AS Citadele banka

INTERIM REPORT

For the six months ended
30 June 2026

Key figures and events of the Group

Citadele delivered a solid financial performance in H1 2026, generating operating income of EUR 109.4 million and net profit of EUR 39.8 million. Return on equity (ROE) was 13.7%, while the cost-to-income ratio (CIR) stood at 50.3%.

In Q2 2026, Citadele generated EUR 57.3 million in operating income and EUR 20.8 million in net profit. Return on equity (ROE) was 14.7%, while the cost-to-income ratio (CIR) was 49.1%.

The net loan portfolio reached EUR 3.9 billion as of 30 June 2026, representing a 5% increase since 31 December 2025.

Overall loan portfolio quality remained strong. The Stage 3 loan ratio was 1.9% as of 30 June 2026, compared with 1.7% as of 31 December 2025.

Citadele's deposit base totalled EUR 4.3 billion as of 30 June 2026, remaining broadly stable compared with 31 December 2025.

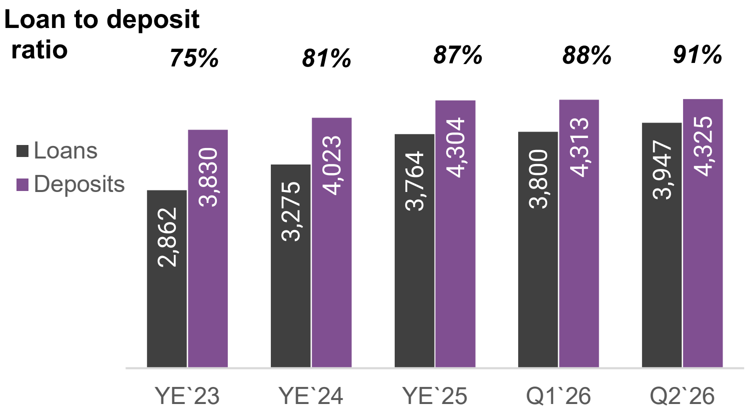
The number of active customers reached 415.5 thousand as of 30 June 2026.

Citadele continued to maintain strong capital and liquidity positions. As of 30 June 2026, the Group's Common Equity Tier 1 (CET1) ratio was 17.8%, the Capital Adequacy Ratio (CAR) stood at 21.6%, and the Liquidity Coverage Ratio (LCR) was 163%.

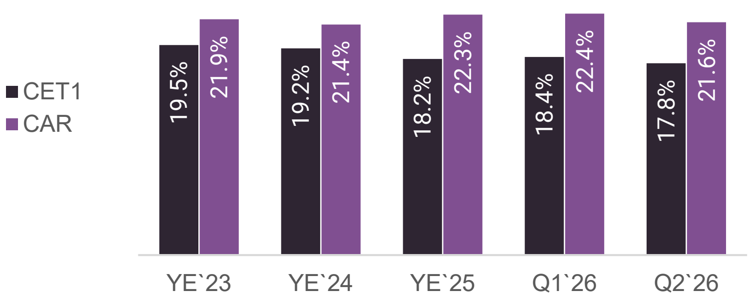
As of 30 June 2026, the Group had 1,314 full time equivalent active employees (1,281 as of 31 December 2025).

EUR millions	6m 2026	6m 2025	Q2 2026	Q2 2025
Net interest income	89.5	89.2	46.2	44.6
Net fee and commission income	18.6	18.4	9.9	9.7
Net financial and other income	1.4	3.9	1.2	3.7
Operating income	**109.4**	**111.5**	**57.3**	**58.0**
Operating expense	(55.0)	(52.5)	(28.1)	(26.8)
Net credit losses and impairments	(5.2)	(4.5)	(2.8)	(3.9)
Net profit from continuous operations (after tax)	**39.8**	**43.3**	**20.8**	**21.9**
Return on average assets (ROA)	1.5%	1.7%	1.5%	1.8%
Return on average equity (ROE)	13.7%	15.4%	14.7%	15.3%
Net interest margin (NIM)	3.7%	3.8%	3.8%	3.9%
Cost to income ratio (CIR)	50.3%	47.1%	49.1%	46.3%
Cost of risk ratio (COR)	0.3%	0.3%	0.3%	0.4%

Loans and deposits
EURm



Common equity Tier 1 (CET1) capital ratio and Total capital adequacy ratio (CAR) (including net result for the period)



For definitions of Alternative Performance Ratios refer to Definitions, alternative performance ratios and abbreviations section of these financial statements

CONTENTS

Management report

Interim financial statements

Other

Rounding and Percentages

Some numerical figures included in these interim condensed financial statements have been subject to rounding adjustments. Accordingly, numerical figures shown for the same category presented in different tables may vary slightly, and numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

In these interim condensed financial statements, certain percentage figures have been included for convenience purposes in comparing changes in financial and other data over time. However, certain percentages may not sum to 100% due to rounding.

For definitions of Alternative Performance Ratios used throughout these interim condensed financial statements refer to Definitions, alternative performance ratios and abbreviations section of this report.

Rūta Ežerskiene

Chair of the Management Board, Chief Executive Officer

Energy Shocks and Tighter Monetary Policy Test Baltic Recovery

In the second quarter of 2026, the global economy remained resilient despite another significant geopolitical and energy-market shock. The conflict between the United States and Iran, combined with disruptions to oil flows through the Strait of Hormuz, led to higher energy prices and renewed inflation pressures. As oil flows gradually resumed following the ceasefire, energy prices declined, although the geopolitical situation remains fragile, and uncertainty remains elevated.

The euro area economy lost momentum during the first half of the year, reflecting weaker manufacturing activity, more cautious consumer and business sentiment, and Europe's greater exposure to imported energy costs. At the same time, underlying domestic demand remained relatively resilient. The renewed increase in headline inflation prompted the European Central Bank to raise its deposit rate to 2.25% in June. This return to monetary tightening highlights the difficult balance between responding to energy-driven inflation and avoiding unnecessary pressure on an already subdued economic recovery.

Across the Baltics, economic activity proved more resilient than expected, although the recovery became increasingly uneven. Lithuania continued to lead the region, supported by high-value-added and defense-related manufacturing, strong retail activity and the effects of pension reform. Latvia's recovery strengthened primarily through manufacturing and exports, while more cautious households and weaker consumer confidence constrained domestic demand. Estonia's cycle remained comparatively fragile, but improving construction activity and resilient demand from Scandinavian markets provided grounds for a gradual recovery.

Looking ahead, the Baltic economies remain positioned for moderate growth, supported by rising wages, public investment, and defense-related expenditure. However, weaker euro area growth, cautious household sentiment, and the prospect of higher-for-longer interest rates will continue to shape the outlook. A key consideration for the second half of 2026 will be whether the energy shock continues to fade, allowing real incomes and investment to support a broader recovery, or whether renewed geopolitical tensions once again place pressure on inflation, financing conditions and household purchasing power.

Resilient Financial Performance

In the first half of 2026, Citadele continued to demonstrate resilience amid an uncertain economic and geopolitical environment, delivering operating income of EUR 109.4 million, net profit of EUR 39.8 million and a return on equity of 13.7%.

Net interest income increased modestly to EUR 89.5 million in H1 2026 from EUR 89.2 million in the same period of 2025. While interest rates started to increase during the first half of the year, average rates remained below H1 2025 levels. The continued growth of the loan portfolio, which reached EUR 3.95 billion as of 30 June 2026, representing a 12% increase compared with 30 June 2025 and 5% growth since year-end 2025, more than offset the impact of the lower rate environment. As a result, net interest margin remained resilient, easing only slightly from 3.8% in H1 2025 to 3.7% in H1 2026.

The second quarter saw strong customer activity across all segments, including higher demand from corporate clients. New financing reached EUR 418 million in Q2 2026, representing a 26% increase compared with Q1 2026. Over the first half of the year, Citadele provided EUR 750 million in new financing to private, SME and corporate clients, reaffirming its role as a trusted partner for economic development across the Baltics. During the same period, the Group continued to support customers in their transition to a more sustainable economy, helping to create long-term value for the wider region.

Credit quality remained sound across the loan portfolio, supported by the stable financial position of our customers. As of 30 June 2026, the Stage 3 loans gross ratio reached 1.9%, compared with 2.1% as of 30 June 2025 and 1.7% at year-end 2025.

As of 30 June 2026, Citadele maintained a strong capital position, providing a solid foundation for the Group's continued growth. The total capital adequacy ratio (CAR) stood at 21.6%, while the CET1 ratio reached 17.8%.

An expanding customer base and greater customer interest in savings products continued to be key drivers of deposit growth. The deposit base increased by 8% (EUR 339 million) compared with Q2 2025, largely driven by momentum built during the second half of 2025. Deposits remained broadly stable since year-end 2025, reaching EUR 4.33 billion as of 30 June 2026. The Group's liquidity position remained sound, with the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) standing at 163% and 138%, respectively. This solid funding base and liquidity position continued to support the further development of the loan portfolio.

With a solid first-half performance and continued business momentum, we remain focused on strategic opportunities that support long-term growth and strengthen our market position.

Client Base Growth, Service Excellence and Digital Engagement

Citadele continued to expand its customer base across the region, strengthening its position among both private and business customers. As of 30 June 2026, the active customer base stood at 415.5 thousand, representing a 1.9% increase year-on-year. Alongside this growth, digital channels remained an important part of the customer experience, reflecting sustained demand for seamless and user-friendly banking services and reinforcing the Bank's commitment to digital innovation. During the first half of the year, 87.2% of customers actively used digital channels, highlighting the growing importance of digital banking in everyday customer interactions.

Innovations and Business Development

During the second quarter of 2026, Citadele advanced its digital agenda, further strengthening customer engagement and expanding the range of solutions available to private individuals, families and businesses across the Baltics.

A key milestone was the launch of a redesigned online bank, delivering a more modern and intuitive digital experience. With enhanced navigation, improved accessibility and more intuitive access to products and services, the platform helps customers manage their finances more efficiently and conveniently.

Citadele also expanded its Insurance Portal across all three Baltic markets. The portal allows customers to review their existing insurance coverage and select the insurance solution best suited to their needs, making insurance simpler, clearer and more convenient.

In partnership with airBaltic, Citadele broadened its product offering through the launch of the C airBaltic card, combining everyday banking with travel-related benefits. The card enables customers to earn loyalty points on daily purchases, helping turn everyday spending into future travel opportunities. The new offering reflects Citadele's focus on developing solutions that create additional value beyond traditional banking services.

Artificial intelligence remains an important part of Citadele's ongoing efforts to create greater customer value and improve efficiency. During the second quarter of 2026, the customer-facing virtual assistant Adele was enhanced with loan calculation capabilities across consumer, mortgage and car financing products, as well as new functionality enabling customers to receive personalised Life insurance offers. As a result, Adele now handles 41% of all digital customer requests, maintaining a high response quality rate of 88% while helping deliver faster responses and a smoother customer journey. As we continue to expand the use of AI, we do so in a measured and responsible way, guided by strong governance and data protection standards.

Klix, Citadele's e-commerce checkout solution, continued to gain momentum during the second quarter of 2026. As of 30 June, the registered user base reached a record 609 thousand, representing a 15% increase compared with the same period of 2025. During the quarter, Klix processed 8.9 million transactions with a total value of EUR 385 million, 52% higher than in Q2 2025, reflecting the continued adoption of Klix by customers and merchants across the Baltics.

Recent Changes in Management - Jūlija Lebedinska-Ļitvinova Steps Down from Citadele Management Board

On 15 May 2026, Jūlija Lebedinska-Ļitvinova stepped down from her roles as Chief Risk Officer and Member of the Management Board. Until a new Chief Risk Officer is appointed, her responsibilities will be assumed by senior members of the management team, ensuring continuity and effective oversight.

Citadele remains focused on maintaining stability while supporting long-term growth, with the management team strengthening the Bank's position through innovative digital solutions and a strong banking product offering.

Moody's Updates Citadele's Ratings

On 21 April 2026, Moody's Ratings announced rating updates for Citadele following amendments to the EU Bank Recovery and Resolution Directive (BRRD) and the Deposit Guarantee Scheme Directive (DGSD), which introduced full depositor preference across the European Union. As part of this action, Citadele's long-term deposit rating was upgraded to A3, while its senior unsecured debt rating was returned to Baa2 – the same level as at the time of the Bank's most recent EUR 300 million senior unsecured MREL-eligible issuance in September 2025. The stable outlook reflects Moody's expectation of continued financial stability for Citadele over the outlook horizon.

Capital Distribution

As part of its capital distribution to shareholders, Citadele successfully completed a one-time special share buyback of EUR 50 million in January 2026 to support future long-term incentive and retention programmes and reduce outstanding share capital.

The Group's dividend policy targets a payout ratio of 50%. Given heightened geopolitical uncertainty, a prudent approach was taken, resulting in a dividend payout ratio of 31.5%. Dividends totalling EUR 25.7 million, equivalent to EUR 0.183 per share, were distributed in April 2026. Shareholders retain the flexibility to revisit this decision later in the year and may consider distributing the remaining EUR 15.1 million, subject to market conditions.

Looking Ahead

The first half of 2026 reflected strong customer activity across our core segments, healthy lending volumes and further progress across our digital initiatives. With a solid balance sheet, a growing customer base and a clear focus on innovation, we enter the second half of the year with confidence. This positions us well to support our customers through periods of uncertainty while continuing to deliver sustainable long-term value for all stakeholders.

As we conclude the first half of 2026, I would like to express my sincere gratitude to our customers, employees and partners for their continued trust and support. I look forward to our ongoing cooperation and to building on the momentum established during the first half of the year.

Financial review of the Group

Results and profitability in H1 2026

The Group delivered a solid financial performance in H1 2026, with operating income of EUR 109.4 million, compared with EUR 111.5 million in H1 2025. In Q2 2026, operating income amounted to EUR 57.3 million, compared with EUR 58.0 million in Q2 2025.

Net interest income amounted to EUR 89.5 million in H1 2026, compared with EUR 89.2 million in H1 2025. Net interest margin was 3.7%, compared with 3.8% in H1 2025, reflecting the decline in average Euribor rates, while continued growth in the loan portfolio supported a slight increase in net interest income. In Q2 2026, net interest income increased to EUR 46.2 million, compared with EUR 44.6 million in Q2 2025, with net interest margin at 3.8%, compared with 3.9% in Q2 2025.

The Group's net fee and commission income amounted to EUR 18.6 million in H1 2026, compared to EUR 18.4 million in the same period of 2025, remaining broadly flat. In Q2 2026, net fee and commission income was EUR 9.9 million, compared to EUR 9.7 million in Q2 2025.

Operating expenses in H1 2026 amounted to EUR 55.0 million, representing a 5% increase compared to H1 2025, primarily due to higher consulting, IT, and communications expenses. In Q2 2026, operating expenses were EUR 28.1 million, compared to EUR 26.8 million in Q2 2025.

By category, staff costs represented 65% of total expenses, followed by other costs at 28% and depreciation and amortisation at 7%.

Staff costs amounted to EUR 35.7 million in H1 2026, compared to EUR 35.9 million in H1 2025. In Q2 2026, staff costs were EUR 18.2 million, compared to EUR 17.9 million in Q2 2025. Full-time equivalent employees totalled 1,314 as of 30 June 2026, up from 1,281 at year-end 2025.

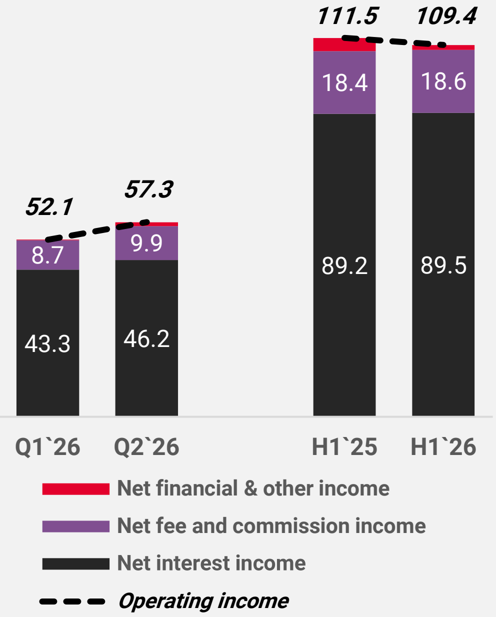
Other operating expenses totalled EUR 15.5 million in H1 2026, an increase of 26% compared with H1 2025, primarily driven by higher consulting and other services expenses of EUR 3.6 million (+44%) and IT and communications expenses of EUR 5.5 million (+22%). Advertising and marketing expenses increased to EUR 2.0 million (+50%), non-refundable VAT to EUR 1.9 million (+18%), and other expenses to EUR 1.2 million (+29%), while rent, premises and real estate expenses decreased by 10% to EUR 1.3 million. In Q2 2026, other operating expenses totalled EUR 8.0 million, compared with EUR 6.8 million in Q2 2025.

Citadele's cost-to-income ratio was 50.3% in H1 2026, compared with 47.1% in H1 2025. In Q2 2026, the cost-to-income ratio was 49.1%, compared with 46.3% in Q2 2025.

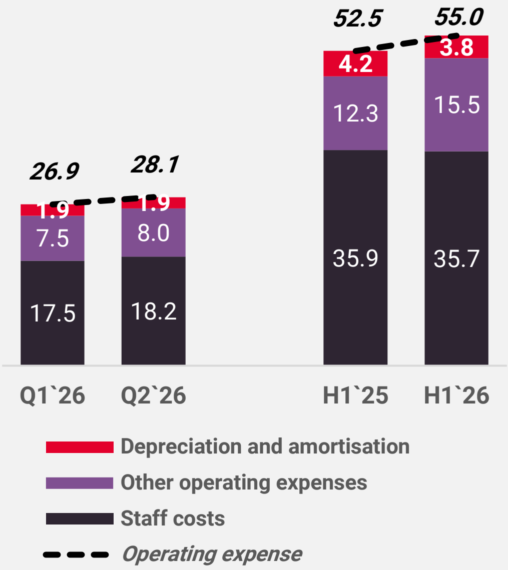
Net credit losses and impairments amounted to EUR 5.2 million in H1 2026, compared to EUR 4.5 million in H1 2025. This was driven by a combination of updated future macroeconomic assumptions, a growth in household lending, and migration of certain exposures to higher impairment stages, with the Stage 3 gross ratio rising to 1.9% from 1.7% at year-end 2025. In Q2 2026, net credit losses and impairments amounted to EUR 2.8 million, compared to EUR 3.9 million in Q2 2025.

The Group's net profit was EUR 39.8 million in H1 2026, compared to EUR 43.3 million in H1 2025 (-8%). In Q2 2026, net profit was EUR 20.8 million, compared to EUR 21.9 million in Q2 2025 (-5%).

Operating income, EURm
Continuing operations



Operating expense, EURm
Continuing operations



Balance sheet overview

The Group's assets stood at EUR 5,425 million as of 30 June 2026, remaining broadly unchanged compared with year-end 2025.

The net loan portfolio was EUR 3,947 million as of 30 June 2026, representing a 5% increase from year-end 2025. The overall credit quality of the loan portfolio remained strong. The Stage 3 loans to public gross ratio was 1.9% as of 30 June 2026, up from 1.7% as at 31 December 2025.

New financing in H1 2026 reached EUR 749.9 million, representing a 2% decrease compared with the same period in 2025, primarily reflecting lower lending volumes in the corporate segment. EUR 285.7 million was issued to private customers, EUR 345.1 million to SMEs, and EUR 116.5 million to corporate customers. Green and transition financing amounted to EUR 56.4 million, representing 7.5% of total new lending (10.3% in H1 2025), and included green mortgages, loans for electric vehicles, and corporate loans supporting environmentally sustainable activities.

As of 30 June 2026, Lithuania accounted for 42% of the loan portfolio with EUR 1,643 million (compared to 40% as of year-end 2025), followed by Latvia at 39% with EUR 1,549 million (vs. 41% as of year-end 2025), Estonia at 19% with EUR 752 million (vs. 19% as of year-end 2025).

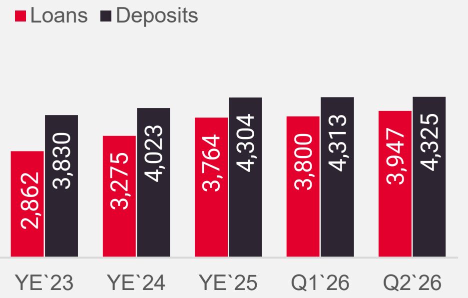
As of 30 June 2026, loans to households represented 47% of the total loan portfolio (compared to 46% as of year-end 2025). Mortgage loans increased by 5% from year-end 2025 and amounted to EUR 1,006 million. Finance leases to households grew by 8% to EUR 489 million (vs. EUR 453 million at year-end 2025). Consumer lending increased by 8% reaching EUR 283 million, while card lending remained broadly stable at EUR 57 million. Corporate lending remained well diversified, with the largest sector exposures in real estate purchase and management (13% of total loans), manufacturing (7%), trade (7%), and transport and communications (6%).

The Group's securities portfolio, along with cash and bank balances, forms part of its liquidity resources. The debt securities portfolio remained broadly stable compared to year-end 2025 at EUR 1,036 million, while cash and bank balances decreased by 38% over the same period. 97% of the debt securities portfolio consists of securities rated A or higher. The main change during the period was a 26% decrease (EUR 20 million) in AA/Aa-rated bonds since year-end 2025, while the remainder of the portfolio remained broadly stable, with slight increases of 2% in AAA/Aaa-rated and 1% in A-rated bonds.

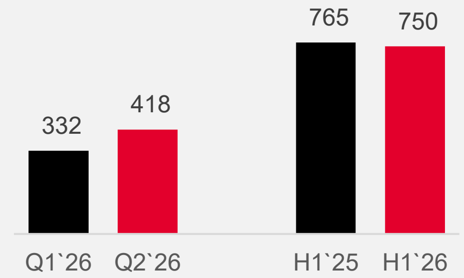
The Group's LCR and NSFR remained at healthy levels, standing at 163% and 138%, respectively, as of 30 June 2026, compared to 181% and 141% at year-end 2025.

Customer deposits, Citadele's primary source of funding, increased by EUR 21 million since year-end 2025 to EUR 4,325 million as of 30 June 2026. Term deposits share out of total deposits stood at 25% as of 30 June 2026, as compared to 26% as of end of year 2025. Baltic domestic customer deposits formed 99% of total deposits or EUR 4,265 million (compared to 99% as of year-end 2025).

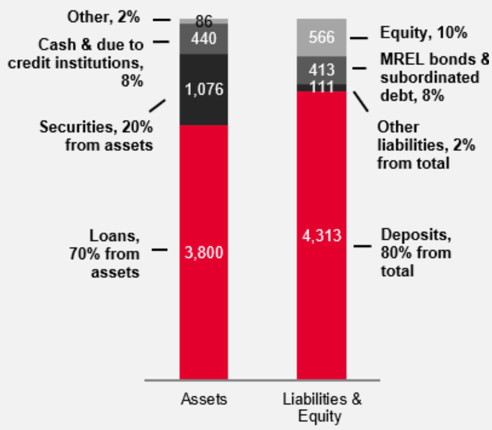
Loans and Deposits, EURm



New financing, EURm



Balance sheet structure, EURm



Ratings

Citadele holds a long-term deposit rating of A3 and a senior unsecured debt rating of Baa2, assigned by Moody's (22 April 2026). The outlook is stable.

The main credit strengths are:

- Improved and stabilised asset quality, supported by a diversified portfolio
- Strong capitalisation underpinned by robust organic capital generation
- Robust profitability which has stabilised following some historic volatility
- Sound funding and liquidity, underpinned by a domestic-based deposit funding model.

