Annual Report

for 2024

CBL ASSET MANAGEMENT

CONTENTS

GENERAL INFORMATION

Name of the Company	CBL Asset Management
Legal status	Joint stock investment management company
Registration number with the Enterprise Register, place and date	40003577500 Riga, 11 January 2002
Registered office	Republikas laukums 2a, Riga, Latvia, LV-1010
Shareholder	AS Citadele banka (100%) Republikas laukums 2a Rīga, Latvia, LV-1522
Investments in companies	AAS CBL Life (100%) Republikas laukums 2a, Riga, Latvia
Members of the Board and their positions	Chairman of the Board – Kārlis Purgailis – appointed on 28 September 2022 Member of the Board – Zigurds Vaikulis – appointed on 19 April 2023 Member of the Board – Lolita Sičeva – appointed on 7 May 2020
Members of the Supervisory Council and their positions	Chairman of the Council – Vaidas Žagūnis – appointed on 3 November 2023 Deputy Chairman of the Council – Vladimirs Ivanovs – appointed on 3 November 2023 Ruta Ezerskiene – appointed on 3 November 2023 until 24 March 2025 Edward Rebane appointed on 24 March 2025
Reporting year	1 January 2024 to 31 December 2024
Auditors	Rihards Grasis Latvian Certified Auditor Certificate No. 227 KPMG Baltics SIA Roberta Hirša iela 1 Rīga, Latvia, LV-1045 Licence No. 55

MANAGEMENT REPORT

Line of business

IPAS CBL Asset Management (hereinafter – the Company) was established on 11 January 2002. The registered and office address is Republikas laukums 2A, Riga, LV-1010, unified registration No. 40003577500. License to provide investment management services was issued on 15 February 200 and re-registered on 10 December 2004, 30 September 2005, 5 December 2005, 5 August 2010, 19 February 2014 and 19 January 2015 under No. 06.03.07.098/367. Licence for operation of alternative investment fund manager issued on 10 January 2014 and re-registered on 19 January 2015 under No.06.13.08.098/369. Licence for managing state funded pension scheme funds issued on 20 September 2002.

The Company's operating activity in 2024 was related to the management of state-funded pension scheme funds, establishment and management of investment funds, individual management of customer financial instruments portfolios as well as management of private pension fund pension scheme funds.

For the list of the Company's officials, members of the Board and Council, refer to section *General information*.

Highlights of 2024

Global economic environment broadly positive

In 2024, growth in the global economy remained uneven but broadly positive. The US economy has managed to maintain its growth leadership in the West thanks to indefatigable consumers. American household spending continued to grow steadily throughout the year, the labour market remained generally favourable, and towards the end of the year, the manufacturing sector showed its first positive signs. Euro area activity and sentiment remained relatively subdued throughout the year. Germany, the region's biggest player, also continued its weak performance, with real GDP registering a slight contraction for the second year in a row. The stabilisation of inflation at lower levels has opened the way for the world's major central banks to loosen the reins on high interest rates during 2024. During the year, the FRS and the ECB each cut base interest rates by a total of 1 percentage point in several steps.

While the overall direction globally was towards monetary easing, investors' views on the pace of monetary policy normalisation changed several times during the year, creating additional volatility in bond markets. As a result, US government bond returns were slightly negative last year, while the performance of safe US corporate bonds, which are sensitive to US rate movements, was close to zero (in euro-hedged terms). At the same time, euro area investment-grade bonds rose by almost 3% over the year. Thanks to high current yields and a reduction in risk premia, Western speculative-grade corporate bonds rose by 6-8% on average in 2024, emerging market bonds by less than 5% (in euro-hedged terms).

2024 was favourable for risk assets. Global stock markets showed strong growth for the second year in a row, with Western equity indices managing to set historical price records several times during the year. Sustained growth in the US economy, combined with investor enthusiasm for AI, has allowed the US stock market to outperform other regions. In 2024, the stock market of developed countries is expected to grow by less than 20% in euro-hedged terms, that of developing countries by more than 11%.

Earnings forecasts of Western companies serve as the main source of positivity in the markets. At the same time, valuations of the US stock market are very high on a historical basis, which could potentially limit further upside. US President Trump's relentless and intense public flailing with tariff threats has brought additional uncertainty and volatility to financial markets. The imposition of import tariffs on major US trading partners and the national response to them could dampen global economic growth and show additional inflationary pressures, especially in America itself. This in turn could also negatively affect the profitability of companies in the US and elsewhere in the world and have a negative impact on risk asset prices. But for now, it's all guesswork and speculation. The previous Trump administration is also remembered for tariff wars, but despite the additional volatility, this did not prevent the US and some other stock market indices from almost doubling in value during Trump's first term.

Diverging economic development in the Baltics

The Baltic economies recovered at different rates in 2024, with moderate growth in Lithuania, stagnation in Latvia and Estonia starting to recover from recession. Although the Latvian economy was projected to grow moderately in the first half of 2024, according to the first estimate, GDP in Latvia contracted by 0.4% in 2024. The Lithuanian economy grew by 0.8% quarter-on-quarter in the fourth quarter of 2024, after 1.1% growth in the previous quarter. Year-on-year, Lithuania's GDP increased by 2.7%. In Estonia, GDP in the fourth quarter of 2024 remained at the level of the previous quarter, declining by 0.1% compared with the fourth quarter of 2023, but GDP was 0.3% lower on an annualised basis than in 2023.

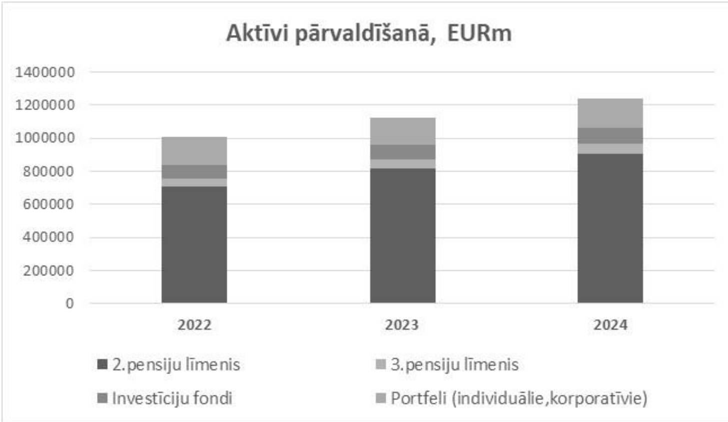
Inflation in the Baltics remained low in 2024, although it picked up slightly towards the end of the year from its autumn lows. In December, inflation was 3.3% in Latvia, 2.1% in Lithuania, and 3.9% in Estonia. The industrial sector showed stability, with industrial production in Estonia rising by 2.8% in November 2024 compared with October, but falling by 2.5% year-on-year. In Latvia, industrial production fell by 6% year-on-year in December, but manufacturing showed a 3.2% increase. In Lithuania, industrial output rose by 5.9% y-o-y in December, mainly due to a 6.9% increase in manufacturing.

Despite slow economic growth, unemployment remained relatively low in the Baltic countries. In Estonia, unemployment remained stable at 7.3% in the fourth quarter, in Latvia it fluctuated between 6.5% and 7.3%, and stood at 6.9% at the end of the year. In Lithuania, unemployment fell in the fourth quarter to 6.5% at the end of December. Wage growth slowed gradually in 2024, but remained high: in Latvia the average growth rate was 9.7% in 2024, down from 11.9% in 2023, in Lithuania 10.3% and in Estonia 8.1%. Strong wage growth combined with low inflation significantly improved household purchasing power, which contributed to improving consumer sentiment and consumption growth in all three Baltic countries.

Strong performance

The customer base of the Company is diversified as our services are used by both private individuals and companies from Latvia and other countries.

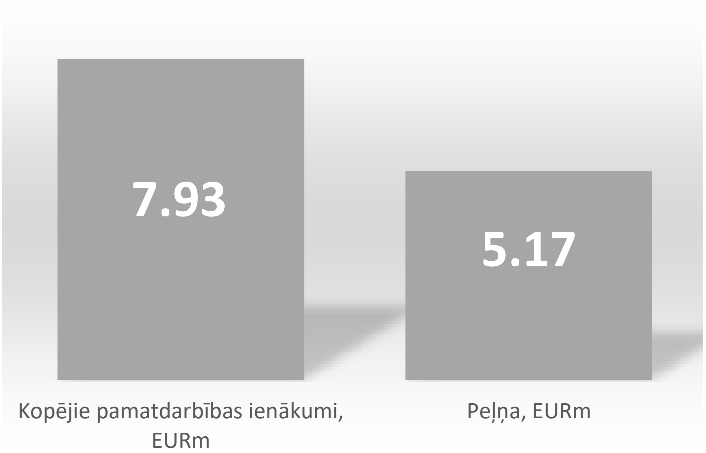
At the reporting date, total assets under management by the Company amounted to EUR 1 243 million, and the largest share of them, 73% or EUR 908 million, were funds of the state funded pension investment scheme while net assets of the investment funds managed by the Company amounted to EUR 94 million or 8% of total net assets under management.



