



**CBL ASSET
MANAGEMENT**

Annual Report

for 2025

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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 Riga, Latvia, LV-1522
Investments in companies	AAS CBL Life (100%) Republikas laukums 2a, Riga, Latvia
Members of the Management Board and their positions	Chairman of the Management Board – Kārlis Purgailis – appointed on 28.09.2022 Member of the Management Board – Zigurds Vaikulis – appointed on 19.04.2023 Member of the Management Board – Lolita Sičeva – appointed on 07.05.2020, released on 06.05.2025 Member of the Management Board – Lolita Sičeva – appointed on 06.05.2025
Members of the Supervisory Board and their positions	Chairman of the Supervisory Board – Vaidas Žagūnis – appointed on 03.11.2023 Deputy Chairman of the Supervisory Board – Vladimirs Ivanovs – appointed on 03.11.2023 Member of the Supervisory Board – Ruta Ežerskiene – appointed on 03.11.2023, released on 24.03.2025 Member of the Supervisory Board – Edward Rebane – appointed on 24.03.2025
Reporting year	1 January 2025 to 31 December 2025
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 of the Company is Republikas laukums 2A, Riga, LV-1010, unified registration No. 40003577500. License to provide investment management services was issued on 15 February 2002 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 2025 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 2025

The global economy remains on a growth trajectory

The year 2025 can be described as turbulent yet favourable for the global financial markets and for the Company's business – the performance of the managed portfolios, the resulting client sentiment, the volume of assets under management and commission income.

The past year will be remembered for the heightened uncertainty caused by the actions of the US administration, including in external trade policy. At the same time, concerns about the negative impact of tariffs on the global economy have not materialised, and the year can be characterised as positive for both the world economy and the financial markets. In 2025, developments in the manufacturing sector in Western economies remained fragile, but globally the flow of goods continued to increase despite US import tariffs. The US wage bill grew at a healthy pace, and consumers continued to spend actively. In 2025, investment in artificial intelligence and related infrastructure also accelerated in the United States. The US economy grew by 2.2% during the year, while growth in the euro area was close to 1.5%. Inflation receded into the background in 2025, allowing the US Federal Reserve and the ECB to continue lowering interest rates.

Although the spring period in financial markets was volatile, markets recovered quickly as the tariff conflict de-escalated. Investor optimism was also supported by strong financial results, improvements in the technology sector and sustained interest in artificial intelligence. Emerging equity markets became the top performers in 2025 with nearly 30% growth in euro-hedged terms. European equities increased by 20%, while the leading US index rose by an average of 17% in US-dollar terms. In euro terms, the return of the US market was around 4%, as the euro appreciated by 13% against the US dollar over the year.

The past year was also notably favourable for bond markets. A decline in risk premiums helped higher-risk bonds deliver comparatively stronger performance. Speculative-grade corporate bonds in Western countries rose by an average of 5–6% in euro-hedged terms in 2025, while emerging-market bonds gained just under 9%. Yields on US and German government bonds showed divergent dynamics over the year – US yields declined, whereas German yields tended to rise. This also affected the performance of investment grade corporate bonds – in the US they increased by 5.5% in euro-hedged terms, and in Europe by 3%.

Investors also expect double-digit earnings growth in 2026, both in Western economies and in emerging markets. Towards the end of the year, earnings-forecast upgrades were observed mainly in the United States and in emerging markets; however, Europe is also expected to see double-digit earnings growth following stagnation in 2025. Although the upward turn in the earnings-forecast cycle has had a positive effect on US market valuations, US equities remain expensive by historical standards, which may limit further equity-market gains. Other factors that could adversely affect equity market performance include geopolitical risks – such as the recent escalation in the Middle East – uncertainty regarding the future direction of US economic policy, as well as the high concentration of technology companies in the US market, which makes it particularly sensitive to volatility related to developments in artificial intelligence themes.

Economic growth in the Baltic states is becoming more balanced and continues on a moderate upward path

Latvia's economic cycle improved significantly in the second half of 2025, providing a solid foundation for growth in 2026. The manufacturing sector – particularly wood processing, furniture production and metalworking – recorded strong expansion, supported by a more favourable interest rate environment in European and Scandinavian markets. Technology and electronics segments also posted double digit growth despite tariff related risks. The construction sector showed strong momentum, indicating a cyclical upswing in activity. At the same time, retail trade became more dynamic, and lower interest rates stimulated domestic demand, especially in the ICT and electrical equipment segments. Inflation slowed to 3.5% in December, and in 2026 it is expected to stabilise around 2.3%, while wage growth is projected to reach around 6.5%.