Category	*Moody's rating*
Outlook	*Stable*
Counterparty Risk Rating	*A3/P-2*
Bank Deposits	*A//P-2*
BCA./ Adj. BCA	*baa3/ baa3*
Counterparty Risk Assessment	*A3(cr)/P-2(cr)*
Senior Unsecured -Dom Curr	*Baa1*
Pref. Stock Non-cumulative-Dom Curr	*Ba3 (hyb)*

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

Segment Highlights

Retail Private and Affluent segment

Retail lending continued to grow, supported by strong demand for mortgage and consumer lending. New lending to private individuals reached EUR 285.7 million in H1 2026, up 8% year-on-year. Of this, EUR 154.3 million was disbursed in Q2 2026. Demand for green products remained strong, with green mortgages reaching EUR 15.7 million and accounting for 15% of new mortgage lending.

Total loans to private individuals reached EUR 1,708 million as of 30 June 2026, representing a 5% increase, or EUR 86 million, compared with year-end 2025, with loan quality remaining strong. Deposits from private individuals totalled EUR 2,212 million, an increase of 4%, or EUR 93 million, compared with year-end 2025.

In H1 2026, the FTP-adjusted operating income of the Retail Private and Affluent segments amounted to EUR 45.0 million, compared with EUR 46.1 million in H1 2025. Of this, EUR 23.4 million was generated in Q2 2026.

SME segment

SME lending remained resilient, with new financing increasing slightly year-on-year. New lending totalled EUR 345.1 million in H1 2026, an increase of EUR 2.3 million, or 1%, compared with H1 2025. Q2 2026 accounted for EUR 187.5 million of new lending.

Total loans to SMEs stood at EUR 1,337 million as of 30 June 2026, increasing by 6% compared with year-end 2025, while loan quality remained strong. SME deposits amounted to EUR 986 million, a 3% decrease compared with 31 December 2025.

In H1 2026, the SME segment's FTP-adjusted operating income reached EUR 31.9 million, reflecting a 3% increase compared with H1 2025.

Corporate segment

Lending activity gained momentum in Q2, with corporate disbursements increasing significantly. Corporate new financing totalled EUR 116.5 million in H1 2026, down 25% (EUR 38.9 million) from H1 2025. Disbursements increased in Q2 2026 to EUR 74.1 million, compared with EUR 42.5 million in Q1 2026.

The total Corporate loan portfolio stood at EUR 899 million, increasing by 3% compared with year-end 2025. The quality of the credit portfolio remained strong.

The Corporate deposit portfolio amounted to EUR 1,017 million as of 30 June 2026, reflecting a 5% decrease compared with year-end 2025.

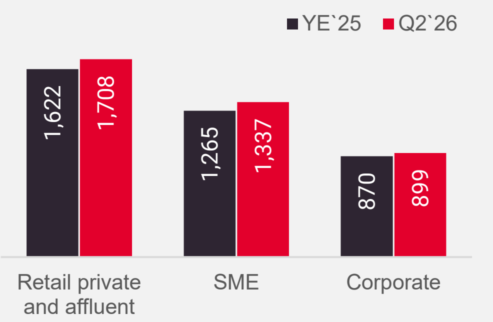
The Corporate segment's FTP-adjusted operating income reached EUR 15.1 million in H1 2026, representing a 2% decrease compared with H1 2025.

Asset Management

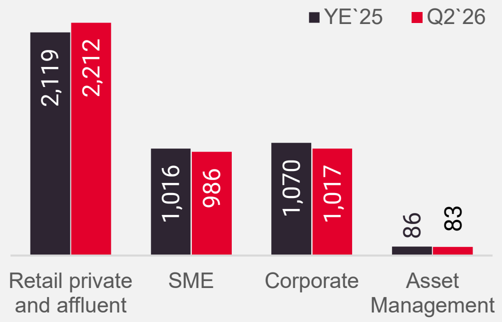
Assets under management increased further, supporting long-term business growth. Total customer assets under management stood at EUR 1.6 billion, a 15% increase compared with year-end 2025.

Asset Management's FTP-adjusted operating income reached EUR 4.0 million in H1 2026, decreasing by 5% as compared with the same period last year.

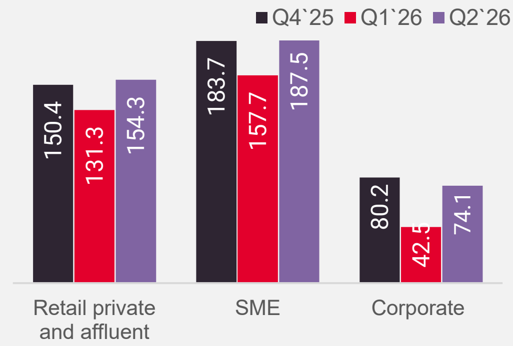
Loans, EURm



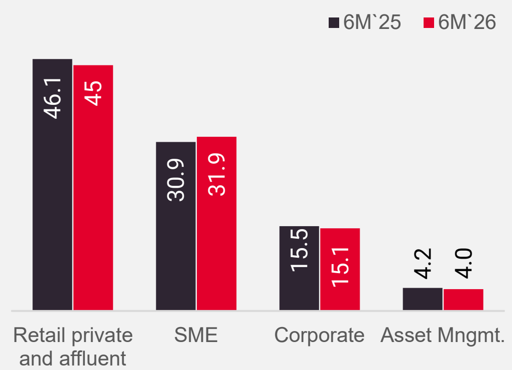
Deposits, EURm



New lending, EURm



Operating income, EURm



Business Environment

Global Resilience Amid Renewed Energy and Geopolitical Shocks

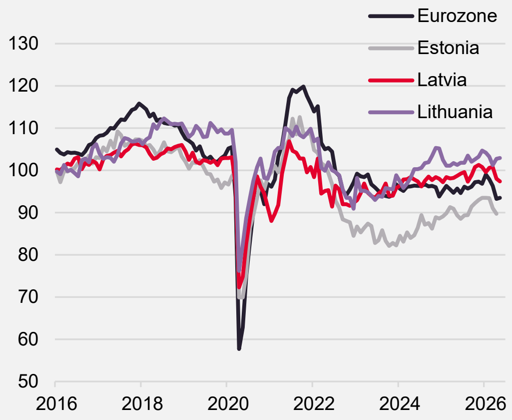
The global economy remained relatively resilient in Q2 2026 despite a renewed geopolitical shock. The conflict between the United States and Iran, together with the disruption of oil flows through the Strait of Hormuz, triggered a sharp increase in energy prices and renewed inflationary pressure. Nevertheless, alternative export routes, higher US oil exports, the use of strategic reserves and adjustments in Chinese demand helped prevent a more severe supply shortage. Following the announcement of a ceasefire, oil flows gradually resumed and prices declined, although the fragile geopolitical situation and the future replenishment of strategic reserves continue to present upside risks to energy prices.

Economic activity proved more robust than initially feared. Producer sentiment improved across the United States, the euro area and China, reaching its strongest level in four years, although part of the improvement may have reflected precautionary inventory accumulation rather than a broad-based acceleration in final demand. Household spending in Western economies was supported by continued income growth, while the US labor market strengthened as job creation resumed during the spring. Financial markets also recovered quickly from their initial weakness, with developed- and emerging-market equity indices reaching new highs by June, supported by continued investor interest in artificial intelligence and technology companies.

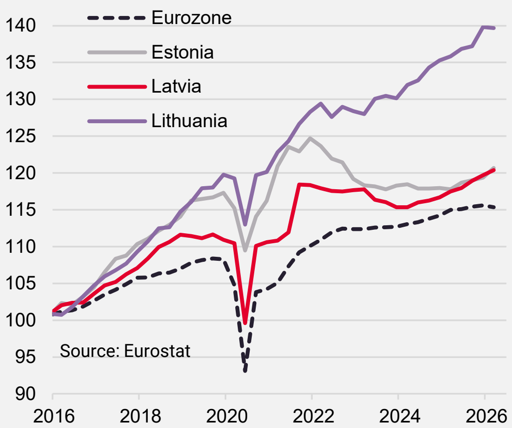
The US economy remained better positioned than most other advanced economies to absorb the energy shock, reflecting its favorable energy trade balance and comparatively strong domestic demand. By contrast, euro area growth lost momentum. Euro area GDP declined by 0.2% quarter-on-quarter in Q1, with annual growth slowing to 0.3%, although the aggregate result was significantly affected by volatile developments in Ireland. Manufacturing activity remained subdued, while retail sales continued to expand moderately. Business and consumer confidence deteriorated during the spring but began to recover in June as oil prices declined. Overall, euro area growth is expected to remain weak in 2026 before gradually strengthening in 2027.

The rise in energy prices was quickly reflected in inflation. Euro area inflation reached 3.2% in May before easing to 2.8% in June, while core inflation remained comparatively stable. Concerned about potential second-round effects, the European Central Bank raised its deposit facility rate by 25 basis points to 2.25% in June, marking the first change in its policy stance in a year. Money markets expect the ECB to maintain a cautious approach and do not exclude further rate increases. In the United States, inflation accelerated to 4.2% in May, while the Federal Reserve kept its policy rate unchanged at 3.50–3.75%. The outlook for global monetary policy has consequently shifted towards tighter-for-longer conditions, although policymakers continue to expect much of the inflationary impact from the energy shock to be temporary.

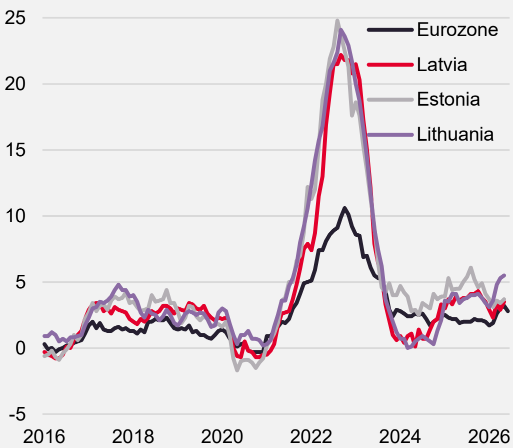
Economic sentiment indicator



Real GDP, indexed, 2016 = 100



Inflation (%, year-on-year)



Baltic Economies: Recovery Continues, but Growth Becomes More Uneven

The Baltic economies performed better than initially feared during the geopolitical and energy-market disruption. Growth forecasts for all three countries were revised upwards, while inflation projections were reduced as the peak impact of the shock appeared to have passed. Nevertheless, economic performance remained uneven: Lithuania continued to lead the region, Latvia's recovery was increasingly driven by manufacturing, while Estonia's economic cycle remained comparatively weak.

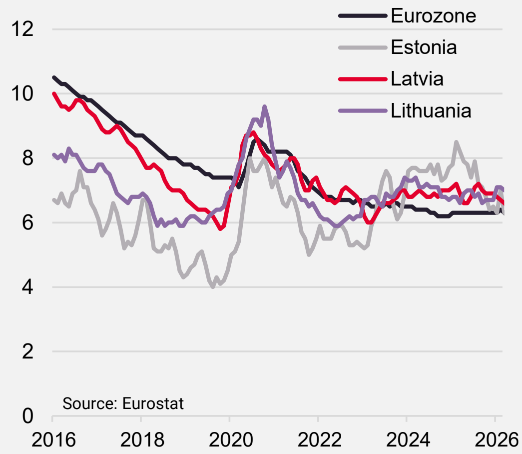
Latvia's economic recovery continued in Q2, although the composition of growth became less balanced. Manufacturing output increased by 5.9% year-on-year on a three-month-average basis in May, supported by strong growth in fabricated metals, electronics, chemicals, plastics, furniture and food production. The improvement appears to reflect resilient external demand and the growing impact of higher defense expenditure across Europe. Domestic demand was softer: retail sales remained above the previous year's level but declined slightly compared with February, while consumer confidence fell to a multi-month low. Although industrial order books and construction activity improved, subdued household sentiment suggests that private consumption may remain cautious in the near term. Latvia's GDP is expected to grow by 1.8% in 2026, while inflation is projected at 4.0%.

Lithuania remained the fastest-growing Baltic economy. Manufacturing output reached historically high levels, with particularly strong performance in higher-value and defense-related industries, including electronics, optical products, rubber and plastics, and machinery installation. Retail trade also expanded rapidly, benefiting from strong wage growth, a tight labor market and additional liquidity released through the second-pillar pension reform. Economic sentiment recovered from its spring low, led by a pronounced improvement in services and construction confidence. Lithuania's GDP is forecasted to increase by 2.9% in 2026. Inflation is expected to remain the highest in the region at 5.8%, reflecting wage pressures, the higher minimum wage and the demand effects of pension reform.

Estonia's recovery remained more fragile. Industrial production continued to stagnate and remained well below its post-pandemic peak, while weaker retail activity pointed to cautious household spending. However, selected manufacturing segments, including basic metals, non-metallic minerals, electronics and electrical equipment, showed stronger results. The construction sector also continued to recover, with output in Q1 reaching its highest level since late 2023. Resilient demand in Finland and the wider Scandinavian region should provide support to Estonia's export-oriented industries. Estonia's GDP is projected to grow by 2.2% in 2026, with inflation at approximately 4.0%.

Overall, the Baltic region entered the second half of 2026 with a continued, although uneven, recovery. Easing energy-price pressures, rising real wages, public investment and defense-related expenditure should support activity. At the same time, fragile consumer confidence, weaker euro area growth, geopolitical uncertainty and the prospect of higher-for-longer interest rates remain the principal risks to the outlook.

Unemployment rate (%)



CORPORATE GOVERNANCE

AS Citadele banka is the parent company of Citadele Group. AS Citadele banka is a stock company. Citadele's shareholders are an international group of investors with global experience in the banking sector. As of the period end, excluding own shares, 69.8 % of shares in AS Citadele banka are owned by a consortium of international investors represented by Ripplewood Advisors LLC, 27.8 % of the shares are owned by the European Bank for Reconstruction and Development (EBRD) and 2.4 % of the shares are owned by the management, employees, and other investors.

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

Supervisory Board of the Bank as of 30/06/2026:

Name	Current Position	Date of first appointment
Timothy Clark Collins	Chair of the Supervisory Board	20 April 2015
Elizabeth Critchley	Deputy Chair of the Supervisory Board	20 April 2015
Nicholas Dominic Haag	Member of the Supervisory Board	19 December 2016
Stephen Burchell Martin Young	Member of the Supervisory Board	4 October 2023
Daiga Auziņa-Melalksne	Member of the Supervisory Board	1 November 2023
Bingyang Zhu	Member of the Supervisory Board	11 December 2025
Thomas William David Isaac	Member of the Supervisory Board	11 December 2025
Eric Hazan	Member of the Supervisory Board	11 December 2025
Paul Louis Jean de Leusse	Member of the Supervisory Board	29 January 2026

A new Supervisory Board of AS Citadele banka was approved by the regulator and on 29 January 2026 the change became effective. The new Supervisory Board comprises of Timothy Clark Collins as Chair of the Supervisory Board, Elizabeth Critchley as Deputy Chair of the Supervisory Board and Nicholas Dominic Haag, Stephen Burchell Martin Young, Thomas William David Isaac, Bingyang Zhu, Eric Hazan, Daiga Auziņa-Melalksne and Paul Louis Jean de Leusse as Members of the Supervisory Board.

Management Board of the Bank as of 30/06/2026:

Name	Current position	Responsibility
Rūta Ežerskienė	Chair of the Management Board	Chief Executive Officer
Valters Ābele	Member of the Management Board	Chief Financial Officer
Vaidas Žagūnis	Member of the Management Board	Chief Corporate Commercial Officer
Edward Rebane	Member of the Management Board	Chief Retail Commercial Officer
Liene Grūtupa	Member of the Management Board	Chief Compliance and Legal Officer

Slavomir Mizak resigned from AS Citadele banka Management Board effective from 31 March 2026. Jūlija Lebedinska-Ļitvinova stepped down from her role effective from 15 May 2026.

Statement of Management's Responsibility

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

The interim condensed financial statements are prepared in accordance with the source documents and present the financial position of the Bank and the Group as of 30 June 2026 and the results of their operations for the six months period ended 30 June 2026, changes in shareholders' equity and cash flows for the six months period ended 30 June 2026 in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The management report presents fairly the financial results of the reporting period and future prospects of the Bank and the Group.

The interim condensed financial statements are prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Management of AS Citadele banka is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. They are also responsible for operating the Bank in compliance with the Law on Credit Institutions, regulations of the Bank of Latvia and other legislation of the Republic of Latvia and the European Union applicable for credit institutions.

The Management Board of AS Citadele banka on 29 July 2026 approved these interim condensed financial statements.

CONDENSED STATEMENT OF INCOME

		EUR thousands							
		Group				Bank			
	Note	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Interest income calculated using the effective interest method	5	83,569	76,087	43,037	37,234	98,766	95,444	50,869	46,567
Other interest income	5	36,799	38,737	18,900	19,318	3,244	3,024	1,631	1,623
Interest expense	5	(30,879)	(25,637)	(15,711)	(11,931)	(31,154)	(26,791)	(15,863)	(12,320)
Net interest income		**89,489**	**89,187**	**46,226**	**44,621**	**70,856**	**71,677**	**36,637**	**35,870**
Fee and commission income	6	37,836	36,751	19,790	19,050	34,579	33,856	18,166	17,694
Fee and commission expense	6	(19,286)	(18,341)	(9,919)	(9,332)	(18,250)	(17,338)	(9,381)	(8,848)
Net fee and commission income		**18,550**	**18,410**	**9,871**	**9,718**	**16,329**	**16,518**	**8,785**	**8,846**
Net financial income	7	3,580	4,468	2,402	3,329	3,453	4,430	2,067	3,170
Net other income / (expense)	8	(2,220)	(613)	(1,194)	352	(1,080)	188	(557)	873
Operating income		**109,399**	**111,452**	**57,305**	**58,020**	**89,558**	**92,813**	**46,932**	**48,759**
Staff costs	9	(35,742)	(35,923)	(18,196)	(17,945)	(29,894)	(30,154)	(15,156)	(15,096)
Other operating expenses	10	(15,495)	(12,303)	(8,041)	(6,752)	(14,148)	(11,223)	(7,402)	(6,227)
Depreciation and amortisation		(3,769)	(4,228)	(1,873)	(2,146)	(3,222)	(3,655)	(1,598)	(1,859)
Operating expense		**(55,006)**	**(52,454)**	**(28,110)**	**(26,843)**	**(47,264)**	**(45,032)**	**(24,156)**	**(23,182)**
Profit from continuous operations before impairment, other taxes and levies and non-current assets held for sale		**54,393**	**58,998**	**29,195**	**31,177**	**42,294**	**47,781**	**22,776**	**25,577**
Net credit losses	11	(5,222)	(4,440)	(2,786)	(3,913)	(1,746)	(3,595)	648	(3,739)
Other impairment losses and other provisions		(1)	(66)	8	(17)	717	972	345	1,008
Operating profit from continuous operations before other taxes and levies and non-current assets held for sale		**49,170**	**54,492**	**26,417**	**27,247**	**41,265**	**45,158**	**23,769**	**22,846**
Mortgage loan levy and bank tax	12	-	(22)	-	-	-	(22)	-	-
Result from non-current assets held for sale and discontinued operations, net of tax	17	-	(4,289)	-	(2,964)	-	(1,684)	-	(1,428)
Operating profit		**49,170**	**50,181**	**26,417**	**24,283**	**41,265**	**43,452**	**23,769**	**21,418**
Income tax	12	(9,393)	(10,392)	(5,636)	(4,893)	(8,193)	(8,566)	(4,834)	(4,194)
Net profit		**39,777**	**39,789**	**20,781**	**19,390**	**33,072**	**34,886**	**18,935**	**17,224**
Basic earnings / (loss) per share in EUR	21	0.28	0.25	0.15	0.12	0.24	0.22	0.15	0.11
from continuing operations		*0.28*	*0.27*	*0.15*	*0.13*	*0.24*	*0.22*	*0.15*	*0.11*
from discontinued operations		-	*(0.02)*	-	*(0.01)*	-	-	-	-
Diluted earnings / (loss) per share in EUR	21	0.28	0.25	0.15	0.12	0.23	0.22	0.14	0.11
from continuing operations		*0.28*	*0.27*	*0.15*	*0.14*	*0.23*	*0.22*	*0.14*	*0.11*
from discontinued operations		-	*(0.02)*	-	*(0.01)*	-	-	-	-

The notes are an integral part of these interim condensed financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Net profit	**39,777**	**39,789**	**20,781**	**19,390**	**33,072**	**34,886**	**18,935**	**17,224**
Items that may be reclassified to profit or loss:								
Debt securities at fair value through other comprehensive income (continuing operations)								
Gains or losses transferred to profit or loss	(61)	(28)	(61)	(28)	(61)	(28)	(61)	(28)
Valuation gains or losses taken to equity	548	2,417	516	1,269	468	2,090	453	1,085
Income tax taken to equity	(104)	(405)	(103)	(204)	(104)	(405)	(103)	(204)
Debt securities at fair value through other comprehensive income (discontinued operations)								
Gains or losses transferred to profit or loss	-	67	-	42	-	-	-	-
Valuation gains or losses taken to equity	-	23	-	(7)	-	-	-	-
Income tax taken to equity	-	(22)	-	(9)	-	-	-	-
Other reserves (discontinued operations)								
Foreign exchange retranslation	-	92	-	265	-	-	-	-
Items that will not be reclassified to profit or loss:								
Equity and similar instruments at fair value through other comprehensive income (continuing operations)								
Valuation gains or losses taken to equity	117	17	117	17	117	17	117	17
Transfer to retained earnings at disposal	-	-	-	-	-	-	-	-
Other comprehensive income / (loss)	**500**	**2,161**	**469**	**1,345**	**420**	**1,674**	**406**	**870**
Total comprehensive income	**40,277**	**41,950**	**21,250**	**20,735**	**33,492**	**36,560**	**19,341**	**18,094**

The notes are an integral part of these interim condensed financial statements.