Other assets under management were assets of private individuals, legal persons and insurance companies; in total 228 customer portfolios with a total value of net assets of EUR 180 million and net assets of private pension funds with a total value of EUR 60 million.

Total assets under management (including investment funds and pension plans managed by the Company) on behalf of customers by investment type are presented in Note 25.

The increase in the prices of financial assets - mainly risk-oriented - in the portfolios managed by the Company in 2024 was larger than expected. This had a positive impact on both the amount of funds under management and the level of fee income. Moreover, thanks to a successful fund management strategy, the investment performance of several of the investment plans of the state-funded pension scheme carried by the Company outperformed the benchmark indices set by the Cabinet of Ministers both within 2024 and over the long term.



This allowed the Company to retain an additional variable commission of EUR 2.7 million and to significantly exceed the budgeted profit targets. Compared to 2023, commission income in 2024 increased by 68% and amounted to EUR 7.93 million.

The total comprehensive income of the reporting year is EUR 5.17 million (2023: EUR 2.12 million).

The Management Board proposes to add profit for the year to the Company's retained earnings. The Company's shareholder may decide to pay extraordinary dividends to ensure compliance with the dividend policy approved within the *Citadele* Group.

As concerns customer acquisition and servicing, the Company maintains close cooperation with parent company AS Citadele banka. A number of operating processes of the Company are outsourced to the parent company. This outsourcing strategy has further improved financial performance in 2024 and it will be continued in the future.

Innovation and development

The Company continues to provide a wide range of asset management services to its clients, offering both investment plans of the state-funded pension schemes, management of voluntary pension plans, open-ended and alternative investment funds, as well as individual investment portfolios for different client segments. The Company will drive its growth through a diversified and sustainable business model based on investment excellence and innovation that delivers a modern customer experience.

CBL Asset Management IPAS is the only investment management company offering a wide range of asset management services and continues to be at the forefront as a competence leader in the Latvian investment industry. The Company retains its position as the third largest manager of state-funded pension savings in Latvia in terms of number of clients, which as at 31 December 2024 amounted to 196 thousand clients.

As competition for the supply of investment plans for Tier-2 pensions intensifies in the market, the Company expects a possible slight decrease in its market share in the future. With the increase in both geopolitical and economic uncertainty in the region and globally, the Company sees risks to total assets under management increasing due to financial market volatility and increased political risks in relation to state-funded pension schemes.

In support of Citadele Group’s strategic initiatives in digital service development, the Company continues to invest in advanced digital solutions to improve the accessibility and user-friendliness of investment services for a broad range of clients.

Sustainability

In accordance with Article 5 of the Sustainability Disclosure Law, the Company is exempted from the obligation to prepare a separate sustainability report, as all sustainability-related information has been disclosed by our parent company *AS Citadele banka*, legal address Republikas laukums 2A, Rīga, LV-1010, single registration No. 40103303559. The consolidated management report is available at cblgroup.com and the certified auditor's report is available at cblgroup.com. This exemption applies to the Company as the parent company provides sustainability information at the Group level in accordance with Article 4(8) of the Sustainability Disclosure Law.

Subsequent events

No significant events have taken place since the year end to the date of these financial statements that would have a material impact on the Company’s financial position and require disclosures to be added to the financial statements.

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Kārlis Purgailis
Chairman of the Board

For the date refer to the time stamp.

STATEMENT OF THE MANAGEMENT'S RESPONSIBILITIES

The Board (hereinafter - the Management) of the Company is responsible for the preparation of the financial statements of JSC Citadele Asset Management in accordance with the laws and regulations of the Republic of Latvia which require that the financial statements of asset management companies be prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial statements on pages 8 to 30 are prepared based on source documents and give a true and fair view of the financial position of the Company as at 31 December 2024 and the results of its operations and cash flows for the year then ended.

The financial statements are prepared on a going concern basis in accordance with the International Financial Reporting Standards as adopted by the European Union. Appropriate accounting methods have been consistently applied in the reporting period.

Prudent and reasonable judgements and assumptions have been made by the Management in the preparation of the financial statements.

The Management of the Company is responsible for the maintenance of a proper accounting system, safeguarding the Company's assets, and the prevention and detection of fraud and other irregularities in the Company. The management is responsible for the fulfilment of the legislation of the Republic of Latvia and regulations by the Bank of Latvia applicable to the Company.

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Kārlis Purgailis
Chairman of the Board

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SEPARATE INCOME STATEMENT

	Note	EUR 2024	EUR 2023* (adjusted)
Commission and fee income	3	7 932 017	4 730 727
Commission and fee expense	4	(572 446)	(455 369)
Net fee and commission income		**7 359 571**	**4 275 358**
Interest income	5	515 584	328 969
Interest expenses		(3 135)	(233)
Net interest income		**512 449**	**328 736**
Net foreign exchange transaction result		21	(1 687)
Other expenses	6	(414 036)	(373 342)
Net operating expenses		**(414 015)**	**(375 029)**
Personnel expenses	8	(1 804 386)	(1 729 020)
Administrative and other expenses	7	(417 231)	(331 776)
Amortisation of intangible assets, right-of-use assets and fixed assets	11	(61 022)	(46 730)
Impairment charge or (reversal)		(484)	(1 245)
Profit before tax		**5 174 882**	**2 120 294**
Corporate income tax for the reporting year		-	-
Profit of the reporting year		**5 174 882**	**2 120 294**
Total comprehensive income for the reporting year attributable to shareholders		**5 174 882**	**2 120 294**

* The misstatements identified in the financial statements for 2023 were corrected. Details are available in Note 26.

The accompanying notes on pages 12 to 30 form an integral part of these financial statements.

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Vaidas Žagūnis Chairman of the Supervisory Board	Kārlis Purgailis Chairman of the Board

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SEPARATE BALANCE SHEET

		EUR	
		31/12/2024	**31/12/2023* (restated)**
Assets	*Note*		
Long-term investments			
Investments in subsidiaries	*10*	4 268 615	4 268 615
Right-of-use assets	*11*	278 498	-
Intangible assets	*11*	111 435	3 424
Fixed assets	*11*	583	863
Prepaid expenses	*12*	1 618 213	1 885 154
Total non-current assets		**6 277 344**	**6 158 056**
Short term assets			
Balances due from credit institutions	*9*	409 281	1 513 786
Term deposits with credit institutions	*9*	16 483 918	12 697 338
Deferred expenses and accrued income	*12*	3 493 469	690 038
Other assets	*13*	120 016	93 093
Total short term assets		**20 506 684**	**14 994 255**
Total assets		**26 784 028**	**21 152 311**
Equity and liabilities			
Share capital	*18*	5 904 918	5 904 918
Retained earnings		19 944 072	14 769 190
Total equity and reserves		**25 848 990**	**20 674 108**
Accrued liabilities	*14*	346 571	147 347
Provisions	*15*	293 507	318 546
Liabilities for leased tangible assets	*16*	279 816	-
Other liabilities	*17*	15 144	12 310
Total liabilities		**935 038**	**478 203**
Total liabilities		**26 784 028**	**21 152 311**

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SEPARATE STATEMENT OF CASH FLOWS

	Note	EUR 2024	EUR 2023* (adjusted)
Cash flows from operating activities			
Profit before income tax		5 174 882	2 120 294
Amortisation and depreciation	*11*	11 955	3 761
Amortization of right-of-use assets	*11*	49 067	42 969
Amortisation of acquisition cost of pension plans	*6*	249 588	232 283
Interest income from term deposits	5	(503 170)	(314 083)
Interest expenses on lease liabilities		3 135	233
Cash flow from operating activities before changes in assets and liabilities		**4 985 457**	**2 085 457**
Increase/decrease in provisions and accrued expenses		174 185	20 019
Increase/decrease in deferred expenses and accrued income		(2 786 077)	(46 369)
Increase/decrease in other assets		(26 923)	(14 821)
Increase/decrease in other liabilities		2 834	(4 780)
Increase/decrease in cash and cash equivalents from operating activities before corporate income tax and interest income and expenses		**2 349 476**	**2 039 506**
Net cash flows from operating activities		**2 349 476**	**2 039 506**
Cash flow from investing activities			
Additions of property plant and equipment and intangible assets	*11*	(119 687)	(498)
Placement of term deposits		(45 874 960)	(35 112 813)
Repayment of term deposits		42 215 143	22 500 000
Interest income received during the reporting period		375 923	228 313
Impairment charge or reversal		484	1 245
Net cash flows from investments activities		**(3 403 097)**	**(12 383 753)**
Cash flows from financing activities			
Lease payments	*16*	(50 884)	(43 445)
Net cash flows from financing activities		**(50 884)**	**(43 445)**
Increase/decrease in net cash flows for the reporting period		**(1 104 505)**	**(10 387 692)**
Cash and cash equivalents at the beginning of the year		1 513 786	11 901 478
Cash and cash equivalents at the end of the year	*9*	**409 281**	**1 513 786**

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Vaidas Žagūnis Chairman of the Supervisory Board	Kārlis Purgailis Chairman of the Board

For the date refer to the time stamp.