In Estonia, the end of 2025 marked a gradual economic recovery – manufacturing reached its highest level since early 2023, particularly in the computer, electronics and wood processing industries. Producers' export sentiment also improved, with surveys indicating the highest level of optimism in more than two years. Although domestic demand remained weak,

consumer sentiment is improving, allowing expectations for a near-term pickup in activity. In 2026, Estonia’s GDP could grow by around 2.3%, with wage growth reaching approximately 5.7% and inflation stabilising at around 3%. Lithuania ended 2025 with faster economic growth than the other Baltic states, supported by robust domestic demand and strong dynamics in retail trade, construction, and real estate. Although manufacturing stagnated in export markets, there are clear signs that the cyclical downturn has been overcome – producer optimism has reached its highest level since 2023. The real estate sector shows signs of maturity, yet activity remains high. (Data source: AS Citadele banka macroeconomic forecasts)

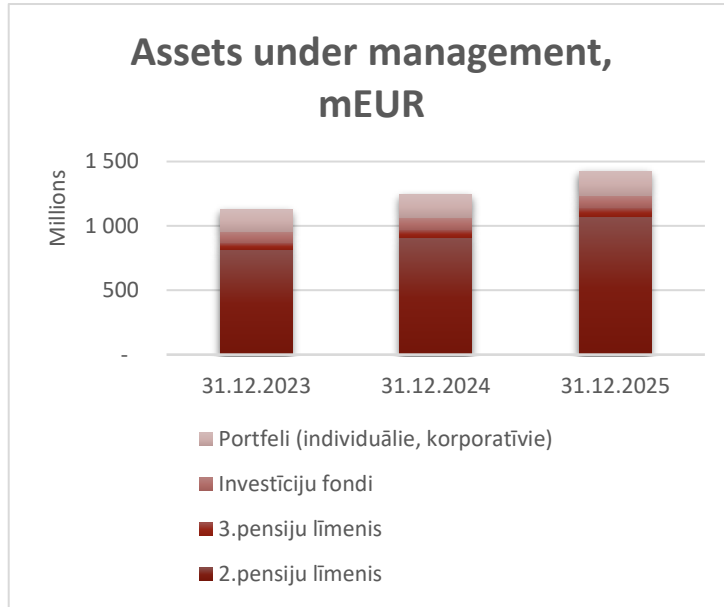
Strong performance

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

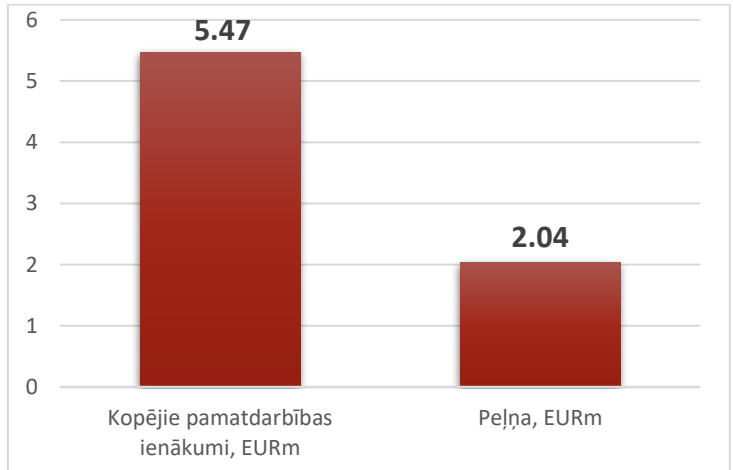
At the reporting date, total assets under management by the Company amounted to EUR 1.425 billion, and the largest share of them, 75% or EUR 1.071 billion, were funds of the state funded pension investment scheme while net assets of the investment funds managed by the Company amounted to EUR 95 million or 7% of total net assets under management.

Other assets under management were assets of private individuals, legal persons and insurance companies; in total 225 customer portfolios with a total value of net assets of EUR 190 million and net assets of private pension funds with a total value of EUR 67 million.

Note 25 provides an analysis of total net assets under management (including investment funds and pension plans managed by the Company) on behalf of customers by investment type.



The total comprehensive income of the reporting year is EUR 2.04 million (2024: EUR 5.17 million).



The Management Board proposes that the profit for the reporting year be added to the Company’s retained earnings. The Company’s shareholder may decide to distribute extraordinary dividends in order 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 approach has contributed to highly satisfactory financial performance in 2025 and it will be continued in the future.

Innovation and development

The Company continues to provide clients with a broad range of asset management services, including state-funded pension scheme (SFPS) investment plans, voluntary Tier-3 pension plans, open-ended investment funds, and individually managed investment portfolios for various client segments.

The Company’s growth will continue to be driven by a diversified and sustainable business model built on strong investment performance and products that offer a convenient and modern client experience. CBL Asset Management IPAS maintains

a unique position as the only investment management company in Latvia offering such a wide range of services and holding a leading role in terms of industry expertise.

As competition in the Tier-2 pension market increases, the Company will continue to invest in attracting new clients and retaining existing ones. At the same time, increasing geopolitical and economic uncertainty globally creates risks for the pace of growth in assets under management, particularly due to financial market volatility and political risks affecting SFPS operations.