CONDENSED BALANCE SHEET

		EUR thousands			
		30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Assets	Note				
Cash and cash balances at central banks	25	315,631	511,451	315,631	511,451
Loans to credit institutions		6,240	7,099	4,802	5,701
Debt securities	13	1,036,212	1,040,903	1,003,138	1,004,828
Loans to public	14	3,946,820	3,764,206	3,827,445	3,655,462
Equity instruments	15	417	427	417	427
Other financial instruments	15	22,099	21,999	-	-
Derivatives	23	6,346	1,747	6,346	1,747
Investments in related entities	16	-	-	53,937	52,969
Tangible assets		39,026	30,755	19,257	16,543
Intangible assets		6,136	5,691	3,918	3,492
Deferred income tax assets	12	969	1,053	940	999
Other assets		44,843	39,405	37,134	30,097
Total assets		**5,424,739**	**5,424,736**	**5,272,965**	**5,283,716**
Liabilities					
Deposits from credit institutions and central banks	18	4,646	2,599	4,646	2,599
Deposits and borrowings from customers	19	4,325,330	4,304,201	4,335,741	4,304,937
Debt securities issued	20	415,984	408,861	415,984	408,861
Derivatives	23	2,211	2,767	2,211	2,767
Provisions	11	3,542	3,816	3,429	3,727
Current income tax liabilities	12	6,308	13,879	5,649	12,392
Deferred income tax liabilities	12	2,472	2,450	22	-
Other liabilities		102,376	88,905	34,552	35,528
Total liabilities		**4,862,869**	**4,827,478**	**4,802,234**	**4,770,811**
Equity					
Share capital	21	140,569	159,178	140,569	159,178
Reserves and other capital components		5,001	4,850	5,117	5,046
Retained earnings		416,300	433,230	325,045	348,681
Total equity		**561,870**	**597,258**	**470,731**	**512,905**
Total liabilities and equity		**5,424,739**	**5,424,736**	**5,272,965**	**5,283,716**
Off-balance sheet items					
Guarantees and letters of credit	22	103,716	102,467	103,716	102,467
Financial commitments	22	411,775	394,081	393,868	380,621

The notes are an integral part of these interim condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Group, EUR thousands						
	Issued share capital	**Share premium**	**Securities fair value revaluation reserve *(Note 13* and *Note 23)***	**Foreign currency retrans-lation**	**Share based payments**	**Retained earnings**	**Total equity**
Balance as of 31/12/2024	**158,813**	**2,213**	**(5,320)**	**7,395**	**3,100**	**396,481**	**562,682**
Dividends to shareholders *(Note 21)*	-	-	-	-	-	(44,785)	(44,785)
Share based payments to employees *(Note 9* and *Note 21)*	325	553	-	-	18	-	896
Total comprehensive income	***-***	***-***	***2,069***	***92***	***-***	***39,789***	***41,950***
Net result for the period	-	-	-	-	-	39,789	39,789
Other comprehensive income / (loss) for the period	-	-	2,069	92	-	-	2,161
Balance as of 30/06/2025	**159,138**	**2,766**	**(3,251)**	**7,487**	**3,118**	**391,485**	**560,743**
Balance as of 31/12/2025	**159,178**	**2,829**	**(2,319)**	**-**	**4,340**	**433,230**	**597,258**
Dividends to shareholders *(Note 21)*	-	-	-	-	-	(25,661)	(25,661)
Share buy-back *(Note 21)*	(18,954)	-	-	-	-	(31,046)	(50,000)
Share based payments to employees *(Note 9* and *Note 21)*	345	668	-	-	(1,017)	-	(4)
Total comprehensive income	***-***	***-***	***500***	***-***	***-***	***39,777***	***40,277***
Net result for the period	-	-	-	-	-	39,777	39,777
Other comprehensive income / (loss) for the period	-	-	500	-	-	-	500
Balance as of 30/06/2026	**140,569**	**3,497**	**(1,819)**	**-**	**3,323**	**416,300**	**561,870**

	Bank, EUR thousands					
	Issued share capital	**Share premium**	**Securities fair value revaluation reserve *(Note 13* and *Note 23)***	**Share based payments**	**Retained earnings**	**Total equity**
Balance as of 31/12/2024	**158,813**	**2,213**	**(4,596)**	**3,100**	**320,746**	**480,276**
Dividends to shareholders *(Note 21)*	-	-	-	-	(44,785)	(44,785)
Share based payments to employees *(Note 9* and *Note 21)*	325	553	-	18	-	896
Total comprehensive income	***-***	***-***	***1,674***	***-***	***34,886***	***36,560***
Net result for the period	-	-	-	-	34,886	34,886
Other comprehensive income / (loss) for the period	-	-	1,674	-	-	1,674
Balance as of 30/06/2025	**159,138**	**2,766**	**(2,922)**	**3,118**	**310,847**	**472,947**
Balance as of 31/12/2025	**159,178**	**2,829**	**(2,123)**	**4,340**	**348,681**	**512,905**
Dividends to shareholders *(Note 21)*	-	-	-	-	(25,661)	(25,661)
Share buy-back *(Note 21)*	(18,954)	-	-	-	(31,046)	(50,000)
Share based payments to employees *(Note 9* and *Note 21)*	345	668	-	(1,017)	(1)	(5)
Total comprehensive income	***-***	***-***	***420***	***-***	***33,072***	***33,492***
Net result for the period	-	-	-	-	33,072	33,072
Other comprehensive income / (loss) for the period	-	-	420	-	-	420
Balance as of 30/06/2026	**140,569**	**3,497**	**(1,703)**	**3,323**	**325,045**	**470,731**

The notes are an integral part of these interim condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

	Note	6m 2026 Group	6m 2025 Group	6m 2026 Bank	6m 2025 Bank
		EUR thousands			
Operating activities					
Operating profit before tax (discontinued net of tax and continuing)		49,170	50,181	41,265	43,452
Tax expense from discontinued operations	17	-	21	-	-
Interest income	5	(120,368)	(116,233)	(102,010)	(98,468)
Interest expense	5	30,879	25,785	31,154	26,791
Dividends income		(3)	6	(3)	(108)
Depreciation and amortisation		3,769	4,425	3,222	3,655
Impairment allowances and provisions		5,223	5,927	1,029	3,561
Currency translation and other non-cash items		3,590	6,220	2,038	6,493
Cash flows from the income statement		**(27,740)**	**(23,668)**	**(23,305)**	**(14,624)**
(Increase) / decrease in loans to public		(188,504)	(264,700)	(174,354)	(263,245)
Increase / (decrease) in deposits and borrowings from customers		21,101	(29,794)	30,540	(23,713)
(Increase) / decrease in loans to credit institutions		1,838	2,423	1,838	8,718
Increase / (decrease) in deposits from central banks and credit institutions		300	(2,039)	300	(52,786)
(Increase) / decrease in other items at fair value through profit or loss		(5,155)	8,619	(5,155)	8,619
(Increase) / decrease in other assets		(5,429)	18,213	(7,028)	10,940
(Increase) / decrease in tangible assets under operating lease		(5,035)	(166)	-	.
Increase / (decrease) in other liabilities		11,175	2,864	(3,302)	(3,242)
Cash flows from operating activities before interest and corporate income tax		**(197,449)**	**(288,248)**	**(180,466)**	**(329,333)**
Interest received		120,778	117,785	102,356	99,494
Interest paid		(21,500)	(23,745)	(21,539)	(24,889)
Corporate income tax paid		(16,886)	(17,252)	(14,936)	(14,940)
Cash flows from operating activities		**(115,057)**	**(211,460)**	**(114,585)**	**(269,668)**
Investing activities					
Acquisition of tangible and intangible assets		(4,883)	(9,535)	(2,317)	(3,064)
Disposal of tangible and intangible assets		52	1,418	52	16
Investments in debt securities and other financial instruments		(53,673)	(121,024)	(51,028)	(115,247)
Proceeds from debt securities and other financial instruments		57,162	292,383	51,640	275,278
Dividends received		3	(6)	3	108
Investments in subsidiaries and associates		-	-	(250)	(1,072)
Cash flows from investing activities		**(1,339)**	**163,236**	**(1,900)**	**156,019**
Financing activities					
Dividends paid	21	(25,661)	(44,785)	(25,661)	(44,785)
(Repayment) of debt securities	20	-	(20,000)	-	(20,000)
Interest paid on debt securities issued	20	(2,716)	(2,828)	(2,716)	(2,828)
Share buy-back	21	(50,000)	-	(50,000)	-
Repayment of lease liabilities		(1,834)	(1,916)	(1,785)	(1,897)
Cash flows from financing activities		**(80,211)**	**(69,529)**	**(80,162)**	**(69,510)**
Cash flows for the period		**(196,607)**	**(117,753)**	**(196,647)**	**(183,159)**
Cash and cash equivalents at the beginning of the period		**513,515**	**366,371**	**512,117**	**353,441**
Cash and cash equivalents at the end of the period	25	**316,908**	**248,618**	**315,470**	**170,282**

The Group has elected to present a statement of cash flows that includes both continuing and discontinued operations within operating, investing and financing activities. For more details on discontinued operations refer to note *Discontinued Operations and Non-current assets held for sale*.

The notes are an integral part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

If not mentioned otherwise, referral to the Group's policies and procedures should be also considered as referral to the respective Bank's policies and procedures. Figures in parenthesis represent amounts as of 31 December 2025 or for the six months period ended 30 June 2025.

NOTE 1. AUTHORISATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been authorised for issuance by the Management Board and comprise the financial information of AS Citadele banka (hereinafter – the Bank or Citadele) and its subsidiaries (together – the Group).

NOTE 2. GENERAL INFORMATION

Citadele is a Latvian based full-service financial group offering a wide range of banking products to retail, SME and corporate customer base as well as wealth management, asset management, life insurance, pension, leasing and factoring products. Alongside traditional banking services, Citadele offers a range of services based on next-generation financial technology, including a modern mobile application, contactless and instant payments, modern client onboarding practices and technologically-enabled best-in-class customer service.

As of period end the Bank operates branches in Latvia, Lithuania and Estonia. AS Citadele banka is the parent company of the Group. The Group's main market is the Baltics (Latvia, Lithuania and Estonia). Citadele was registered as a stock company on 30 June 2010. Citadele commenced its operations on 1 August 2010.

As of 30 June 2026, the Group had 1,314 (2025: 1,281) and the Bank had 1,107 (2025: 1,077) full time equivalent active employees.

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

NOTE 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

These interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by the European Union (EU) on a going concern basis. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in financial position and performance of the Group and the Bank since the last annual consolidated and Bank financial statements. These interim condensed financial statements do not include all information required for a complete set of financial statements prepared in accordance with IFRS accounting standards as adopted by the European Union. This interim financial information should be read in conjunction with the 2025 annual financial statements for the Group and the Bank. Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's and the Bank's financial statements as at and for the year ended 31 December 2025.

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

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

b) New standards and amendments

New standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Some of the standards become effective in 2026, others become effective for later reporting periods. In this section those relevant for the Group are summarised. Where the implementation impact was or is expected to be reasonably material it is disclosed.

New requirements effective for 2026 which did not have a significant effect to the Group

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity (expected to be effective from 1 January 2026)
Annual Improvements to IFRS Accounting Standards. Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash flows (expected to be effective from 1 January 2026).

Upcoming requirements not in force for current reporting period

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2026 or are not yet effective in the EU. These standards have not been applied in preparing these interim condensed financial statements. The Group does not plan to adopt any of these standards early. The Group is in the process of evaluating the potential effect if any of changes arise from these new standards and interpretations.

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)
IAS 21 – The Effects of Changes in Foreign Exchange Rates (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 to be determined)
IFRS 20 – Regulatory Assets and Regulatory Liabilities (expected to be effective from 1 January 2029)

c) Functional and Presentation Currency

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Bank, its Baltic subsidiaries, and the Group's presentation currency, is Euro ("EUR"). The functional currency of all of the Group's foreign subsidiaries is also Euro. The accompanying financial statements are presented in thousands of Euros.

d) Use of estimates and judgements in the preparation of financial statements

The preparation of financial statements in conformity with IFRS accounting standards as adopted by EU, requires Management to make estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The Management has applied reasonable and prudent estimates and judgments in preparing these interim condensed financial statements. Significant areas of estimation used in the preparation of the accompanying interim condensed financial statements relate to the evaluation of impairment losses for financial and non-financial assets and deferred tax liabilities. Critical judgements made in the preparation of the accompanying interim condensed financial statements relate to the determination of whether the Group has control over certain investees for consolidation purposes.

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

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

When calculating the expected credit losses according to the individual approach, expected credit losses are calculated on an individual basis with reference to the expected future cash flows including those arising from the sale of collateral. For individually assessed loans, the expected future cash flows are estimated using one or both of the following principles: going concern principle and gone concern principle. The Group uses its experienced judgement and forecasts to estimate the amount of any expected credit losses considering future economic conditions and the resulting trading performance of the borrower and the value of the collateral. Assessment of credit losses according to the individual approach is carried out regularly and as circumstances change and a new information is obtained, the individually assessed estimated credit losses may change over time.

Changes in net present value of estimated future cash flows, except for changes in cash flows from collateral, by +/-5% for loans to public for which expected credit losses are individually assessed would result in changes to the impairment allowance by EUR +/- 0.3 million for the Bank (2025: EUR +/- 0.0 million) and EUR +/- 0.4 million (2025: EUR +/- 0.1 million) for the Group. Change in estimated value of collateral by +/-5% for loans to public for which expected credit losses are individually assessed would result in EUR +/- 0.4 million change in impairment allowance for the Bank (2025: EUR +/- 0.3 million) and EUR +/- 0.5 million for the Group (2025: EUR +/- 0.4 million).

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

In the reporting period the management reassessed and continued to recognize impairment overlay. After re-assesment impairment overlay will continue to amortise as exposures are repaid, refinanced or move to different stages where ECL models capture credit risk. The Group and the Bank has recognised an impairment overlay for Stage 1 classified loans to public exposures, including extra overlay for Stage 1 manufacturing, agriculture and trade sector exposures which have been negatively affected by external factors. The impairment overlay represents an additional loss reserve over the modelled ECL amounts to account for other economic uncertainties and addresses uncertainty regarding the forward-looking economic conditions and possible disruptions to the Baltic economies and customers of the Group. The impairment overlay accounted for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing in the current unusual environment.

Changes in all applied LGD rates by 500 basis points would result in change in collectively estimated impairment allowance and provisions by EUR +/- 4.0 million for the Bank and EUR +/- 7.1 million for the Group (2025: EUR +/- 4.0 million for the Bank and EUR +/- 6.8 million for the Group). Changes in the 12-month PD rates by 100 basis points would result in change in collectively estimated impairment allowance and provisions for off-balance sheet commitments and guarantees by EUR +/- 7.3 million for the Bank and EUR +/- 10.2 million for the Group (2025: EUR +/- 7.5 million for the Bank and EUR +/- 10.1 million for the Group).

The Group includes forward-looking information in the measurement of expected credit losses. The forward-looking adjustment incorporates three economic scenarios with distinct economic consequences: a base case scenario, an adverse scenario and a positive scenario, which are applied proportionally to the estimated likelihood of future economic development.

Key forward-looking information variables for measurement of expected credit losses as of 30 June 2026 (average for the period of)

	Baseline scenario			Adverse scenario			Positive scenario		
	Next 0-12m	Next 13-24m	Next 25-36m	Next 0-12m	Next 13-24m	Next 25-36m	Next 0-12m	Next 13-24m	Next 25-36m
Latvia									
GDP (annual change)	2.1%	2.4%	2.2%	(0.9%)	1.4%	2.2%	4.3%	3.8%	2.8%
Unemployment rate	6.4%	6.3%	6.3%	7.2%	6.8%	6.3%	5.3%	4.8%	4.8%
Average gross wage (annual change)	6.4%	5.6%	5.4%	0.4%	2.6%	3.4%	10.8%	8.4%	6.7%
Interest rate	2.9%	2.9%	2.8%	3.2%	2.5%	2.3%	1.0%	0.2%	0.1%
Lithuania									
GDP (annual change)	2.7%	2.4%	2.4%	(0.3%)	1.4%	2.4%	4.9%	3.8%	2.9%
Unemployment rate	6.7%	6.5%	6.4%	7.6%	7.0%	6.4%	5.7%	5.1%	5.0%
Average gross wage (annual change)	7.3%	6.4%	6.5%	1.3%	3.4%	4.5%	11.7%	9.2%	7.5%
Interest rate	2.9%	2.9%	2.8%	3.2%	2.5%	2.3%	1.0%	0.2%	0.1%
Estonia									
GDP (annual change)	2.4%	2.5%	2.3%	(0.7%)	1.5%	2.3%	4.8%	3.9%	2.8%
Unemployment rate	6.9%	6.2%	6.1%	7.8%	6.7%	6.1%	5.6%	4.5%	4.4%
Average gross wage (annual change)	5.7%	5.6%	5.7%	(0.4%)	2.6%	3.7%	10.6%	8.4%	6.7%
Interest rate	2.9%	2.9%	2.8%	3.2%	2.5%	2.3%	1.0%	0.2%	0.1%

Key forward-looking information variables for measurement of expected credit losses as of 31 December 2025 (average for the period of)

	Baseline scenario			Adverse scenario			Positive scenario		
	Next 0-12m	Next 13-24m	Next 25-36m	Next 0-12m	Next 13-24m	Next 25-36m	Next 0-12m	Next 13-24m	Next 25-36m
Latvia									
GDP (annual change)	2.0%	2.4%	2.3%	(2.0%)	0.4%	2.4%	4.2%	4.6%	2.9%
Unemployment rate	6.5%	6.3%	6.3%	7.3%	7.3%	6.3%	5.8%	4.8%	4.8%
Average gross wage (annual change)	6.5%	6.1%	5.2%	(1.6%)	2.1%	3.2%	10.9%	10.6%	6.5%
Interest rate	2.1%	2.2%	2.4%	2.1%	2.8%	3.1%	1.5%	0.5%	0.1%
Lithuania									
GDP (annual change)	3.0%	2.3%	2.5%	(1.1%)	0.3%	2.5%	5.0%	4.7%	3.0%
Unemployment rate	6.8%	6.7%	6.4%	7.6%	7.7%	6.4%	6.3%	5.2%	5.0%
Average gross wage (annual change)	7.5%	6.0%	6.0%	(0.5%)	2.0%	4.0%	11.6%	10.7%	7.0%
Interest rate	2.1%	2.2%	2.4%	2.1%	2.8%	3.1%	1.5%	0.5%	0.1%
Estonia									
GDP (annual change)	2.2%	2.5%	2.3%	(1.7%)	0.5%	2.3%	4.9%	4.8%	2.8%
Unemployment rate	7.2%	6.6%	6.4%	8.0%	7.7%	6.4%	6.3%	4.9%	4.7%
Average gross wage (annual change)	5.7%	5.6%	5.6%	(2.3%)	1.6%	3.6%	11.0%	10.3%	6.6%
Interest rate	2.1%	2.2%	2.4%	2.1%	2.8%	3.1%	1.5%	0.5%	0.1%

The current forward-looking adjustment, weights baseline scenario at 60% likelihood, the adverse scenario at 30% likelihood and positive scenario at 10% likelihood (2025: 50% base case scenario, 45% adverse scenario and 5% positive scenario). The 60% vs. 30% vs. 10% weighted augmented scenario is used for forward-looking adjustment. If the weighting of the baseline scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 4.2 million and for the Group by EUR 6.0 million as of the period end (2025: EUR 9.0 million for the Bank and EUR 13.2 million for the Group). If the weighting of the adverse scenario was to increase to 100%, the expected credit loss allowance of the Bank would increase by EUR 20.9 million and for the Group by EUR 31.1 million as of the period end (2025: EUR 12.8 million for the Bank and EUR 18.6 million for the Group). If the weighting of the positive scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 27.9 million and for the Group by EUR 42.2 million as of the period end (2025: EUR 21.3 million for the Bank and EUR 31.6 million for the Group).

For additional information, refer to note *Net Credit Losses.*

Impairment and recoverability of non-financial assets

Citadele at the end of each reporting period assesses whether there is any indication that the Bank's investments in subsidiaries may be impaired. For investments, where such indication exists, the recoverable amount of the particular asset or cash generating unit is estimate. Recoverable amount estimates depend on uncertainties in future free cash flow estimates and discount rates applied or estimated sales proceeds. For more details on the approach and key assumptions in recoverable amount estimates of the Bank's investments in subsidiaries refer to note *Investments in Related Entities*.

Deferred tax liabilities

The Group has recognised deferred tax liabilities for expected distribution of retained earnings. Estimated of expected distribution of retained earnings within the Group affects the recognised expense on deferred tax liability for medium term future tax payments on intragroup dividends.

Consolidation group

The Group consolidates all entities where it controls the investee. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. For list of investees included in the consolidation group refer to note *Investments in Related Entities*.

In the ordinary course of business IPAS CBL Asset Management (a subsidiary of the Bank) provides management services to funds where its interest held is mainly fees from servicing. The Group has made some investments solely with a view to diversify its securities portfolio in such funds. Most of these investments are held by unit-linked investors through the insurance entity, thus the holdings do not translate into variable benefits for the Group. The Group thus assesses that the majority of return variability within funds lies with its customers rather than the Group. Thus, these funds are not consolidated. For investments in securities which are not consolidated refer to note *Equity and Other Financial Instruments*.

NOTE 4. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or the group that allocates resources to and assesses the performance of the operating segments of the Group. The Management Board of the Bank is the chief operating decision maker.

All transactions between operating segments are on an arm's length basis. Funds Transfer Pricing (FTP) adjusted net interest income of each operating segment is calculated by applying internal transfer rates to the assets and the liabilities of the segment. Maturity, currency and timing of the transaction are components of the internal transfer rate calculation. Income and expense are reported in the segment by originating unit and at estimated fair price. Both direct and indirect expenses are allocated to the business segments, including overheads and non-recurring items. The indirect expense from internal services is charged to the internal consumers of the service and credited to provider of the service. The internal services are charged at estimated fair price or at full cost-plus margin.

During the reporting period, the methodology for adjustment for indirect costs was marginally updated, yielding slightly more precise allocation of expenses among segments for the reporting period. Comparatives were not revised due to limited impact and older comparative data point retrospective re-mapping complexities.

Main business segments of the Group are:

Retail Private

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

Private affluent

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

SME

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

Corporate

Large customers serviced in Latvia, Lithuania and Estonia. Yearly turnover of the customer is above EUR 15 million or total risk exposure with Citadele Group is above EUR 5 million or the customer needs complex financing solutions.

Asset management

Advisory, investment and wealth management services provided to clients serviced in Latvia, Lithuania and Estonia. This segment includes operations of IPAS CBL Asset Management, AS CBL Atklātais Pensiju Fonds and AAS CBL Life.

Other

Group's treasury functions and other business support functions, including results of the subsidiary of the Group operating in non-financial sector. This comprises discontinued operations, namely operations of Kaleido Privatbank AG (a Swiss registered banking subsidiary) which has been sold in 2025.

