

AS Citadele banka

# First quarter 2021

Interim report January – March 2021



## Key figures and events of the Group

Highest underlying operating income in a single quarter of EUR 36.7 million resulting in EUR 10.5 million in net profit.

The number of active customers reached 347 thousand clients as of 31 March 2021, 9% growth y-o-y.

Highest volume of new lending in a single quarter with EUR 308 million issued to Baltic private, SME, corporate and leasing customers in Q1 2021, 104% growth q-o-q.

Baltic deposits continued to increase by EUR 172 million in Q1 2021, or 5% growth vs. year-end 2020.

The Bank continues to operate with adequate capital and liquidity ratios. Group's CAR (including period's result) was 18.0% and LCR of 214% as of 31 March 2021.

Citadele has announced the acquisition of the majority of ABLV Bank's mortgage portfolio with a total exposure above EUR 170 million. The transaction is expected to be completed in the second half of the year and to have additional positive financial impact in 2021.

<i>EUR millions</i>	Q1 2021	Q1 2020	Q1 2019
Net interest income	26.1	18.2	20.6
Net fee and commission income	8.1	7.4	7.6
Net financial and other income	2.5	1.9	2.0
<b>Operating income</b>	<b>36.7</b>	<b>27.4</b>	<b>30.2</b>
Operating expense	(22.6)	(19.4)	(20.6)
Net credit losses and impairments	(3.1)	(15.4)	(1.9)
<b>Net profit</b>	<b>10.5</b>	<b>(7.5)</b>	<b>7.3</b>
Return on average assets (ROA)	0.90%	(0.78%)	0.93%
Return on average equity (ROE)	12.0%	(9.0%)	9.6%
Cost to income ratio (CIR)	61.6%	70.8%	68.0%
Cost of risk ratio (COR)	0.6%	3.8%	0.5%

<i>EUR millions (Reclassified)</i>	31 Mar 2021	31 Dec 2020	31 Mar 2020
Total assets	4,690	4,597	3,931
Loans to public	2,474	1,541	1,541
Deposits from customers	3,738	3,671	3,485
Shareholders' equity	353	344	329
Loan-to-deposit ratio	66%	42%	44%
Total capital adequacy ratio (CAR), transitional (including period's result)	18.0%	26.0%	22.5%
Common equity Tier 1 (CET1) capital ratio, transitional (including period's result)	15.4%	22.1%	19.0%
Full time employees	1,371	1,230	1,368

## CONTENTS

### Management report

- 4 Letter from the Management
- 9 Corporate governance
- 10 Statement of the Management's Responsibility

### Financial statements

- 11 Statement of income
- 12 Statement of comprehensive income
- 13 Balance sheet
- 14 Statement of changes in equity
- 15 Notes to the financial statements

### Other

- 33 Other regulatory disclosures
- 36 Quarterly statements of income and balance sheets of the Group
- 37 Definitions and abbreviations

### ***Rounding and Percentages***

*Some numerical figures included in these 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 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.*

**Business activity in the market continues to increase and the situation in the global economy is improving. We have seen a promising start of the year, being able to support our customers with record high lending and achieving strong financial results in Q1 2021.**

**Johan Åkerblom**

CEO and Chairman of the Management Board



### **Situation in the global economy is improving**

The world remains in the grip of the Covid-19 pandemic, but the situation is improving. Vaccination is accelerating, hopefully leading to the Covid-19 pandemic beginning to recede. Global economic growth forecasts have been revised upwards and in 2021 global growth is likely to be the fastest in recent decades. At the same time the beginning of 2021 in the Baltic economies has also been better than expected. Economic downturn in the second wave has been significantly less than in the first wave. Global manufacturing demand has rebounded strongly and is helping our exporters, while governments have increased support to workers and companies in sectors affected by Covid-19 related restrictions, and also increased investments in infrastructure. As a result, economic activity in manufacturing and construction remains strong. Recovery of the service sectors in the second half of 2021 and inflow of EU recovery funds will add to economy growth in the coming years.

### **Stable client base**

Citadele has had a strong start of the year. Overall business sentiment in Q1 2021 was positive. Active customers reached 347 thousand clients as of 31 March 2021, or 9% growth y-o-y. Mobile App users and Internet bank customers increased by 16% and 3% y-o-y, respectively, reaching 162 thousand active Mobile App users and 201 thousand active Internet Bank customers.

### **EUR 308 million issued in new financing to Baltic private, SME, corporate and leasing customers**

New lending to our customers reached a record high of EUR 308 million in Q1 2021, twice higher than the previous quarter.

The total loan book as of 31 March 2021 was EUR 2,474 million, 61% higher vs. year-end 2020. Portfolio growth was impacted by acquisition of SIA UniCredit Leasing (now SIA Citadele Leasing) at the beginning of year.

Portfolio quality remained stable and the NPL ratio stood at 3.9% as of 31 March 2021.

### **Strong financial results**

Business activity resumed in the first quarter of the year. Net profit in Q1 2021 reached EUR 10.5 million, as compared to EUR (7.5) million loss in Q1 2020 due to Covid-19 revised provisions reflecting macroeconomic expectations.

Citadele continues to operate with capital and liquidity ratios above regulatory requirements: CAR (including period's result) of 18.0% and LCR of 214% as of 31 March 2021.

Customer deposits reached EUR 3,738 million as of 31 March 2021, a slight increase of 2% compared to the end of 2020.

### **Citadele acquires mortgage portfolio from ABLV Bank, AS in liquidation**

Citadele has announced the acquisition of the majority of ABLV Bank's mortgage portfolio. The

portfolio consists of several thousand mortgage loans with a total exposure above EUR 170 million. The planned transaction date is in the second half of 2021. The acquisition will give additional positive financial impact from Q3 onwards.

### **Changes in management**

After the period-end Jūlija Lebedinska-Ļitvinova has been appointed as Chief Risk Officer for Citadele banka and elected as a member of the Management Board, subject to regulators' approval. As previously announced, Citadele was in the process of selection of a new Chief Risk Officer following organizational changes in the Bank's Management Board and Valters Ābele moving to the role of Chief Financial Officer. Hans Pajoma has been appointed as Head of Estonian Branch as of beginning of May 2021.

## Financial review of the Group

### Results and profitability Q1 2021

**Net interest income** reached EUR 26.1 million in Q1 2021, a 56% increase q-o-q, primarily driven by higher interest income as a result of recently acquired UniCredit Leasing book and lower interest expenses resulting from lower cash balances due to funding of the UniCredit Leasing acquisition.

The Group's **net fee and commission income** in Q1 2021 reached EUR 8.1 million, which translates into a 5% increase vs. Q4 2020, mainly due to higher income from cards and payments and transactions.

**Operating income** in Q1 2021 reached EUR 36.7 million, a 29% increase vs. Q4 2020 underlying result (adjusted for one-time profit related sale of Group's HQ in Riga).

**Operating expenses** in Q1 2021 was EUR 22.6 million, increase by 11% compared to Q4 2020. Staff costs increased by 14% q-o-q to EUR 14.9 million. The number of full-time employees was 1,371 vs. 1,230 as of 31 December 2020, reflecting recent UniCredit Leasing acquisition. Other costs were EUR 5.2 million (2% decrease q-o-q). Depreciation and amortization expenses stood at EUR 2.5 million.

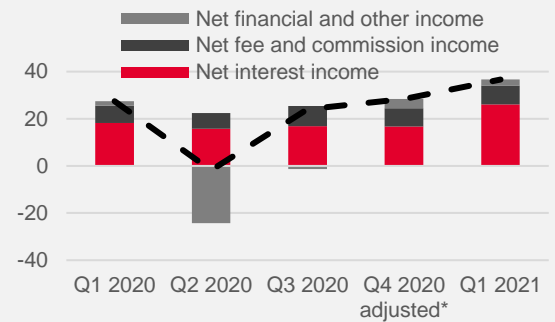
Citadele's **cost to income ratio** in Q1 2021 was 62% versus 65% as of year-end 2020.

**Net credit losses** of EUR (3.1) million recorded in Q1 2021 vs. EUR 0.3 million reversals in Q4 2020, reflects mainly collective impairment in the loan book, driven by newly issued loans in the corporate segment. The Bank's client relationship teams continue to maintain close cooperation with customers to ensure portfolio quality. The overall credit quality of the loan book was stable with no major individual impairments during the period.

Following the UniCredit Leasing acquisition, the **Stage 3 loans to public** ratio has increased slightly to 3.9% as of 31 March 2021, compared to 3.5% at the end of 2020. Covid-19 affected forborne loans were EUR 122.7 million as of 31 March 2021, vs. EUR 105.3 million as of 31 December 2020.