SEPARATE STATEMENT OF CHANGES TO THE SHAREHOLDER'S EQUITY

	EUR		
	Share capital	**Retained earnings* (adjusted)**	**Total equity* (adjusted)**
As at 31 December 2022	**5 904 918**	**12 648 896**	**18 553 814**
Profit of the reporting year	-	2 120 294	2 120 294
Balance as at 31 December 2023	**5 904 918**	**14 769 190**	**20 674 108**
Profit of the reporting year	-	5 174 882	5 174 882
Balance as at 31 December 2024	**5 904 918**	**19 944 072**	**25 848 990**

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Vaidas Žagūnis
Chairman of the Supervisory Board

Kārlis Purgailis
Chairman of the Board

For the date refer to the time stamp.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE COMPANY

The investment management joint stock company was established on 11 January 2002 as *Citadele Asset Management*.

The Company is engaged in the individual management of clients' financial instruments, the issuance and management of investment units of investment funds, the management of pension capital of the State funded pension scheme, investment advice to clients and the management of private (Tier-3) pension plans. AS Citadele banka is the sole shareholder of the Company. The registered office of the joint stock investment management company CBL Asset Management is Republikas laukums 2a, Riga, LV - 1010, Latvia.

These separate financial statements of *IPAS CBL Asset Management* were approved for issue by the Board on 28 March 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU, which includes standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Accounting Standards (IAS) approved by the International Accounting Standards Committee (IASC) and interpretations of the Standing Interpretations Committee (IFRIC). Certain notes are prepared in accordance with the requirements of the Bank of Latvia.

The financial statements are prepared on a historical cost basis.

These notes disclose the accounting policies consistently applied in 2023 and 2024, as well as the new standards and interpretations adopted by the Company except as indicated in section ‘Changes in classification’.

New standards and interpretations

New standards, interpretations, and amendments, which were not applicable to the previous annual financial statements have been issued. Certain standards became effective in 2024, while others will become effective in subsequent reporting periods. This section describes the standards applicable to the Company. Where the impact of the new requirements is expected to be significant, it is disclosed.

New requirements effective for 2024 without a material impact on the Company

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

Future requirements not yet in force

A number of new standards, interpretations and amendments to existing standards have become effective for the financial periods beginning on or after 1 January 2024, which are not yet endorsed by the EU. These standards were not applied in the preparation of these financial statements. The Company does not plan to adopt these standards early. The Company is in the process of evaluating the potential effect, if any, of changes arising from these new standards and interpretations.

Amendments to IAS 21 *Lack of Exchangeability* (EU endorsed, in force from 1 January 2025)
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* – Amendments to classification and measurement of financial instruments (not yet EU endorsed but expected to be in force from 1 January 2026)
IFRS 18 *Presentation and Disclosure in Financial Statements* (not yet EU endorsed but expected to be in force from 1 January 2027)
IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (not yet EU endorsed but expected to be in force from 1 January 2027)
Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (not yet approved by the EU, the date of entry into force unknown)
Annual improvements to IFRS. Amendments: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial Instruments: Disclosures and Related Implementation Guidance*, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statement of Cash Flows* (not yet endorsed by the EU, planned to be effective from 1 January 2026)

European Sustainability Reporting Standards (ESRS)

With the implementation of the Corporate Sustainability Reporting Directive (CSRD), ESG standards have become mandatory from the annual report for 2024 onwards. The new Directive updates the rules on social, environmental, and governance disclosures, including by introducing a double materiality perspective, recognising risks and opportunities from both financial and non-financial perspectives, including how they affect Citadele and how Citadele's activities affect the environment and society. Further information is available in the Citadele Group Management Report.

Reporting currency

Items included in the financial statements of the investment company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in euro (EUR), which is the Company’s presentation and functional currency.

Consolidation

Since the parent company AS Citadele Banka prepares consolidated financial statements comprising also the financial statements of the Company and its subsidiaries, the Company does not prepare its consolidated financial statements. The consolidated financial statements of the parent company AS Citadele Banka are available at the headquarters of AS Citadele Banka at Republikas laukums 2a, Riga and www.citadele.lv.

Recognition of income and expenses

Interest income and expense items are recognised on an accrual basis using the effective interest rate.

Commission and fee income related to asset management and trading with fund shares is charged to the income statement as earned.

The Company determines the commission fee for the management of each UCITS (Undertakings Collective Investment in Transferable Securities) investment fund, alternative investment fund and state-funded pension scheme, considering the investment policy, region and complexity of transactions of each fund and/or plan. Commission fees and their calculation is established and published in prospectuses of state-funded pension schemes, which are approved and registered with the Bank of Latvia. In determining the commission fees for the management of state-funded pension schemes, the Company considers the maximum contribution as set by the Cabinet Regulations No 765.

The portion of the fixed remuneration (commission) paid to the Company for the management of the investment plans of the state-funded pension schemes is calculated as a fixed proportion of the value of the assets of the investment plan and accrues daily and is paid monthly. The amount of the variable remuneration component of the payment (commission) to the Company for the performance of the investment plan of the the state-funded pension schemes is calculated on a daily basis but recognised at the end of the accounting year when the Company assesses the fulfilment of the criteria. The amount of variable remuneration to be received by the Company depends on the excess return of the investment plan of the the state-funded pension schemes over the benchmark index set out in Cabinet Regulation No. 765, which is determined as a combination of debt securities and equity securities indices. The total amount of the variable portion of the payment for the current year is withheld by the Company on an annual basis.

For the service – individual management of investors’ financial instruments portfolios in accordance with the investors’ authorisation (Portfolio management service), contribution to the company for individual management of portfolio is determined in accordance with the General price list of the company published on the website www.cblam.lv. Upon individual agreement, the Company and the Client may establish their special price list in the contract on investment portfolio management. Calculation and payment of contribution for the management of investment portfolios is determined in the General Investment Portfolio Management Regulations published on the website www.cblam.lv

Commission fee for the management of private pension funds established by the Company is included in the individual Pension Plan regulations, considering the investment policy, region and complexity of transactions of each plan. Amount and calculation of contributions to the Company as the pension plan manager is established and published in the Pension plan regulation, approved and registered with the Bank of Latvia.

The remuneration for the pension plan management of the private pension funds is calculated for the Company on a daily accrual basis, accrued during the month and paid monthly in accordance with the terms of the contract on the asset management of the pension plans of the Pension Fund.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract with a customer are recognised by the Company as an asset if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. Such directly re-invoiced costs are recognised by the Company as contract costs under assets on the balance sheet. Where the amortisation period of the potential contract cost asset is expected to be one year or less the cost of obtaining a contract is recognised by the Company directly in the profit and loss statement of the year to which it relates. Contract cost assets are carried at historical cost less accumulated depreciation and impairment. Accumulated depreciation is recognised systemically based on how services are provided under the contract over its expected duration by reference to the expected dynamics of generating revenue.

Foreign currency translation

The official currency unit of the Republic of Latvia Euro (EUR) is the functional currency of the Company which is used in these financial statements. Foreign currency transactions are revalued into euros at the reference exchange rate published by the European Central Bank at the transaction date. All monetary assets and liabilities denominated in foreign currencies are translated to EUR according to the reference exchange rate published by the ECB on the last day of the reporting year. Non-monetary items of assets and liabilities are revalued to euros in accordance with the reference exchange rate published by the European Central Bank on the transaction date. Differences arising on payments in currencies or disclosures of assets and liabilities using exchange rates other than those used for initial booking of transactions are recognized in the profit and loss statement at net amount.