In line with the Citadele Group's strategic direction in the development of digital solutions, the Company continues to invest in modern digital product development to ensure broader access to investment services and intuitive usability for as wide a client base as possible.

Sustainability

All sustainability related information has been disclosed by our parent company, AS Citadele banka, registered office: Republikas laukums 2A, Riga, LV-1010, registration No. 40103303559. The consolidated Management Report and the sworn auditor's assurance report are available on the website cblgroup.com.

Subsequent events

During the first two months of 2026, positive trends continued to dominate the global financial markets, with gains recorded both in risk assets (equities and high-yield bonds) and in benchmark government bond markets. At the end of February, the special military operation launched by the United States and Israel in Iran, and Iran's retaliatory strikes in the Persian Gulf states, dampened market optimism. The sharp rise in energy prices and concerns over resource availability, should the conflict drag on, create downside risks for global economic growth and upward risks for inflation. Benchmark interest rates have increased since the end of February, and risk assets are undergoing a correction; however, the reaction in equity and bond markets to date can still be regarded as measured. Many financial market segments that are important for the portfolios managed by the Company remain above their levels at the turn of the year, even after the correction, and there is no basis to consider the current situation critical or one that would require revising the Company's financial plans for 2026.

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Kārlis Purgailis
Chairman of the Management 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 2025 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 company 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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Chairman of the Management Board

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SEPARATE INCOME STATEMENT

	Note	EUR	
		2025	2024
Commission and fee income	3	5 473 185	7 932 017
Commission and fee expense	4	(885 909)	(572 446)
Net fee and commission income		4 587 276	7 359 571
Interest income	5	440 807	515 584
Interest expenses		(6 584)	(3 135)
Net interest income		434 223	512 449
Net foreign exchange transaction result		(3 121)	21
Other expenses	6	(434 801)	(414 036)
Net operating expenses		(437 922)	(414 015)
Personnel expenses	8	(1 985 540)	(1 804 386)
Administrative and other expenses	7	(466 526)	(417 231)
Amortisation of intangible assets, right-of-use assets and fixed assets	11	(80 316)	(61 022)
Impairment allowance		(7 636)	(484)
Profit before tax		2 043 559	5 174 882
Corporate income tax for the reporting year		-	-
Profit of the reporting year		2 043 559	5 174 882
Total comprehensive income for the reporting year attributable to shareholders		2 043 559	5 174 882

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

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Chairman of the Supervisory Board

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Chairman of the Management Board

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SEPARATE BALANCE SHEET

		EUR	
		31/12/2025	31/12/2024
<u>Assets</u>	<i>Note</i>		
Non-current assets			
Investments in subsidiaries	10	4 268 615	4 268 615
Right-of-use assets	11	236 869	278 498
Intangible assets	11	136 890	111 435
Property, plant and equipment	11	31	583
Prepaid expenses	12	1 604 321	1 618 213
Total non-current assets		6 246 726	6 277 344
Current assets			
Balances due from credit institutions	9	667 453	409 281
Term deposits with credit institutions	9	21 014 686	16 483 918
Deferred expenses and accrued income	12	776 867	3 493 469
Other assets	13	109 131	120 016
Total current assets		22 568 137	20 506 684
Total assets		28 814 863	26 784 028
<u>Equity and Liabilities</u>			
Share capital	18	5 904 918	5 904 918
Retained earnings		21 987 631	19 944 072
Total equity and reserves		27 892 549	25 848 990
Provisions	15	329 149	293 507
Liabilities for leased tangible assets	16	241 553	279 816
Accrued liabilities	14	336 424	346 571
Other liabilities	17	15 188	15 144
Total liabilities		922 314	935 038
Total liabilities		28 814 863	26 784 028

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SEPARATE STATEMENT OF CASH FLOWS

		EUR	
	Note	2025	2024
Cash flows from operating activities			
Profit before income tax adjustments		2 043 559	5 174 882
Impairment allowance		7 919	484
Amortisation and depreciation	11	31 309	11 955
Amortization of right-of-use assets	11	49 007	49 067
Amortisation of acquisition cost of pension plans	6	281 068	249 588
Interest income from term deposits	5	(429 051)	(503 170)
Interest expenses on lease liabilities		6 584	3 135
Cash flow from operating activities before changes in assets and liabilities		1 990 395	4 985 941
Increase/decrease in provisions and accrued expenses		25 495	174 185
Increase/decrease in deferred expenses and accrued income		2 449 424	(2 786 077)
Increase/decrease in other assets		10 885	(26 923)
Increase in other liabilities		46	2 834
Increase/decrease in cash and cash equivalents from operating activities before corporate income tax and received and paid interest		4 476 245	2 349 960
Net cash flows from operating activities		4 476 245	2 349 960
Cash flow from investing activities			
Additions of property plant and equipment and intangible assets	11	(56 494)	(119 687)
Placement of term deposits		(58 373 764)	(45 874 960)
Repayment of term deposits		53 646 394	42 215 143
Interest income received during the reporting period		618 017	375 923
Net cash flows from investments activities		(4 165 847)	(3 403 581)
Cash flows from financing activities			
Lease payments	16	(52 226)	(50 884)
Net cash flows from financing activities		(52 226)	(50 884)
Increase/decrease in net cash flows for the reporting period		258 172	(1 104 505)
Cash and cash equivalents at the beginning of the year		409 281	1 513 786
Cash and cash equivalents at the end of the year	9	667 453	409 281