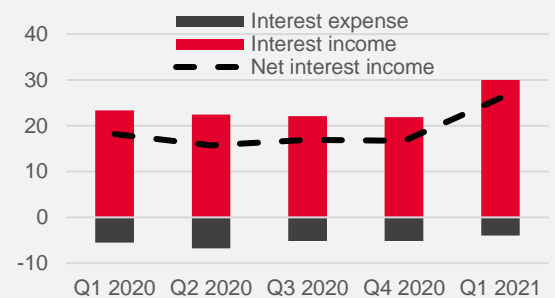
The Group's securities portfolio had stable performance over the quarter. The main factor driving returns of the portfolio remained the low yield environment in EUR currency that limits the overall profitability of securities investments. Rising yields in major currencies was another factor that influenced portfolio performance, yet the impact was not as pronounced because of the low average duration of the portfolio.

#### Operating income, EURm

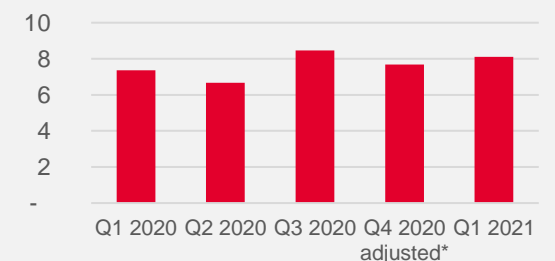


\*excluding one-off profit related to Group's headquarters building sale in Riga

#### Net interest income, EURm

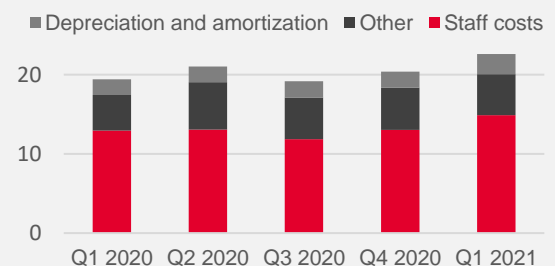


#### Net fee and commission income, EURm



\*excluding one-off profit related to Group's headquarters building sale in Riga

#### Operating expense, EURm



## Balance sheet overview

The **Group's assets** stood at EUR 4,690 million as of 31 March 2021, representing a 2% increase from year end 2020 (EUR 4,597 million).

The **net loan portfolio** stood at EUR 2,474 million as of 31 March 2021, increasing by EUR 932 million (61%) from year end 2020, mainly impacted by the SIA UniCredit Leasing (now SIA Citadele Leasing) acquisition at the beginning of year. Strong growth also seen in **new lending** in Q1 2021 reaching EUR **308** million, two and a half times higher than the 2020 average. EUR 73 million were issued to retail customers, EUR 160 million to corporate customers and EUR 75 million to SIA Citadele Leasing clients.

In terms of segments, Leasing represents 32% of the portfolio, followed by Corporates (28%), Private customers (26%), and SMEs (11%).

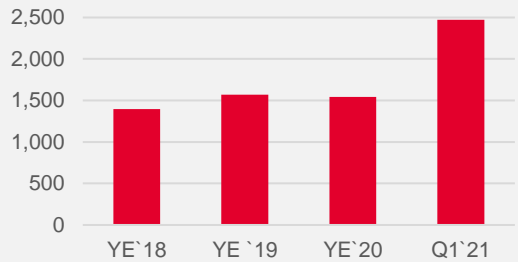
As a result of the UniCredit Leasing acquisition, changes have also been seen in the loan portfolio's **geographical profile** and **industry concentrations**. As of 31 March 2021, Latvia accounted for 47% of the portfolio with EUR 1,169 million (vs. 57% as of year-end 2020), followed by Lithuania at 39% and EUR 954 million (vs. 32% as of year-end 2020) and Estonia at 13% and EUR 332 million (vs. 10% as of year-end 2020).

Loans to Households represented 61% of the portfolio (vs. 46% as of year-end 2020). Finance leases has increased six times after the UniCredit loan book acquisition. Increase is also seen in mortgages (4% q-o-q). Consumer and card lending decreased by 4% and 6%, respectively, since year-end 2020. Overall, the main industry concentrations were Commercial real estate (19% of gross loans), Transport and Communications (16%), Manufacturing (15%), and Trade (13%).

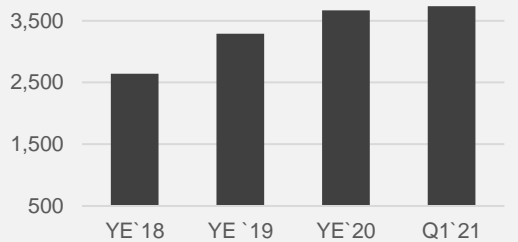
Settlement of UniCredit Leasing transaction at the beginning of Q1 2021 returned the Bank to optimal cash balances, allowing to keep the securities portfolio at a relatively stable level throughout the quarter as well. Portfolio size declined by 3% over the quarter as funds from maturing securities were not fully re-invested.

**The main source of funding, customer deposits, grew** by 2% vs. year-end 2020. Baltic residents' deposits increased by EUR 176 million (+5%). As of 31 March 2021, total Group customer deposits were EUR 3,738 million.

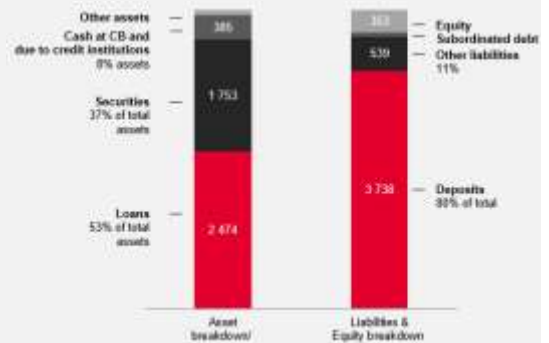
## Loans, EURm



## Deposits, EURm



## Balance sheet structure, EURm



## Ratings

International credit rating agency Moody's Investors Service has assigned Baa3 rating with positive outlook (17 February 2021).

The main credit strengths are:

- Strong capitalization
- Improved governance, with selective growth in its home markets, and reduction of the non-resident segment

### Moody's

Long term deposit	Baa3
Long term counterparty risk rating	Baa2
Short term deposit	P-3
Short term counterparty risk rating	P-2
Outlook:	Positive

Detailed information about ratings can be found on the web page of the rating agency [www.moodys.com](http://www.moodys.com)

## Segment highlights

### Retail segment

Private individuals and SMEs continued to be strong contributors in Q1 2021 results despite continued lockdown measures.

Active customers reached 295 thousand private individuals and almost 20 thousand SMEs. Retail primary customers continued to grow reaching 155 thousand clients as of 31 March 2021, a 9% increase compared to the same period a year ago.

New lending to retail customers was EUR 73 million in Q1 2021, of which EUR 26 million issued to SME customers and EUR 47 million to private individuals, 23% and 31% increase q-o-q respectively.

Total loans to Private individuals and SME customers amounted to EUR 914 million, a 1% increase since year end 2020 with improving loan quality.

Companies are increasingly demanding the Bank's e-commerce offering to serve their customer remotely and demand for POS terminals is growing.

Deposits from Private individuals and SMEs reached EUR 1,866 million, a 5% increase since year end 2020.

### Innovations and developments

To improve and upgrade the Bank's digital product penetration, digital onboarding via Mobile App with selfie

was launched for private individuals in Estonia. A new X Card offering based on a subscription model was launched in Lithuania and Estonia, and an improved approval model for consumer loans was launched in Lithuania. To facilitate branch visits, bookings can now be made in the Mobile App.

### Corporate segment

In Q1 2021 there were clear signs of recovery of the economy in all three Baltic countries. Positive signs of recovery highly correlated with Citadele clients' activities. Corporate lending in Q1 2021 was record high – the loan portfolio grew by 22% as compared to year end of 2020, EUR 211 million of new credit agreements were signed and EUR 160 million disbursed to corporate banking clients. The highest client activity was seen in the real estate, transportation, manufacturing and IT sectors. Credit portfolio quality remained stable; with a minor number of clients with Covid-19 related modification.

High activity was also seen in non-lending business in Q1. The bank managed to sign the largest card acquiring agreement, adding 1,300 new POS terminals to the Citadele portfolio. Foreign currency exchange income reached a record high level. Automated Foreign currency exchange rates (for spot transactions) in Internet bank were

launched starting as of 15 March 2021. It enables our customers to execute FX currency exchange transactions by fast, modern and user-friendly service and for the Bank – to provide special rates in an efficient way.