Segments of the Group

	Group 6m 2026, EUR thousands						
	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Interest income	45,115	1,568	36,435	24,929	448	11,873	120,368
Interest expense	(9,275)	(2,039)	(6,254)	(12,666)	(251)	(394)	(30,879)
Net interest income	**35,840**	**(471)**	**30,181**	**12,263**	**197**	**11,479**	**89,489**
Fee and commission income	15,719	1,698	10,617	5,108	3,877	817	37,836
Fee and commission expense	(8,680)	(641)	(4,800)	(3,735)	(586)	(844)	(19,286)
Net fee and commission income	**7,039**	**1,057**	**5,817**	**1,373**	**3,291**	**(27)**	**18,550**
Net financial income	188	208	1,095	342	210	1,537	3,580
Net other income / (expense)	(1,348)	(104)	(261)	(406)	(61)	(40)	(2,220)
Operating income	**41,719**	**690**	**36,832**	**13,572**	**3,637**	**12,949**	**109,399**
Net funding allocation	(738)	3,334	(4,890)	1,577	392	325	-
FTP adjusted operating income	**40,981**	**4,024**	**31,942**	**15,149**	**4,029**	**13,274**	**109,399**
Operating expense adjusted for indirect costs	(22,941)	(2,206)	(15,548)	(7,430)	(3,721)	(3,160)	(55,006)
Net credit losses	(3,429)	334	(4,996)	2,827	2	40	(5,222)
Other impairment losses and other provisions	(16)	(1)	(6)	22	-	-	(1)
Mortgage loan levy and bank tax	-	-	-	-	-	-	-
Operating profit	**14,595**	**2,151**	**11,392**	**10,568**	**310**	**10,154**	**49,170**

	Group 6m 2025, EUR thousands						
	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Interest income	42,885	1,419	34,471	24,674	452	10,923	114,824
Interest expense	(8,088)	(2,317)	(4,296)	(10,480)	(235)	(221)	(25,637)
Net interest income	**34,797**	**(898)**	**30,175**	**14,194**	**217**	**10,702**	**89,187**
Fee and commission income	14,582	2,142	10,567	5,103	3,630	727	36,751
Fee and commission expense	(7,804)	(603)	(5,426)	(3,847)	(220)	(441)	(18,341)
Net fee and commission income	**6,778**	**1,539**	**5,141**	**1,256**	**3,410**	**286**	**18,410**
Net financial income	(157)	179	1,210	354	119	2,763	4,468
Net other income / (expense)	(1,187)	463	(341)	(434)	170	716	(613)
Operating income	**40,231**	**1,283**	**36,185**	**15,370**	**3,916**	**14,467**	**111,452**
Net funding allocation	360	4,194	(5,321)	151	317	299	-
FTP adjusted operating income	**40,591**	**5,477**	**30,864**	**15,521**	**4,233**	**14,766**	**111,452**
Operating expense adjusted for indirect costs	(23,510)	(2,227)	(14,570)	(9,056)	(3,942)	851	(52,454)
Net credit losses	(3,870)	(271)	(1,000)	625	(1)	77	(4,440)
Other impairment losses and other provisions	(3)	(1)	(29)	(20)	-	(13)	(66)
Mortgage loan levy and bank tax	-	-	-	-	-	(22)	(22)
Result from non-current assets held for sale (Note *Discontinued operations and non-current assets held for sale*)	-	-	-	-	-	(745)	(745)
Operating profit from continuing operations, before tax	**13,208**	**2,978**	**15,265**	**7,070**	**290**	**14,914**	**53,725**
Discontinued operations (Note *Discontinued operations and non-current assets held for sale*)						-	(3,544)
Operating profit, before tax							**50,181**

Group as of 30/06/2026, EUR thousands

	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Assets							
Cash, balances at central banks	-	-	-	-	-	315,631	315,631
Loans to credit institutions	-	-	-	-	1,438	4,802	6,240
Debt securities	-	-	-	16,810	33,074	986,328	1,036,212
Loans to public	1,637,226	71,151	1,337,404	899,272	-	1,767	3,946,820
Equity instruments	-	-	-	-	-	417	417
Other financial instruments	-	-	-	-	22,099	-	22,099
All other assets	-	-	84	81	4,636	92,519	97,320
Total segmented assets	**1,637,226**	**71,151**	**1,337,488**	**916,163**	**61,247**	**1,401,464**	**5,424,739**
Liabilities							
Deposits from banks	-	-	-	-	-	4,646	4,646
Deposits from customers	1,799,827	411,745	985,767	1,016,558	82,814	28,619	4,325,330
Debt securities issued	147,300	4,701	137,025	126,792	-	166	415,984
All other liabilities	-	-	64	6	37,174	79,665	116,909
Total segmented liabilities	**1,947,127**	**416,446**	**1,122,856**	**1,143,356**	**119,988**	**113,096**	**4,862,869**

Group as of 31/12/2025, EUR thousands

	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Assets							
Cash, balances at central banks	-	-	-	-	-	511,451	511,451
Loans to credit institutions	-	-	-	-	1,398	5,701	7,099
Debt securities	-	-	-	14,364	36,076	990,463	1,040,903
Loans to public	1,558,481	63,518	1,264,570	870,340	-	7,297	3,764,206
Equity instruments	-	-	-	-	-	427	427
Other financial instruments	-	-	-	-	21,999	-	21,999
All other assets	-	-	36	17	3,904	74,694	78,651
Total segmented assets	**1,558,481**	**63,518**	**1,264,606**	**884,721**	**63,377**	**1,590,033**	**5,424,736**
Liabilities							
Deposits from banks	-	-	-	-	-	2,599	2,599
Deposits from customers	1,709,637	409,123	1,015,714	1,069,698	86,245	13,784	4,304,201
Debt securities issued	143,592	4,538	131,776	127,197	-	1,758	408,861
All other liabilities	-	-	12	-	31,918	79,887	111,817
Total segmented liabilities	**1,853,229**	**413,661**	**1,147,502**	**1,196,895**	**118,163**	**98,028**	**4,827,478**

NOTE 5. INTEREST INCOME AND EXPENSE

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Interest income calculated using the effective interest method:								
Financial instruments at amortised cost:								
Loans to public	73,757	67,100	38,003	33,120	89,310	86,626	46,014	42,588
Debt securities	5,296	5,538	2,694	2,796	5,133	5,461	2,608	2,751
Balances from central banks and credit institutions	4,039	2,996	2,098	1,107	4,037	3,192	2,096	1,156
Deposits from public at negative interest rates	168	227	78	110	28	23	11	11
Debt securities at fair value through other comprehensive income	309	226	164	101	258	142	140	61
Other interest income:								
Debt securities at fair value through profit or loss	3,337	3,109	1,678	1,670	3,244	3,024	1,631	1,623
Interest income on finance leases (part of loans to public)	33,462	35,628	17,222	17,648	-	-	-	-
Total interest income	**120,368**	**114,824**	**61,937**	**56,552**	**102,010**	**98,468**	**52,500**	**48,190**
Interest expense on:								
Financial instruments at amortised cost:								
Deposits and borrowing from public	(19,780)	(20,121)	(10,108)	(9,160)	(20,075)	(20,401)	(10,271)	(9,292)
Debt securities issued	(9,839)	(4,506)	(4,890)	(2,237)	(9,839)	(4,506)	(4,890)	(2,237)
Deposits from credit institutions and central banks	(2)	(14)	(1)	(12)	(2)	(910)	(1)	(277)
Other assets at negative interest rates	(32)	(62)	(21)	(22)	(23)	(49)	(16)	(19)
Financial liabilities at fair value through profit or loss								
Deposits and borrowing from public	(7)	(8)	(4)	(4)	-	-	-	-
Lease liabilities	(168)	(132)	(83)	(63)	(162)	(132)	(80)	(63)
Other interest expense	(1,051)	(794)	(604)	(433)	(1,053)	(793)	(605)	(432)
Total interest expense	**(30,879)**	**(25,637)**	**(15,711)**	**(11,931)**	**(31,154)**	**(26,791)**	**(15,863)**	**(12,320)**
Net interest income	**89,489**	**89,187**	**46,226**	**44,621**	**70,856**	**71,677**	**36,637**	**35,870**

As interest resulting from negative effective interest rates on financial assets reflects an outflow of economic benefits, this is presented as interest expense. Similarly, an inflow of economic benefits from liabilities with negative effective interest rates is presented as interest income.

Interest income from derivatives in a qualifying hedging relationship are presented on a net basis within interest income from the hedged items, namely as a part of interest income from debt securities at amortised cost and debt securities at fair value through other comprehensive income.

NOTE 6. FEE AND COMMISSION INCOME AND EXPENSE

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Fee and commission income:								
Cards	25,864	24,272	13,718	12,878	25,864	24,272	13,718	12,878
Payments and transactions	5,653	5,771	2,852	2,897	5,668	5,784	2,860	2,903
Asset management and custody	4,130	3,988	2,117	1,991	1,051	1,130	537	645
Securities brokerage	331	369	152	174	332	375	152	176
Other fees	1,085	1,033	548	504	1,043	995	564	496
Total fee and commission income from contracts with customers	**37,063**	**35,433**	**19,387**	**18,444**	**33,958**	**32,556**	**17,831**	**17,098**
Guarantees, letters of credit and loans	773	1,318	403	606	621	1,300	335	596
Total fee and commission income, after guarantees	**37,836**	**36,751**	**19,790**	**19,050**	**34,579**	**33,856**	**18,166**	**17,694**
Fee and commission expense on:								
Cards	(14,623)	(14,223)	(7,873)	(7,162)	(14,619)	(14,221)	(7,871)	(7,162)
Payments and transactions	(2,891)	(1,933)	(1,165)	(1,050)	(2,891)	(1,932)	(1,165)	(1,049)
Securitisation	(737)	(1,148)	(352)	(531)	(162)	(248)	(63)	(115)
Asset management custody and securities brokerage	(465)	(473)	(227)	(243)	(465)	(468)	(227)	(242)
Other fees	(570)	(564)	(302)	(346)	(113)	(469)	(55)	(280)
Total fee and commission expense	**(19,286)**	**(18,341)**	**(9,919)**	**(9,332)**	**(18,250)**	**(17,338)**	**(9,381)**	**(8,848)**
Net fee and commission income	**18,550**	**18,410**	**9,871**	**9,718**	**16,329**	**16,518**	**8,785**	**8,846**

Fee and commission expense for securitisation represents an expense on a multi-year financial guarantee contract issued by the EIB Group, consisting of the European Investment Bank (EIB) and the European Investment Fund (EIF), to Citadele in December 2022. The guarantee contract secures probable Citadele's future losses allocated to the relevant tranche of the reference loan portfolio for a pre-agreed fee to the EIB Group. The guarantee contract provides capital relief for Citadele by mitigating specific credit risks and enabled Citadele to grant additional loans and leases to businesses in the Baltics over a three-year period. The last replenishment took place in September 2024.

NOTE 7. NET FINANCIAL INCOME

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Foreign exchange trading and revaluation, foreign exchange derivatives and interest rate swaps	4,176	4,062	2,116	2,018	4,159	4,119	2,113	2,063
Non-trading assets and liabilities at fair value through profit or loss	(166)	1,155	477	1,782	(275)	1,060	146	1,578
Derecognition of assets at amortised cost	-	214	-	214	-	214	-	214
Assets at fair value through other comprehensive income	61	28	61	28	61	28	61	28
Gain or loss on the hedging instruments	296	-	(462)	-	296	-	(462)	-
Hedging gain or loss on the hedged items	(296)	-	462	-	(296)	-	462	-
Modifications in cash flows which do not result in derecognition	(491)	(991)	(252)	(713)	(492)	(991)	(253)	(713)
Total net financial income	**3,580**	**4,468**	**2,402**	**3,329**	**3,453**	**4,430**	**2,067**	**3,170**

When modification or renegotiation of contractual cash flows of a financial asset does not result in de-recognition or re-recognition of financial asset, the Group recognise a modification gain or loss in profit or loss. In periods characterised by competitive market environment, where more interest rates for existing loans are renegotiated down than up, a loan modification loss is recognised. Vice versa, when in a period more interest rates for existing loans are renegotiated up then down, a loan modification gain is recognised. Loan modification result is amortised back to the interest income over the remaining maturity of the loan.

NOTE 8. NET OTHER INCOME AND EXPENSE

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Operating lease income	1,443	667	735	358	-	-	-	-
Dividend income	3	6	2	3	3	108	2	105
Other income	485	1,726	220	1,540	1,315	2,344	633	1,724
Total other income	**1,931**	**2,399**	**957**	**1,901**	**1,318**	**2,452**	**635**	**1,829**
Insurance contracts:								
Insurance revenue	1,113	686	716	395	-	-	-	-
Insurance expense	(333)	(183)	(300)	(138)	-	-	-	-
Financing	(436)	(39)	(430)	(183)	-	-	-	-
Reinsurance contracts:								
Net income / (expenses)	(185)	(134)	(102)	(76)	-	-	-	-
Financing	5	56	(10)	14	-	-	-	-
Net insurance result	**164**	**386**	**(126)**	**12**	**-**	**-**	**-**	**-**
Supervisory fees	(1,136)	(970)	(541)	(475)	(1,098)	(941)	(522)	(461)
Depreciation of assets under operating lease	(1,203)	(563)	(446)	(301)	-	-	-	-
Other expenses	(1,976)	(1,865)	(1,038)	(785)	(1,300)	(1,323)	(670)	(495)
Total other expense	**(4,315)**	**(3,398)**	**(2,025)**	**(1,561)**	**(2,398)**	**(2,264)**	**(1,192)**	**(956)**
Total net other income / (expense)	**(2,220)**	**(613)**	**(1,194)**	**352**	**(1,080)**	**188**	**(557)**	**873**

Other income includes net result from disposal of repossessed collaterals and other miscellaneous items which may not be considered interest or fee and commission income. Supervisory fees include annual and quarterly fees payable to Bank of Latvia, European Central Bank, Single Resolution Board and similar. These are directly dependent on the size of the banking business (mostly total assets).

NOTE 9. STAFF COSTS

Personnel costs include remuneration for work to the personnel, related social security contributions, bonuses and costs of other benefits, including accruals for the period. Health insurance, training, education and similar expenditure are presented as Other personnel expense. Other personnel expense also includes deductions for amounts attributable to insurance acquisition cash flows during the reporting period.

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Remuneration:								
- management	(1,164)	(2,353)	(518)	(906)	(848)	(2,034)	(350)	(774)
- other personnel	(28,104)	(27,287)	(14,356)	(13,877)	(23,573)	(22,808)	(12,003)	(11,646)
Total remuneration for work	**(29,268)**	**(29,640)**	**(14,874)**	**(14,783)**	**(24,421)**	**(24,842)**	**(12,353)**	**(12,420)**
Social security and solidarity tax contributions:								
- management	(356)	(431)	(180)	(174)	(282)	(356)	(140)	(137)
- other personnel	(5,533)	(5,376)	(2,853)	(2,750)	(4,610)	(4,454)	(2,378)	(2,280)
Total social security and solidarity tax contributions	**(5,889)**	**(5,807)**	**(3,033)**	**(2,924)**	**(4,892)**	**(4,810)**	**(2,518)**	**(2,417)**
Other personnel expense, net of insurance acquisition cash flow adjustment	**(585)**	**(476)**	**(289)**	**(238)**	**(581)**	**(502)**	**(285)**	**(259)**
Total personnel expense	**(35,742)**	**(35,923)**	**(18,196)**	**(17,945)**	**(29,894)**	**(30,154)**	**(15,156)**	**(15,096)**

In the reporting period management's remuneration expense decreased as a result of revised estimate of the number of share options expected to vest. Revision of estimates is mainly related to resignations of members of the Bank's management board.

Non-share-based remuneration with deferred pay-out

Part of the remuneration for work is deferred up to a one-year period and subsequent pay-outs may be conditional. As of period end the Group and the Bank has a compulsory non-share-based deferred remuneration commitment (including related social security and solidarity tax contributions) to its employees in the amount of EUR 870 thousand and EUR 691 thousand which will become payable in the subsequent year, if certain conditions are met (2025: EUR 778 thousand and EUR 627 thousand).

Share-based long-term incentive plans

Citadele has several share-based long-term incentive plans for its employees. To qualify for the share options (vesting requirement), among other conditions the participant in most cases is required to remain employed until the end of the respective deferral period. The personnel options were issued in line with the meaning of the Latvian Commercial Law. Each option has the following parameters: registered share with the nominal value of EUR 1 (one euro); convertible to the ordinary shares of Citadele (all Citadele's ordinary shares have equal voting rights, equal rights to dividend and equal liquidation quota), an exercise price of null euros, vesting dates are predetermined. Clawback and malus provisions apply in the event of a material misstatement, an act of gross misconduct or an error in the assessment of performance targets. For options granted performance is measured over a pre-agreed period ranging from three-years to five-years. The expense is recognised as the service is rendered. At the end of the performance measurement period, the Remuneration Committee of the Supervisory Board has absolute discretion to determine the extent to which the awards will vest, if at all, on account of underlying Group, individual and share price performance. The Remuneration Committee of the Supervisory Board may, in its absolute discretion, adjust upwards or downwards and including to nil the number of options which would otherwise vest. In accordance of the rules of the respective program, delivery is immediately, in one years or in two years after vesting. Performance targets relate to both financial and non-financial measures linked to the long-term business strategy of the Group, including but not limited to: Group net income, return on capital, and strategic objectives of the Group.

Number of full-time equivalent employees at the period end

	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Continuing operations	1,314	1,281	1,107	1,077
Total full-time equivalent employees	**1,314**	**1,281**	**1,107**	**1,077**

NOTE 10. OTHER OPERATING EXPENSES

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Information technologies and communications	(5,474)	(4,493)	(2,721)	(2,254)	(4,964)	(3,976)	(2,475)	(2,019)
Consulting and other services	(3,627)	(2,518)	(1,948)	(1,461)	(3,390)	(2,357)	(1,813)	(1,369)
Advertising and marketing	(2,019)	(1,347)	(1,286)	(911)	(1,844)	(1,235)	(1,180)	(836)
Non-refundable value added tax	(1,872)	(1,585)	(944)	(911)	(1,779)	(1,513)	(899)	(880)
Rent, premises and real estate	(1,263)	(1,396)	(662)	(738)	(1,169)	(1,328)	(602)	(709)
Other	(1,240)	(964)	(480)	(477)	(1,002)	(814)	(433)	(414)
Total other expenses	**(15,495)**	**(12,303)**	**(8,041)**	**(6,752)**	**(14,148)**	**(11,223)**	**(7,402)**	**(6,227)**

NOTE 11. NET CREDIT LOSSES

Total net impairment allowance charged to the income statement

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Loans to credit institutions	-	-	-	-	-	15	-	3
Debt securities	(36)	72	5	81	(38)	73	4	83
Loans to public	(7,688)	(5,684)	(3,540)	(4,292)	(4,186)	(4,879)	(130)	(4,120)
Loan commitments, guarantees and letters of credit	275	(42)	(9)	(348)	298	37	47	(313)
Recovered written-off assets	2,227	1,214	758	646	2,180	1,159	727	608
Total net losses on financial instruments	**(5,222)**	**(4,440)**	**(2,786)**	**(3,913)**	**(1,746)**	**(3,595)**	**648**	**(3,739)**

Allowances for credit losses are recognised based on the future loss expectations. The forward-looking information in the measurement of expected credit losses is implemented through adjustment for future economic development scenarios. Due to the forward-looking nature of the credit loss estimation, in general the change in loss allowances does not necessarily represent an observable deterioration in the current credit quality of the loan portfolio (for details refer to note *Loans to Public*) but is also a representation of an expectation of the future trends in the economic out-look.

Classification of impairment stages

Stage 1 – Financial instruments without significant increase in credit risk since initial recognition

Stage 2 – Financial instruments with significant increase in credit risk since initial recognition but not credit-impaired

Stage 3 – Credit-impaired financial instruments

POCI – Purchased or originated credit impaired financial instruments

Changes in the allowances for credit losses and provisions

	Group, EUR thousands						
	Opening balance 01/01/2026	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 30/06/2026
		Origination	Repayment	Credit risk, net			
Stage 1							
Loans to credit institutions	-	2	(1)	(1)	-	-	-
Debt securities	324	9	-	27	-	-	360
Loans to public	40,938	7,617	(2,719)	(4,948)	-	15	40,903
Loan commitments, guarantees and letters of credit	1,836	664	(411)	(432)	-	1	1,658
Total stage 1 credit losses and provisions	**43,098**	**8,292**	**(3,131)**	**(5,354)**	**-**	**16**	**42,921**
Stage 2							
Loans to public	8,307	236	(528)	1,305	-	(6)	9,314
Loan commitments, guarantees and letters of credit	63	12	(17)	(2)	-	-	56
Total stage 2 credit losses and provisions	**8,370**	**248**	**(545)**	**1,303**	**-**	**(6)**	**9,370**
Stage 3							
Loans to public	31,529	-	(6,650)	13,203	(4,510)	3	33,575
Loan commitments, guarantees and letters of credit	442	-	(255)	166	-	-	353
Total stage 3 credit losses and provisions	**31,971**	**-**	**(6,905)**	**13,369**	**(4,510)**	**3**	**33,928**
POCI							
Loans to public	529	-	(4)	176	(1)	5	705
Total POCI credit losses and provisions	**529**	**-**	**(4)**	**176**	**(1)**	**5**	**705**
Total allowances for credit losses and provisions	**83,968**	**8,540**	**(10,585)**	**9,494**	**(4,511)**	**18**	**86,924**
Including for debt securities classified at fair value through other comprehensive income	*19*						*20*

Total Group's provisions of EUR 3,542 thousand (2025: EUR 3,816 thousand) as of the period end comprise of ECL allowances for loan commitments, guarantees and letters of credit of EUR 2,067 thousand (2025: EUR 2,341 thousand) and other non-ECL provisions of EUR 1,475 thousand (2025: 1,475 thousand). Total Bank's provisions of EUR 3,429 thousand (2025: EUR 3,727 thousand) as of the period end comprise EUR 1,954 thousand (2025: EUR 2,252 thousand) for loan commitments, guarantees and letters of credit and EUR 1,475 thousand (2025: EUR 1,475 thousand) for other non-ECL provisions.

	Group, EUR thousands						
	Opening balance 01/01/2025	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 30/06/2025
		Origination	Repayment	Credit risk, net			
Stage 1							
Loans to credit institutions	2	24	(35)	11	-	-	2
Debt securities	385	59	(102)	(29)	-	-	313
Loans to public	44,881	7,964	(1,988)	(5,543)	-	(27)	45,287
Loan commitments, guarantees and letters of credit	2,523	596	(294)	(550)	-	(2)	2,273
Total stage 1 credit losses and provisions	**47,791**	**8,643**	**(2,419)**	**(6,111)**	**-**	**(29)**	**47,875**
Stage 2							
Loans to public	11,475	231	(1,806)	188	-	11	10,099
Loan commitments, guarantees and letters of credit	79	5	(3)	(1)	-	-	80
Total stage 2 credit losses and provisions	**11,554**	**236**	**(1,809)**	**187**	**-**	**11**	**10,179**
Stage 3							
Loans to public	38,297	-	(2,759)	10,021	(2,715)	(1,829)	41,015
Loan commitments, guarantees and letters of credit	131	-	(5)	294	-	-	420
Total stage 3 credit losses and provisions	**38,428**	**-**	**(2,764)**	**10,315**	**(2,715)**	**(1,829)**	**41,435**
POCI							
Loans to public	512	-	(453)	(171)	-	603	491
Total POCI credit losses and provisions	**512**	**-**	**(453)**	**(171)**	**-**	**603**	**491**
Total allowances for credit losses and provisions	**98,285**	**8,879**	**(7,445)**	**4,220**	**(2,715)**	**(1,244)**	**99,980**
Including for debt securities classified at fair value through other comprehensive income	*39*						*26*

	Bank, EUR thousands						
	Opening balance 01/01/2026	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 30/06/2026
		Origination	Repayment	Credit risk, net			
Stage 1							
Loans to credit institutions	-	2	(1)	(1)	-	-	-
Debt securities	302	9	-	29	-	-	340
Loans to public	28,958	4,190	(2,014)	(3,660)	-	3	27,477
Loan commitments, guarantees and letters of credit	1,756	488	(373)	(293)	-	-	1,578
Total stage 1 credit losses and provisions	**31,016**	**4,689**	**(2,388)**	**(3,925)**	**-**	**3**	**29,395**
Stage 2							
Loans to public	4,513	124	(346)	1,070	-	(3)	5,358
Loan commitments, guarantees and letters of credit	59	12	(17)	(2)	-	-	52
Total stage 2 credit losses and provisions	**4,572**	**136**	**(363)**	**1,068**	**-**	**(3)**	**5,410**
Stage 3							
Loans to public	21,461	-	(5,108)	9,930	(4,216)	-	22,067
Loan commitments, guarantees and letters of credit	437	-	(200)	87	-	-	324
Total stage 3 credit losses and provisions	**21,898**	**-**	**(5,308)**	**10,017**	**(4,216)**	**-**	**22,391**
Total allowances for credit losses and provisions	**57,486**	**4,825**	**(8,059)**	**7,160**	**(4,216)**	**-**	**57,196**
Including for debt securities classified at fair value through other comprehensive income	*13*						*16*

	Bank, EUR thousands						
	Opening balance 01/01/2025	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 30/06/2025
		Origination	Repayment	Credit risk, net			
Stage 1							
Loans to credit institutions	18	23	(36)	(2)	-	-	3
Debt securities	369	54	(102)	(25)	-	-	296
Loans to public	34,004	5,131	(1,331)	(3,952)	-	(3)	33,849
Loan commitments, guarantees and letters of credit	2,466	587	(294)	(601)	-	(2)	2,156
Total stage 1 credit losses and provisions	**36,857**	**5,795**	**(1,763)**	**(4,580)**	**-**	**(5)**	**36,304**
Stage 2							
Loans to public	6,368	105	(1,572)	353	-	(1)	5,253
Loan commitments, guarantees and letters of credit	77	5	(3)	(1)	-	-	78
Total stage 2 credit losses and provisions	**6,445**	**110**	**(1,575)**	**352**	**-**	**(1)**	**5,331**
Stage 3							
Loans to public	32,611	-	(1,368)	7,513	(2,668)	(1,823)	34,265
Loan commitments, guarantees and letters of credit	132	-	(5)	275	-	-	402
Total stage 3 credit losses and provisions	**32,743**	**-**	**(1,373)**	**7,788**	**(2,668)**	**(1,823)**	**34,667**
Total allowances for credit losses and provisions	**76,045**	**5,905**	**(4,711)**	**3,560**	**(2,668)**	**(1,829)**	**76,302**
Including for debt securities classified at fair value through other comprehensive income	*27*						*18*

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

Impairment overlay for loans to public

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Stage 1	7,002	6,528	4,332	4,661
Stage 2	-	49	-	-
Total impairment overlay	**7,002**	**6,577**	**4,332**	**4,661**

The Group and the Bank have recognised an impairment overlays for Stage 1 classified loans to public exposures. The impairment overlays address uncertainty regarding the forward- looking economic conditions and performance of the specific industries. The impairment overlay accounts for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing. See also section *Use of estimates and judgements in the preparation of financial statements* of the note *Summary of material accounting policies*.