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

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SEPARATE STATEMENT OF CHANGES TO THE SHAREHOLDER'S EQUITY

	EUR		
	Share capital	Retained earnings	Total equity
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
Profit of the reporting year	-	2 043 559	2 043 559
Balance as at 31 December 2025	5 904 918	21 987 631	27 892 549

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Chairman of the Supervisory Board

Kārlis Purgailis
Chairman of the Management Board

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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 26 March 2026.

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 2024 and 2025, as well as the new standards and interpretations adopted by the Company.

New standards and interpretations

New standards and amendments

New standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Certain standards became effective in 2025, 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 2025 without a material impact on the Company

Amendments to IAS 21 – Lack of exchangeability

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 2025, 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 IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments and to Power Purchase Agreements with Weather-Dependent Features (expected to be effective from 1 January 2026)

IFRS 18 – Presentation and Disclosure in Financial Statements (expected to be effective from 1 January 2027)

IFRS 19 – Subsidiaries without Public Accountability: Disclosures (expected to be effective 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 (effective date unknown)

Annual improvements to IFRS Amendments: IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 7 – Financial Instruments: Disclosures (including the related implementation guidance), IFRS 9 – Financial Instruments, IFRS 10 – Consolidated Financial Statements, and IAS 7 – Statement of Cash Flows (expected to be effective from 1 January 2026)

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 (SFPS), 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 the 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 state-funded pension schemes is calculated on a daily basis but recognised at the end of the reporting 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 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.

For the service – Investment Advice, which means the provision by the Company of a personalised recommendation to the Client, either at the Client's request or on the Company's initiative, in relation to one or more transactions involving Financial Instruments (including buying, selling, subscribing, exchanging, redeeming, taking on risk, or holding such instruments), based on the appropriateness assessment of the relevant investment service, provided that the Client has supplied sufficient information for such an assessment, and provided further that the recommendation does not conflict with the Investment Limits set for the Client. The remuneration payable to the Company is determined in accordance with the Company's General Price List, published on the website www.cblam.lv. Upon individual agreement, the Company and the Client may establish their special price list in the contract.

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.

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 remuneration for roles that influence the risk profile, as set out in the Group's Remuneration Policy. Deferred bonuses are paid out within the specified period, unless the employee breaches certain compliance requirements, including those relating to AML/CTF regulation.

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 six 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			
	2025		2024	
Increase/decrease in USD exchange	5%	5%	5%	5%
Effect on profit/loss before tax	1 672	(1 672)	1 753	(1 753)
Effect on equity	1 672	(1 672)	1 753	(1 753)

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 2025 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 2025 on these assets was EUR 22 303 143 (2024: EUR 20 239 742). 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 7 636 (2024: EUR 484).

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. Given the remaining maturity of the time deposit, if the base rate were to change by $\pm 1\%$, the impact on profit or loss would be \pm EUR 158 667, with no additional effect on other comprehensive income (2024: impact on profit or loss \pm EUR 14 858, with no additional effect on other comprehensive income).

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 in accordance with Regulation (EU) No 575/2013 of the European

Parliament and of the Council of 26 June 2013, and the minimum own funds ratio to risk-weighted assets and off-balance-sheet items as determined by the Bank of Latvia as at 31 December 2020 is presented in Note 21.

3. FEE AND COMMISSION INCOME

	EUR	
	2025	2024
Commission fee for management of investment funds and SFPS investments and private pension plans	4 482 419	6 943 072
incl. fixed fee for SFPS investment plans	3 398 189	3 219 972
incl. variable fee for SFPS investment plans	-	2 658 578
Management of individual portfolios	984 511	988 610
Commission income from investment consultations	6 255	-
Issuance of investment certificates	-	335
Total	5 473 185	7 932 017

4. FEE AND COMMISSION EXPENSES

	2025	2024
Distribution of investment certificates and other products	885 152	571 786
Servicing of accounts	370	331
Custodian bank fees	387	329
	885 909	572 446

5. INTEREST INCOME

	EUR	
	2025	2024
Interest on account balances with AS Citadele banka	11 756	12 414
Interest on term deposits with AS Citadele banka	197 037	18 449
Interest on term deposits with AS Citadele banka Lithuanian branch	232 014	484 721
Total	440 807	515 584