Deposit portfolio grew 19% vs. year end 2020 and reached EUR 980 million as of 31 March 2021.

## Business Environment

### Situation in the global economy is improving

The world remains in the grip of the Covid-19 pandemic, but the situation in the global economy has improved significantly. Global manufacturing sentiment has reached record highs in recent months, as demand has recovered much faster than expected and, in many sectors, such as semiconductors, supply is lagging behind demand.

Along with the decline in Covid-19 cases, sentiment in the service sector has also begun to improve and global economic growth forecasts are being revised upwards. According to International Monetary Fund's April forecasts, the world economy will grow by 6.0% in 2021, and by 4.4% in 2022 supported by expansionary fiscal and monetary policies.

### Baltic region is faring better than expected

The beginning of 2021 in the Baltic economies has also been better than expected, and the economic downturn in the second wave of Covid-19 will be significantly smaller than in the first wave. Businesses and the economy continue to adapt to Covid-19 related restrictions and economic activity in manufacturing and construction has not declined.

According to preliminary data in Q1 2021, GDP in Latvia fell by 2.2% compared to Q1 2020, while in Lithuania GDP rose by 1.0%. Economic sentiment indicators point to a strong rebound in the economic activity in the Baltics in March and April, despite ongoing restrictions.

### External demand drives growth in manufacturing

The global manufacturing cycle is currently in a strong upswing, with an unexpectedly rapid recovery in demand from the initial Covid-19 shock, a shift in the structure of demand from goods to services, and low inventory levels in many sectors due to last year's supply chain disruption.

According to surveys of Baltic entrepreneurs export orders in industry are also growing in the region, and in Q1 2021 production volumes in Latvia grew by 2.9% compared to Q1 2020. In Lithuania manufacturing grew 8.6%, while in Estonia production fell by 2.5%. In addition, export growth is supported by rising prices of the region's main commodity exports – lumber and food products.

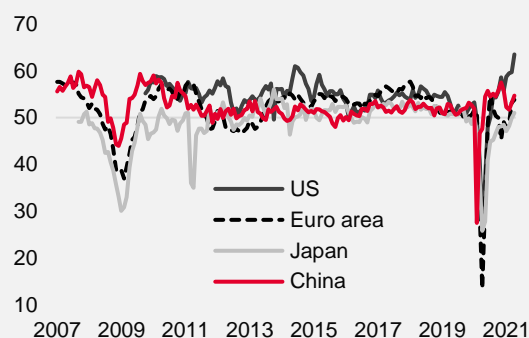
### Services remain the weakest link in the economy

Covid-19 restrictions continue to affect service sectors and retail trade. In 2020 export of services in Latvia and Estonia decreased by more than 20%, while in Lithuania export of services fell by 9%. At the same time, in Q1 2021 Latvia's retail trade turnover decreased by 4.9% y-o-y but rose by 4.0%-5.5% in Lithuania and Estonia.

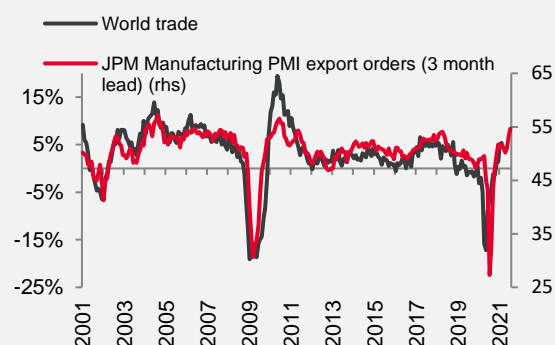
Q4 2020 unemployment was 7.9% in Latvia, 7.4% in Estonia and 9.1% in Lithuania. However, lost income is being compensated by governments and domestic demand remains strong. Citadele customers' credit card turnover data show that consumer spending has been gradually improving since mid-January, and spending is increasing each time restrictions are eased. In addition, household deposits in the Baltics in February were 15-22% higher than before the start of the pandemic.

### Composite PMI

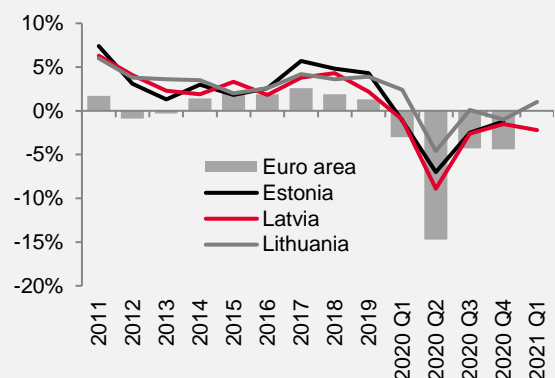
(values above 50 indicate expansion)



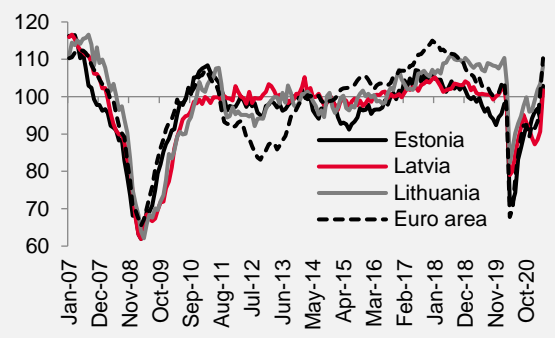
### World trade and export orders



### Real GDP, % YoY



### Economic Sentiment Indicator





## CORPORATE GOVERNANCE

AS Citadele banka is the parent company of Citadele Group. AS Citadele banka is a joint stock company. 75% plus one share in AS Citadele banka is owned by a consortium of international investors represented by Ripplewood Advisors LLC. The European Bank for Reconstruction and Development (EBRD) owns 25% minus one share.

The Statement of Corporate Governance is published on the Bank's website [www.cblgroup.com](http://www.cblgroup.com).

### ***Supervisory Board of the Bank as of 31/03/2021:***

<b>Name</b>	<b>Current Position</b>	<b>Date of first appointment</b>
Timothy Clark Collins	Chairman of the Supervisory Board	20 April 2015
Elizabeth Critchley	Deputy chairperson of the Supervisory Board	20 April 2015
James Laurence Balsillie	Member of the Supervisory Board	20 April 2015
Dhananjaya Divedi	Member of the Supervisory Board	20 April 2015
Lawrence Neal Lavine	Member of the Supervisory Board	20 April 2015
Klāvs Vasks	Member of the Supervisory Board	30 June 2010
Nicholas Dominic Haag	Member of the Supervisory Board	19 December 2016
Karina Saroukhanian	Member of the Supervisory Board	19 December 2016
Sylvia Yumi Gansser Potts	Member of the Supervisory Board	29 October 2018

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

### ***Management Board of the Bank as of 31/03/2021:***

<b>Name</b>	<b>Current position</b>	<b>Responsibility</b>
Johan Åkerblom	Chairman of the Management Board	Chief Executive Officer
Valters Ābele	Member of the Management Board	Chief Financial Officer and Chief Risk Officer
Vladislavs Mironovs	Member of the Management Board	Chief Strategy Officer
Uldis Upenieks	Member of the Management Board	Chief Compliance Officer
Slavomir Mizak	Member of the Management Board	Chief Technology and Operations Officer
Vaidas Žagūnis	Member of the Management Board	Chief Corporate Commercial Officer
Rūta Ežerskienė	Member of the Management Board	Chief Retail Commercial Officer

On 1 January 2021 Vladislavs Mironovs refocused on Strategy execution, Digital evolution and Business development, Valters Ābele took Chief Financial Officer role and Slavomir Mizak started running merged IT and Operations organization. Former Chief Operations Officer Kaspars Jansons resigned on 1 January 2021. Effective from 1 February 2021 Rūta Ežerskienė joined the Management Board.

As previously announced, Citadele was in process of selection of new Chief Risk Officer following organizational changes in the Bank's Management Board and Valters Ābele moving to the role of Chief Financial Officer. After the period-end Jūlija Lebedinska-Litvinova has been appointed as Chief Risk Officer for Citadele banka and elected as a member of the Management Board, subject to regulators' approval.

## STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY

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

The condensed interim financial statements set out on pages 11 to 32 are prepared in accordance with the source documents and present fairly the financial position of the Bank and the Group as of 31 March 2021 and 31 December 2020 and the results of their operations, changes in shareholders' equity and cash flows for the three months periods ended 31 March 2021 and 31 March 2020. The management report set out on pages 4 to 9 presents fairly the financial results of the reporting period and future prospects of the Bank and the Group.