Taxation

Corporate income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Corporate income tax assets and liabilities are determined to the extent they are expected to be recovered from or paid to tax authorities. Profits tax is paid only upon profit distribution (dividends). Profits tax is recognised by the Company upon profit distribution, as dividends are declared.

The tax rate in the Republic of Latvia is 20% from the taxable base determined by dividing the value of the amount taxable with corporate income tax by coefficient 0.8, includes:

distributed profit (dividends calculated, payments equivalent to dividends, conditional dividends), and

conditionally distributed profit (such as non-operating expenses, and other specific cases provided for by the law).

Intangible assets

Intangible assets are carried at historical cost amortized over the useful life of the asset on a straight line basis.

Term deposits

Term deposits are initially recognised at fair value and subsequently carried at amortised cost determined in line with the amount of cash placed as a term deposit plus capitalised and accrued interest income using the effective interest rate. Interest income on term deposits is recognised on an accrual basis, i.e. in proportion to the period of time from the date of placement of the deposit to the reporting date.

Investments in subsidiaries and associates

Investments in subsidiaries (i.e. an entity in which the Company holds more than 50% of share capital or which is controlled in any other way) are carried at cost. Subsequent to initial recognition, investments in subsidiaries are recognized at cost net of impairment losses. Should any events or changes in circumstances indicate that the carrying amount of investments in subsidiaries and associates could not be recoverable the respective investments in subsidiaries and associates assets are reviewed for impairment. Dividends received from the subsidiaries and associates are recognized when the legal right to receive them has been established.

Property and equipment

Property and equipment is recorded at historical cost less accumulated depreciation less any impairment losses. Should the recoverable amount of an asset become lower than its carrying amount for circumstances other than temporary the asset is written down to its recoverable amount.

Depreciation is calculated on a straight-line basis over the useful life of the asset. Depreciation rates range from 20% to 50% per year.

Maintenance and repair expenses are charged to the income statement as incurred.

Profit or loss from disposal of an asset is calculated as the difference between the carrying amount of the asset and proceeds from sale, and is recognised in the income statement as incurred.

Assets under management

Assets managed by the Company on behalf of customers, funds and other institutions are not regarded as assets of the Company. As such these assets are not reflected on the Company's balance sheet. Assets under management are presented in these financial statements only for disclosure purposes.

Fair value of financial assets and liabilities

Financial assets of the Company are carried at amortised cost. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables and cash and cash equivalents. Financial liabilities that include trade accounts payable and other financial liabilities arising from the operating activities of the Company are classified as other liabilities measured at amortised cost.

Fair value is the price that would be received to sell an asset 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 Company have access at that date. The fair value of liabilities represents the risk of default.

IFRS introduces a fair value hierarchy for the measurement of financial assets and liabilities, based on whether or not observable market data are used in the measurement of the fair value of financial assets and liabilities. The balance sheet of the Company does not include assets and liabilities at fair value. Fair values of financial assets and liabilities not measured at fair value may be classified in the following fair value hierarchy levels:

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 cases, independent third-party evaluation reports are used.

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. Given the short term nature of settlements the carrying amounts of financial assets and liabilities are not materially different from their fair values.

Level 1 includes cash and cash equivalents. The Company believes that the fair value of these financial assets matches their initial nominal value and the carrying amount at any future date.

The Company has no financial assets and liabilities categorised as Level 2 and 3.

Cash and cash equivalents

Cash and cash equivalents represent cash in bank and short-term deposits with initial maturities below three months.

Voluntary employee benefits

Employee entitlements to the annual leave are recognized when the vacation days have been accrued to the employees. Accrued liabilities for employees' annual leave pay are estimated based on days of unused annual leave of the employees up to the reporting date. The Company pays social security contributions to the state funded pension scheme on behalf of its employees in accordance with the laws and regulations of Latvia. The state funded pension scheme is a defined contribution plan under which the Company is to pay fixed contributions determined by law. The Company has no additional legal or constructive obligations to pay further contributions if the state funded pension scheme is unable to honour its liabilities towards the employees. State social security contributions are accrued in the year in which the associated services are rendered by the employees of the Company.

Provisions for deferred bonuses are recognised in the reporting period in accordance with the principles for determining the variable part in the reporting period for job positions with a risk profile as set out in the Group's remuneration policy. Deferred bonuses are paid within the specified period, unless the employee breaches certain compliance requirements, including money laundering and terrorist financing regulations.

Other receivables

Trade receivables are recognized and carried at contractual amounts less allowances for doubtful receivables. Doubtful debt allowances are recognised when recovery of the entire amount of the receivable is no longer reasonably expected. Receivables are written off when their recoverability is considered impossible.

Lease - the Company as a lessee

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are accounted under IFRS 16. For qualifying lease assets, upon lease commencement, a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs. Subsequently the right-of-use asset is measured using a cost model. A right-of-use asset is measured at cost less any accumulated depreciation and impairment. The lease liability is initially measured as a discounted value of payments agreed over the lease term. An incremental borrowing rate which discounts future payments to estimated present value is applied. The Company presents right-of-use assets in the same line items in which it presents assets of the same nature that it owns. Lease liabilities are presented within other liabilities. Operating lease expenses are disclosed as *Amortization of right-of-use assets*. Similarly the implied interest expense on lease liabilities is presented as interest expense.

The three year lease term applied to the rent of the Company’s office is linked to the business planning horizon of AS Citadele banka. The incremental borrowing rate derived from the deposit rate of AS Citadele banka adjusted for a risk spread to account for the absence of deposit guarantees for leases is used for transactions.

Use of judgments and estimates in preparation of the financial statements

In the preparation of the financial statements in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and as adopted by the EU, the management has relied on certain estimates and assumptions that impact certain balance sheet and income statement items, and the amount of potential liabilities. The significant areas of judgement and estimation used in the preparation of the accompanying financial statements relate to the measurement of recoverable amounts of investments in relation to determining the lease term.

The six year lease term applied to the lease transactions is linked to the business planning horizon of AS Citadele banka.

The impairment of investment in subsidiaries is calculated on the basis of the recoverable amount of the investment. Where the recoverable amount is less than the carrying amount, an impairment loss is recognized for the investment.

Future events may impact assumptions that were used as the basis for estimates. Any impact from changes in the estimates is reflected in the financial statements as determined.

Financial risk management

The Company has approved a risk management policy that forms the basis for the management and hedging of risks.

The conditions that underlie stress testing of capital adequacy were revised in light of instability in the global and Latvian financial markets and economy. The calculation of market risk relies on increasing the reliability of the models.

The key financial risks related to the Company's financial instruments are currency risk, interest rate risk, credit risk, liquidity risk and capital adequacy risk.

Currency risk

Financial assets and liabilities of the Company that are exposed to currency risk include cash and cash equivalents, other receivables and other liabilities. The Company is primarily exposed to currency risk in relation to the US dollar (see Note 22).

The following table demonstrates the sensitivity to a reasonably possible change in the USA dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Company's equity.

	EUR			
	2024		**2023**	
Increase/decrease in USD exchange	5%	5%	5%	5%
Effect on profit/loss before tax	1 753	(1 753)	1 568	(1 568)
Effect on equity	**1 753**	**(1 753)**	**1 568**	**(1 568)**

Liquidity risk

Liquidity risk relates to the Company's ability to settle its payment liabilities according to the investment management policy. The Company manages liquidity risk by maintaining appropriate amounts of cash and cash equivalents. In order to maintain sufficient cash balances the Company plans its cash flow and analyses the actual performance on a regular basis.

The maturity profile of the Company's financial assets and liabilities as at 31 December 2024 is disclosed in Note 23.

Credit risk

Credit risk is the likelihood of incurring losses if a client fails to meet its contractual liabilities. The Company is exposed to credit risk in relation to receivables, accrued income, cash and cash equivalents, and term deposits. The maximum credit risk exposure as at 31 December 2024 on these assets was EUR 20 239 742 (2023: EUR 14 865 586). The Company has no assets that are impaired or past due. It should be noted that although the Company applies IFRS 9 and its expected credit loss model, the Company's management estimates that the impact of expected credit risk losses on term deposits is insignificant and at the reporting date it is EUR 484 (2023: EUR 1 245).