6. OTHER EXPENSES

	EUR	
	2025	2024
Bank of Latvia charges	70 835	73 032
Amortisation of acquisition cost of pension plans	281 068	249 588
Public data bases	75 031	74 795
Other expenses	7 867	16 621
Total	434 801	414 036

7. ADMINISTRATIVE AND OTHER EXPENSES

	EUR	
	2025	2024
IT and communication expenses	232 651	241 517
Professional services *	112 591	88 792
Non-deductible VAT	24 744	27 315
Rent of premises	28 193	19 850
Business trips	7 491	6 520
Advertisement and representation expenses	58 223	30 599
Other expenses	2 633	2 638
Total	466 526	417 231

* Professional services include the fee paid to the auditor for the audit of the annual report for 2025 of EUR 38 100 (2024: EUR 36 900).

8. PERSONNEL EXPENSES

	EUR	
	2025	2024
Remuneration to employees	1 561 304	1 403 925
State compulsory social insurance contributions	359 192	321 238
Business risk state duty	147	144
Other personnel costs	64 897	79 079
Total	1 985 540	1 804 386

9. BALANCES DUE FROM CREDIT INSTITUTIONS

	EUR	
	31/12/2025	31/12/2024
Demand deposits with credit institutions	667 453	409 281
Balances due from credit institutions on demand (cash and cash equivalents)	667 453	409 281
	EUR	
	31/12/2025	31/12/2024
Balances due from credit institutions, term deposits with credit institutions*	21 014 686	16 483 918
Balances due from credit institutions (term deposits with credit institutions)	21 014 686	16 483 918

As at 31 December 2025, an investment was held in a term deposit with AS Citadele banka Lithuanian branch at an interest rate of 2.17% maturing on 14 September 2026.

10. INVESTMENTS IN SUBSIDIARIES

	Holding 31/12/2025		Holding 31/12/2024	
	%	EUR	%	EUR
Related parties				
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

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

Financial indicators of the related party AAS CBL Life for 2025 are available on the website of Citadele Group <https://www.cblgroup.com/lv/companies/cbl-life/>

As at 31 December 2025, the shareholders' equity of AAS CBL Life amounted to EUR 7 709 107 (31 December 2024: EUR 6 137 106). The company operates profitably; therefore, there is no need to assess or recognise an impairment.

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, AND INTANGIBLE ASSETS

	EUR 2025			
	Right-of-use assets	Other PPE and inventory	Intangible assets	Total
<i>Historical cost</i>				
As at the beginning of the year	327 565	15 124	311 616	654 305
Additions	7 378	-	56 494	63 872
Disposals	-	(9 999)	(52 936)	(62 935)
Year-end	334 943	5 124	315 174	655 242
<i>Accumulated depreciation</i>				
As at the beginning of the year	49 067	14 541	200 181	263 789
Depreciation	49 007	270	31 039	80 316
Disposals	-	(9 717)	(52 936)	(62 653)
Year-end	98 074	5 094	178 284	281 451
<i>Carrying amount</i>				
As at the beginning of the year	278 498	583	111 435	390 516
Year-end	236 869	31	136 890	373 790
	EUR 2024			
	Right-of-use assets	Other PPE and inventory	Intangible assets	Total
<i>Historical cost</i>				
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
<i>Accumulated depreciation</i>				
As at the beginning of the year	131 556	22 898	188 505	342 959

	EUR			
	2024			
	Right-of-use assets	Other PPE and inventory	Intangible assets	Total
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
<i>Carrying amount</i>				
As at the beginning of the year	-	863	3 424	4 287
Year-end	278 498	583	111 435	390 516

12. DEFERRED EXPENSES AND ACCRUED INCOME

	EUR	
	31/12/2025	31/12/2024
Current assets		
Accrued commission and fee income	511 873	3 226 527
Prepaid expenses	264 994	266 942
Total	776 867	3 493 469
Non-current assets		
Prepaid expenses	1 604 321	1 618 213
Total current and non-current assets	2 381 188	5 111 682

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 calculation by Management.

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). In 2025, the amortisation schedule was reviewed and updated to reflect the current management fee rates. As a result, a small decrease in value was identified and recognised through the 2025 amortisation.

Purchase transaction of a state-funded pension scheme investment plan managed by Signet.

On 26 June 2025, the Signet Aktīvais plāns was acquired from Signet Pensiju pārvalde IPAS, and it is presented under Prepaid expenses. The management right asset was recognised at cost. The asset will be expensed in proportion to revenue flows from management of acquired assets. The pension plan acquisition asset is amortised in accordance with the calculation performed by the Company's management. The estimated amortisation period is 20 years. In the first year, an outflow of participants of 16% is planned, taking into account Signet's historical data and actual trends in 2025. In subsequent years, an outflow of participants of 9% is planned, based on the trends observed in 2025. The Company intends to review the amortisation schedule of the acquired Signet Aktīvais plāns annually, considering the actual data available regarding participant movements.