The condensed interim 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 Financial and Capital Market Commission and other legislation of the Republic of Latvia applicable for credit institutions.

**STATEMENT OF INCOME**

		EUR thousands			
	Note	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Interest income	5	30,009	23,670	21,038	21,435
Interest expense	5	(3,954)	(5,506)	(3,788)	(5,508)
<b>Net interest income</b>		<b>26,055</b>	<b>18,164</b>	<b>17,250</b>	<b>15,927</b>
Fee and commission income	6	13,452	12,897	10,772	10,519
Fee and commission expense	6	(5,302)	(5,532)	(5,053)	(5,321)
<b>Net fee and commission income</b>		<b>8,150</b>	<b>7,365</b>	<b>5,719</b>	<b>5,198</b>
Net financial income	7	2,385	2,101	2,213	2,119
Net other income / (expense)		96	(183)	5	139
<b>Operating income</b>		<b>36,686</b>	<b>27,447</b>	<b>25,187</b>	<b>23,383</b>
Staff costs		(14,868)	(12,930)	(11,200)	(11,515)
Other operating expenses	8	(5,209)	(4,519)	(4,066)	(3,626)
Depreciation and amortisation		(2,523)	(1,979)	(1,889)	(1,862)
<b>Operating expense</b>		<b>(22,600)</b>	<b>(19,428)</b>	<b>(17,155)</b>	<b>(17,003)</b>
<b>Profit before impairment</b>		<b>14,086</b>	<b>8,019</b>	<b>8,032</b>	<b>6,380</b>
Net credit losses	9	(3,108)	(15,412)	(4,760)	(14,539)
Other impairment losses and other provisions		(18)	(11)	(20)	6
<b>Operating profit / (loss) before non-current assets held for sale</b>		<b>10,960</b>	<b>(7,404)</b>	<b>3,252</b>	<b>(8,153)</b>
Result from non-current assets held for sale		(56)	(49)	(56)	(49)
<b>Operating profit / (loss)</b>		<b>10,904</b>	<b>(7,453)</b>	<b>3,196</b>	<b>(8,202)</b>
Income tax		(431)	(76)	(7)	(11)
<b>Net profit / (loss)</b>		<b>10,473</b>	<b>(7,529)</b>	<b>3,189</b>	<b>(8,213)</b>
Basic earnings per share in EUR	17	0.07	(0.05)	0.02	(0.05)
Diluted earnings per share in EUR	17	0.07	(0.05)	0.02	(0.05)

The notes on pages 15 to 32 are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

	EUR thousands			
	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
<b>Net profit / (loss)</b>	<b>10,473</b>	<b>(7,529)</b>	<b>3,189</b>	<b>(8,213)</b>
Other comprehensive income items that are or may be reclassified to profit or loss:				
<i>Fair value revaluation reserve</i>				
Fair value revaluation reserve charged to statement of income (Note 7)	258	(558)	(9)	(209)
Change in fair value of debt securities and similar	(1,703)	(3,137)	(856)	(926)
Deferred income tax charged / (credited) directly to equity	108	439	-	-
<i>Other reserves</i>				
Foreign exchange retranslation	(516)	639	-	-
Other comprehensive income items that may not be reclassified to profit or loss:				
<i>Fair value revaluation reserve</i>				
Change in fair value of equity and similar instruments	-	(1,558)	-	(1,558)
Transfer to retained earnings	-	-	-	-
<b>Other comprehensive income / (loss)</b>	<b>(1,853)</b>	<b>(4,175)</b>	<b>(865)</b>	<b>(2,693)</b>
<b>Total comprehensive income / (loss)</b>	<b>8,620</b>	<b>(11,704)</b>	<b>2,324</b>	<b>(10,906)</b>

The notes on pages 15 to 32 are an integral part of these financial statements.

**BALANCE SHEET**

					EUR thousands			
					31/03/2021	31/12/2020	31/03/2021	31/12/2020
					Group	Group	Bank	Bank
<b>Assets</b>								
				Note				
Cash and cash balances at central banks					306,060	1,146,606	290,446	1,131,008
Loans to credit institutions					79,184	51,287	64,056	40,289
Debt securities				10	1,702,676	1,760,190	1,535,756	1,563,675
Loans to public				11	2,473,663	1,541,223	2,371,921	1,518,313
Equity instruments				12	1,281	4,764	1,281	4,764
Other financial instruments				12	43,587	43,343	12,847	13,834
Derivatives					5,094	1,474	5,094	1,474
Investments in related entities				13	274	274	70,156	46,756
Tangible assets					24,686	12,930	14,411	14,143
Intangible assets					7,474	5,981	6,011	5,832
Current income tax assets					1,829	885	875	878
Deferred income tax assets					2,387	2,387	2,179	2,179
Non-current assets held for sale					946	946	946	946
Other assets					41,324	25,028	27,367	16,355
<b>Total assets</b>					<b>4,690,465</b>	<b>4,597,318</b>	<b>4,403,346</b>	<b>4,360,446</b>
<b>Liabilities</b>								
Deposits from credit institutions and central banks				14	440,384	449,991	455,508	470,959
Deposits and borrowings from customers				15	3,737,707	3,671,390	3,536,486	3,478,096
Debt securities issued				16	60,981	60,080	60,981	60,080
Derivatives					1,392	4,461	1,392	4,461
Provisions				9	2,221	2,211	2,356	2,133
Current income tax liabilities					277	213	115	115
Deferred income tax liabilities					404	464	-	-
Other liabilities					93,953	64,198	26,369	27,003
<b>Total liabilities</b>					<b>4,337,319</b>	<b>4,253,008</b>	<b>4,083,207</b>	<b>4,042,847</b>
<b>Equity</b>								
Share capital				17	156,556	156,556	156,556	156,556
Reserves and other capital components					8,628	10,265	3,820	4,469
Retained earnings					187,962	177,489	159,763	156,574
<b>Total equity</b>					<b>353,146</b>	<b>344,310</b>	<b>320,139</b>	<b>317,599</b>
<b>Total liabilities and equity</b>					<b>4,690,465</b>	<b>4,597,318</b>	<b>4,403,346</b>	<b>4,360,446</b>
<b>Off-balance sheet items</b>								
Guarantees and letters of credit				18	47,658	23,903	47,025	23,246
Financial commitments				18	267,395	261,050	447,504	276,089

The notes on pages 15 to 32 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

	<b>Group, EUR thousands</b>					
	<b>Issued Share capital</b>	<b>Securities fair value revaluation reserve <i>(Note 10)</i></b>	<b>Foreign currency retrans- lation</b>	<b>Share based payments</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance as of 31/12/2019</b>	<b>156,556</b>	<b>6,083</b>	<b>3,994</b>	<b>1,199</b>	<b>172,893</b>	<b>340,725</b>
<b>Total comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	(7,529)	(7,529)
Share based payments to employees	-	-	-	192	-	192
Other comprehensive income / (loss) for the period	-	(4,814)	639	-	-	(4,175)
<b>Balance as of 31/03/2020</b>	<b>156,556</b>	<b>1,269</b>	<b>4,633</b>	<b>1,391</b>	<b>165,364</b>	<b>329,213</b>
<b>Balance as of 31/12/2020</b>	<b>156,556</b>	<b>4,247</b>	<b>4,138</b>	<b>1,880</b>	<b>177,489</b>	<b>344,310</b>
<b>Total comprehensive income for the period</b>						
Net profit / (loss) for the period	-	-	-	-	10,473	10,473
Share based payments to employees	-	-	-	216	-	216
Other comprehensive income / (loss) for the period	-	(1,337)	(516)	-	-	(1,853)
<b>Balance as of 31/03/2021</b>	<b>156,556</b>	<b>2,910</b>	<b>3,622</b>	<b>2,096</b>	<b>187,962</b>	<b>353,146</b>

	<b>Bank, EUR thousands</b>				
	<b>Issued Share capital</b>	<b>Securities fair value revaluation reserve <i>(Note 10)</i></b>	<b>Share based payments</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance as of 31/12/2019</b>	<b>156,556</b>	<b>4,213</b>	<b>1,199</b>	<b>160,346</b>	<b>322,314</b>
<b>Total comprehensive income for the period</b>					
Net profit for the period	-	-	-	(8,213)	(8,213)
Share based payments to employees	-	-	192	-	192
Other comprehensive income / (loss) for the period	-	(2,693)	-	-	(2,693)
<b>Balance as of 31/03/2020</b>	<b>156,556</b>	<b>1,520</b>	<b>1,391</b>	<b>152,133</b>	<b>311,600</b>
<b>Balance as of 31/12/2020</b>	<b>156,556</b>	<b>2,589</b>	<b>1,880</b>	<b>156,574</b>	<b>317,599</b>
<b>Total comprehensive income for the period</b>					
Net profit / (loss) for the period	-	-	-	3,189	3,189
Share based payments to employees	-	-	216	-	216
Other comprehensive income / (loss) for the period	-	(865)	-	-	(865)
<b>Balance as of 31/03/2021</b>	<b>156,556</b>	<b>1,724</b>	<b>2,096</b>	<b>159,763</b>	<b>320,139</b>

The notes on pages 15 to 32 are an integral part of these financial statements.