Due to the recent events in the Middle East, the Group and the Bank has updated and revised portfolio-wide impairment overlays (inflation for private individuals) and industry-specific impairment overlays (manufacturing, agriculture and trade). The Group and the Bank re-assesses impairment overlay annually or more often if significant changes in macroeconomic conditions or in the loan portfolio performance are observed. Between re-assessments overlays amortize within the existing framework with the exposures being repaid or moving to different stages where ECL models capture credit risk.

Transfers of gross loans to public between impairment stages

	Group, EUR thousands					
	Transfers between impairment stages of gross exposures (gross transfer basis)					
	from Stage 1 to Stage 2	from Stage 2 to Stage 1	from Stage 2 to Stage 3	from Stage 3 to Stage 2	from Stage 1 to Stage 3	from Stage 3 to Stage 1
Transfers during 6m 2026						
Loans to public	141,590	83,946	23,194	3,863	13,677	740
Financial commitments, guarantees and letters of credit	2,856	8,065	322	17	425	16
Transfers during 6m 2025						
Loans to public	106,416	71,960	12,423	1,353	4,718	1,403
Financial commitments, guarantees and letters of credit	9,016	3,192	1,261	17	385	63

	Bank, EUR thousands					
	Transfers between impairment stages of gross exposures (gross transfer basis)					
	from Stage 1 to Stage 2	from Stage 2 to Stage 1	from Stage 2 to Stage 3	from Stage 3 to Stage 2	from Stage 1 to Stage 3	from Stage 3 to Stage 1
Transfers during 6m 2026						
Loans to public	56,530	31,540	14,238	1,450	9,900	463
Financial commitments, guarantees and letters of credit	2,856	8,065	138	17	98	16
Transfers during 6m 2025						
Loans to public	33,806	25,887	5,562	673	2,864	1,216
Financial commitments, guarantees and letters of credit	8,889	2,780	129	17	385	63

NOTE 12. TAXATION

Corporate income tax expense

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Current corporate income tax	(9,391)	(9,784)	(5,687)	(4,973)	(8,216)	(8,486)	(4,883)	(4,225)
Deferred income tax	(2)	(608)	51	80	23	(80)	49	31
Total corporate income tax expense	**(9,393)**	**(10,392)**	**(5,636)**	**(4,893)**	**(8,193)**	**(8,566)**	**(4,834)**	**(4,194)**
Mortgage loan levy and bank tax	**-**	**(22)**	**-**	**-**	**-**	**(22)**	**-**	**-**

In Latvia an advance corporate income tax (CIT) is payable at 20% rate on generally unadjusted accounting pre-tax profits earned in Latvia on the Latvian banking and leasing operations, with the advance paid being eligible to fully offset dividend distribution tax with no expiry date. As these CIT advance payments may be offset only against tax due from future profit distribution, the amount of the CIT advances paid is expensed as profits are generated. For other Latvian operations, CIT is still payable only when the profits are distributed.

For distributions of Latvian profits, a 20% CIT rate apply and is calculated as 0.2/0.8 from net distributed dividend (effectively 25% tax rate). The profit distribution tax payment is decreased by the already paid CIT advance on profits. Thus, incremental profit distribution tax expense on profits from Latvian banking and leasing operations would arise only if the profit distribution tax exceeded the CIT advance already paid.

Solidarity Contributions Law is effective from 2025. This law mandates that credit institutions pay an additional 60% tax on net interest income exceeding the average from 2018-2022 by more than 50%, adjusted for certain items. The Group has concluded that the levy is an expense and should be expensed based on the calculated amounts in the respective period. In the reporting period no expense for the levy has been recognised.

As part of the share capital buy-back transaction, the Group assessed the potential tax implications under the applicable income tax legislation, including the rules applicable to banks. The Group has treated the share buy-back as a dividend distribution, the related tax effect of which may be offset against the income tax payments required to be made by banks in Latvia. There is no established market precedent regarding the interpretation of the Income Tax Law in this context, however this interpretation is consistent with expected clarifications in the Income Tax Law. Accordingly, no incremental tax expense has been recognised in relation to the transaction.

In Estonia similarly, as for Latvian operations, any CIT advance paid, is expensed in the reporting period as profits are generated. For banks in 2026 a 18% tax advance rate applies (2025: 18%). On dividend disbursement in 2026 CIT is calculated based on proportion 22/78 which effectively is approximately 28% tax rate (2025: 22/78 which effectively is 28% tax rate). The calculated profit distribution tax payment is decreased by the already paid CIT advance.

Corporate income tax in Lithuania is calculated at 17% rate on taxable profits (2025: 16%), an extra 5% corporate income tax for Bank is charged on taxable profits exceeding EUR 2.0 million.

Income tax assets and liabilities

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Current income tax assets	-	-	-	-
Deferred income tax assets	969	1,053	940	999
Tax assets	**969**	**1,053**	**940**	**999**
Current income tax liabilities	(6,308)	(13,879)	(5,649)	(12,392)
Deferred income tax liabilities	(2,472)	(2,450)	(22)	-
Tax liabilities	**(8,780)**	**(16,329)**	**(5,671)**	**(12,392)**
Mortgage loan levy and bank tax	**-**	**-**	**-**	**-**

Change in net deferred corporate income tax asset / (liability)

	EUR thousands			
	6m 2026 Group	6m 2025 Group	6m 2026 Bank	6m 2025 Bank
As at the beginning of the period	(1,397)	1,636	999	1,572
Charge to statement of income	(2)	(608)	23	(80)
Securities fair value revaluation reserve	(104)	(405)	(104)	(405)
Net deferred income tax asset at the period end	**(1,503)**	**623**	**918**	**1,087**

	Group, EUR thousands			
	Opening balance 01/01/2026	Recognised in statement of income	Recognised in statement of OCI	Closing balance 30/06/2026
Securities fair value revaluation reserve	530	-	(105)	425
Deferred income and accrued expense	523	(1)	-	522
Expected distribution of retained earnings	(2,450)	-	-	(2,450)
Deferred income tax assets, net	**(1,397)**	**(1)**	**(105)**	**(1,503)**

	Group, EUR thousands			
	Opening balance 01/01/2025	Recognised in statement of income	Recognised in statement of OCI	Closing balance 30/06/2025
Securities fair value revaluation reserve	1,149	-	(405)	744
Deferred income and accrued expense	471	(101)	-	370
Fair value amortisation on the acquired loan portfolio	15	(6)	-	9
Expected distribution of retained earnings	-	(500)	-	(500)
Other items, net	1	(1)	-	-
Deferred income tax assets, net	**1,636**	**(608)**	**(405)**	**623**

	Bank, EUR thousands			
	Opening balance 01/01/2026	Recognised in statement of income	Recognised in statement of OCI	Closing balance 30/06/2026
Securities fair value revaluation reserve	531	-	(105)	426
Deferred income and accrued expense	468	24	-	492
Deferred income tax assets, net	**999**	**24**	**(105)**	**918**

	Bank, EUR thousands			
	Opening balance 01/01/2025	Recognised in statement of income	Recognised in statement of OCI	Closing balance 30/06/2026
Securities fair value revaluation reserve	1,149	-	(405)	744
Deferred income and accrued expense	423	(80)	-	343
Deferred income tax assets, net	**1,572**	**(80)**	**(405)**	**1,087**

Reconciliation of the pre-tax profit to the corporate income tax expense

	EUR thousands			
	6m 2026 Group	6m 2025 Group	6m 2026 Bank	6m 2025 Bank
Profit before corporate income tax from continuous operations before non-current assets held for sale	49,170	54,470	41,265	45,136
Corporate income tax (at 20%)	**9,834**	**10,894**	**8,253**	**9,027**
Undistributed earnings taxable on distribution	(703)	(827)	-	-
Non-taxable income and impact from bank tax expense	(194)	(454)	(149)	(414)
Effect of tax rates in foreign jurisdictions	9	(8)	81	117
Non-deductible expense	306	286	23	140
Expected distribution of retained earnings within the Group	-	520	-	-
Other tax differences, net*	141	(19)	(15)	(304)
Total effective corporate income tax from continuous operations	**9,393**	**10,392**	**8,193**	**8,566**

Other tax differences include eligible loss on discontinued operations and non-current assets held for sale of EUR 0 thousand for the Bank and the Group (2025: EUR -337 thousand). Expected distribution of retained earnings within the Group represents expense on deferred tax liability recognition for medium term future tax payments on intragroup dividends.

NOTE 13. DEBT SECURITIES

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

	Group, EUR thousands							
	30/06/2026				31/12/2025			
	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	-	69,153	1,800	70,953	5,702	62,187	1,786	69,675
AA/Aa	10,196	47,647	-	57,843	9,948	67,380	573	77,901
A	57,281	616,254	199,610	873,145	69,355	589,409	201,745	860,509
BBB/Baa	2,456	13,488	-	15,944	3,477	13,459	-	16,936
Lower ratings or unrated	-	18,327	-	18,327	-	15,882	-	15,882
Total debt securities	**69,933**	**764,869**	**201,410**	**1,036,212**	**88,482**	**748,317**	**204,104**	**1,040,903**
Including general government	*61,794*	*611,787*	*199,610*	*873,191*	*72,324*	*586,427*	*202,317*	*861,068*
Including credit institutions	*2,186*	*44,639*	*-*	*46,825*	*3,109*	*47,861*	*-*	*50,970*
Including classified in stage 1	*69,933*	*764,869*	*n/a*	*n/a*	*88,482*	*748,317*	*n/a*	*n/a*
Including under hedge accounting (Note Derivatives)	*15,799*	*26,750*	*-*	*42,549*	*-*	*-*	*-*	*-*

	Bank, EUR thousands							
	30/06/2026				31/12/2025			
	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehen-sive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	-	63,747	-	63,747	5,702	57,827	-	63,529
AA/Aa	10,196	46,647	-	56,843	9,948	66,370	-	76,318
A	50,355	609,629	194,283	854,267	59,428	582,789	196,950	839,167
BBB/Baa	-	11,472	-	11,472	-	11,450	-	11,450
Lower ratings or unrated	-	16,809	-	16,809	-	14,364	-	14,364
Total debt securities	**60,551**	**748,304**	**194,283**	**1,003,138**	**75,078**	**732,800**	**196,950**	**1,004,828**
Including general government	*58,804*	*609,066*	*194,283*	*862,153*	*67,663*	*583,704*	*196,950*	*848,317*
Including credit institutions	*-*	*43,606*	*-*	*43,606*	*-*	*47,861*	*-*	*47,861*
Including classified in stage 1	*60,551*	*748,304*	*n/a*	*n/a*	*75,078*	*732,800*	*n/a*	*n/a*
Including under hedge accounting (Note Derivatives)	*15,799*	*26,750*	*-*	*42,549*	*-*	*-*	*-*	*-*

Unrated debt securities or debt securities with lower ratings than BBB are mainly with corporates and are acquired or in some cases structured by Citadele as an alternative to ordinary lending transactions. Among considerations for originating such lending products is longer-term indirect benefits from development in local corporate debt markets and higher potential liquidity for lending products structured as debt securities.

Debt securities by country of issuer

	Group, EUR thousands					
	30/06/2026			31/12/2025		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	369,711	19,050	388,761	378,028	18,050	396,078
Latvia	381,308	5,894	387,202	355,838	4,392	360,230
Estonia	81,319	27,774	109,093	81,336	27,306	108,642
Germany	-	38,600	38,600	-	45,175	45,175
United States	8,449	19,901	28,350	12,469	21,580	34,049
Canada	2,226	14,516	16,742	2,160	15,361	17,521
Slovakia	17,291	504	17,795	17,823	2,778	20,601
Austria	-	6,653	6,653	-	6,652	6,652
Czech Republic	4,946	748	5,694	4,922	1,255	6,177
Poland	-	2,039	2,039	506	4,370	4,876
Other countries	7,941	7,743	15,684	7,986	7,623	15,609
Multilateral development banks and international organisations	-	19,599	19,599	-	25,293	25,293
Total debt securities	**873,191**	**163,021**	**1,036,212**	**861,068**	**179,835**	**1,040,903**

	Bank, EUR thousands					
	30/06/2026			31/12/2025		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	369,217	17,892	387,109	376,739	16,898	393,637
Latvia	376,593	4,376	380,969	351,146	2,874	354,020
Estonia	81,319	26,742	108,061	81,336	26,880	108,216
Germany	-	37,091	37,091	-	43,641	43,641
United States	8,449	14,415	22,864	12,469	15,197	27,666
Canada	2,226	14,516	16,742	2,160	15,361	17,521
Slovakia	17,291	-	17,291	17,424	2,268	19,692
Austria	-	6,653	6,653	-	6,652	6,652
Czech Republic	4,946	-	4,946	4,922	-	4,922
Poland	-	1,174	1,174	-	3,011	3,011
Other countries	2,112	4,700	6,812	2,121	4,583	6,704
Multilateral development banks and international organisations	-	13,426	13,426	-	19,146	19,146
Total debt securities	**862,153**	**140,985**	**1,003,138**	**848,317**	**156,511**	**1,004,828**

No payments on the debt securities are past due.

NOTE 14. LOANS TO PUBLIC

Loans to public, financial commitments, guarantees and letters of credit by overdue days and impairment stage

	Group, EUR thousands					
	30/06/2026					
	Gross amount				Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3	POCI		
Loans to public						
Not past due	3,688,774	232,171	48,996	477	(60,286)	3,910,132
Past due <=30 days	7,121	16,167	2,897	-	(5,419)	20,766
Past due >30 and ≤90 days	-	9,476	3,775	-	(4,749)	8,502
Past due >90 days	-	-	20,514	949	(14,043)	7,420
Total loans to public	**3,695,895**	**257,814**	**76,182**	**1,426**	**(84,497)**	**3,946,820**
including credit impaired	-	-	*76,182*	*949*	*(34,278)*	*42,853*
Guarantees and letters of credit	103,447	191	78	-	(451)	103,265
Financial commitments	402,808	7,797	1,170	-	(1,616)	410,159
Total credit exposure to public	**4,202,150**	**265,802**	**77,430**	**1,426**	**(86,564)**	**4,460,244**

	Group, EUR thousands					
	31/12/2025					
	Gross amount				Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3	POCI		
Loans to public						
Not past due	3,515,932	235,231	26,448	1,073	(53,505)	3,725,179
Past due <=30 days	6,295	14,108	3,171	-	(4,949)	18,625
Past due >30 and ≤90 days	-	7,761	2,521	-	(3,280)	7,002
Past due >90 days	-	-	32,015	954	(19,569)	13,400
Total loans to public	**3,522,227**	**257,100**	**64,155**	**2,027**	**(81,303)**	**3,764,206**
including credit impaired	-	-	*64,155*	*954*	*(32,057)*	*33,052*
Guarantees and letters of credit	101,908	526	33	-	(553)	101,914
Financial commitments	381,017	12,373	691	-	(1,788)	392,293
Total credit exposure to public	**4,005,152**	**269,999**	**64,879**	**2,027**	**(83,644)**	**4,258,413**

	Bank, EUR thousands				
	30/06/2026				
	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3		
Loans to public					
Not past due	3,729,436	89,285	29,794	(38,732)	3,809,783
Past due <=30 days	6,102	8,881	1,642	(3,986)	12,639
Past due >30 and ≤90 days	-	4,228	1,891	(3,088)	3,031
Past due >90 days	-	-	11,088	(9,096)	1,992
Total loans to public	**3,735,538**	**102,394**	**44,415**	**(54,902)**	**3,827,445**
Guarantees and letters of credit	103,447	191	78	(450)	103,266
Financial commitments	388,021	5,335	512	(1,504)	392,364
Total credit exposure to public	**4,227,006**	**107,920**	**45,005**	**(56,856)**	**4,323,075**

	Bank, EUR thousands				
	31/12/2025				
	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3		
Loans to public					
Not past due	3,570,034	89,912	10,300	(34,758)	3,635,488
Past due <=30 days	5,546	6,725	1,874	(3,611)	10,534
Past due >30 and ≤90 days	-	4,071	684	(1,967)	2,788
Past due >90 days	-	-	21,248	(14,596)	6,652
Total loans to public	**3,575,580**	**100,708**	**34,106**	**(54,932)**	**3,655,462**
Guarantees and letters of credit	101,908	526	33	(553)	101,914
Financial commitments	370,506	9,575	540	(1,699)	378,922
Total credit exposure to public	**4,047,994**	**110,809**	**34,679**	**(57,184)**	**4,136,298**

Off-balance sheet credit exposure comprises various committed financing facilities to the borrowers. For details refer to note *Off-balance Sheet Items*.

Non-performing loans to public ratios

	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Non-performing* gross loans ratio	**1.9%**	**1.7%**	**1.1%**	**0.9%**
Non-performing* net loans ratio	**1.1%**	**0.9%**	**0.6%**	**0.3%**
Non-performing* loans impairment ratio	**44%**	**49%**	**50%**	**63%**

* Stage 3 and part of POCI

Non-performing loans to public ratio is calculated as stage 3 and part of POCI loan exposures, which as of the reporting period end are credit impaired, divided by total loans to public as of the end of the relevant period.

Non-performing loans impairment ratio is calculated as impairment allowance for stage 3 and part of POCI exposures, which as of the period end date are credit impaired, divided by gross loans to public classified as stage 3 and part of POCI exposures, which as of the period end date are credit impaired.

Expected credit loss allowance by customer profile and impairment stage

	Group, EUR thousands				
	30/06/2026				
	Expected credit loss allowance				Total
	Stage 1	Stage 2	Stage 3	POCI	
Corporations	(17,827)	(3,901)	(21,128)	(630)	(43,486)
Households	(22,989)	(5,413)	(12,447)	(75)	(40,924)
General government	(87)	-	-	-	(87)
Expected credit loss allowance	**(40,903)**	**(9,314)**	**(33,575)**	**(705)**	**(84,497)**

	Group, EUR thousands				
	31/12/2025				
	Expected credit loss allowance				Total
	Stage 1	Stage 2	Stage 3	POCI	
Corporations	(17,614)	(3,821)	(20,853)	(451)	(42,739)
Households	(23,137)	(4,477)	(10,676)	(78)	(38,368)
General government	(187)	(9)	-	-	(196)
Expected credit loss allowance	**(40,938)**	**(8,307)**	**(31,529)**	**(529)**	**(81,303)**

	Bank, EUR thousands			
	30/06/2026			
	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3	
Corporations	(8,919)	(1,219)	(12,049)	(22,187)
Households	(18,557)	(4,139)	(10,018)	(32,714)
General government	(1)	-	-	(1)
Expected credit loss allowance	**(27,477)**	**(5,358)**	**(22,067)**	**(54,902)**

	Bank, EUR thousands			
	31/12/2025			
	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3	
Corporations	(9,931)	(1,256)	(13,114)	(24,301)
Households	(19,024)	(3,257)	(8,347)	(30,628)
General government	(3)	-	-	(3)
Expected credit loss allowance	**(28,958)**	**(4,513)**	**(21,461)**	**(54,932)**

Loans to public by customer profile and impairment stage

	Group, EUR thousands					
	30/06/2026					
	Gross amount				Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3	POCI		
Corporations						
Real estate purchase and management	492,705	13,916	1,178	-	(2,755)	505,044
Manufacturing and professional, scientific and technical activities	267,180	22,026	6,903	854	(7,143)	289,820
Trade	239,553	19,978	7,626	2	(7,168)	259,991
Transport and communications	192,266	32,706	3,382	38	(3,435)	224,957
Agriculture and forestry	159,009	26,346	23,695	1	(12,453)	196,598
Electricity, gas and water supply	138,561	16,100	5,776	-	(1,957)	158,480
Construction	149,284	17,544	5,180	2	(4,155)	167,855
Financial intermediation	27,653	885	99	-	(399)	28,238
Hotels, restaurants	17,428	5,523	229	-	(360)	22,820
Other industries	217,890	14,670	3,050	383	(3,661)	232,332
Total corporations	**1,901,529**	**169,694**	**57,118**	**1,280**	**(43,486)**	**2,086,135**
Households						
Mortgage loans	985,875	28,725	8,374	91	(16,867)	1,006,198
Finance leases	459,913	31,479	4,440	45	(6,977)	488,900
Credit for consumption	270,900	20,820	3,793	-	(12,194)	283,319
Card lending	54,528	5,353	935	-	(3,401)	57,415
Other lending	7,854	1,664	1,522	10	(1,485)	9,565
Total households	**1,779,070**	**88,041**	**19,064**	**146**	**(40,924)**	**1,845,397**
General government	**15,296**	**79**	**-**	**-**	**(87)**	**15,288**
Total loans to public	**3,695,895**	**257,814**	**76,182**	**1,426**	**(84,497)**	**3,946,820**

	Group, EUR thousands					
	31/12/2025					
	Gross amount				Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3	POCI		
Corporations						
Real estate purchase and management	456,672	20,559	1,345	-	(4,118)	474,458
Manufacturing and professional, scientific and technical activities	251,445	21,059	8,569	867	(5,714)	276,226
Trade	233,557	25,308	7,813	2	(6,844)	259,836
Transport and communications	176,540	29,832	3,199	127	(3,451)	206,247
Agriculture and forestry	154,057	35,059	21,814	1	(13,803)	197,128
Electricity, gas and water supply	154,806	12,560	378	-	(1,243)	166,501
Construction	149,521	13,386	3,517	10	(3,611)	162,823
Financial intermediation	27,417	1,151	35	-	(324)	28,279
Hotels, restaurants	30,778	6,547	108	1	(522)	36,912
Other industries	176,477	16,203	2,065	862	(3,109)	192,498
Total corporations	**1,811,270**	**181,664**	**48,843**	**1,870**	**(42,739)**	**2,000,908**
Households						
Mortgage loans	946,099	26,256	6,531	96	(16,383)	962,599
Finance leases	423,383	31,974	4,302	51	(6,860)	452,850
Credit for consumption	258,815	12,231	2,678	-	(10,320)	263,404
Card lending	58,578	2,738	882	-	(3,743)	58,455
Other lending	6,298	1,898	919	10	(1,062)	8,063
Total households	**1,693,173**	**75,097**	**15,312**	**157**	**(38,368)**	**1,745,371**
General government	**17,784**	**339**	**-**	**-**	**(196)**	**17,927**
Total loans to public	**3,522,227**	**257,100**	**64,155**	**2,027**	**(81,303)**	**3,764,206**

	Bank, EUR thousands				
	30/06/2026				
	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3		
Corporations					
Real estate purchase and management	467,355	10,526	705	(2,269)	476,317
Manufacturing and professional, scientific and technical activities	154,945	5,723	1,854	(3,347)	159,175
Trade	87,201	5,958	3,786	(3,426)	93,519
Transport and communications	13,397	2,141	341	(568)	15,311
Agriculture and forestry	59,348	5,192	15,832	(7,090)	73,282
Electricity, gas and water supply	120,261	15,362	5,652	(1,706)	139,569
Construction	32,628	1,814	1,808	(1,787)	34,463
Financial intermediation	1,480,674	8	-	(1,113)	1,479,569
Hotels, restaurants	5,525	4,012	178	(190)	9,525
Other industries	36,541	844	276	(691)	36,970
Total corporations	**2,457,875**	**51,580**	**30,432**	**(22,187)**	**2,517,700**
Households					
Mortgage loans	985,210	28,468	8,325	(16,784)	1,005,219
Credit for consumption	230,926	15,282	3,241	(11,101)	238,348
Card lending	54,528	5,353	935	(3,401)	57,415
Other lending	3,650	1,632	1,482	(1,428)	5,336
Total households	**1,274,314**	**50,735**	**13,983**	**(32,714)**	**1,306,318**
General government	**3,349**	**79**	**-**	**(1)**	**3,427**
Total loans to public	**3,735,538**	**102,394**	**44,415**	**(54,902)**	**3,827,445**

	Bank, EUR thousands				
	31/12/2025				
	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3		
Corporations					
Real estate purchase and management	436,219	17,872	1,076	(3,691)	451,476
Manufacturing and professional, scientific and technical activities	147,723	7,073	1,627	(2,429)	153,994
Trade	80,904	7,364	3,618	(3,866)	88,020
Transport and communications	13,539	1,703	473	(777)	14,938
Agriculture and forestry	63,306	8,640	15,189	(9,122)	78,013
Electricity, gas and water supply	137,604	11,501	81	(969)	148,217
Construction	43,975	2,204	898	(1,442)	45,635
Financial intermediation	1,364,714	151	-	(1,011)	1,363,854
Hotels, restaurants	20,534	4,788	88	(363)	25,047
Other industries	32,327	1,453	191	(631)	33,340
Total corporations	**2,340,845**	**62,749**	**23,241**	**(24,301)**	**2,402,534**
Households					
Mortgage loans	945,307	25,881	6,531	(16,325)	961,394
Credit for consumption	223,268	7,575	2,580	(9,539)	223,884
Card lending	58,577	2,739	882	(3,743)	58,455
Other lending	3,364	1,764	872	(1,021)	4,979
Total households	**1,230,516**	**37,959**	**10,865**	**(30,628)**	**1,248,712**
General government	**4,219**	**-**	**-**	**(3)**	**4,216**
Total loans to public	**3,575,580**	**100,708**	**34,106**	**(54,932)**	**3,655,462**

NOTE 15. EQUITY AND OTHER FINANCIAL INSTRUMENTS

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

	Group, EUR thousands							
	30/06/2026				31/12/2025			
	Mutual investment funds	Foreign equities	Latvian equities	Total	Mutual investment funds	Foreign equities	Latvian equities	Total
Non-trading financial assets at fair value through profit or loss	22,099	281	-	22,380	21,999	284	-	22,283
Financial assets at fair value through other comprehensive income	-	136	-	136	-	122	21	143
Total non-fixed income securities, net	**22,099**	**417**	**-**	**22,516**	**21,999**	**406**	**21**	**22,426**
Including unit-linked insurance plan assets	*13,186*	-	-	*13,186*	*13,235*	-	-	*13,235*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management	*10,638*	-	-	*10,638*	*13,845*	-	-	*13,845*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management and which relate to unit-linked contracts	*10,573*	-	-	*10,573*	*10,776*	-	-	*10,776*

Most exposures in mutual investment funds which are classified as financial assets mandatorily at fair value through profit or loss are related to the life insurance business, most of these with unit-linked insurance plan assets. According to unit-linked investment contract terms, the risk associated with the investments made by the insurance underwriter is fully attributable to the counterparty entering the insurance agreement and not the underwriter. All investments in mutual investment funds are mandatorily classified as financial assets at fair value through profit or loss.