In accordance with the Company's investment policy, funds are placed in term deposits based on the credit institution's credit rating and the interest rate offered.

Credit risk is managed by the Company by monitoring receivables on an ongoing basis to ensure that the Company's exposure to bad debts is minimized.

Interest rate risk

The Company is not exposed to a significant interest rate risk. The Company generates interest income from cash in term deposits at fixed interest rates. Based on the remaining maturity term, a change in the base rate of +/-1% would affect P&L by +/- EUR 14 858.

Capital adequacy

The Company maintains sufficient equity to be able to compensate losses incurred by customers due to the Company's fault. The amount of required capital is determined according to Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013. As at 31 December 2020, the minimum ratio of equity against risk weighted assets and memorandum items as determined by the Bank of Latvia is disclosed in Note 21.

3. COMMISSION AND FEE INCOME

	EUR	
	2024	2023* (adjusted)
Commissions for the management of investment funds and investments of state-funded pension schemes and private pension plans	6 943 072	3 761 596
incl. fixed commission fee for state-funded pension scheme investments	3 219 972	2 811 640
incl. variable commission fee for state-funded pension scheme investments	2 658 578	-
Management of individual portfolios	988 610	967 869
Issuance of investment certificates	335	1 262
Total	**7 932 017**	**4 730 727**

* The misstatements identified in the financial statements for 2023 were corrected. Details are available in Note 26.

4. COMMISSION AND FEE EXPENSE

	2024	2023
Distribution of investment certificates and other products	571 786	454 780
Servicing of accounts	331	589
Custodian bank fees	329	-
	572 446	**455 369**

5. INTEREST INCOME

	EUR	
	2024	2023
Interest on account balances with AS Citadele banka	12 414	14 886
Interest on term deposits with AS Citadele banka	18 449	115 500
Interest on term deposits with AS Citadele banka LT branch	484 721	198 583
Total	**515 584**	**328 969**

6. OTHER EXPENSES

	EUR	
	2024	2023
Bank of Latvia financing fee	73 032	46 888
Amortisation of acquisition cost of pension plans	249 588	232 283
Public data bases	74 795	71 764
Other expenses	16 621	22 407
Total	**414 036**	**373 342**

7. NOTE ADMINISTRATIVE AND OTHER EXPENSES

	EUR	
	2024	**2023**
IT and communication expenses	241 517	161 331
Professional services *	88 792	61 341
Non-deductible VAT	27 315	26 339
Rent of premises	19 850	18 278
Business trips	6 520	2 786
Advertisement and representation expenses	30 599	58 028
Other expenses	2 638	3 673
Total	**417 231**	**331 776**

* Professional services include the fee paid to the auditor for the audit of the annual report for 2024 of EUR 36 900 (2023: EUR 35 200).

8. PERSONNEL EXPENSES

	EUR	
	2024	**2023**
Remuneration to staff	1 403 925	1 364 211
Compulsory State Social Security Contributions	321 238	318 619
Business Risk State Duty	144	145
Other personnel costs	79 079	46 045
Total	**1 804 386**	**1 729 020**

9. BALANCES DUE FROM CREDIT INSTITUTIONS

	EUR	
	31/12/2024	**31/12/2023**
Demand deposits with credit institutions	409 281	1 513 786
Balances due from credit institutions on demand (cash and cash equivalents)	**409 281**	**1 513 786**

	EUR	
	31/12/2024	**31/12/2023**
Balances due from credit institutions, term deposits with credit institutions*	16 483 918	12 697 338
Balances due from credit institutions (term deposits with credit institutions**)**	**16 483 918**	**12 697 338**

* As at 31 December 2024, a term deposit was made in AS Citadele banka Lithuanian branch, with an interest rate of 3.4% and maturity date on 30 January 2025, and in AS Citadele banka Latvian branch, with an interest rate of 2.96% and maturity on 12 March 2025.
As at 31 December 2023, an investment was held in a term deposit with AS Citadele banka Lithuanian branch at an interest rate of 3.85%.

10. INVESTMENTS IN SUBSIDIARIES

	Holding 31/12/2024		Holding 31/12/2023	
Related parties	%	EUR	%	EUR
AAS CBL Life (Latvia)	100.00%	4 268 615	100.00%	4 268 615
Total related parties	100.00%	**4 268 615**	100.00%	**4 268 615**

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Insurance joint-stock company CBL Life offers life insurance services.

Financial indicators of the related party AAS CBL Life for 2024 are available on the website of Citadele Group https://www.cblgroup.com/lv/companies/cbl-life/

Shareholder's equity of AAS CBL Life as at 31 December 2024 was EUR 6 137 106 (31.12.2023: EUR 4 268 200). As profit is generated there is no need to measure and recognise impairment.

11. FIXED ASSETS, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

	EUR 2024			
	Right-of-use assets	Other fixed assets and inventory	Intangible assets	Total
Historical cost				
As at the beginning of the year	**131 556**	**23 761**	**191 929**	**347 246**
Additions	327 565	-	119 687	**447 252**
Disposals	(131 556)	(8 637)	-	**(140 193)**
Year-end	**327 565**	**15 124**	**311 616**	**654 305**
Accumulated depreciation				
As at the beginning of the year	**131 556**	**22 898**	**188 505**	**342 959**
Depreciation	49 067	279	11 676	**61 022**
Disposals	(131 556)	(8 636)	-	**(140 192)**
Year-end	**49 067**	**14 541**	**200 181**	**263 789**
Carrying amount				
As at the beginning of the year	**-**	**863**	**3 424**	**4 287**
Year-end	**278 498**	**583**	**111 435**	**390 516**

	EUR 2023			
	Right-of-use assets	Other fixed assets and inventory	Intangible assets	Total
Historical cost				
As at the beginning of the year	**130 191**	**23 263**	**191 929**	**345 383**
Additions	1 365	498	-	**1 863**
Disposals	-	-	-	**-**
Year-end	**131 556**	**23 761**	**191 929**	**347 246**

Accumulated depreciation				
As at the beginning of the year	**88 587**	**22 625**	**185 017**	**296 229**
Depreciation	42 969	273	3 488	**46 730**
Disposals	-	-	-	**-**
Year-end	**131 556**	**22 898**	**188 505**	**342 959**
Carrying amount				
As at the beginning of the year	**41 604**	**638**	**6 912**	**49 154**
Year-end	**-**	**863**	**3 424**	**4 287**

12. DEFERRED EXPENSES AND ACCRUED INCOME

	EUR	
	31/12/2024	**31/12/2023**
Current assets		
Accrued commission and fee income	3 226 527	440 450
Prepaid expenses	266 942	249 588
Total	**3 493 469**	**690 038**
Long-term investments		
Prepaid expenses	1 618 213	1 885 154
Total current and non-current assets	**5 111 682**	**2 575 192**

Accrued commission and fee income of EUR 3 226 527 was received shortly after the end of the period, therefore the impairment provision was assessed as not significant. See Note 23.

Purchase transaction of state-funded pension scheme investment plans managed by PNB.

Prepaid expenses for the reporting period include the purchase transaction of pension plans to be amortised according to the management's calculation.

After receipt of all regulatory permits, on 5 October 2021 the pension plans acquired in 2020 were merged with existing CBL pension investment plans.

The management right asset was recognised at cost. The asset will be expensed in proportion to revenue flows from management of acquired assets. The estimated amortisation period is 20 years. Initially in the first five years after the change of the manager the volume of assets under management is expected to increase followed by the subsequent five years of reduction based on estimated reaching of the retirement age and retiring of plan participants (38% of capital participants of the PNB portfolios were born before 30 June 1971). The preliminary assumptions underlying the amortised cost of the transaction were compared to the actual cash flows in 2024 and significant deviation were not detected.

