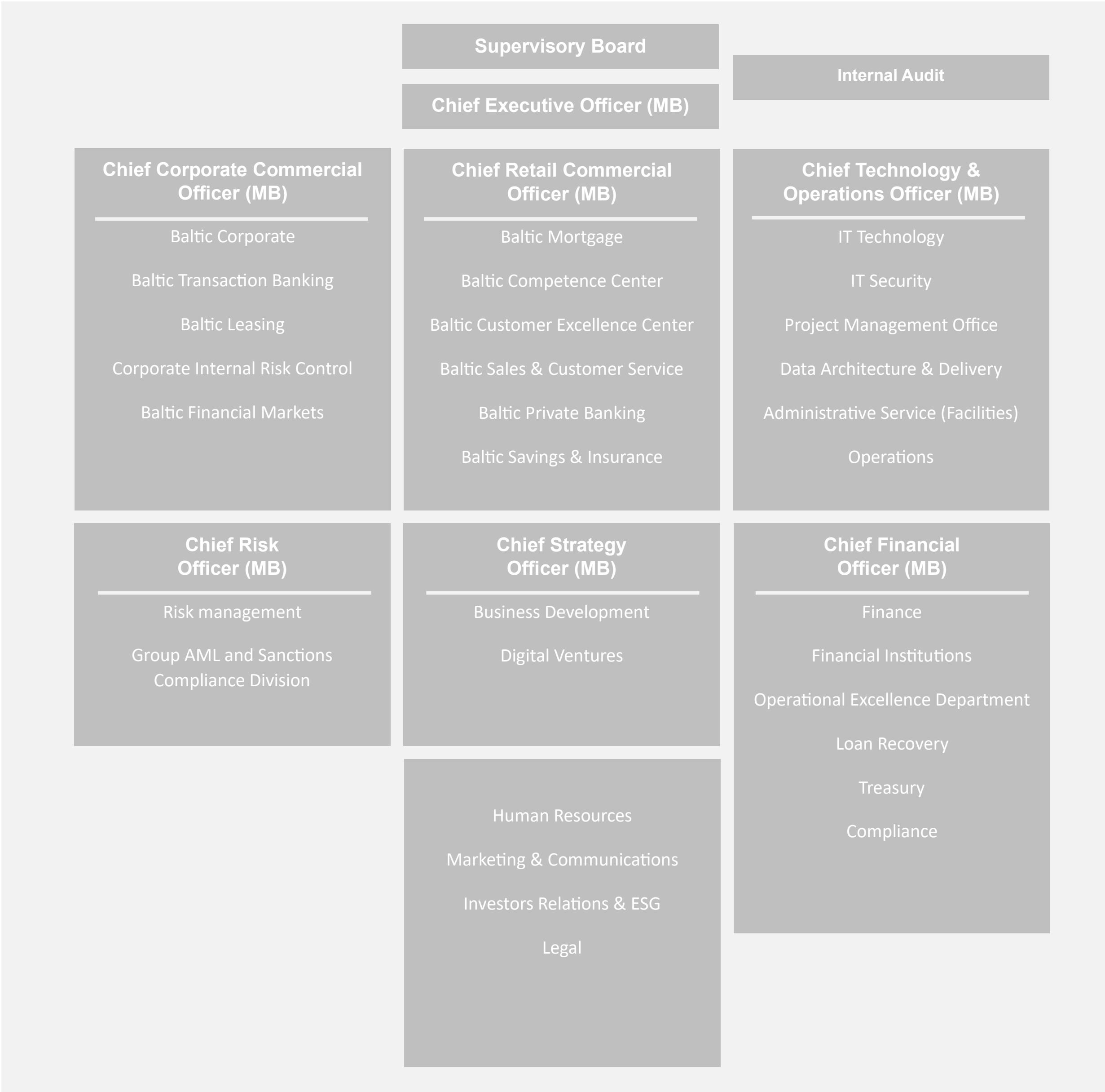
Business Strategy and Objectives

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

Branches

As of the period end AS Citadele banka has 11 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 no 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 as of the period end