Part of investments in mutual investment funds, which are managed by IPAS CBL Asset Management, are related to unit-linked contracts, where the risk associated with the investments made is fully attributable to the counterparty entering the insurance agreement and not the underwriter. These exposures have been acquired only with investment intentions. The Bank has no exposure to investments related to unit-linked contracts.

	Bank, EUR thousands							
	30/06/2026				31/12/2025			
	Mutual investment funds	Foreign equities	Latvian equities	Total	Mutual investment funds	Foreign equities	Latvian equities	Total
Non-trading financial assets at fair value through profit or loss	-	281	-	281	-	284	-	284
Financial assets at fair value through other comprehensive income	-	136	-	136	-	122	21	143
Total non-fixed income securities, net	**-**	**417**	**-**	**417**	**-**	**406**	**21**	**427**

NOTE 16. INVESTMENTS IN RELATED ENTITIES

Changes in investments in related entities of the Bank

	EUR thousands	
	6m 2026	6m 2025
Balance at the beginning of the period, net	**52,969**	**48,759**
Change in impairment allowance	718	1,025
Investment in subsidiaries	250	-
Balance at the end of the period, net	**53,937**	**49,784**
Gross investment in subsidiaries	*60,848*	*60,598*

Changes in investments in related entities

In June 2026 a new subsidiary SIA C Capital Markets was established by the Bank. In July 2025 Kaleido Privatbank AG, which previously was classified as discontinued operations held for sale (for details refer to note *Discontinued Operations and Non-current Assets Held For Sale*), was sold.

Valuation of investments in subsidiaries

Carrying value of the investment in SIA Citadele Factoring is derived from present value of expected free equity distributable to the shareholders, after required equity allocation for capital adequacy compliance. Accumulation of undistributed earnings and improvement in expected future profitability of the operations is contributing to the increase in the value of the investment. The target capital adequacy ratio is set at 13.9% and includes allocated charges for all banking risks inherent in the business model of the factoring (2025: 13.4%). Other key inputs of the model are 14.2% (2025: 13.9%) discount rate and future profitability of the operations of the entity.

Carrying value of the investment in AS CBL Atklātais Pensiju Fonds is derived from future profitability and expected free equity distributable to the sole shareholder. The model has no other key inputs which would significantly affect the valuation.

Consolidation Group subsidiaries and associated entities for accounting purposes

Company	Registration number	Registration country	Company type*	Basis for inclusion in the Group**	The Group's share (%)	% of total voting rights	Carrying value EUR thousands 30/06/2026	Carrying value EUR thousands 31/12/2025
AS Citadele banka	40103303559	Latvia	BNK	MT	-	-	-	-
SIA Citadele Leasing	40003423085	Latvia	LIZ	MS	100	100	29,203	29,203
SIA Citadele Factoring	50003760921	Latvia	LIZ	MS	100	100	14,776	14,058
IPAS CBL Asset Management	40003577500	Latvia	IPS	MS	100	100	5,906	5,906
UAB Citadele Factoring	126233315	Lithuania	LIZ	MS	100	100	2,149	2,149
SIA Hortus Residential	40103460622	Latvia	PLS	MS	100	100	1,208	1,208
OU Citadele Factoring	10925733	Estonia	LIZ	MS	100	100	445	445
SIA C Capital Markets	40203751667	Latvia	CFI	MS	100	100	250	-
AS CBL Atklātais Pensiju Fonds	40003397312	Latvia	PFO	MS	100	100	-	-
SIA CL Insurance Broker	40003983430	Latvia	PLS	MMS	100	100	-	-
AAS CBL Life	40003786859	Latvia	APS	MMS	100	100	-	-
Total net investments in subsidiaries and associated entities							**53,937**	**52,969**

*BNK – bank, ENI – authorized electronic money institution, IBS – investment brokerage company, IPS – investment management company, PFO – pension fund, CFI – other financial institution, LIZ – leasing company, PLS – company providing various support services, APS – insurance company.
** MS – subsidiary company, MMS – subsidiary of the subsidiary company, MT – parent company, MTM – parent of the parent company, CT – other company.

NOTE 17. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

In July 2025 the Bank's Swiss subsidiary Kaleido Privatbank AG, which previously was presented as discontinued operations, was sold. The sale of Kaleido Privatbank AG was a further step in Citadele's strategy to concentrate on its core activities in the Baltics. On disposal assets and liabilities of Kaleido Privatbank AG were derecognised. Sales result was recognised in the statement of income. Reclassification of accumulated foreign exchange retranslation reserve was recognised in other comprehensive income.

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

	EUR thousands							
	Group				Bank			
	6m 2026	6m 2025	Q2 2026	Q2 2025	6m 2026	6m 2025	Q2 2026	Q2 2025
Net interest income	-	1,261	-	627	-	-	-	-
Net fee and commission income	-	2,101	-	919	-	-	-	-
Other operating income / (expense)	-	374	-	88	-	-	-	-
Staff costs, other operating expenses, depreciation and amortisation	-	(5,838)	-	(2,769)	-	-	-	-
Net credit losses and other impairment losses	-	(16)	-	27	-	-	-	-
Impairment of non-financial assets and other provisions	-	(1,405)	-	(1,366)	-	-	-	-
Income tax	-	(21)	-	-	-	-	-	-
Net result from discontinued operations	**-**	**(3,544)**	**-**	**(2,474)**	**-**	**-**	**-**	**-**
Result from non-current assets held for sale	-	(745)	-	(490)	-	(1,684)	-	(1,428)
Net result from non-current assets held for sale and discontinued operations	**-**	**(4,289)**	**-**	**(2,964)**	**-**	**(1,684)**	**-**	**(1,428)**

Cash flows from discontinued operations of the Group

	EUR thousands	
	6m 2026	6m 2025
Cash flows from operating activities	-	2,633
Cash flows from investing activities	-	7,745
Cash flows from financing activities	-	19
Decrease in cash and cash equivalents as a result of disposal of discontinued operations	-	-
Cash flows for the period	**-**	**10,397**
Cash and cash equivalents at the beginning of the period	**-**	**11,986**
Cash and cash equivalents at the end of the period	**-**	**22,383**

Cash and cash equivalents decreased as a result of disposal of discontinued operations due to cash equivalent of the previous subsidiary being deconsolidated from the Group and due to previously eliminated intragroup cash equivalents being recognised as deposits due to credit institutions.

NOTE 18. DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Bank deposits and borrowings by type

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Deposits and collateral accounts of credit institutions	4,646	2,599	4,646	2,599
Deposits and accounts of central banks	-	-	-	-
Total deposits from credit institutions and central banks	**4,646**	**2,599**	**4,646**	**2,599**

NOTE 19. DEPOSITS AND BORROWINGS FROM CUSTOMERS

Deposits and borrowings by profile of the customer

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Households	2,258,056	2,162,409	2,227,888	2,127,698
Non-financial corporations	1,663,571	1,777,540	1,664,847	1,778,600
Financial corporations	289,010	290,287	328,313	324,675
General government	100,185	63,657	100,185	63,657
Other	14,508	10,308	14,508	10,307
Total deposits from customers	**4,325,330**	**4,304,201**	**4,335,741**	**4,304,937**

Deposits and borrowings from customers by contractual maturity

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Demand deposits	2,976,546	2,975,041	2,980,696	2,983,403
Saving accounts due within less than 2 months	275,495	230,094	277,594	232,088
Term deposits due within:				
less than 1 month	281,980	304,490	285,494	303,005
more than 1 month and less than 3 months	274,004	232,970	294,347	231,871
more than 3 months and less than 6 months	214,585	299,180	210,641	297,784
more than 6 months and less than 12 months	242,543	203,581	244,182	218,540
more than 1 year and less than 5 years	55,623	54,236	42,673	38,093
more than 5 years	4,554	4,609	114	153
Total term deposits	1,073,289	1,099,066	1,077,451	1,089,446
Total deposits from customers	**4,325,330**	**4,304,201**	**4,335,741**	**4,304,937**

Deposits and borrowings from customers by categories

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
At amortised cost	4,311,640	4,290,085	4,335,741	4,304,937
At fair value through profit or loss	13,690	14,116	-	-
Total deposits from customers	**4,325,330**	**4,304,201**	**4,335,741**	**4,304,937**
Including unit-linked insurance plan liabilities	*12,442*	*12,796*	-	-

All deposits from customers of the Group which are classified at fair value through profit or loss relate to the Group's life insurance business (classified as investment contracts). Unit-linked plan liabilities are covered by financial assets designated at fair value through profit or loss. According to unit-linked investment contract terms, the risk associated with the investments made by the underwriter is fully attributable to the counterparty entering the agreement and not the underwriter.

NOTE 20. DEBT SECURITIES ISSUED

Publicly listed debt securities

ISIN code of the issued bond	Eligibility	Currency	Interest rate, as of the period end	Initial maturity date	Principal, EUR thousands	Amortised cost, EUR thousands	
						30/06/2026	31/12/2025
XS3148256913	MREL eligible	EUR	3.875%	23/12/2029	300,000	304,809	298,697
XS3060301168	AT1 eligible	EUR	7.125%	n/a	50,000	50,865	49,874
LV0000880102	Subordinated	EUR	5.00%	13/12/2031	40,000	40,098	40,104
LV0000803054	Subordinated	EUR	8.00%	05/04/2034	20,000	20,212	20,186
						415,984	**408,861**

Key features of the issued bonds

EUR 300 million Senior Unsecured Preferred Bonds (XS3148256913) with maturity date on 23 December 2029. These bonds have a fixed interest rate of 3.875% until the interest rate reset date on 23 December 2028, resetting to floating interest rate of Euribor 3 months plus 1.7% per annum. These bonds are Minimum Requirement for own funds and Eligible Liabilities (MREL) eligible. These bonds are listed on Euronext Dublin.

Interest rate of the Perpetual Additional Tier 1 temporary write down notes (XS3060301168) is 7.125% until the interest rate first reset date on 9 January 2031. After the interest rate first reset date, the rate is calculated as per mechanism described in the bond prospectus. These bonds are listed on Euronext Dublin. Proceeds from the issuance were used to repurchase a part of the share capital of AS Citadele banka which took place in January 2026.

EUR 40 million (LV0000880102) and EUR 20 million (LV0000803054) unsecured subordinated bonds have ten years initial maturity and issuer's optional early redemption rights. These bonds are listed on Nasdaq Riga.

Unsecured subordinated bonds and additional tier 1 bonds qualify for inclusion in the Bank's and the Group's regulatory capital and contribute to a stronger capital position. During their final five years of maturity, eligible capital amount of the subordinated bonds linearly amortizes to zero. For details on capital adequacy refer to *Capital management* section of the note *Risk Management*.

Profile of the bondholders as of the last coupon payment date of the subordinated bonds

ISIN code of the issued bond	Relevant last coupon or origination date	Number of bondholders	Legal and professional investors			Private individuals		
			Number	EUR th.	%	Number	EUR th.	%
LV0000880102	June 2026	168	54	26,130	65%	114	13,870	35%
LV0000803054	March 2026	482	173	10,860	54%	309	9,140	46%

Change in debt securities

	EUR thousands			
	6m 2026 Group	6m 2025 Group	6m 2026 Bank	6m 2025 Bank
Opening balance	**408,861**	**315,422**	**408,861**	**315,422**
Proceeds from issue of debt securities	-	-	-	-
Repayment of debt securities	-	(20,000)	-	(20,000)
Interest expense	9,839	4,506	9,839	4,506
Interest paid on debt securities issued	(2,716)	(2,828)	(2,716)	(2,828)
Closing balance	**415,984**	**297,100**	**415,984**	**297,100**

NOTE 21. SHARE CAPITAL

The Bank has one class dematerialised shares, i.e. recorded in the depositary (Nasdaq CSD SE). As of the period end the Bank's total paid capital is EUR 159,224,758 (2025: EUR 159,224,758) and conditional capital is EUR 3,776,456 (2025: EUR 3,123,456). The conditional capital represents the maximum number of shares that may be allocated for awarding to employees as share options. As of the period end the Bank owns EUR 18,655,807 (2025: EUR 47,160) of its own shares. Each dematerialised share carries one vote, a share in profits and is eligible for dividends (except for shares owned by the Bank itself).

On 31 March 2026 a dividend of EUR 0.183 per share, which is EUR 25.7 million in total, was approved by the shareholders and on 27 April 2026 distributed to the shareholders. On 27 March 2025 a dividend of EUR 0.282 per share, which is EUR 44.8 million in total, was approved and on 23 April 2025 distributed to the shareholders.

Citadele's dividend policy targets a payout of 50% of annual distributable profit. In light of recent developments in the Middle East and the associated market uncertainty, a prudent approach was taken, resulting in a dividend payout ratio of 31.5%. Shareholders and Supervisory Board retain the flexibility to reassess this decision later in the year and may consider distributing the remaining EUR 15.1 million within the policy framework, subject to market conditions.

In January 2026 AS Citadele banka completed a one-time special buy-back of its shares following the recent issuance of Additional Tier 1 notes. A total of 18,953,752 shares of AS Citadele banka, each with a nominal value of EUR 1, were repurchased from eligible shareholders at a price of EUR 2.638 per share. The transaction represents slightly less than 12% of the bank's registered share capital. The qualifying offers were accepted on a pro rata basis, and the settlement was carried out in accordance with the Terms and Conditions of One-Time Special Share Buy-back. The total settlement amount reached EUR 49,999,997.80.

Shareholders of the Bank

	30/06/2026		31/12/2025	
	Paid-in share capital (EUR)	Total shares with voting rights	Paid-in share capital (EUR)	Total shares with voting rights
RA Citadele Holdings LLC[1]	51,549,212	51,549,212	51,549,212	51,549,212
European Bank for Reconstruction and Development	39,138,948	39,138,948	39,138,948	39,138,948
EMS LB LLC[3]	10,404,591	10,404,591	17,635,133	17,635,133
Amolino Holdings Inc.[4]	7,959,336	7,959,336	13,490,578	13,490,578
Delan S.à.r.l.[2]	12,477,728	12,477,728	12,477,728	12,477,728
Shuco LLC[5]	5,804,437	5,804,437	9,838,158	9,838,158
Members of the Management Board of the Bank and parties related to them	765,603	765,603	1,041,415	1,041,415
Other shareholders	12,469,096	12,469,096	14,006,426	14,006,426
Total	**140,568,951**	**140,568,951**	**159,177,598**	**159,177,598**
Own shares	18,655,807		47,160	
Total paid capital	**159,224,758**		**159,224,758**	

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

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

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

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

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

Earnings per share

Basic earnings per share are calculated by dividing the net profit that is attributable to the shareholders by the weighted average number of the shares outstanding during the period. Diluted earnings per share are determined by adjusting the net profit that is attributable to the shareholders and the weighted-average number of the shares outstanding for the effects of all dilutive potential shares, which comprise share options granted to employees in the long-term incentive programs. The part of the performance-based employee share options for which the services under the approved long-term incentive programs have been received are included in the calculation of diluted earnings per share. The part of the performance-based employee share options, issuance of which is contingent upon satisfying specific conditions, in addition to the passage of time, are treated as contingently issuable shares. For contingently issuable share options where these conditions are not fully satisfied, the number of contingently issuable shares included in diluted earnings per share is based on the number of shares that would be issuable if the reporting date were the end of the contingency period.

	6m 2026 Group	6m 2025 Group	6m 2026 Bank	6m 2025 Bank
Profit for the period, EUR thousands	39,777	39,789	33,072	34,886
Weighted average number of shares outstanding in thousands	140,396	158,975	140,396	158,975
Basic earnings per share in EUR	**0.28**	**0.25**	**0.24**	**0.22**
Weighted average number of the shares (basic) outstanding in thousands	140,396	158,975	140,396	158,975
Effect of share options in issue in thousands	1,161	1,213	1,161	1,213
Weighted average number of shares (diluted) outstanding during the period in thousands	**141,557**	**160,188**	**141,557**	**160,188**
Profit for the period, EUR thousands	39,777	39,789	33,072	34,886
Weighted average number of the shares (diluted) outstanding in thousands	141,557	160,188	141,557	160,188
Diluted earnings per share in EUR	**0.28**	**0.25**	**0.23**	**0.22**
Net loss from discontinued operations (Note *Discontinued operations and non-current assets held for sale*)	-	(3,544)	-	-
Profit for the period from continuing operations, EUR thousands	39,777	43,333	33,072	34,886
Basic earnings / (loss) per share in EUR	0.28	0.25	0.24	0.22
from continuing operations	*0.28*	*0.27*	*0.24*	*0.22*
from discontinued operations	-	*(0.02)*	-	-
Diluted earnings / (loss) per share in EUR	0.28	0.25	0.23	0.22
from continuing operations	*0.28*	*0.27*	*0.23*	*0.22*
from discontinued operations	-	*(0.02)*	-	-

NOTE 22. OFF-BALANCE SHEET ITEMS

Contingent liabilities and financial commitments outstanding

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Contingent liabilities:				
Outstanding guarantees	100,416	102,304	100,416	102,304
Outstanding letters of credit	3,300	163	3,300	163
Total contingent liabilities	**103,716**	**102,467**	**103,716**	**102,467**
Provisions for credit risk	(451)	(553)	(450)	(553)
Net credit risk exposure for guarantees and letters of credit	**103,265**	**101,914**	**103,266**	**101,914**
Financial commitments:				
Unutilised credit lines and loans granted, not fully drawn down	196,505	180,596	268,068	251,784
Card commitments	112,545	113,569	112,571	113,596
Factoring commitments	89,496	84,675	-	-
Performance commitments (guarantees)	13,229	15,241	13,229	15,241
Total financial commitments	**411,775**	**394,081**	**393,868**	**380,621**
Provisions for financial commitments	(1,616)	(1,788)	(1,504)	(1,699)
Net credit risk exposure for financial commitments	**410,159**	**392,293**	**392,364**	**378,922**

Lending commitments are a time limited promise that a specified amount of loan or credit line will be made available to the specific borrower on specific pre-agreed terms. For part of the committed lending promises clients have to perform certain obligations before the balance committed becomes available to them.

NOTE 23. DERIVATIVES

Notional amounts and fair values of derivatives of the Group and the Bank

	Notional amount EUR thousands		Fair value EUR thousands			
	30/06/2026	31/12/2025	30/06/2026		31/12/2025	
			Assets	Liabilities	Assets	Liabilities
Foreign exchange contracts:						
Swaps	339,544	315,214	3,695	(961)	786	(636)
Forwards	8,193	3,634	188	(2)	15	(14)
Total foreign exchange contracts	**347,737**	**318,848**	**3,883**	**(963)**	**801**	**(650)**
Interest rate contracts:						
Interest rate swaps in no hedge accounting relationship	190,400	190,400	2,167	(1,248)	946	(2,117)
Interest rate swaps to hedge interest rate risk of debt securities at fair value through other comprehensive income (Note *Debt Securities* and *OCI*)	15,000	-	74	-	-	-
Interest rate swaps to hedge interest rate risk of debt securities at amortised cost (Note *Debt Securities*)	25,000	-	222	-	-	-
Total interest rate contracts	**230,400**	**190,400**	**2,463**	**(1,248)**	**946**	**(2,117)**
Derivatives	**578,137**	**509,248**	**6,346**	**(2,211)**	**1,747**	**(2,767)**

The Group and the Bank use derivative foreign exchange instruments to manage currency positions, which arise also due to derivative foreign exchange contracts concluded with clients. Interest rate swaps are used to manage interest rate risk in debt securities portfolio, including for hedge accounting. Before entering into derivative agreement with a private individual or a company, the Group and the Bank assess the counterparty for its ability to meet contractual provisions. To minimise counterparty credit risk in the interest rate derivative transactions, the Group engages only with highly credible counterparties whose credit rating meets high internal threshold, also collateral and clearing requirements apply. For the Bank and the Group, as of the period end, none (2025: none) of the receivables arising out of derivative transactions were past due.

The Group and the Bank apply fair value hedge accounting for designated fixed-rate debt securities, both classified as at fair value through other comprehensive income and at amortised cost. The risk component hedged is changes in fair value due to changes in benchmark interest rates. Fixed-to-variable interest rate swaps are used for hedging purposes. Interest rate swaps are matched to each debt security exposure hedged (the hedged item) with closely aligned critical terms, including settlement dates. The hedge ratio is aligned with economic relationship to minimise hedge accounting ineffectiveness. Periodic hedge rebalancing is permitted to account for unwinding of discount or premium as maturity approaches. This approach is established by the Group's risk management strategy and applied to manage interest rate risk (part of the Group's market risk). For each hedge relation an economic relationship should exist, and a prospective hedge effectiveness assessment should be satisfied. The fair value of the hedged item has to respond similarly to similar risk to the hedging instrument by moving in an opposite direction as a result of changes in the hedged benchmark interest rate risk.