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

	EUR	
	31/12/2025	31/12/2024
Purchase transaction of pension plans at the beginning of the year	1 885 154	2 134 743
Acquisition of pension plans	265 230	-
Net changes charged to the profit and loss statement	(281 068)	(249 588)
Purchase transaction of pension plans at the end of the year	1 869 316	1 885 155

13. OTHER ASSETS

	EUR	
	31/12/2025	31/12/2024
Financial assets		
Guarantee deposits	71	71
Other receivables	2 785	2 915
Non-financial assets		
Other receivables, including prepayments	106 275	117 030
Total financial and non-financial assets	109 131	120 016

14. ACCRUED LIABILITIES

	EUR	
	31/12/2025	31/12/2024
Financial liabilities		
Professional services	95 327	71 943
Commission fees for distribution of state funded pension scheme investment plans	120 000	165 000
Non-financial liabilities		
Accrued liabilities for vacations	121 097	109 628
Total	336 424	346 571

15. PROVISIONS

	Total provision for the variable part of remuneration
Provisions as at 31.12.2024	293 507
Provisions recognised for the estimated variable part of remuneration for 2025	269 355
Reduction of the estimated provision by payout of the variable part of remuneration for 2022/2023	(189 228)
Changes in provisions by adjustment of prior-year estimates	(44 485)
Provisions as at 31.12.2025	329 149
	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

16. LIABILITIES FOR LEASED TANGIBLE ASSETS

	EUR	
	2025	2024
Liabilities for leased tangible assets at the beginning of the year	279 816	-
Calculated interest	6 585	3 135
Increase in lease contract liabilities	7 378	327 565
Lease payments	(52 226)	(50 884)
Liabilities for leased tangible assets at the end of the year	241 553	279 816

17. OTHER LIABILITIES

	EUR	
	31/12/2025	31/12/2024
Financial liabilities		
Accounts payable to suppliers and other companies	2 784	2 857
Non-financial liabilities		
Compulsory State Social Security Contributions	1 035	453
Value Added Tax	11 369	11 834
Total financial and non-financial liabilities	15 188	15 144

18. SHARE CAPITAL

As at 31 December 2025, share capital of the Company amounted to EUR 5 904 918 and consisted of 5 904 918 ordinary name 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) 31.12.2024	11 834	453	-	-	12 287
Calculated for 2025	153 787	521 408	294 758	147	970 100
Paid in 2025	(154 252)	(520 826)	(294 758)	(147)	(969 983)
Payable/(overpaid) 31.12.2025	11 369	1 035	-	-	12 404

Assets and liabilities of compulsory state social security contributions and personal income tax paid in Latvia 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 5 496 908 at the time of distribution when the dividend would be declared. (2024: EUR 4 986 018)

20. REMUNERATION

	EUR	
	2025	2024
Total remuneration paid to employees with an impact on the risk profile:		
<i>Remuneration to members of the Council and Board</i>	848 895	740 448
<i>Remuneration to employees who assume risk on behalf of the investment portfolios of or managed by the Company</i>	214 926	206 208
<i>Remuneration to employees who perform internal control functions</i>	566 014	468 555
<i>Remuneration to employees who perform internal control functions</i>	67 955	65 685
Remuneration to other employees	674 219	691 724
Total remuneration	1 523 114	1 432 172
<i>-incl. fixed part</i>	1 366 110	1 289 869
<i>-incl. variable part</i>	157 004	142 303
	2025	2024
Average number of people remunerated	36	35
<i>incl. average number of recipients of the fixed part</i>	36	35
<i>incl. average number of recipients of the variable part</i>	28	27

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 excessive risks, 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 component of remuneration, or base salary, is determined in accordance with the employee's professional experience and the level of responsibility of the role, as specified in the job description and the employment contract. The fixed part of remuneration consists of salary and special payments to employees that are related to factors other than their performance. Job categories and the salary ranges for each category, including for roles with an impact on the risk profile, are determined by the Management Board of Citadele Bank. The salary ranges are set on the basis of high-quality remuneration benchmark studies in the financial sector.

- The variable component of remuneration reflects the employee's performance that exceeds the requirements set out in the job description, as well as the sustainability of those results and the assessment of the risks associated with them. The variable part is comprised of sales commissions, bonuses for achievement of quality and quantity 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 incorporates sustainability risk considerations, as well as the requirement to comply with the Citadele Group's Code of Ethics and to align employee conduct with the interests of stakeholders. The Citadele Group is committed to implementing fair, prudent, and sustainable remuneration practices to foster long-term business development. The Remuneration Policy sets out requirements to ensure that employee behaviour is consistent with the Citadele Group's values and with the broader interests of its 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. The Citadele Group continuously monitors market developments and regularly enhances its Remuneration Policy by introducing innovations in sustainable finance and in environmental, social, and governance (ESG) aspects.