The monetary impact of the transaction is disclosed in the table below:

	EUR	
	31/12/2024	**31/12/2023**
Purchase transaction of pension plans at the beginning of the year	**2 134 743**	**2 367 026**
Acquisition of pension plans	-	-
Net changes charged to the profit and loss statement	(249 588)	(232 283)
Purchase transaction of pension plans at the end of the year	**1 885 155**	**2 134 743**

13. OTHER ASSETS

	EUR	
	31/12/2024	31/12/2023
Financial assets		
Guarantee deposits	71	71
Other receivables	2 915	2 803
Non-financial assets		
Other receivables, including prepayments	117 030	90 219
Total financial and non-financial assets	**120 016**	**93 093**

14. ACCRUED LIABILITIES

	EUR	
	31/12/2024	31/12/2023
Financial liabilities		
Professional services	71 943	54 549
Commission expense on distribution of state-funded pension scheme investment plans	165 000	-
Non-financial liabilities		
Accrued liabilities for vacations	109 628	92 798
Total	**346 571**	**147 347**

15. PROVISIONS

	Total provision for the variable part of remuneration
Provisions as at 31.12.2023	**318 546**
Provisions recognised for the estimated variable part of remuneration for 2024	220 852
Reduction of the estimated provision by payout of the variable part of remuneration for 2022/2023	(192 223)
Changes in provisions by adjustment of prior year estimates	(53 668)
Provisions as at 31.12.2024	**293 507**

	Total provision for the variable part of remuneration
Provision as at 31/12/2022	**298 435**
Provisions recognised for the estimated variable part of remuneration for 2023	236 321
Reduction of the estimated provision by payout of the variable part of remuneration for 2021/2022	(172 759)
Changes in provisions by adjustment of prior year estimates	(43 451)
Provisions as at 31.12.2023	**318 546**

16. LIABILITIES FOR LEASED TANGIBLE ASSETS

	EUR	
	2024	**2023**
Liabilities for leased tangible assets at the beginning of the year	**-**	**41 847**
Calculated interest	3 135	233
Increase in lease contract liabilities	327 565	1 365
Lease payments	(50 884)	(43 445)
Liabilities for leased tangible assets at the end of the year	**279 816**	**-**

17. OTHER LIABILITIES

	EUR	
	31/12/2024	**31/12/2023**
Financial liabilities		
Accounts payable to suppliers and other companies	2 857	2 803
Non-financial liabilities		
State compulsory social insurance contributions	453	555
Value added tax	11 834	8 952
Total financial and non-financial liabilities	**15 144**	**12 310**

18. SHARE CAPITAL

As at 31 December 2024, share capital of the Company amounted to EUR 5 904 918 and consisted of 5 904 918 shares. The nominal value of one share is EUR 1. AS Citadele banka is the sole shareholder of the Company. All shares are fully paid up.

19. TAXES AND STATE SOCIAL SECURITY CONTRIBUTIONS

	EUR				
	Value Added Tax	**Compulsory State Social Security Contributions**	**Personal Income Tax**	**Business Risk Duty**	**Total**
Payable/(overpaid) 31.12.2023	**8 952**	**555**	**-**	**-**	**9 507**
Calculated for 2023	138 215	549 495	301 967	158	989 835
Paid in 2023	(135 333)	(549 597)	(301 967)	(158)	(987 055)
Payable/(overpaid) 31.12.2024	**11 834**	**453**	**-**	**-**	**12 287**

Assets and liabilities of compulsory state social security contributions and personal income tax paid in Latvia and other jurisdictions are presented separately.

If the Company were to decide to pay dividends to shareholders from retained earnings as at the end of the reporting period, corporate income tax would be calculated and paid at the tax rate applicable in the Republic of Latvia and would amount to EUR 3 988 814 at the time of distribution when the dividend would be declared. (in 2023: EUR 2 978 021)

20. REMUNERATION

	EUR	
	2024	**2023**
Total remuneration paid to employees with an impact on the risk profile:	740 448	749 689
Remuneration to members of the Council and Board	*206 208*	*218 390*
Remuneration to employees who assume risk on behalf of the investment portfolios of or managed by the Company	*468 555*	*472 517*
Remuneration to employees who perform internal control functions	*65 685*	*58 782*
Remuneration to other employees	691 724	619 129
Total remuneration	**1 432 172**	**1 368 818**
-incl. fixed part	*1 289 869*	*1 229 034*
-incl. variable part	*142 303*	*139 784*

	2024	**2023**
Average number of people remunerated	**35**	**31**
incl. average number of recipients of the fixed part	35	31
incl. average number of recipients of the variable part	27	28

The Company uses the remuneration policy of Citadele Group which aims to retain, attract, motivate and develop professional and talented people to promote achievement of long and short term objectives. According to the policy, remuneration is matched to the employee's performance, is coherent and fair, and is consistent with and competitive against labour market levels. The policy also sets additional basic principles for positions that impact the risk profile to discourage accepting risks in excess of certain levels, to avoid limiting the ability of Citadele Group to strengthen its equity, to match values of Citadele Group, to be consistent with the principles of protecting customer or investor interests and those of other stakeholders; the policy considers that setting a guaranteed variable part of remuneration is not consistent with the principle of prudent risk management or setting the variable part of remuneration based on performance according to the policy and it should not be part of future remuneration plans.

Remuneration structure:

▪ The fixed part of remuneration or salary which reflects primarily the employee's professional experience and responsibilities under the job description and labour contract. The fixed part of remuneration consists of salary and special payments to employees that are related to factors other than their performance. Groups of positions are determined by the Board of Citadele banka and so is the range of fixed remuneration for each group, including positions that impact the risk profile, on the basis of studies of remuneration at financial institutions conducted by a competent organisation. The fixed part of remuneration consists of salary and special payments to employees that are related to factors other than their performance, for example, child birth benefit, benefits payable in case of death of parents etc.

▪ The variable part of remuneration reflects the employee's performance in excess of the requirements set in the job description, the consistency of such performance and the assessment of existing and potential risks related to it. The variable part is comprised of sales commissions, bonuses for achievement of quality and quantity indicators and targets (in a monetary and financial instrument form), one-off bonuses for exceptional achievements, long-term motivation programme and other financial benefits. No performance fee is provided in prospectus of investment funds managed by the Company.

The Company's Remuneration Policy takes account of sustainability considerations, and compliance with Citadele Group Code of Conduct and alignment of stakeholder expectations in employee actions. Citadele Group is committed to implementing a fair and reasonable remuneration practice and policy to promote sustainable business and development in the long term and to achieve interests of both Citadele Group and its employees. The Remuneration Policy, among other things, includes the requirement to comply with the Code of Conduct of Citadele Group and standards for aligning employee behaviour with the interests of the wider Citadele Group stakeholders. As the appreciation of assets under management is not the only or the main component of the Remuneration Policy, there is limited risk that individual motivations for investment decisions may not be aligned with sustainability risk considerations. In addition, to further limit excessive risk-taking and reduce the focus on short-term objectives, for job groups that affect the risk profile of the business and portfolios, part of the variable remuneration is deferred for a period of one to three years. Citadele Group closely follows developments and updates the Remuneration Policy on a regular basis to reflect best practices and innovations in sustainable finance and ESG.

The responsibility for setting the core principles of the Remuneration Policy of Citadele Group and its approval rests with the Council of Citadele banka and so is the development, updating (at least once a year), and supervision over implementation. The Company's Council approves and supervises the Remuneration Policy and the related procedures and measures.

21. CAPITAL ADEQUACY

The Company's capital adequacy ratio calculated in accordance with Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 and Regulation No 2019/2033 of the Bank of Latvia as at 31 December 2024 and 31 December 2023 was as follows:

	EUR	
	31/12/2024	**31/12/2023**
Tier I capital		
Paid-in share capital	5 904 918	5 904 918
Audited retained earnings (not subject to dividend payment)	14 769 190	12 648 896
Audited profit of the reporting year (not to be distributed as dividends)	5 174 882	2 120 294
Intangible assets	(111 435)	(3 424)
Total Tier I capital	**25 737 555**	**20 670 684**
(Decrease) in equity		
Substantial shareholdings in other credit institutions, financial institutions, insurance companies	(4 268 615)	(4 268 615)
Total (Decrease) in equity	**(4 268 615)**	**(4 268 615)**
Equity to be utilised in the capital adequacy ratio calculation	**21 468 940**	**16 402 069**
Summary of calculations		
Capital requirement equal to 25% of total prior year recurring expenses	(620 217)	(638 734)
Additional own funds requirement	(164 576)	(142 176)
Additional own funds requirement to cover the professional liability risks of the AIF manager	(492)	(511)
Excess of own funds over the minimum initial capital of the company	**21 343 940**	**16 277 069**
Excess of equity over 25% of total recurring expenses	**22 089 157**	**15 763 335**
Excess of equity over minimum initial capital and additional equity	**21 178 872**	**16 134 382**

Both in 2024 and 2023, the capital adequacy ratio met the minimum requirement of 8% set by the Bank of Latvia.