## NOTES TO THE 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 2020 or for the three months period ended 31 March 2020.

### NOTE 1. AUTHORISATION OF THE FINANCIAL STATEMENTS

These 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 bank offering retail, private banking, asset management, lending, leasing and other commercial banking services. As of period end the Bank operates branches in Latvia, Lithuania and Estonia. AS Citadele banka is the parent company of the Group, which has a subsidiary bank in Switzerland and several financial services subsidiaries. The Group's main market is the Baltics (Latvia, Lithuania and Estonia). Citadele was registered as a joint stock company on 30 June 2010. Citadele commenced its operations on 1 August 2010.

As of 31 March 2021, the Group had 1,371 (2020: 1,230) and the Bank had 1,156 (2020: 1,152) full time equivalent active employees. Increase in the Group's full time equivalent active employees is a result of the acquisition of SIA Citadele Leasing (previously SIA UniCredit Leasing) in the beginning of 2021.

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

These interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by European Union (EU) on a going concern basis. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in financial position and performance of the Group and the Bank since the last annual consolidated and Bank financial statements for the year ended 31 December 2020. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS as adopted by European Union. This interim financial information should be read in conjunction with the 2020 annual financial statements for the Group and the Bank.

#### b) Functional and Presentation Currency

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

#### c) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financials of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The investments in the subsidiaries are presented in the Bank's financial statements at cost. More detailed information on the Group's subsidiaries is presented in Note 13 (*Investments in Related Entities*).

The financial statements of AS Citadele banka and its subsidiaries are consolidated in the Group's financial statements on a line by line basis by aggregating like items of assets, liabilities, income and expenses. For the purposes of consolidation, intragroup balances and intragroup transactions, including interest income and expense as well as unrealised profits and loss resulting from intragroup transactions, are eliminated in the Group's financial statements.

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

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by EU, requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The management has applied reasonable and prudent estimates and judgments in preparing these financial statements. Significant areas of estimation used in the preparation of the accompanying financial statements relate to evaluation of impairment losses for assets, determination of the control of investees for consolidation purposes, evaluation of recognisable amounts of deferred tax assets and liabilities.

### 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.

The comparative information as of 31 December 2020 and for the three months period ended 31 March 2020 have been restated for comparability by applying the most recent segmentation methodology.

*Main business segments of the Group are:*

*Private customers*

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

*SME*

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

*Corporates*

Large customers serviced in Latvia, Lithuania and Estonia. Yearly turnover of the customer is above EUR 7 million or total risk exposure with Citadele Group is above EUR 2 million or the customer needs complex financing solutions.

*Wealth management*

Private banking, 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.

*Swiss*

This segment comprises operations of AP Anlage & Privatbank AG. After the period-end on 1 April 2021 the legal name of the Swiss registered banking subsidiary AP Anlage & Privatbank AG was changed to Kaleido Privatbank AG.

*Leasing*

Leasing services provided to private individuals and companies in Latvia, Lithuania and Estonia by SIA Citadele Leasing.

*Other*

Group's treasury functions and other business support functions, including results of the subsidiaries of the Group operating in non-financial sector.

**Segments of the Group**

	<b>Group 3m 2021, EUR thousands</b>							<b>Total</b>
	<b>Reportable segments</b>							
	<b>Private customers</b>	<b>SME</b>	<b>Corporates</b>	<b>Wealth</b>	<b>Swiss</b>	<b>Leasing</b>	<b>Other</b>	
Interest income	8,855	3,710	5,970	538	508	9,383	1,045	30,009
Interest expense	(318)	(10)	(86)	(330)	(63)	(107)	(3,040)	(3,954)
<b>Net interest income</b>	<b>8,537</b>	<b>3,700</b>	<b>5,884</b>	<b>208</b>	<b>445</b>	<b>9,276</b>	<b>(1,995)</b>	<b>26,055</b>
Fee and commission income	3,736	2,464	2,223	3,322	749	373	585	13,452
Fee and commission expense	(2,342)	(877)	(1,355)	(453)	(117)	(16)	(142)	(5,302)
<b>Net fee and commission income</b>	<b>1,394</b>	<b>1,587</b>	<b>868</b>	<b>2,869</b>	<b>632</b>	<b>357</b>	<b>443</b>	<b>8,150</b>
Net financial income	146	392	362	138	203	-	1,144	2,385
Net other income	(420)	(96)	(122)	123	-	417	194	96
<b>Operating income</b>	<b>9,657</b>	<b>5,583</b>	<b>6,992</b>	<b>3,338</b>	<b>1,280</b>	<b>10,050</b>	<b>(214)</b>	<b>36,686</b>
Net funding allocation	(175)	(86)	(240)	116	17	(480)	848	-
<b>FTP adjusted operating income</b>	<b>9,482</b>	<b>5,497</b>	<b>6,752</b>	<b>3,454</b>	<b>1,297</b>	<b>9,570</b>	<b>634</b>	<b>36,686</b>
Net credit losses	232	235	(3,371)	71	11	467	(753)	(3,108)
<b>Net result before operating expense</b>	<b>9,714</b>	<b>5,732</b>	<b>3,381</b>	<b>3,525</b>	<b>1,308</b>	<b>10,037</b>	<b>(119)</b>	<b>33,578</b>
Not allocated income and expense, net								(23,105)
<b>Net profit / (loss)</b>								<b>10,473</b>



Group 3m 2020, EUR thousands (Reclassified for comparability)

	Reportable segments							Total
	Private customers	SME	Corporates	Wealth	Swiss	Leasing	Other	
Interest income	10,336	3,940	6,622	600	792	-	1,380	23,670
Interest expense	(632)	(14)	(158)	(484)	(175)	-	(4,043)	(5,506)
<b>Net interest income</b>	<b>9,704</b>	<b>3,926</b>	<b>6,464</b>	<b>116</b>	<b>617</b>	-	<b>(2,663)</b>	<b>18,164</b>
Fee and commission income	3,559	2,334	2,400	3,245	903	-	456	12,897
Fee and commission expense	(1,942)	(884)	(1,631)	(486)	(109)	-	(480)	(5,532)
<b>Net fee and commission income</b>	<b>1,617</b>	<b>1,450</b>	<b>769</b>	<b>2,759</b>	<b>794</b>	-	<b>(24)</b>	<b>7,365</b>
Net financial income	177	269	185	(211)	488	-	1,193	2,101
Net other income	(128)	(240)	(118)	(128)	12	-	419	(183)
<b>Operating income</b>	<b>11,370</b>	<b>5,405</b>	<b>7,300</b>	<b>2,536</b>	<b>1,911</b>	-	<b>(1,075)</b>	<b>27,447</b>
Net funding allocation	(430)	(85)	(594)	425	183	-	501	-
<b>FTP adjusted operating income</b>	<b>10,940</b>	<b>5,320</b>	<b>6,706</b>	<b>2,961</b>	<b>2,094</b>	-	<b>(574)</b>	<b>27,447</b>
Net credit losses	(5,191)	(2,880)	(4,796)	(2,287)	12	-	(270)	(15,412)
<b>Net result before operating expense</b>	<b>5,749</b>	<b>2,440</b>	<b>1,910</b>	<b>674</b>	<b>2,106</b>	-	<b>(844)</b>	<b>12,035</b>
Not allocated income and expense, net								(19,564)
<b>Net profit / (loss)</b>								<b>(7,529)</b>