QUARTERLY STATEMENTS OF INCOME AND BALANCE SHEETS OF THE GROUP

	Group, EUR thousands				
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Interest income	62,216	61,873	61,551	56,907	49,283
Interest expense	(15,227)	(12,687)	(10,765)	(9,452)	(8,774)
Net interest income	**46,989**	**49,186**	**50,786**	**47,455**	**40,509**
Fee and commission income	16,888	16,905	17,316	21,257	16,106
Fee and commission expense	(7,985)	(8,142)	(9,238)	(8,546)	(7,861)
Net fee and commission income	**8,903**	**8,763**	**8,078**	**12,711**	**8,245**
Net financial income	2,529	2,062	2,424	2,231	3,951
Net other income / (expense)	(601)	(429)	(639)	(743)	(696)
Operating income	**57,820**	**59,582**	**60,649**	**61,654**	**52,009**
Staff costs	(18,324)	(16,319)	(16,023)	(17,024)	(16,015)
Other operating expenses	(7,110)	(12,475)	(6,377)	(5,865)	(5,422)
Depreciation and amortisation	(2,308)	(2,204)	(2,219)	(2,293)	(2,287)
Operating expense	**(27,742)**	**(30,998)**	**(24,619)**	**(25,182)**	**(23,724)**
Profit from continuous operations before impairment, bank tax and non-current assets held for sale	**30,078**	**28,584**	**36,030**	**36,472**	**28,285**
Net credit losses	2,786	(1,916)	2,771	5,009	(1,247)
Other impairment losses	72	(32)	(15)	4	(28)
Operating profit from continuous operations before bank tax and non-current assets held for sale	**32,936**	**26,636**	**38,786**	**41,485**	**27,010**
Mortgage loan levy and bank tax	(2,246)	1,356	(1,260)	(991)	-
Result from non-current assets held for sale and discontinued operations, net of tax	(1,067)	(1,367)	(1,396)	(547)	(2,807)
Operating profit	**29,623**	**26,625**	**36,130**	**39,947**	**24,203**
Income tax	(5,221)	(17,883)	(1,820)	(2,442)	(973)
Net profit	**24,402**	**8,742**	**34,310**	**37,505**	**23,230**

	Group, EUR thousands				
	31/03/2024	31/12/2023	30/09/2023	30/06/2023	31/03/2023
Assets					
Cash and cash balances at central banks	380,396	520,569	483,752	353,473	315,416
Loans to credit institutions	35,496	34,640	34,713	35,976	54,155
Debt securities	1,244,517	1,220,032	1,227,772	1,310,755	1,625,572
Loans to public	2,910,501	2,861,958	2,852,805	2,927,203	2,917,624
Equity instruments	1,348	1,239	1,167	1,148	1,094
Other financial instruments	26,026	26,372	25,690	27,335	27,556
Derivatives	1,209	1,019	5,467	1,495	611
Investments in related entities	-	248	203	203	190
Tangible assets	10,295	11,183	11,718	13,129	14,608
Intangible assets	7,830	8,065	8,082	8,193	8,357
Current income tax assets	175	81	1,609	2,416	2,126
Bank tax assets	1,777	1,777	-	-	-
Deferred income tax assets	338	714	695	1,096	1,890
Discontinued operations and non-current assets held for sale	120,599	132,574	139,151	163,476	167,276
Other assets	42,706	42,865	38,383	37,664	32,789
Total assets	**4,783,213**	**4,863,336**	**4,831,207**	**4,883,562**	**5,169,264**
Liabilities					
Deposits from credit institutions and central banks	47,389	47,434	47,907	48,559	299,785
Deposits and borrowings from customers	3,736,933	3,829,582	3,824,107	3,871,788	3,938,088
Debt securities issued	261,226	259,560	262,677	260,995	260,877
Derivatives	1,294	3,331	1,057	693	6,793
Provisions	3,829	4,899	4,229	4,559	6,055
Current income tax liabilities	21,954	17,696	1,458	814	330
Bank tax liability	-	-	1,112	991	-
Deferred income tax liabilities	375	375	375	1,000	375
Discontinued operations	103,930	121,660	131,199	151,057	154,221
Other liabilities	65,524	63,404	56,290	78,595	57,640
Total liabilities	**4,242,454**	**4,347,941**	**4,330,411**	**4,419,051**	**4,724,164**
Equity					
Share capital	158,178	158,145	158,145	157,256	157,258
Reserves and other capital components	837	(92)	(5,855)	(6,941)	(8,834)
Retained earnings	381,744	357,342	348,506	314,196	296,676
Total equity	**540,759**	**515,395**	**500,796**	**464,511**	**445,100**
Total liabilities and equity	**4,783,213**	**4,863,336**	**4,831,207**	**4,883,562**	**5,169,264**

DEFINITIONS AND ABBREVIATIONS

ALCO – Assets and Liabilities Management Committee.

AML – anti-money laundering.

BRRD – the bank recovery and resolution directive.

CAR – Total capital adequacy ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations.

CET1 – Common Equity Tier 1 capital ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations.

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.

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.

IRS – Interest rate swap.

LCR – liquidity coverage ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations.

LR – leverage ratio is calculated as Tier 1 capital versus the total exposure measure.

LRE – leverage ratio exposure.

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.

NPL – non performing loans. Stage 3 loans to public divided by total gross loans to public as of the end of the relevant period.

NSFR – net stable funding ratio as defined in the Regulation (EC) No 575/2013 and other relevant regulations.

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.

TREA – total risk exposure amount.

TSCR – SREP capital requirement.