22. CURRENCY ANALYSIS

The following table presents certain balance sheet items by currency as at 31 December 2024:

	EUR	USD	Other currencies	Total
Assets				
Balances due from credit institutions	409 281	-	-	**409 281**
Term deposits with credit institutions	16 483 918			**16 483 918**
Deferred expenses and accrued income	3 191 471	35 056	-	**3 226 527**
Other assets	2 986	-	-	**2 986**
Total financial assets	**20 087 656**	**35 056**	**-**	**20 122 712**
Liabilities				
Accrued liabilities	(236 943)	-	-	**(236 943)**
Other liabilities	(2 857)	-	-	**(2 857)**
Total financial liabilities	**(239 800)**	**-**	**-**	**(239 800)**
Net long/(short) position	**19 847 856**	**35 056**	**-**	**19 882 912**

The following table presents certain balance sheet items by currency as at 31 December 2023:

	EUR	USD	Other currencies	Total
Assets				
Balances due from credit institutions	1 513 786	-	-	**1 513 786**
Term deposits with credit institutions	12 697 338	-	-	**12 697 338**
Deferred expenses and accrued income	l409 093	31 357	-	**440 450**
Other assets	2 874	-	-	**2 874**
Total financial assets	**14 623 091**	**31 357**	**-**	**14 654 448**
Liabilities				
Accrued liabilities	(54 549)	-	-	**(54 549)**
Other liabilities	(2 804)	-	-	**(2 804)**
Total financial liabilities	**(57 353)**	**-**	**-**	**(57 353)**
Net long/(short) position	**14 565 738**	**31 357**	**-**	**14 597 095**

23. NOTE ASSETS AND LIABILITIES' CONTRACTUAL MATURITY STRUCTURE

The following table presents balance sheet items by their remaining maturity as at 31 December 2024:

	Up to 1 month	1 – 6 months	6 – 12 months	1 – 5 years	Total
Assets					
Balances due from credit institutions	409 281	-	-	-	**409 281**
Term deposits with credit institutions	-	16 483 918			**16 483 918**
Deferred expenses and accrued income	567 949	2 658 578	-	-	**3 226 527**
Other assets	1 529	1 458	-	-	**2 986**
Total financial assets	**978 759**	**19 143 953**	**-**	**-**	**20 122 712**
Liabilities					
Accrued liabilities	(236 193)	(750)	-	-	**(236 943)**
Other liabilities	(1 429)	(1 429)	-	-	**(2 857)**
Total financial liabilities	**(237 622)**	**(2 179)**	**-**	**-**	**(239 800)**
Liabilities for leased tangible assets	(3 664)	(18 433)	(22 372)	(235 347)	**(279 816)**
Net long/(short) position	**902 473**	**19 123 341**	**(22 372)**	**(235 347)**	**19 768 096**

The following table presents balance sheet items by their remaining maturity as at 31 December 2023:

	EUR				
	Up to 1 month	**1 – 6 months**	**6 – 12 months**	**1 – 5 years**	**Total**
Assets					
Balances due from credit institutions	1 513 786	-	-	-	**1 513 786**
Term deposits with credit institutions	-	12 697 338			**12 697 338**
Deferred expenses and accrued income	440 450	-	-	-	**440 450**
Other assets	1 402	1 472	-	-	**2 874**
Total financial assets	**1 955 638**	**12 698 810**	**-**	**-**	**14 654 448**
Liabilities					
Accrued liabilities	(52 990)	(1 559)	-	-	**(54 549)**
Other liabilities	(1 402)	(1 402)	-	-	**(2 804)**
Total financial liabilities	**(54 392)**	**(2 961)**	**-**	**-**	**(57 353)**
Liabilities for leased tangible assets					
Net long/(short) position	**1 901 246**	**12 695 849**	**-**	**-**	**14 597 095**

24. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of AS Citadele banka. Other companies referred to as related parties are Citadele Group companies.

Amounts due from and to related parties

	EUR	
	31/12/2024	**31/12/2023**
Assets		
Due from AS Citadele banka on demand	409 281	1 513 786
Due from AS Citadele banka for a term deposits with the LT branch	14 981 978	12 697 338
Due from AS Citadele banka for a term deposit	1 501 940	-
Due to AAS CBL Life	4 261	4 088
Total	**16 897 460**	**14 215 212**
Liabilities		
Due to AAS CBL Life	15 342	15 397
Lease liabilities towards AS Citadele banka	279 816	-
Other liabilities to AS Citadele banka	63 403	38 067
Total liabilities	**358 561**	**53 464**

Income and expenses from related parties

	EUR	
Income	**2024**	**2023**
Interest income from AS Citadele banka	30 863	130 386
Interest income from AS Citadele banka LT branch	484 721	198 583
Commission income from AAS CBL Life	49 051	48 331
Total income	**564 635**	**377 300**
Expenses		
Interest expenses to AS Citadele banka	3 135	233
Commission expenses to AS Citadele banka	492 615	387 706
Commission expenses to AAS CBL Life	61 328	61 577
Administrative expenses to AS Citadele banka	166 414	114 999
Lease and maintenance of premises expenses to AS Citadele banka	19 850	18 278
Lease payments to AS Citadele banka	49 067	42 969
Total expenses	**792 409**	**625 763**

Assets under management from related parties

	EUR	
	31/12/2024	**31/12/2023**
AS Citadele banka	838 311	1 234 712
AAS CBL Life	50 818 238	49 074 964
Total	**51 656 549**	**50 309 676**

25. ASSETS UNDER MANAGEMENT

The table below provides an analysis of total assets under management (including investment funds and pension plans managed by the Company) on behalf of customers by investment type.

	31/12/2024		**31/12/2023**	
	EUR thousand	**%**	**EUR thousand**	**%**
Debt securities				
Securities of credit institutions	66 059	5.31%	62 956	5.59%
Corporate securities	147 331	11.85%	172 083	15.27%
Central government bonds	134 472	10.82%	115 006	10.21%
Financial institution bonds	27 711	2.23%	22 314	1.98%
Municipality bonds	6 399	0.51%	6 784	0.60%
Total debt securities and other fixed income securities:	**381 972**	**30.72%**	**379 143**	**33.65%**
Other investments				
Investment funds	694 484	55.87%	594 051	52.73%
Shares	134 917	10.85%	111 583	9.90%
Cash	30 285	2.44%	35 906	3.19%
Term deposits	-	0.00%	-	0.00%
Real estate property	4 920	0.40%	5 100	0.45%
Derivatives	(4 469)	-0.36%	878	0.08%
Other assets	981	0.08%	-	-
Total other investments:	**861 118**	**69.28%**	**747 518**	**66.35%**
Total debt securities and other investments	**1 243 090**	**100.00%**	**1 007 615**	**100.00%**

Investment funds established and managed and state-funded pension scheme investment plans managed by the Company by net assets.

	31/12/2024		31/12/2023	
	EUR thousand	**%**	**EUR thousand**	**%**
State-funded pension scheme investment plans				
CBL Aktīvais ieguldījumu plāns*	560 541	55.90%	520 584	57.57%
CBL Universālais ieguldījumu plāns*	223 672	22.31%	218 568	24.17%
CBL dzīves cikla plāns Millennials*	44 305	4.42%	38 282	4.23%
CBL Ilgtspējīgu iespēju ieguldījumu plāns*	21 023	2.10%	15 361	1.70%
CBL Indeksu plāns	59 085	5.89%	23 150	2.56%
Total state-funded pension scheme investment plans	**908 626**	**90.62%**	**815 945**	**90.24%**
Investment funds				
IF CBL Eastern European Bond Fund R Acc EUR (hedged)*	28 101	2.80%	26 878	2.97%
IF CBL Eastern European Bond fund R Acc USD*	2 234	0.22%	2 175	0.24%
IF CBL Prudent Opportunities fund EUR*	863	0.09%	1 004	0.11%
IF CBL Optimal Opportunities fund EUR*	7 493	0.75%	7 310	0.81%
IF CBL Optimal Opportunities fund USD*	884	0.09%	1 107	0.12%
SAIF Baltic Pearl Real Estate Fund*	4 411	0.44%	4 680	0.52%
IF CBL European Leaders Equity Fund	9 480	0.95%	8 370	0.93%
IF CBL US Leaders Equity Fund Klase R Acc EUR (hedged)*	8 710	0.87%	7 298	0.81%
IF CBL US Leaders Equity Fund Klase R Acc USD*	11 877	1.18%	10 098	1.12%
IF CBL Global Emerging Markets Bond Fund Klase R Acc EUR (hedged)	18 519	1.85%	17 768	1.96%
IF CBL Global Emerging Markets Bond Fund Klase R Acc USD	1 471	0.15%	1 604	0.18%
Total investment funds	**94 043**	**9.38%**	**88 292**	**9.76%**
Total investment plans and investment funds	**1 002 669**	**100.00%**	**904 237**	**100.00%**

* The investments underlying this financial product do not take into account EU criteria for environmentally sustainable economic activities.