Group as of 31/03/2021, EUR thousands

	Reportable segments							Total
	Private customers	SME	Corporates	Wealth	Swiss	Leasing	Other	
<b>Assets</b>								
Cash, balances at central banks	-	-	-	-	15,613	-	290,447	306,060
Loans to credit institutions	-	-	-	3,294	10,952	862	64,076	79,184
Debt securities	-	-	9,740	38,260	128,660	-	1,526,016	1,702,676
Loans to public	640,142	274,133	704,910	39,960	3,926	801,404	9,188	2,473,663
Equity instruments	-	-	-	-	-	-	1,281	1,281
Other financial instruments	-	-	-	30,740	-	-	12,847	43,587
<b>Total segmented assets</b>	<b>640,142</b>	<b>274,133</b>	<b>714,650</b>	<b>112,254</b>	<b>159,151</b>	<b>802,266</b>	<b>1,903,855</b>	<b>4,606,451</b>
<b>Liabilities</b>								
Deposits from banks	-	-	-	-	-	-	440,384	440,384
Deposits from customers	1,342,418	523,660	980,445	625,878	152,727	39,801	72,778	3,737,707
Debt securities issued	-	-	-	-	-	-	60,981	60,981
<b>Total segmented liabilities</b>	<b>1,342,418</b>	<b>523,660</b>	<b>980,445</b>	<b>625,878</b>	<b>152,727</b>	<b>39,801</b>	<b>574,143</b>	<b>4,239,072</b>

Group as of 31/12/2020, EUR thousands (Reclassified for comparability)

	Reportable segments							Total
	Private customers	SME	Corporates	Wealth	Swiss	Leasing	Other	
<b>Assets</b>								
Cash, balances at central banks	-	-	-	-	15,598	-	1,131,008	1,146,606
Loans to credit institutions	-	-	-	2,702	8,296	-	40,289	51,287
Debt securities	-	-	10,415	38,766	157,749	-	1,553,260	1,760,190
Loans to public	635,448	268,344	578,021	39,431	6,711	-	13,268	1,541,223
Equity instruments	-	-	-	-	-	-	4,764	4,764
Other financial instruments	-	-	-	29,509	-	-	13,834	43,343
<b>Total segmented assets</b>	<b>635,448</b>	<b>268,344</b>	<b>588,436</b>	<b>110,408</b>	<b>188,354</b>	-	<b>2,756,423</b>	<b>4,547,413</b>
<b>Liabilities</b>								
Deposits from banks	-	-	-	-	-	-	449,991	449,991
Deposits from customers	1,285,217	492,840	826,638	705,140	184,951	-	176,604	3,671,390
Debt securities issued	-	-	-	-	-	-	60,080	60,080
<b>Total segmented liabilities</b>	<b>1,285,217</b>	<b>492,840</b>	<b>826,638</b>	<b>705,140</b>	<b>184,951</b>	-	<b>686,675</b>	<b>4,181,461</b>

## NOTE 5. INTEREST INCOME AND EXPENSE

	EUR thousands			
	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Interest income calculated using the effective interest method:				
Financial assets at amortised cost:				
Loans to public	16,575	18,976	19,763	20,070
Debt securities	533	878	483	730
Cash balances at and lending to/from central banks and credit institutions (including TLTRO-III)	567	155	568	150
Debt securities at fair value through other comprehensive income	541	1,050	224	485
Interest income on finance leases (part of loans to public)	11,793	2,611	-	-
<b>Total interest income</b>	<b>30,009</b>	<b>23,670</b>	<b>21,038</b>	<b>21,435</b>
Interest expense on:				
Financial liabilities at amortised cost:				
Deposits and borrowing from public	(2,343)	(3,264)	(2,222)	(3,104)
Debt securities issued	(900)	(905)	(900)	(905)
Deposits from/to credit institutions and central banks	(236)	(888)	(240)	(1,073)
Financial liabilities at fair value through profit or loss				
Deposits and borrowing from public	(44)	(39)	-	-
Lease liabilities	(19)	(6)	(14)	(22)
Other interest expense	(412)	(404)	(412)	(404)
<b>Total interest expense</b>	<b>(3,954)</b>	<b>(5,506)</b>	<b>(3,788)</b>	<b>(5,508)</b>
<b>Net interest income</b>	<b>26,055</b>	<b>18,164</b>	<b>17,250</b>	<b>15,927</b>

Effective interest rate on high-quality liquid assets is negative in certain central bank, central government and credit institution exposures. As the interest resulting from a negative effective interest rate on financial assets reflects an outflow of economic benefits, this is presented as interest expense. Similarly, an inflow of economic benefits from liabilities with negative effective interest rates (including TLTRO-III financing) is presented as interest income.

## NOTE 6. FEE AND COMMISSION INCOME AND EXPENSE

	EUR thousands			
	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Fee and commission income:				
Cards	6,879	6,662	6,866	6,647
Payments and transactions	2,912	3,054	2,514	2,499
Asset management and custody	2,119	1,862	440	407
Securities brokerage	283	458	130	307
Other fees	471	407	383	205
<b>Total fee and commission income from contracts with customers</b>	<b>12,664</b>	<b>12,443</b>	<b>10,333</b>	<b>10,065</b>
Guarantees, letters of credit and loans	788	454	439	454
<b>Total fee and commission income</b>	<b>13,452</b>	<b>12,897</b>	<b>10,772</b>	<b>10,519</b>
Fee and commission expense on:				
Cards	(4,091)	(4,187)	(4,091)	(4,187)
Asset management, custody and securities brokerage	(297)	(263)	(210)	(189)
Payments, transactions and other fees	(914)	(1,082)	(752)	(945)
<b>Total fee and commission expense</b>	<b>(5,302)</b>	<b>(5,532)</b>	<b>(5,053)</b>	<b>(5,321)</b>
<b>Net fee and commission income</b>	<b>8,150</b>	<b>7,365</b>	<b>5,719</b>	<b>5,198</b>

## NOTE 7. NET FINANCIAL INCOME

	EUR thousands			
	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Foreign exchange trading, revaluation and related derivatives	2,427	1,812	1,921	1,655
Non-trading assets and liabilities at fair value through profit or loss	238	(524)	305	-
Assets at fair value through other comprehensive income	(258)	558	9	209
Assets at amortised cost	-	255	-	255
Modifications in cash flows which do not result in derecognition	(22)	-	(22)	-
<b>Total net financial income</b>	<b>2,385</b>	<b>2,101</b>	<b>2,213</b>	<b>2,119</b>

## NOTE 8. OTHER OPERATING EXPENSES

	EUR thousands			
	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Information technologies and communications	(1,616)	(1,276)	(1,083)	(1,011)
Consulting and other services	(1,527)	(1,327)	(1,345)	(1,155)
Rent, premises and real estate	(674)	(668)	(518)	(360)
Advertising and marketing	(423)	(346)	(351)	(348)
Non-refundable value added tax	(578)	(557)	(558)	(496)
Other	(391)	(345)	(211)	(256)
<b>Total other expenses</b>	<b>(5,209)</b>	<b>(4,519)</b>	<b>(4,066)</b>	<b>(3,626)</b>

## NOTE 9. NET CREDIT LOSSES

Total net impairment allowance charged to the income statement

	EUR thousands			
	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Loans to credit institutions	7	(71)	(1)	(71)
Debt securities	(790)	50	(801)	38
Loans to public	(3,606)	(15,250)	(4,972)	(14,317)
Loan commitments, guarantees and letters of credit	(9)	(1,164)	(222)	(1,067)
Recovered written-off assets	1,290	1,023	1,236	878
<b>Total net losses on financial instruments</b>	<b>(3,108)</b>	<b>(15,412)</b>	<b>(4,760)</b>	<b>(14,539)</b>

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. As a result of events related to Covid-19 the adjustment for expected impact from future economic scenarios was revised in 2020. The impairment allowance charges for the three months period ended 31 March 2020 (comparative period) for the expected credit losses for the Group and the Bank were higher than in the reporting period. Due to the forward looking nature of the credit loss estimation, the accumulated loss allowances does not necessarily represent an observable deterioration in the current credit quality of the loan portfolio (for detail refer to Note 11 (*Loans to Public*)), but is more a representation of a deteriorated forward looking economic scenarios component.

In 2020 the Group and the Bank recognised an impairment overlay for Stage 1 classified loans to public exposures. The impairment overlay addressed increased uncertainty regarding the forward-looking economic conditions in the unusual environment where duration and severity of Covid-19 situation and associated possible disruptions to the Baltic economies and customers of the Group was uncertain. 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. The impairment overlay as of 31 March 2021 was reassessed, but largely retained as the uncertainty continues to persist.

When a loan is fully or partially written-off, the claim against the borrower normally is not forgiven. From time to time previously written-off assets are recovered due to repayment, sale of pool of overdue assets to companies specialising in recoveries of balances in arrears or as a result of other resolution. Such recoveries are reported as recovered written-off assets.