Interest rate swaps designated as hedging instruments are reported as derivative assets and derivative liabilities. The gain or loss on the hedging instrument (derivatives) is recognised in profit or loss as is the offsetting hedging gain or loss on the hedged item (debt securities). For amortised cost classified hedged items and fair value through other comprehensive income classified hedged items the basis adjustment adjusts the carrying amount of the hedged item. Any hedging gain or loss adjustment to the carrying amount of the hedged item is amortised to profit or loss; if the hedged item is a financial instrument measured at amortised cost the amortisation of the fair value adjustment will begin as soon as it arises. In the case of a hedged item that is measured at fair value through other comprehensive income, amortisation is applied in the same manner but to the amount that represents the cumulative hedging gain or loss previously recognised. Any hedging ineffectiveness is immediately recognised in the statement of income.

The Group establishes a hedge ratio by aligning the par amount of the fixed-rate debt security and the notional amount of the interest rate swap designated as hedging instrument. Under the Group's policy, the hedge is effective, if changes in interest rates in the hedged debt security, as observed by changes in interest rate for swap contracts, are replicated by the hedging instruments. In the hedging relationship, the main source of ineffectiveness are expected to be differences in cash flow timing of the interest rate swaps and debt securities and not re-balanced changes in hedge ratio as discount or premium for the debt security unwinds.

Value changes in interest rate swaps versus value changes due to interest rate changes in the hedge debt securities are used as the basis for recognising hedge ineffectiveness for hedged interest rate risk. The above table discloses both cumulative changes in fair value of the hedging instruments used as a basis for recognising hedge ineffectiveness and notional amount of these instruments. In the reporting period EUR 0 thousand hedge ineffectiveness has been recognised in profit or loss (2025: EUR 0 thousand). Accumulated amount of fair value hedge adjustment on the hedged items included in the carrying amount on the hedged items is opposite to that of the cumulative changes in fair value of the hedging instruments disclosed above.

NOTE 24. ASSETS UNDER MANAGEMENT

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

	EUR thousands			
	30/06/2026 Group	**31/12/2025 Group**	**30/06/2026 Bank**	**31/12/2025 Bank**
Fixed income securities:				
Government bonds	139,364	131,254	-	-
Corporate bonds	114,921	126,305	-	-
Credit institution bonds	54,171	55,601	-	-
Other financial institution bonds	30,787	30,856	-	-
Loans	516	540	516	540
Total investments in fixed income securities	**339,759**	**344,556**	**516**	**540**
Other investments:				
Investment funds	1,069,909	838,454	-	-
Shares	122,852	140,464	-	-
Other	50,646	54,050	-	-
Total other investments	**1,243,407**	**1,032,968**	**-**	**-**
Total assets under management	**1,583,166**	**1,377,524**	**516**	**540**

Customer profile on whose behalf the funds are managed

	EUR thousands			
	30/06/2026 Group	**31/12/2025 Group**	**30/06/2026 Bank**	**31/12/2025 Bank**
Pension plans	1,256,231	1,071,515	-	-
Insurance companies, investment and pension funds	172,617	165,973	-	-
Private individuals	153,802	139,496	-	-
Other companies and government	516	540	516	540
Total liabilities under management	**1,583,166**	**1,377,524**	**516**	**540**

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

NOTE 25. CASH AND CASH EQUIVALENTS

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Cash and cash balances with central banks	315,631	511,451	315,631	511,451
Loans on demand to credit institutions (excluding encumbered)	5,623	4,663	4,185	3,265
Demand deposits from central banks and credit institutions	(4,346)	(2,599)	(4,346)	(2,599)
Total cash and cash equivalents	**316,908**	**513,515**	**315,470**	**512,117**

NOTE 26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

Carrying value for cash and balances at central banks, loans to credit institutions, and deposits from credit institutions and central banks approximates their fair value.

Fair value hierarchy

Quoted market prices (Level 1) – Financial instruments are valued using unadjusted quoted prices in active markets.

Valuation technique: observable market inputs (Level 2) – Financial instruments are valued using techniques based on observable market data. In some instances, valuations received from independent third party are used or quotations from less active market.

Valuation technique: non-market observable inputs (Level 3) – Financial instruments are valued using techniques for which significant inputs are not based on observable market data.

Fair values of financial assets and liabilities of the Group on 30 June 2026

			Fair value hierarchy (where applicable)		
	Carrying value	Total fair value	Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	69,933	69,933	69,897	36	-
Equity instruments	136	136	-	-	136
Non-trading financial assets at fair value through profit or loss:					
Debt securities	201,410	201,410	201,410	-	-
Equity instruments	281	281	-	-	281
Other financial instruments	22,099	22,099	22,099	-	-
Other financial assets at fair value through profit or loss					
Derivatives	6,346	6,346	-	6,346	-
Financial assets not measured at fair value:					
Debt securities	764,869	727,828	672,700	54,131	997
Loans to public	3,946,820	3,959,135	-	-	3,959,135
Financial liabilities measured at fair value:					
Derivatives	2,211	2,211	-	2,211	-
Deposits and borrowings from customers	13,690	13,690	12,442	-	1,248
Financial liabilities not measured at fair value:					
Deposits and borrowings from customers	4,311,640	4,313,342	-	-	4,313,342
Debt securities issued	415,984	416,434	304,932	111,502	-

Fair values of financial assets and liabilities of the Group on 31 December 2025

	Carrying value	Total fair value	Fair value hierarchy (where applicable) Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	88,482	88,482	88,369	113	-
Equity instruments	143	143	-	-	143
Non-trading financial assets at fair value through profit or loss:					
Debt securities	204,104	204,104	196,790	7,314	-
Equity instruments	284	284	-	-	284
Other financial instruments	21,999	21,999	21,999	-	-
Other financial assets at fair value through profit or loss					
Derivatives	1,747	1,747	-	1,747	-
Financial assets not measured at fair value:					
Debt securities	748,317	707,955	648,505	59,450	-
Loans to public	3,764,206	3,782,448	-	-	3,782,448
Financial liabilities measured at fair value:					
Derivatives	2,767	2,767	-	2,767	-
Deposits and borrowings from customers	14,116	14,116	12,796	-	1,320
Financial liabilities not measured at fair value:					
Deposits and borrowings from customers	4,290,085	4,291,157	-	-	4,291,157
Debt securities issued	408,861	413,100	300,836	112,264	-

Fair values of financial assets and liabilities of the Bank on 30 June 2026

	Carrying value	Total fair value	Fair value hierarchy (where applicable) Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	60,551	60,551	60,515	36	-
Equity instruments	136	136	-	-	136
Non-trading financial assets at fair value through profit or loss:					
Debt securities	194,283	194,283	194,283	-	-
Equity instruments	281	281	-	-	281
Other financial assets at fair value through profit or loss					
Derivatives	6,346	6,346	-	6,346	-
Financial assets not measured at fair value:					
Debt securities	748,304	711,462	658,874	51,591	997
Loans to public	3,827,445	3,839,760	-	-	3,839,760
Financial liabilities measured at fair value:					
Derivatives	2,211	2,211	-	2,211	-
Financial liabilities not measured at fair value:					
Deposits and borrowings from customers	4,335,741	4,337,524	-	-	4,337,524
Debt securities issued	415,984	416,434	304,932	111,502	-

Fair values of financial assets and liabilities of the Bank on 31 December 2025

	Carrying value	Total fair value	Fair value hierarchy (where applicable)		
			Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	75,078	75,078	74,966	112	-
Equity instruments	143	143	-	-	143
Non-trading financial assets at fair value through profit or loss:					
Debt securities	196,950	196,950	189,637	7,313	-
Equity instruments	284	284	-	-	284
Other financial assets at fair value through profit or loss					
Derivatives	1,747	1,747	-	1,747	-
Financial assets not measured at fair value:					
Debt securities	732,800	692,628	635,020	57,608	-
Loans to public	3,655,462	3,673,704	-	-	3,673,704
Financial liabilities measured at fair value:					
Derivatives	2,767	2,767	-	2,767	-
Financial liabilities not measured at fair value:					
Deposits and borrowings from customers	4,304,937	4,306,384	-	-	4,306,384
Debt securities issued	408,861	413,100	300,836	112,264	-

Reclassifications in fair value hierarchy levels of debt securities accounted for at fair value

	EUR thousands			
	6m 2026 Group	6m 2025 Group	6m 2026 Bank	6m 2025 Bank
Debt securities at fair value through other comprehensive income				
Presented as Level 1, reclassified from Level 2	77	1,938	77	1,434
Presented as Level 2, reclassified from Level 1	-	-	-	-
Debt securities at fair value through profit or loss				
Presented as Level 1, reclassified from Level 2	7,395	-	7,395	-
Presented as Level 2, reclassified from Level 1	-	-	-	-

Fair value hierarchy level for securities is established by benchmarking observed bid-ask spreads versus fixed pre-set bid-ask spread threshold which is fixed in the Group's fair value hierarchy methodology and is applied consistently year-over-year. Main contributor for reclassification of debt securities from Level 2 in the fair value hierarchy to Level 1 is narrowing bid-ask spreads. Widening bid-ask spreads have an opposite effect.

Changes in fair value of securities accounted for at fair value and categorised as Level 3

	EUR thousands			
	6m 2026 Group	6m 2025 Group	6m 2026 Bank	6m 2025 Bank
As of the beginning of the period, net	**427**	**835**	**427**	**835**
Settlement	*(185)*	-	*(185)*	-
Revaluation gain recognised in statement of income	*58*	*(13)*	*58*	*(13)*
Revaluation gain recognised in other comprehensive income	*117*	*17*	*117*	*17*
As of the end of the period, net	**417**	**839**	**417**	**839**

Fair value for equity instruments for which fair value is calculated based on non-market observable inputs is categorised as Level 3, as these financial instruments are not listed on an exchange and there are insufficient recent observable transactions on the market.

Changes in fair value of deposits and borrowings from customers measured at fair value and categorised as Level 3

	EUR thousands	
	6m 2026 Group	6m 2025 Group
Balance as at the beginning of the period	**1,320**	**1,697**
Premiums received	56	73
Commissions and risk charges	(5)	(7)
Paid to policyholders	(131)	(143)
Other	8	26
Currency revaluation result	-	(1)
Balance as at the end of the period	**1,248**	**1,645**

In the reporting period from financial liabilities designated at fair value through profit or loss which are not unit-linked the Group has recognised net revaluation result of EUR 0 thousand in the net financial income line of the statement of income (2025: EUR -18 thousand). Deposits and borrowings from customers measured at fair value and categorised as Level 3 relates to investment contracts of the Group's life insurance business. For such contracts premiums received are recognised as liabilities of the Group since settlement with small variation in due term is expected. For more details on insurance liabilities refer to *Insurance reserves* section of the note *Risk Management*.

NOTE 27. GEOGRAPHICAL DISTRIBUTION OF REVENUE

The geographical distribution of certain Group's items by the country where the business is carried out

	6m 2026				6m 2025			
	EUR thousands				EUR thousands			
	Operating income	**Operating profit before bank and income tax**	**Income and bank tax, mortgage loan levy**	FTE equivalent employees at the period end	**Operating income**	**Operating profit before tax**	**Income and bank tax, mortgage loan levy**	FTE equivalent employees at the period end
Latvia	66,900	23,787	(4,517)	939	73,009	33,713	(6,752)	928
Lithuania	29,218	18,185	(3,840)	262	26,052	12,984	(2,499)	251
Estonia	13,281	7,198	(1,036)	113	12,391	7,795	(1,163)	103
Total continuing operations before non-current assets held for sale	**109,399**	**49,170**	**(9,393)**	**1,314**	**111,452**	**54,492**	**(10,414)**	**1,282**
Latvia (result from non-current assets held for sale)	-	-	-	-	-	(745)	-	-
Switzerland (discontinued operations)	-	-	-	-	3,736	(3,523)	(21)	27
Total operations	**109,399**	**49,170**	**(9,393)**	**1,314**	**115,188**	**50,224**	**(10,435)**	**1,309**

During the reporting period no direct public subsidies were received from the public sector of the respective countries where the Group operates (2025: EUR 0.0 million). Regulation requires disclosure of total revenue, the operating income disclosed above is the total revenue of the Group.

NOTE 28. RISK MANAGEMENT

Risk management policies

The Group considers risk management to be an essential component of its management process. The Group pursues prudent risk management that is aligned with its business ambitions and aims to achieve effective risk mitigation. To assess and monitor complex risk exposures, the Group applies a wide range of risk management tools in conjunction with risk committees. Members of the risk committees represent various operations of the Group to balance business and risk within the respective risk committees. Annually Group defines its Risk Appetite Framework which sets acceptable risk-taking limits across all relevant risk types, considering business goals, macroeconomic environment , identified material risk drives and regulatory setting. Risk appetite limits are cascaded to all risk management strategies and implemented operationally through detailed internal regulations.

The Group's risk management principles are set out in its Risk Management Policy. The Group adheres to the following key risk management principles:

- The Group aims to ensure that it maintains low overall risk exposure, diversified asset portfolio, limited risks in financial markets and low levels of operational risk;
- The Group aims to ensure an acceptable risk level in all operations. Risks are always assessed in relation to their expected return. Risk exposures that are not acceptable are avoided, limited or hedged;
- The Group does not assume high or uncontrollable risks irrespective of the return they provide and assumes risks only in economic fields and geographical regions in relation to which it believes it has sufficient knowledge and expertise;
- Risk management is based on each Group's employee's responsibility for the transactions carried out by him/her and awareness of the related risks and adequate control framework;
- Risk limit system and strict controls are essential risk management elements. Control over risk levels and compliance with the imposed limits is achieved by the existence of structured risk limit systems for all material risks.

The aim of the risk management in the Group is to facilitate the achievement of the Group's goals, sustainable growth, long-term financial stability and to protect the Group from unidentified risks. The Bank appoints a Chief Risk Officer (CRO) who serves as a member of the Management Board or temporarily an employee who is not a member of the Management Board. Importantly, the CRO's role is distinct and independent from operational activities to ensure unbiased risk oversight. To facilitate effective governance, the CRO maintains direct access to the Bank's Supervisory Board. The Risk Committee, which is subordinated to the Bank's Supervisory Board, has been established in the Bank. The main task of the Risk Committee is to provide support to the Bank's Supervisory Board in relation to the monitoring of the Group's risk management system. The Risk Committee established by the Bank's Supervisory Board provides recommendations to the Bank's Management Board regarding improvements of the risk management system. Risk management function within the Group is controlled by an independent unit – the Risk Division.

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

Since the latest annual reporting date, the Group's exposure to risks has not changed materially, other than disclosed in this report. For more details on the Group's risk management policies refer to the latest annual report of the Group and the interim disclosures below.

Insurance reserves

	EUR thousands			
	30/06/2026 Group	**31/12/2025 Group**	**30/06/2026 Bank**	**31/12/2025 Bank**
Insurance reserves:				
Annuity pension products	27,441	22,192	-	-
Life insurance reserves for unit-linked products	2,807	2,376	-	-
Other life insurance reserves	833	843	-	-

Insurance reserves are presented as part of *Other liabilities*. Insurance reserves mostly comprise estimated present value of future cash outflows from defined benefit annuity pension products sold to customers by Group's subsidiary AAS CBL Life. The annuity products are subject to terms, conditions and limitations. Estimated cash outflows are conditional to life longevity assumptions and defined benefit payment structure.

If future expected attributable expenses were to change by +/-15%, the CSM part of the annuity pension products would change by EUR -67/+67 thousands (2025: EUR -59/+59 thousands). If discount rates applied to the annuity pension product reserves as of the period end were to change by +/-1.0 percentage point, the Group's net result would change by EUR +1.7/-1.9 million (2025: EUR +1.4/-1.6 million).

Assets, liabilities and off-balance sheet items by geographical profile

	Group as of 30/06/2026, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	275,628	38,486	1,517	-	-	315,631
Loans to credit institutions	1,437	-	-	3,523	1,280	6,240
Debt securities	387,201	388,761	109,094	100,767	50,389	1,036,212
Loans to public	1,548,830	1,642,995	751,760	1,024	2,211	3,946,820
Equity instruments	-	-	-	136	281	417
Other financial instruments	13,868	-	-	8,225	6	22,099
Derivatives	1,833	54	-	4,458	1	6,346
Other assets	73,104	13,541	4,137	182	10	90,974
Total assets	**2,301,901**	**2,083,837**	**866,508**	**118,315**	**54,178**	**5,424,739**
Liabilities						
Deposits from credit institutions and central banks	309	12	-	3,710	615	4,646
Deposits and borrowings from customers	3,093,449	1,061,634	109,834	19,396	41,017	4,325,330
Debt securities issued	415,984	-	-	-	-	415,984
Derivatives	754	58	-	1,399	-	2,211
Other liabilities	84,422	18,923	10,979	193	181	114,698
Total liabilities	**3,594,918**	**1,080,627**	**120,813**	**24,698**	**41,813**	**4,862,869**
Off-balance sheet items						
Contingent liabilities	8,580	77,991	16,968	173	4	103,716
Financial commitments	244,060	144,406	22,631	640	38	411,775

For additional information on geographical distribution of securities exposures please refer to note *Debt Securities*. Investments in mutual funds are classified by geographical profile of the issuer and not geographical profile of the ultimate exposure.

	Group as of 31/12/2025, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	469,535	40,012	1,904	-	-	511,451
Loans to credit institutions	1,398	-	-	3,897	1,804	7,099
Debt securities	360,229	396,078	108,642	119,168	56,786	1,040,903
Loans to public	1,529,904	1,513,334	712,658	5,918	2,392	3,764,206
Equity instruments	21	-	-	122	284	427
Other financial instruments	13,845	-	-	8,148	6	21,999
Derivatives	485	8	-	1,249	5	1,747
Other assets	60,959	10,899	5,008	35	3	76,904
Total assets	**2,436,376**	**1,960,331**	**828,212**	**138,537**	**61,280**	**5,424,736**
Liabilities						
Deposits from credit institutions and central banks	7	-	-	2,410	182	2,599
Deposits and borrowings from customers	3,189,353	940,743	113,883	19,622	40,600	4,304,201
Debt securities issued	408,861	-	-	-	-	408,861
Derivatives	516	12	-	2,237	2	2,767
Other liabilities	83,046	15,489	10,116	161	238	109,050
Total liabilities	**3,681,783**	**956,244**	**123,999**	**24,430**	**41,022**	**4,827,478**
Off-balance sheet items						
Contingent liabilities	5,131	78,977	16,681	1,668	10	102,467
Financial commitments	230,739	135,384	27,644	260	54	394,081

	Bank as of 30/06/2026, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	275,628	38,486	1,517	-	-	315,631
Loans to credit institutions	-	-	-	3,522	1,280	4,802
Debt securities	380,969	387,109	108,061	84,748	42,251	1,003,138
Loans to public	2,487,617	953,149	384,195	341	2,143	3,827,445
Equity instruments	-	-	-	136	281	417
Other financial instruments	-	-	-	-	-	-
Derivatives	1,833	54	-	4,458	1	6,346
Other assets	101,009	12,714	1,271	182	10	115,186
Total assets	**3,247,056**	**1,391,512**	**495,044**	**93,387**	**45,966**	**5,272,965**
Liabilities						
Deposits from credit institutions and central banks	309	12	-	3,710	615	4,646
Deposits and borrowings from customers	3,106,303	1,061,876	109,868	19,290	38,404	4,335,741
Debt securities issued	415,984	-	-	-	-	415,984
Derivatives	754	58	-	1,399	-	2,211
Other liabilities	33,541	8,030	1,828	72	181	43,652
Total liabilities	**3,556,891**	**1,069,976**	**111,696**	**24,471**	**39,200**	**4,802,234**
Off-balance sheet items						
Contingent liabilities	8,580	77,991	16,968	173	4	103,716
Financial commitments	252,026	124,216	17,375	213	38	393,868

	Bank as of 31/12/2025, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	469,535	40,012	1,904	-	-	511,451
Loans to credit institutions	-	-	-	3,897	1,804	5,701
Debt securities	354,020	393,637	108,216	101,209	47,746	1,004,828
Loans to public	2,376,596	896,798	374,051	5,726	2,291	3,655,462
Equity instruments	21	-	-	122	284	427
Other financial instruments	-	-	-	-	-	-
Derivatives	485	8	-	1,249	5	1,747
Other assets	92,715	10,079	1,296	10	-	104,100
Total assets	**3,293,372**	**1,340,534**	**485,467**	**112,213**	**52,130**	**5,283,716**
Liabilities						
Deposits from credit institutions and central banks	7	-	-	2,410	182	2,599
Deposits and borrowings from customers	3,191,930	941,337	113,936	19,521	38,213	4,304,937
Debt securities issued	408,861	-	-	-	-	408,861
Derivatives	516	12	-	2,237	2	2,767
Other liabilities	41,931	7,871	1,753	86	6	51,647
Total liabilities	**3,643,245**	**949,220**	**115,689**	**24,254**	**38,403**	**4,770,811**
Off-balance sheet items						
Contingent liabilities	5,131	78,977	16,681	1,668	10	102,467
Financial commitments	249,837	113,355	17,115	260	54	380,621

Liquidity coverage ratio

The general principles of the liquidity coverage ratio (LCR) as measurements of the Bank's and the Group's liquidity position is defined in the Regulation (EC) No 575/2013. The Commission Delegated Regulation (EU) 2015/61 defines general LCR calculation principles in more details. The minimum LCR requirement is 100%. LCR represents the amount of liquidity available to cover calculated net future liquidity outflows. The Bank and the Group is compliant with LCR requirements.

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Liquidity buffer	1,192,702	1,385,183	1,192,702	1,385,183
Net liquidity outflow	731,870	764,882	752,839	786,831
Liquidity coverage ratio	**163%**	**181%**	**158%**	**176%**

Net stable funding ratio (including net result for the period, which is decreased in line with the dividend policy and ECB Decision (EU) 2015/656)

The net stable funding ratio (NSFR) is defined in the Regulation (EC) No 575/2013. NSFR is the ratio of the available amount of stable funding to the required amount of stable funding over one-year horizon. The minimum NSFR requirement is 100%. The minimum NSFR requirement is 100%. NSFR as of the period end, if no eligible part of the 6m 2026 interim profits is included, for the Group is 138% and for the Bank is 208%.

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Total available stable funding	4,218,533	4,153,057	4,137,862	4,088,983
Total required stable funding	3,053,228	2,940,393	1,986,171	1,944,257
Net stable funding ratio	**138%**	**141%**	**208%**	**210%**

Capital management

Capital adequacy is calculated in accordance with the current global standards of the bank capital adequacy as implemented by the European Union via a regulation (EU) 575/2013 and a directive 2013/36/EU, rules and recommendations issued by supervisory authorities and other relevant regulations and amendments. Capital adequacy is a measure of sufficiency of the Group's eligible capital resources to cover credit risks, market risks, operational risk and other specific risks arising predominantly from asset and off-balance sheet exposures of the Group. For credit risk Citadele applies standardised approach.

The regulations require credit institutions to maintain a minimum Total Capital adequacy ratio, minimum Common Equity Tier 1 capital ratio and minimum Tier 1 capital ratio. These include additional pillar 2 capital requirement which is re-assessed annually by the supervisory authority. Total SREP capital requirement (TSCR) requires capital to cover risks in addition to these covered by the regulation (EU) 575/2013. TSCR is established in a supervisory review and evaluation process (SREP) carried out by the supervisory authority. The supervisory authority determines TSCR on a risk-by-risk basis, using supervisory judgement, the outcome of supervisory benchmarking, ICAAP calculations and other relevant inputs. Pillar 2 additional own funds requirement is to be held in the form of 56.25% of Common Equity Tier 1 (CET1) capital and 75% of Tier 1 capital.