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 is calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Regulation (EU) 2019/2033 of 27 November 2019, and the requirements of the Bank of Latvia. The Company met the capital adequacy requirements in both 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Equity utilised in the capital adequacy ratio calculation	23 487 044	21 468 940

22. CURRENCY ANALYSIS

The following table presents certain balance sheet items by currency as at 31 December 2025:

	<u>EUR</u>	<u>USD</u>	<u>Total</u>
<u>Assets</u>			
Balances due from credit institutions	667 453	-	667 453
Term deposits with credit institutions	21 014 686		21 014 686
Deferred expenses and accrued income	478 432	33 441	511 873
Other assets	2 856	-	2 856
Total financial assets	<u>22 163 427</u>	<u>33 441</u>	<u>22 196 868</u>
<u>Liabilities</u>			
Accrued liabilities	(336 424)	-	(336 424)
Other liabilities	(2 784)	-	(2 784)
Total financial liabilities	<u>(339 208)</u>	<u>-</u>	<u>(339 208)</u>
Net long/(short) position	<u>22 502 635</u>	<u>33 441</u>	<u>22 536 076</u>

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

	<u>EUR</u>	<u>USD</u>	<u>Total</u>
<u>Assets</u>			
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	<u>20 087 656</u>	<u>35 056</u>	<u>20 122 712</u>
<u>Liabilities</u>			
Accrued liabilities	(236 943)	-	(236 943)
Other liabilities	(2 857)	-	(2 857)
Total financial liabilities	<u>(239 800)</u>	<u>-</u>	<u>(239 800)</u>
Net long/(short) position	<u>19 847 856</u>	<u>35 056</u>	<u>19 882 912</u>

23. ASSETS AND LIABILITIES' CONTRACTUAL MATURITY STRUCTURE

The following table presents balance sheet items by their remaining maturity as at 31 December 2025:

	Up to 1 month	1 – 6 months	6 – 12 months	1 – 5 years	Total
Assets					
Balances due from credit institutions	667 453	-	-	-	667 453
Term deposits with credit institutions			21 014 686		21 014 686
Deferred expenses and accrued income	511 873	-	-	-	511 873
Other assets	1 464	1 393	-	-	2 856
Total financial assets	1 180 790	1 393	21 014 686	-	22 196 868
Liabilities					
Accrued liabilities	(334 674)	(1 750)	-	-	(336 424)
Other liabilities	(1 392)	(1 392)	-	-	(2 784)
Total financial liabilities	(336 066)	(3 142)	-	-	(339 208)
Liabilities for leased tangible assets	(3 855)	(19 392)	(23 536)	(194 771)	(241 553)
Net long/(short) position	840 869	(21 141)	20 991 150	(194 771)	21 616 107

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

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	
	31/12/2025	31/12/2024
Assets		
Due from AS Citadele banka on demand	667 453	409 281
Due from AS Citadele banka for term deposit, Lithuanian branch	-	14 981 978
Due from AS Citadele banka for term deposit	21 014 686	1 501 940
Due to AAS CBL Life	4 060	4 261
Total	21 686 199	16 897 460
Liabilities		
Due to AAS CBL Life	-	15 342
Lease viability to AS Citadele banka	241 553	279 816
Other liabilities to AS Citadele banka	62 785	63 403
Total liabilities	304 338	358 561

Income and expenses from related parties

	EUR	
	2025	2024
Income		
Interest income from AS Citadele banka	208 794	30 863
Interest income from AS Citadele banka, Lithuanian branch	232 014	484 721
Commission income from AAS CBL Life	50 129	49 051
Total income	490 937	564 635
Expenses		
Interest expenses to AS Citadele banka	6 584	3 135
Commission fee expenses to AS Citadele banka	420 152	492 615
Commission fee expenses to AAS CBL Life	-	61 328
Administrative expenses to AS Citadele banka	197 604	166 414
Lease and maintenance of premises expenses to AS Citadele banka	28 193	19 850
Lease payments to AS Citadele banka	49 007	49 067
Total expenses	701 540	792 409

Assets under management from related parties

	EUR	
	31/12/2025	31/12/2024
AS Citadele banka	-	838 311
AAS CBL Life	48 379 111	50 818 238
Total	48 379 111	51 656 549

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.