26. ADJUSTMENTS

As at 31 December 2023, the accrued variable remuneration for investment management was not paid to the Company for the performance of the investment plan *CBL Aktīvais ieguldījumu plāns* for 2023 and was returned to the assets of the investment plan *CBL Aktīvais ieguldījumu plāns* on 30 May 2024.

RESTATED SEPARATE INCOME STATEMENT

	Notes	2023 Reported	Adjustment	2023 Adjusted
Commission and fee income	3	4 851 646	(120 919)	4 730 727
Commission and fee expense	4	(455 369)		(455 369)
Net fee and commission income		**4 396 277**	(120 919)	**4 275 358**
Profit before tax		**2 241 213**	(120 919)	**2 120 294**
Corporate income tax for the reporting year		**-**		**-**
Profit of the reporting year		**2 241 213**	(120 919)	**2 120 294**
Total comprehensive income for the reporting year attributable to shareholders		**2 241 213**	(120 919)	**2 120 294**

RESTATED SEPARATE BALANCE SHEET

		31/12/2023 Reported	Adjustment	31/12/2023 Adjusted
Assets				
Short term assets		1 513 786		1 513 786
Balances due from credit institutions	*9*	12 697 338		12 697 338
Term deposits with credit institutions	*9*	810 957	(120 919)	690 038
Deferred expenses and accrued income	*12*	93 093		93 093
Other assets	*13*	**15 115 174**	(120 919)	**14 994 255**
Total short term assets		**21 273 230**	(120 919)	**21 152 311**
Total assets				
Equity and Liabilities				
Share capital	*18*	5 904 918		5 904 918
Retained earnings		14 890 109	(120 919)	14 769 190
Total equity and reserves		**20 795 027**	(120 919)	**20 674 108**
Accrued liabilities	*14*	147 347		147 347
Provisions	*15*	318 546		318 546
Liabilities for leased tangible assets	*16*	-		-
Other liabilities	*17*	12 310		12 310
Total liabilities		**478 203**		**478 203**
Total liabilities		**21 273 230**	(120 919)	**21 152 311**

RESTATED SEPARATE STATEMENT OF CASH FLOWS

	Notes	2023 Reported	Adjustment	2023 Adjusted
Cash flows from operating activities				
Profit before income tax adjustment		2 241 213	(120 919)	2 120 294
Amortisation and depreciation		3 761		3 761
Amortization of right-of-use assets		42 969		42 969
Amortisation of acquisition cost of pension plans		232 283		232 283
Interest income from term deposits		(314 083)		(314 083)
Interest expenses on lease liabilities		233		233
Cash flow from operating activities before changes in assets and liabilities		**2 206 376**	(120 919)	**2 085 457**
Increase/decrease in provisions and accrued expenses		20 019		20 019
Increase/decrease in deferred expenses and accrued income		(167 288)	120 919	(46 369)
Increase/decrease in other assets		(14 821)		(14 821)
Increase/decrease in other liabilities		(4 780)		(4 780)
Increase/decrease in cash and cash equivalents from operating activities before corporate income tax and interest income and expenses		**2 039 506**		**2 039 506**

RESTATED SEPARATE STATEMENT OF CHANGES TO THE SHAREHOLDER'S EQUITY

	EUR				EUR		
	Share capital	**Retained earnings (reported)**	**Adjustment**	**Retained earnings (restated)**	**Total equity (reported)**	**Adjustment**	**Total equity (restated)**
As at 31 December 2022	**5 904 918**	**12 648 896**		**12 648 896**	**18 553 814**		**18 553 814**
Profit of the reporting year	-	2 241 213	(120 919)	2 120 294	2 241 213	(120 919)	2 120 294
Balance as at 31 December 2023	**5 904 918**	**14 890 109**	(120 919)	**14 769 190**	**20 795 027**	(120 919)	**20 674 108**
Profit of the reporting year		5 053 963	120 919	5 174 882	5 053 963	120 919	5 174 882
Balance as at 31 December 2024	**5 904 918**	**19 944 072**		**19 944 072**	**25 848 990**		**25 848 990**

27 - SUBSEQUENT EVENTS

No significant events have occurred from the reporting date to the date of these financial statements that would materially impact the financial statements. On 24 March 2025, in accordance with the resolution of the shareholders of AS Citadele Group, changes in the composition of the Council of IPAS CBL Asset Management took place. The Bank of Latvia has approved the appointment of Edward Rebane as a member of the Council of IPAS CBL Asset Management. Ruta Ezerskiene has been relieved of her duties as a member of the Council.

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Independent Auditors' Report

To the Shareholder of IPAS CBL Asset Management

Report on the Audit of the Separate Financial Statements

Our Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of IPAS CBL Asset Management ("the Company") as set out on pages 8 to 30 of the accompanying Annual Report, which comprise:

- Separate Balance Sheet as at 31 December 2024;
- Separate Income Statement for the year then ended,
- Separate Statement of Changes to the Shareholder's Equity for the year then ended,
- Separate Statement of Cash Flows for the year then ended, and
- notes to the separate financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of IPAS CBL Asset Management as at 31 December 2024, and of its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Separate Financial Statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code) and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the reporting period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Existence and accuracy of revenue

Key Audit Matter

As described in Note 1 to the separate financial statements, the Company provides asset management services for a number of investment funds, state-funded pension schemes and private pension fund pension plans, as well as administers individually managed portfolios for the benefit of third parties.

Revenue from this activity is generated as a fixed fee for management services and a variable fee for meeting return criteria. The fixed fee for management services is calculated as a fixed percentage of the net asset value of the managed fund, plan, or separately managed portfolios, while the variable fee for meeting certain criteria is calculated using the formula in the fund prospectus and is linked to the growth of the fund's asset value.

We paid special attention to this area because it involves a large number of day-to-day transactions that affect revenue, as well as operational complexity due to the large number of investments generated and the different fees and conditions that apply to them.

Our response

Our audit procedures included, among others:

- Documenting, assessing, and testing the design, implementation, and operating effectiveness of the key internal controls of the Company relating to the calculation and recognition of fee income, and of internal controls over daily revaluation of the net asset values of the investment vehicles under management.
- We compared the rates and calculation formulas used in the calculation of fees with those provided in the prospectuses of the funds or plans managed by the Company.
- For the year ended 31 December 2024:
    - we developed an independent forecast of fixed fee income by analytically estimating the fees that should be recognized based on the terms of the contracts and amounts of assets under management according to custodian bank statements;
    - we tested the correctness of the calculation of variable fee income using the terms of the prospectuses and the applicable legal requirements.
    - we tested, on a sample basis, income other than from the management of investment funds or plans against the applicable conditions, primarily for individually managed portfolios.
    - we evaluated the accuracy and completeness of disclosures on revenue recognition against the requirements of the relevant IFRS Accounting Standards, including an assessment of the reasonableness of the retrospective adjustments.

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- General Information, as set out on page 3 of the accompanying Annual Report,
- Management Report, as set out on pages 4, 5 and 6 of the accompanying Annual Report,
- Statement of the Management's Responsibilities, as set out on page 7 of the accompanying Annual Report.

Our opinion on the separate financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia related to Other Information

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with Regulation No. 326 of the Bank of Latvia *Regulations on the Preparation of Annual Reports and Consolidated Annual Reports of Credit Institutions, Investment Brokerage Companies, Investment Management Companies and Private Pension Funds* ("Regulation No. 326").

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information presented in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of Regulation No. 326.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure, and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by those charged with governance on 28 March 2024 to audit the separate financial statements of IPAS CBL Asset Management for the year ended 31 December 2024. Our total uninterrupted period of engagement is 12 years, covering the periods ending 31 December 2013 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- as referred to in the paragraph 37.6 of the Law on Audit Services of the Republic of Latvia we have not provided to the Company any prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company in addition to the audit, which have not been disclosed in the Management Report or in the separate financial statements of the Company.

KPMG Baltics SIA
Licence No. 55

Rihards Grasis
Member of the Board
Latvian Certified Auditor
Certificate No. 227
Riga, Latvia
28 March 2025

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT CONTAINS A TIMESTAMP.

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.