### 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

### Allowances for credit losses and provisions

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
<u>Stage 1</u>				
Loans to credit institutions	108	104	107	104
Debt securities	1,981	1,191	1,929	1,127
Loans to public	27,252	19,662	20,122	17,384
Loan commitments, guarantees and letters of credit	2,003	1,903	2,137	1,825
<b>Total stage 1 credit losses and provisions</b>	<b>31,344</b>	<b>22,860</b>	<b>24,295</b>	<b>20,440</b>
<u>Stage 2</u>				
Loans to public	12,796	4,058	4,747	3,901
Loan commitments, guarantees and letters of credit	30	41	30	41
<b>Total stage 2 credit losses and provisions</b>	<b>12,826</b>	<b>4,099</b>	<b>4,777</b>	<b>3,942</b>
<u>Stage 3</u>				
Loans to public	39,239	35,720	35,446	34,475
Loan commitments, guarantees and letters of credit	88	167	88	167
<b>Total stage 3 credit losses and provisions</b>	<b>39,327</b>	<b>35,887</b>	<b>35,534</b>	<b>34,642</b>
<b>Total allowances for credit losses and provisions</b>	<b>83,497</b>	<b>62,846</b>	<b>64,606</b>	<b>59,024</b>
<i>Including for debt securities classified at fair value through other comprehensive income</i>	149	135	108	81
<i>Including for non-POCI loans of SIA Citadele Leasing</i>	16,202	-	-	-

In the three months period ended 31 March 2021 increase of EUR 16.2 million in the Group's consolidated balance of allowances for credit losses is a result of the recent acquisition of SIA Citadele Leasing (previously SIA UniCredit Leasing) while increase of EUR 1.2 million in the Bank's standalone stock of allowances for credit losses and provisions relates to credit lines extended to the recently acquired subsidiary.

In case of purchased or originated credit impaired (POCI) loans originated before acquisition date by the recently acquired subsidiary, the initial recognition date for these POCI loans in the Group's consolidated accounts is the acquisition date of the subsidiary. For POCI loans only the cumulative changes in lifetime expected credit losses since initial recognition are recognised as a loss allowance. Favourable changes in lifetime expected credit losses are recognised as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

## NOTE 10. DEBT SECURITIES

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

	Group, EUR thousands					
	31/03/2021			31/12/2020		
	At fair value through other comprehensive income	At amortised cost	Total	At fair value through other comprehensive income	At amortised cost	Total
Investment grade:						
AAA/Aaa	65,206	109,401	174,607	67,640	108,929	176,569
AA/Aa	59,974	261,908	321,882	78,451	251,826	330,277
A	221,337	932,730	1,154,067	204,857	988,657	1,193,514
BBB/Baa	17,869	24,245	42,114	25,763	23,389	49,152
Lower ratings or unrated	266	9,740	10,006	263	10,415	10,678
<b>Total debt securities</b>	<b>364,652</b>	<b>1,338,024</b>	<b>1,702,676</b>	<b>376,974</b>	<b>1,383,216</b>	<b>1,760,190</b>
<i>Including general government</i>	<i>212,860</i>	<i>993,975</i>	<i>1,206,835</i>	<i>197,816</i>	<i>1,036,342</i>	<i>1,234,158</i>
<i>Including credit institutions</i>	<i>60,789</i>	<i>176,515</i>	<i>237,304</i>	<i>79,665</i>	<i>176,665</i>	<i>256,330</i>
<i>Including classified in stage 1</i>	<i>364,652</i>	<i>1,338,024</i>	<i>1,702,676</i>	<i>376,974</i>	<i>1,383,216</i>	<i>1,760,190</i>

	Bank, EUR thousands					
	31/03/2021			31/12/2020		
	At fair value through other comprehensive income	At amortised cost	Total	At fair value through other comprehensive income	At amortised cost	Total
Investment grade:						
AAA/Aaa	30,387	94,342	124,729	27,671	93,808	121,479
AA/Aa	28,689	250,260	278,949	33,067	238,556	271,623
A	180,672	918,640	1,099,312	162,938	974,237	1,137,175
BBB/Baa	1,036	21,990	23,026	1,034	21,949	22,983
Lower ratings or unrated	-	9,740	9,740	-	10,415	10,415
<b>Total debt securities</b>	<b>240,784</b>	<b>1,294,972</b>	<b>1,535,756</b>	<b>224,710</b>	<b>1,338,965</b>	<b>1,563,675</b>
<i>Including general government</i>	<i>177,352</i>	<i>975,408</i>	<i>1,152,760</i>	<i>158,559</i>	<i>1,016,650</i>	<i>1,175,209</i>
<i>Including credit institutions</i>	<i>21,354</i>	<i>167,441</i>	<i>188,795</i>	<i>27,505</i>	<i>167,613</i>	<i>195,118</i>
<i>Including classified in stage 1</i>	<i>240,784</i>	<i>1,294,972</i>	<i>1,535,756</i>	<i>224,710</i>	<i>1,338,965</i>	<i>1,563,675</i>

### Debt securities by country of issuer

	Group, EUR thousands					
	31/03/2021			31/12/2020		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	573,878	6,981	580,859	594,762	6,951	601,713
Latvia	394,402	3,512	397,914	417,450	3,526	420,976
Netherlands	14,470	76,595	91,065	14,641	81,459	96,100
Poland	71,711	5,595	77,306	71,716	5,574	77,290
Germany	14,861	59,996	74,857	16,011	60,846	76,857
Estonia	62,908	20,509	83,417	48,027	20,480	68,507
United States	14,793	45,872	60,665	11,680	50,395	62,075
Canada	5,161	42,473	47,634	5,192	43,718	48,910
Sweden	2,979	40,863	43,842	3,107	42,602	45,709
Finland	4,999	32,746	37,745	4,998	32,819	37,817
Multilateral development banks	-	44,525	44,525	-	49,650	49,650
Other countries	46,673	116,174	162,847	46,574	128,012	174,586
<b>Total debt securities</b>	<b>1,206,835</b>	<b>495,841</b>	<b>1,702,676</b>	<b>1,234,158</b>	<b>526,032</b>	<b>1,760,190</b>

Bank, EUR thousands

	31/03/2021			31/12/2020		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	565,808	5,436	571,244	586,259	5,411	591,670
Latvia	386,981	2,062	389,043	408,536	2,067	410,603
Netherlands	10,715	64,890	75,605	10,870	64,664	75,534
Poland	68,538	3,100	71,638	68,507	3,092	71,599
Estonia	62,908	18,843	81,751	48,027	18,823	66,850
Germany	9,999	47,372	57,371	9,999	46,280	56,279
United States	14,793	29,044	43,837	9,999	29,813	39,812
Sweden	-	39,224	39,224	-	39,177	39,177
Finland	4,999	31,024	36,023	4,998	31,163	36,161
Canada	-	35,333	35,333	-	35,181	35,181
Multilateral development banks	-	34,012	34,012	-	37,262	37,262
Other countries	28,019	72,656	100,675	28,014	75,533	103,547
<b>Total debt securities</b>	<b>1,152,760</b>	<b>382,996</b>	<b>1,535,756</b>	<b>1,175,209</b>	<b>388,466</b>	<b>1,563,675</b>

No payments on the debt securities are past due. Total exposure to any single country within "Other countries" group as of 31 March 2021 is smaller than with any of the above disclosed countries.