	31/12/2025		31/12/2024	
	EUR thousand	%	EUR thousand	%
Debt securities				
Securities of credit institutions	58 710	4.12%	66 059	5.31%
Corporate securities	139 304	9.77%	147 331	11.85%
Central government bonds	143 901	10.10%	134 472	10.82%
Financial institution bonds	31 862	2.24%	27 711	2.23%
Municipality bonds	6 120	0.43%	6 399	0.51%
Total debt securities and other fixed income securities:	379 897	26.65%	381 972	30.72%
Other investments				
Investment funds	847 050	59.43%	694 484	55.87%
Shares	140 464	9.85%	134 917	10.85%
Cash	57 921	4.06%	30 285	2.44%
Real estate property	-	0.00%	4 920	0.40%
Derivatives	31	0.00%	(4 469)	-0.36%
Other assets	-	0.00%	981	0.08%
Total other investments:	1 045 466	73.35%	861 118	69.28%
Total debt securities and other investments	1 425 363	100.00%	1 243 090	100.00%

Investment funds established and managed and state funded pension plans managed by the Company by net assets:

	31/12/2025		31/12/2024	
	EUR thousand	%	EUR thousand	%
SFPS investment plans				
CBL Aktīvais ieguldījumu plāns*	580 972	49.77%	560 541	55.90%
CBL Universālais ieguldījumu plāns*	225 210	19.29%	223 672	22.31%
Aktīvais plāns**	18 486	1.58%	-	-
CBL Ilgtspējīgu iespēju ieguldījumu plāns*	74 012	6.34%	21 023	2.10%
CBL Indeksu plāns	172 835	14.81%	59 085	5.89%
Total SFPS investment plans	1 071 515	91.80%	864 321	86.20%
Investment funds				
IF CBL Eastern European Bond fund Klase R Acc EUR (hedged)*	24 763	2.12%	28 101	2.80%
IF CBL Eastern European Bond fund Klase R Acc USD*	1 965	0.17%	2 234	0.22%
IF CBL Prudent Opportunities fund EUR*	893	0.08%	863	0.09%
IF CBL Optimal Opportunities fund EUR*	7 843	0.67%	7 493	0.75%
IF CBL Optimal Opportunities fund USD*	836	0.07%	884	0.09%
SAIF Baltic Pearl Real Estate Fund***	-	-	4 411	0.44%
IF CBL European Leaders Equity Fund	15 289	1.31%	9 480	0.95%

	31/12/2025		31/12/2024	
	EUR thousand	%	EUR thousand	%
IF CBL US Leaders Equity Fund Klase R Acc EUR (hedged)*	12 317	1.06%	8 710	0.87%
IF CBL US Leaders Equity Fund Klase R Acc USD*	10 237	0.88%	11 877	1.18%
IF CBL Global Emerging Markets Bond Fund Klase R Acc EUR (hedged)	20 144	1.73%	18 519	1.85%
IF CBL Global Emerging Markets Bond Fund Klase R Acc USD	1 419	0.12%	1 471	0.15%
Total investment funds	95 706	8.20%	94 043	9.38%
Total investment plans and investment funds	1 167 221	100.00%	1 002 669	100.00%

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

** The Aktīvais plāns was not under the Company's management as at 31 December 2024; it was acquired on 26 June 2025 from Signet Pensiju pārvalde IPAS.

*** The SAIF Baltic Pearl Real Estate Fund was not under the Company's management as at 31 December 2025. It was transferred to ASP Asset Management AIFP, SIA.

26 SUBSEQUENT EVENTS

During the first two months of 2026, positive trends continued to dominate the global financial markets, with gains recorded both in risk assets (equities and high-yield bonds) and in benchmark government bond markets. At the end of February, the special military operation launched by the United States and Israel in Iran, and Iran's retaliatory strikes in the Persian Gulf states, dampened market optimism. The sharp rise in energy prices and concerns over resource availability, should the conflict drag on, create downside risks for global economic growth and upward risks for inflation. Benchmark interest rates have increased since the end of February, and risk assets are undergoing a correction; however, the reaction in equity and bond markets to date can still be regarded as measured. Many financial market segments that are important for the portfolios managed by the Company remain above their levels at the turn of the year, even after the correction, and there is no basis to consider the current situation critical or one that would require revising the Company's financial plans for 2026.



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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 28 of the accompanying Annual Report, which comprise:

- Separate Balance Sheet as at 31 December 2025;
- 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 2025, 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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities 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 judgement, 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 commission fee income

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 2025:
 - 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 to 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 address these issues in the Auditors' Report, unless the law prevents public disclosure of such information, and in very rare cases, when we consider that the respective matter should not be addressed in our report, as it can be reasonably foreseen that the public benefit from the disclosure of such information would not outweigh the negative consequences arising from such disclosure.

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 2025 to audit the Separate Financial Statements of IPAS CBL Asset Management for the year ended 31 December 2025. Our total uninterrupted period of engagement is 13 years, covering the periods ending 31 December 2013 to 31 December 2025.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- 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 and paragraph 37.6 of the Law on Audit Services of the Republic of Latvia. 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.

The responsible certified auditor on the audit resulting in this independent auditors' report is Rihards Grasis.

KPMG Baltics SIA
License No. 55

Rihards Grasis
Member of the Board
Sworn Auditor
Certificate No. 227
Riga, Latvia
26 March 2026

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME-STAMP