On top of the minimum capital adequacy ratios and the Pillar 2 additional capital requirements (TSCR), the Group and the Bank must comply with the capital buffer requirements. The buffer requirements must be met with Common Equity Tier 1 capital. For the Group and the Bank, the capital conservation buffer applies. Citadele is identified as "other systemically important institution" (O-SII), thus the Group and the Bank must also comply with the O-SII capital buffer requirement set by the supervisory authority. Besides those Countercyclical capital buffer requirements for the Bank and the Group are calculated based on the actual risk exposure geographical distribution and the country specific countercyclical buffer rate. Increases in the countercyclical capital buffer requirement, when announced by the respective countries, become effective with a delay, but decreases take effect immediately.

The Pillar 2 Guidance (P2G) is a Citadele specific regulatory recommendation that indicates the level of capital that the supervisory authority expects banks to maintain in addition to their binding capital requirements and mandatory reserves. The P2G serves as a buffer for banks to withstand stress. The Pillar 2 Guidance is determined as part of the Supervisory Review and Evaluation Process (SREP).

The Bank has to comply with the regulatory requirements both at the Bank's standalone level and at the Group's consolidated level. As of the period end both the Bank and the Group have sufficient capital to comply with the capital adequacy requirements. The long-term regulatory capital position of the Group and the Bank is planned and managed in line with these and other expected upcoming regulatory requirements.

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

Regulatory capital requirements

	Group					
	30/06/2026			31/12/2025		
	Common equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital adequacy ratio	Common equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital adequacy ratio
Common equity Tier 1 ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Additional Tier 1 ratio	-	1.50%	1.50%	-	1.50%	1.50%
Additional total capital ratio	-	-	2.00%	-	-	2.00%
Pillar 2 additional own funds requirement (individually determined by the supervisory authority in the SREP, P2R)	1.35%	1.80%	2.40%	1.35%	1.80%	2.40%
Capital buffer requirements:						
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
O-SII capital buffer (only for the Group)	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Systemic risk buffer	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
Countercyclical capital buffer	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
Capital requirement	**10.75%**	**12.70%**	**15.30%**	**10.75%**	**12.70%**	**15.30%**
Pillar 2 Guidance (P2G)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Capital requirement with non-legally binding Pillar 2 Guidance	**12.25%**	**14.20%**	**16.80%**	**12.25%**	**14.20%**	**16.80%**

For the Bank as of the period end Other systemically important institution buffer requirement applies at 1.25%, Systemic risk buffer applies at 0.11% and institution specific Countercyclical capital buffer requirement is 1.06%. Thus, for the Bank as of period end Common equity Tier 1 capital ratio requirement is 10.77%, Tier 1 capital ratio requirement is 12.72% and Total capital adequacy ratio requirement is 15.32%. On top of the capital ratio requirements a 1.50% Pillar 2 Guidance applies.

Capital adequacy ratio (including net result for the period, which is decreased in line with the dividend policy and ECB Decision (EU) 2015/656)

	EUR thousands			
	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Common equity Tier 1 capital				
Paid up capital instruments and share premium	144,066	143,053	144,066	143,053
Retained earnings	412,262	398,545	325,046	317,635
Proposed or estimated dividends	(34,995)	(40,767)	(34,995)	(40,767)
Regulatory deductions and other negative capital components	(10,863)	(10,588)	(5,397)	(4,978)
Other capital components	3,323	4,340	3,323	4,340
Additional Tier 1 capital				
Eligible additional Tier 1 instruments	50,000	50,000	50,000	50,000
Tier 2 capital				
Eligible part of subordinated liabilities	60,000	60,000	60,000	60,000
Total own funds	**623,793**	**604,583**	**542,043**	**529,283**
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,569,469	2,398,551	1,558,379	1,572,459
Total exposure amounts for market risk	3,030	2,679	3,030	2,679
Total exposure amounts for operational risk	312,416	311,967	299,120	298,673
Total exposure amounts for credit valuation adjustment	3,855	3,172	3,855	3,173
Total risk exposure amount	**2,888,770**	**2,716,369**	**1,864,384**	**1,876,984**
Common equity Tier 1 capital ratio	**17.8%**	**18.2%**	**23.2%**	**22.3%**
Tier 1 capital ratio	**19.5%**	**20.0%**	**25.9%**	**25.0%**
Total capital adequacy ratio	**21.6%**	**22.3%**	**29.1%**	**28.2%**

In January 2026 a part of the share capital of AS Citadele banka was repurchased for a total amount of EUR 50 million. As of 31 December 2025 for capital adequacy ratio purposes *Paid up capital instruments and share premium* and *Retained earnings* have been decreased by as of the year end planned share capital repurchased.

The consolidated Group for regulatory purposes is different from the consolidated Group for accounting purposes. As per regulatory requirements AAS CBL Life, a licensed insurer, is not included in the consolidated Group for capital adequacy purposes. Consequently, it is excluded from own funds calculation and individual assets of AAS CBL Life are not included as risk exposures in the Group's capital adequacy calculation. Instead, the carrying value of the Group's investment in AAS CBL Life constitutes a risk exposure in the Group's capital adequacy ratio calculation.

Capital adequacy ratio (excluding net result for the period)

Per regulations, Bank may include interim or year-end profits in the regulatory capital before taking a formal decision confirming the final audited profit for the year only with a prior permission of the competent authority. Any foreseeable charges or dividends must be deducted from those profits. Submission of documents for permission takes time and such permission is requested only after the publishing of the financial report for the respective period and completion of the auditor's verification. Such permission of the competent authority for inclusion of the current period interim profits, which have been decreased by foreseeable charges and dividends, has not been received for the six months period end 30 June 2026. Below is presented a scenario, where no interim profits are included. Audited annual profits became eligible for inclusion in the regulatory capital after the institution takes a formal decision confirming the final profit or loss for the year.

	EUR thousands	
	30/06/2026 Group	30/06/2026 Bank
Common equity Tier 1 capital	494,304	418,860
Additional Tier 1 capital	50,000	50,000
Tier 2 capital	60,000	60,000
Total own funds	**604,304**	**528,860**
Total risk exposure amount	**2,888,770**	**1,864,384**
Common equity Tier 1 capital ratio	**17.1%**	**22.5%**
Tier 1 capital ratio	**18.8%**	**25.2%**
Total capital adequacy ratio	**20.9%**	**28.4%**

Leverage ratio (including net result for the period, which is decreased in line with the dividend policy and ECB Decision (EU) 2015/656)

Leverage ratio is calculated as Tier 1 capital versus the total exposure measure. As of period end Citadele is not applying transitional provisions. The minimum requirement is 3%. The exposure measure includes both non-risk based on-balance sheet and off-balance sheet items calculated in accordance with the capital requirements regulation. The leverage ratio and the risk-based capital adequacy ratio requirements are complementary, with the leverage ratio defining the minimum capital to total exposure requirement and the risk-based capital adequacy ratios limiting bank risk-taking. The fully loaded leverage ratio as of period end, if no interim profits are included, for the Group is 9.9% and for the Bank is 8.7%.

	30/06/2026 Group	31/12/2025 Group	30/06/2026 Bank	31/12/2025 Bank
Leverage Ratio – fully phased-in definition of Tier 1 capital	10.3%	10.0%	9.0%	8.7%

Minimum requirement for own funds and eligible liabilities (MREL) under BRRD

The European Commission has adopted the regulatory technical standards (RTS) on the criteria for determining the minimum requirement for own funds and eligible liabilities (MREL) under the Banking Package (CRR2/CRD5/BRRD2/SRMR2). In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD 2, all institutions must meet an individual MREL requirement. The MREL requirement for each institution is comprised of several elements, including calculation of the required loss absorbing capacity of the institution, and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Items eligible for inclusion in MREL include institution's own funds (within the meaning of the capital requirements directive), along with eligible liabilities subject to conditions set in regulation 2019/876.

MREL is required to be calculated based on both total risk exposure amount (TREA) and leverage ratio exposure (LRE) amount.

Single Resolution Board (SRB) as of the period end has determined the consolidated MREL target for the Group at the level of 23.15% of TREA, plus a combined buffer requirement, or 5.91% leverage ratio, whichever is higher (2025: 23.15% and 5.91% respectively). The Group must comply with MREL at all times on the basis of evolving amounts of TREA/LRE. As of the period end, the Group is in compliance with TREA and LRE based MREL requirements. As of the period end the Group's MREL (including net result for the period, which is decreased in line with the dividend policy) is 32.0% based on TREA criteria and 16.9% based on leverage ratio criteria. If eligible part of the interim profits were excluded from the calculation, the ratios would be 31.3% and 16.5% respectively.

Starting from 16 July 2027, a proportion of the overall MREL requirement would have to be met by the Group with subordinated instruments, namely 13.50% of TREA, plus a combined buffer requirement, as well as a higher 6.59% leverage ratio.

Managing Environmental, Social and Governance (ESG) Risks

Climate-related and environmental risk

Citadele recognizes that its operations and business model can be affected by climate-related and environmental (C&E) risks, both physical and transition risks, in several ways: as a direct risks to Citadele, and as risks to Citadele through its clients, partners and suppliers. Citadele is focused on integrating C&E risks into the broader risk management framework. The Group views C&E risks as risk drivers affecting existing prudential risk categories such as Credit risk, Operational risk, Market risk, Liquidity risk and Strategic risk.

Social and Governance risk

Managing social and governance risks in addition to C&E risks is important for Citadele, to protect the Group's reputation, avoid legal and regulatory risks, achieve long-term strategic objectives, and contribute positively to society and the environment. In own operations these risks are managed through Operational risk.

Citadele's ESG risk management follows a general four step approach of risk identification, assessment, management and monitoring, that is embedded in the Bank's key processes. Work on integrating ESG risks in Citadele risk management framework is continuous and it is regularly reviewed and updated to align with scientific consensus and regulatory expectations. Within ESG risk management, integrating ECB expectations for safe and prudent management of ESG risks into the Bank's processes has continued to be the key focus. Some of the key steps being:

- Identification: identification of elevated transition risks at sector level, identification of physical risk at address level of collateralized real estate, identification of elevated C&E risks at exposure level for large exposures. In own operations – identification of C&E, Social and Governance risk drivers that can directly affect Citadele's operations.
- Assessment: environmental and social risk assessment for new exposures exceeding EUR 1.0 million, quantification of physical and transition risk exposure on portfolio level. Integration of ESG flags in Operational risk assessment process.
- Managing risk: acceptable risk level thresholds in risk appetite, mitigating actions.
- Monitoring: risk appetite threshold monitoring, monitoring of environmental and social risk events.

Risk identification

C&E risks are identified both at portfolio level for transition and physical risks, and on exposure level for large new exposures. Climate risk drivers, representing climate-related changes that could materialize as financial risks through existing risk categories, are classified into one of two categories – physical and transition risks. Physical risks are further classified as acute or chronic, following general practice in the area. In own operations ESG risk is managed through Operational risk channel. Material risk drivers, which can potentially impact Citadele's operations are identified and included in regular stress testing process.

Materiality assessment

To understand Citadele Group's exposure and potential vulnerability to physical and transition risks, an annual ESG Risk Materiality Assessment is performed. It covers all major risk areas, such as Credit risk, Liquidity risk, Market risk, Operational risk and Strategic risk The Assessment includes analysis of transition and physical risk drivers for all relevant geographies, granular industry-level analysis, consideration of the short (0-3 years), medium (3-5 years) and long-term (>5 years) horizon.

Quantification of exposure to ESG risks is part of stress testing procedures, with scenarios developed for Credit Risk (both Physical and Transition risk scenarios), Market risk (combined Physical and Transition risk scenario), Operational risk (Physical and Transition risk scenarios) and Strategic risk (Transition risk scenario).

Managing ESG risks

Managing ESG-related risk is key to Citadele's long-term sustainability. Citadele defines ESG risk as the risk of negative financial impact that stems from the current or prospective impacts of ESG factors on its counterparties or assets.

All ESG risks identified as material are considered in Risk Appetite and Risk Strategy within the individual risk areas in accordance with the Group's ESG Risk Policy. This process also includes appropriate risk limit setting, the development of Key Risk indicators, and regular monitoring and reporting. Follow-up actions in case of limit breaches are included in Risk Strategy.

A process for Environmental, Social and Climate-related risk assessment on individual large exposure level has been introduced into the credit assessment process. Its outcomes serve as basis to including the estimation of environmental and social risk aspects into credit decisions.

Citadele realizes that ESG area in general may be new to many of customers and are determined to support customers in navigating the requirements.

To embed ESG risk into Market risk management, an internal approach, linked to Industry Environmental risk level based on industry's GHG emissions is used for risk assessment and monitoring purposes. Citadele uses Environmental Risk score and external ESG rating for ESG risk management in corporate debt securities portfolio.

In own operations ESG risks are managed through Operational risk by considering the potential adverse impact related to environmental, social and governance risk events on its Business Continuity Plan, potential reputational and litigation risk.

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Independent Auditors' Report on Review of the Condensed Interim Separate and the Condensed Consolidated Financial Information

To the shareholders of AS "Citadele banka"

Report on Review of the Condensed Interim Separate and the Condensed Consolidated Interim Financial Information

Introduction

We have reviewed the condensed interim separate financial information of AS "Citadele banka" ("the Bank") and the condensed interim consolidated financial information of the Bank and its subsidiaries ("the Group") set out on pages 13 to 60 of the accompanying Interim Report, which comprise:

- the separate and consolidated condensed balance sheets as at 30 June 2026,
- the separate and consolidated condensed statements of income for the three and six months periods ended 30 June 2026,
- the separate and consolidated condensed statements of comprehensive income for the three and six months periods ended 30 June 2026,
- the separate and consolidated condensed statements of changes in equity for the six months period ended 30 June 2026,
- the separate and consolidated condensed statements of cash flows for the six months period ended 30 June 2026, and
- the notes to the condensed interim separate and the condensed consolidated interim financial information.

The Management of AS "Citadele banka" is responsible for the preparation and presentation of this condensed interim separate and condensed consolidated interim financial information in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim separate financial information of AS "Citadele banka" and the condensed interim consolidated financial information of the Group is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Anders Tagde
Partner
KPMG Baltics SIA authorised representative
Riga, Latvia

Rainers Vilāns
Member of the Board
Latvian Sworn Auditor
Certificate No. 200

The Auditors' Report is signed with a secure electronic signature, which contains a timestamp, the date of signing the Auditors' report is the date of the last attached secure electronic signature timestamp.

QUARTERLY STATEMENTS OF INCOME AND BALANCE SHEETS OF THE GROUP

	Group, EUR, thousands				
	Q2 2026	**Q1 2026**	**Q4 2025**	**Q3 2025**	**Q2 2025**
Interest income	61,937	58,431	59,526	56,773	56,552
Interest expense	(15,711)	(15,168)	(15,281)	(13,016)	(11,931)
Net interest income	**46,226**	**43,263**	**44,245**	**43,757**	**44,621**
Fee and commission income	19,790	18,046	19,318	19,618	19,050
Fee and commission expense	(9,919)	(9,367)	(10,616)	(9,689)	(9,332)
Net fee and commission income	**9,871**	**8,679**	**8,702**	**9,929**	**9,718**
Net financial income	2,402	1,178	2,483	2,838	3,329
Net other income / (expense)	(1,194)	(1,026)	(937)	(964)	352
Operating income	**57,305**	**52,094**	**54,493**	**55,560**	**58,020**
Staff costs	(18,196)	(17,546)	(17,352)	(15,880)	(17,945)
Other operating expenses	(8,041)	(7,454)	(9,919)	(8,655)	(6,752)
Depreciation and amortisation	(1,873)	(1,896)	(2,003)	(2,618)	(2,146)
Operating expense	**(28,110)**	**(26,896)**	**(29,274)**	**(27,153)**	**(26,843)**
Profit from continuous operations before impairment, other taxes and levies and non-current assets held for sale	**29,195**	**25,198**	**25,219**	**28,407**	**31,177**
Net credit losses	(2,786)	(2,436)	2,687	(2,715)	(3,913)
Other impairment losses	8	(9)	17	(1)	(17)
Operating profit from continuous operations before other taxes and levies and non-current assets held for sale	**26,417**	**22,753**	**27,923**	**25,691**	**27,247**
Mortgage loan levy and bank tax	-	-	-	22	-
Result from non-current assets held for sale and discontinued operations, net of tax	-	-	(99)	648	(2,964)
Operating profit	**26,417**	**22,753**	**27,824**	**26,361**	**24,283**
Income tax	(5,636)	(3,757)	(6,898)	(5,542)	(4,893)
Net profit	**20,781**	**18,996**	**20,926**	**20,819**	**19,390**

	Group, EUR, thousands				
	30/06/2026	**31/03/2026**	**31/12/2025**	**30/09/2025**	**30/06/2025**
Assets					
Cash and cash balances at central banks	315,631	434,391	511,451	448,983	223,322
Loans to credit institutions	6,240	6,027	7,099	10,253	12,829
Debt securities	1,036,212	1,049,043	1,040,903	1,070,703	1,111,817
Loans to public	3,946,820	3,800,269	3,764,206	3,668,540	3,538,683
Equity instruments	417	391	427	1,022	839
Other financial instruments	22,099	20,831	21,999	23,825	23,658
Derivatives	6,346	5,873	1,747	1,025	1,384
Tangible assets	39,026	35,944	30,755	29,689	22,436
Intangible assets	6,136	5,722	5,691	5,856	6,442
Current income tax assets	-	953	-	1,093	174
Deferred income tax assets	969	997	1,053	1,057	1,123
Discontinued operations and non-current assets held for sale	-	-	-	-	97,979
Other assets	44,843	42,473	39,405	43,587	51,109
Total assets	**5,424,739**	**5,402,914**	**5,424,736**	**5,305,633**	**5,091,795**
Liabilities					
Deposits from credit institutions and central banks	4,646	4,946	2,599	38,889	5,016
Deposits and borrowings from customers	4,325,330	4,313,076	4,304,201	4,100,978	3,986,785
Debt securities issued	415,984	412,894	408,861	487,628	297,100
Derivatives	2,211	2,138	2,767	3,061	8,321
Provisions	3,542	3,532	3,816	4,259	2,773
Current income tax liabilities	6,308	3,776	13,879	9,981	7,026
Deferred income tax liabilities	2,472	2,450	2,450	1,150	500
Bank tax liabilities	-	-	-	-	22
Discontinued operations	-	-	-	-	139,322
Other liabilities	102,376	93,721	88,905	84,318	84,187
Total liabilities	**4,862,869**	**4,836,533**	**4,827,478**	**4,730,264**	**4,531,052**
Equity					
Share capital	140,569	140,224	159,178	159,148	159,138
Reserves and other capital components	5,001	4,978	4,850	3,917	10,120
Retained earnings	416,300	421,179	433,230	412,304	391,485
Total equity	**561,870**	**566,381**	**597,258**	**575,369**	**560,743**
Total liabilities and equity	**5,424,739**	**5,402,914**	**5,424,736**	**5,305,633**	**5,091,795**

DEFINITIONS, ALTERNATIVE PERFORMANCE RATIOS AND ABBREVIATIONS

This section summarises abbreviations and alternative performance ratios (APR) used throughout these interim condensed financial statements. APRs may not be comparable across companies. Profit-related APR may exclude specific line items, like mortgage loan levy and bank tax, which doesn't meet corporate income tax definition as per IFRS or may exclude discontinued operations.

Definitions of regulatory ratios

CAR – Total capital adequacy ratio as defined in the Regulation (EU) No 575/2013 and other relevant regulations. The ratio is calculated as a sum of equity, which is adjusted by specific regulatory deductions, and eligible subordinated liabilities, divided by risk weighted assets and other regulatory charges. The ratio indicates compliance with regulatory capital requirements at the end of the relevant period.

CET1 – Common Equity Tier 1 capital ratio as defined in the Regulation (EU) No 575/2013 and other relevant regulations. CET1 ratio is calculated as equity, which is adjusted by specific regulatory deductions, divided by risk weighted assets and other regulatory charges. The ratio indicates compliance with regulatory common equity tier one capital requirements at the end of the relevant period.

LCR – Liquidity coverage ratio as defined in the Regulation (EU) No 575/2013 and other relevant regulations. LCR indicates regulatory compliance with this specific liquidity requirement measure at the end of the relevant period.

LR – Leverage ratio as defined in Regulation (EU) No 575/2013 and other relevant regulations. The ratio is calculated as Tier 1 capital divided by the total exposure measure. The ratio indicates regulatory compliance with specific minimum leverage requirements set by the regulatory authority.

NSFR – net stable funding ratio as defined in the Regulation (EU) No 575/2013 and other relevant regulations. A ratio indicating availability of the funding to cover liquidity needs, calculated as per regulatory rules.

Alternative performance ratios

CIR – Cost to income ratio is calculated as operating expense divided by operating income. CIR is a measurement of operating efficiency. CIR represents the proportion of administrative overheads incurred by the Group (expressed as a percentage) to generate the income.

COR – Cost of risk ratio is calculated as annualised net loan impairment charges for the relevant period divided by the average of net loans at the beginning and the end of such period. COR is an indicator of risk in the loan portfolio, with annualised net loan impairment charges recognised during the period as a proportion of the loan portfolio.

Loan-to-deposit ratio – The loan-to-deposit ratio is calculated as the carrying value of loans to public divided by deposits and borrowings from customers at the end of the relevant period. The loan-to-deposit ratio is a measure of the funding base of the loan portfolio.

NIM – Net interest margin is a measure of profitability of interest earning assets and is calculated as net interest income divided by average interest earning assets at the beginning and the end of the period. Loans to credit institutions, debt securities and loans to public comprise interest earning assets.

Non-performing loans impairment ratio – Impairment allowance for stage 3 and part of POCI exposures, which as of the period end date are credit impaired, divided by gross loans to public classified as stage 3 and part of POCI exposures, which as of the period end date are credit impaired.

NPL – Non-performing loans to public ratio is calculated as stage 3 and part of POCI loan exposures, which as of the reporting period end are credit impaired, divided by total loans to public as of the end of the relevant period.

ROA – Return on average assets is calculated as annualised net profit for the relevant period divided by the average of total assets at the beginning and the end of the period. ROA is a measure of the profitability of the relevant assets. It is a measure of efficiency of asset usage in profit generation of the Group.

ROE – Return on average equity is calculated as annualised net profit for the relevant period divided by the average of total equity at the beginning and the end of the period. ROE is a measure of profitability of the equity. It is a measure of the efficiency of equity usage in the profit generation of the Group.

Abbreviations

ALCO – Assets and Liabilities Management Committee.

AML – Anti-money laundering.

BRRD – Bank recovery and resolution directive.

CTF – Combating terrorist financing.

ECB - European Central Bank.

EU – European Union.

FMCRC – Financial Market and Counterparty Risk Committee.

IAS – International accounting standards.

ICAAP – Internal capital adequacy assessment process.

IFRS – International financial reporting standards.

LRE – Leverage ratio exposure. The exposure measure used in LR, calculated as per regulatory rules.

ML/TF/PF – Money laundering, terrorism and proliferation financing.

MREL – Minimum requirement for own funds and eligible liabilities.

OFAC – Office of Foreign Assets Control of the US Department of the Treasury.

O-SII – Other systemically important institution.

POCI – Purchased or originated credit-impaired financial assets.

RTS – Regulatory technical standards.

SRB – Single Resolution Board.

SREP – Supervisory review and evaluation process.
TREA – Total risk exposure amount.
TSCR – SREP capital requirement set by the regulator.