## NOTE 11. LOANS TO PUBLIC

Loans by customer profile, industry profile and product type

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
<b>Financial and non-financial corporations</b>				
Real estate purchase and management	303,535	215,831	290,338	212,639
Manufacturing	226,320	146,386	120,516	117,009
Transport and communications	246,116	100,920	42,436	38,161
Trade	205,982	109,635	101,852	86,307
Agriculture and forestry	143,092	79,927	67,658	56,156
Construction	118,539	40,760	49,465	29,761
Electricity, gas and water supply	55,130	46,059	42,290	43,727
Hotels, restaurants	46,535	43,108	40,615	41,321
Financial intermediation	26,589	22,470	938,269	219,877
Other industries	187,484	44,023	21,742	24,401
<b>Total financial and non-financial corporations</b>	<b>1,559,322</b>	<b>849,119</b>	<b>1,715,181</b>	<b>869,359</b>
<b>Households</b>				
Mortgage loans	560,915	541,636	560,915	541,636
Credit for consumption	65,954	68,721	65,945	68,721
Card lending	54,691	58,411	54,691	58,411
Finance leases	264,858	42,848	-	-
Other lending	24,122	20,204	15,969	16,515
<b>Total households</b>	<b>970,540</b>	<b>731,820</b>	<b>697,520</b>	<b>685,283</b>
<b>General government</b>	<b>23,088</b>	<b>19,724</b>	<b>19,535</b>	<b>19,431</b>
<b>Total gross loans to public</b>	<b>2,552,950</b>	<b>1,600,663</b>	<b>2,432,236</b>	<b>1,574,073</b>
Impairment allowance and provisions	(79,287)	(59,440)	(60,315)	(55,760)
<b>Total net loans to public</b>	<b>2,473,663</b>	<b>1,541,223</b>	<b>2,371,921</b>	<b>1,518,313</b>

Loans by overdue days and impairment stage

Group, EUR thousands

	31/03/2021					31/12/2020				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
Stage 1	Stage 2	Stage 3	Stage 1			Stage 2	Stage 3			
<b>Loans to public</b>										
Not past due	2,206,557	168,715	43,669	(37,883)	2,381,058	1,429,589	84,151	13,780	(25,946)	1,501,574
Past due <=30 days	44,266	5,952	1,085	(2,338)	48,965	22,496	4,736	1,095	(1,321)	27,006
Past due >30 and <=90 days	-	28,537	10,353	(5,186)	33,704	-	4,043	1,873	(1,701)	4,215
Past due >90 days	-	-	43,816	(33,880)	9,936	-	-	38,900	(30,472)	8,428
<b>Total loans to public</b>	<b>2,250,823</b>	<b>203,204</b>	<b>98,923</b>	<b>(79,287)</b>	<b>2,473,663</b>	<b>1,452,085</b>	<b>92,930</b>	<b>55,648</b>	<b>(59,440)</b>	<b>1,541,223</b>
Guarantees and letters of credit	45,072	-	48	(150)	44,970	22,418	-	51	(142)	22,327
Financial commitments	263,010	3,619	379	(1,971)	265,037	258,432	1,814	408	(1,969)	258,685
<b>Total credit exposure to public</b>	<b>2,558,905</b>	<b>206,823</b>	<b>99,350</b>	<b>(81,408)</b>	<b>2,783,670</b>	<b>1,732,935</b>	<b>94,744</b>	<b>56,107</b>	<b>(61,551)</b>	<b>1,822,235</b>

Off-balance sheet credit exposure comprises various committed financing facilities to the borrowers. For details refer to Note 18 (*Off-balance Sheet Items*).

	Bank, EUR thousands									
	31/03/2021					31/12/2020				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
Stage 1	Stage 2	Stage 3	Stage 1			Stage 2	Stage 3			
<b>Loans to public</b>										
Not past due	2,260,844	77,502	11,941	(24,885)	2,325,402	1,425,915	81,574	11,803	(23,180)	1,496,112
Past due <=30 days	25,124	4,596	893	(1,926)	28,687	7,870	2,969	902	(1,105)	10,636
Past due >30 and <=90 days	-	10,573	2,504	(2,841)	10,236	-	3,155	1,674	(1,554)	3,275
Past due >90 days	-	-	38,259	(30,663)	7,596	-	-	38,211	(29,921)	8,290
<b>Total loans to public</b>	<b>2,285,968</b>	<b>92,671</b>	<b>53,597</b>	<b>(60,315)</b>	<b>2,371,921</b>	<b>1,433,785</b>	<b>87,698</b>	<b>52,590</b>	<b>(55,760)</b>	<b>1,518,313</b>
Guarantees and letters of credit	44,439	-	48	(150)	44,337	21,761	-	51	(142)	21,670
Financial commitments	443,506	3,619	379	(2,105)	445,399	273,867	1,814	408	(1,891)	274,198
<b>Total credit exposure to public</b>	<b>2,773,913</b>	<b>96,290</b>	<b>54,024</b>	<b>(62,570)</b>	<b>2,861,657</b>	<b>1,729,413</b>	<b>89,512</b>	<b>53,049</b>	<b>(57,793)</b>	<b>1,814,181</b>

Stage 3 loans to public ratio

	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
Stage 3 loans to public ratio, gross	3.9%	3.5%	2.2%	3.3%
Stage 3 loans to public ratio, net	2.4%	1.3%	0.8%	1.2%
Stage 3 impairment ratio	40%	64%	66%	66%

Stage 3 loans to public ratio is calculated as stage 3 loans to public divided by total loans to public as of the end of the relevant period. All loans overdue by more than 90 days are classified as stage 3. Non-overdue loans and loans overdue less than 90 days which have been forborne or impairment losses have been identified based on individual assessment or financial condition of the borrower has deteriorated significantly are classified as stage 3. Part of the loans classified as stage 3 do not have any current default indicators but are put under monitoring period for a specific time before being reclassified out of stage 3. Loans under recovery are also classified as stage 3.

Stage 3 impairment ratio is calculated as impairment allowance for stage 3 exposures divided by gross loans to public classified as stage 3. Impairment allowance is the amount of expected credit loss expensed in the income statement as credit loss and is derived from historic loss rates and future expectations, and where available considering fair value of the loan collateral.

## NOTE 12. EQUITY AND OTHER FINANCIAL INSTRUMENTS

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

	Group, EUR thousands							
	31/03/2021				31/12/2020			
	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	43,587	1,014	-	44,601	43,343	4,497	-	47,840
Financial assets at fair value through other comprehensive income	-	143	124	267	-	143	124	267
<b>Total non-fixed income securities, net</b>	<b>43,587</b>	<b>1,157</b>	<b>124</b>	<b>44,868</b>	<b>43,343</b>	<b>4,640</b>	<b>124</b>	<b>48,107</b>
<i>Including unit-linked insurance plan assets</i>	22,401	-	-		21,026	-	-	21,026

All exposures in mutual investment funds which are classified as financial assets designated at fair value through profit or loss are related to 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.

As of 31 March 2021, the Bank and the Group has investments in mutual investment funds with carrying amount of EUR 12.8 million (2020: EUR 13.8 million) and EUR 27.0 million (2020: EUR 27.2 million) which are managed by IPAS CBL Asset Management. Further, EUR 11.7 million (2020: EUR 10.8 million) of these Group's investments relate to unit-linked contracts, where the risk associated with the investments made is fully attributable to the counterparty entering the insurance agreement and not the underwriter. These exposures have been acquired only with investment intentions. The Bank has no exposure to investments related to unit-linked contracts.

	Bank, EUR thousands							
	31/03/2021				31/12/2020			
	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	12,847	1,014	-	13,861	13,834	4,497	-	18,331
Financial assets at fair value through other comprehensive income	-	143	124	267	-	143	124	267
<b>Total non-fixed income securities, net</b>	<b>12,847</b>	<b>1,157</b>	<b>124</b>	<b>14,128</b>	<b>13,834</b>	<b>4,640</b>	<b>124</b>	<b>18,598</b>

### NOTE 13. INVESTMENTS IN RELATED ENTITIES

#### Changes in investments in related entities of the Bank

	EUR thousands	
	3m 2021	12m 2020
<b>Balance at the beginning of the period, net</b>	<b>46,756</b>	<b>34,161</b>
Equity investments and acquisitions	23,400	-
Investments in associates accounted for using the equity method	-	274
Liquidation of subsidiary	-	(649)
Change in impairment allowance	-	12,970
<b>Balance at the end of the period, net</b>	<b>70,156</b>	<b>46,756</b>
<i>Including investments in associates accounted for using the equity method</i>	<i>274</i>	<i>274</i>
<i>Gross investment in subsidiaries as of the end of the period</i>	<i>94,060</i>	<i>70,660</i>

#### Acquisition of UniCredit leasing operations in the Baltics

In 2019 AS Citadele banka entered into a binding agreement with UniCredit S.p.A. to acquire UniCredit's Baltic leasing operations through the acquisition of 100% of the shares in SIA UniCredit Leasing. Citadele obtained full control from the beginning of January 2021. After completion of the acquisition transaction in 2021, the acquired entity was renamed to SIA Citadele Leasing. The acquisition includes Estonian and Lithuanian branches of the leasing entity and a subsidiary SIA CL Insurance Broker (former legal name SIA UniCredit Insurance Broker). After acquisition Citadele refinanced existing borrowings of the acquired entity in the amount of approximately EUR 740 million with total committed lending of up to EUR 880 million.

The acquired leasing subsidiary is one of the leaders in the Baltics, with more than 20 years of experience in the area of leasing and a demonstrated ability to deliver sustainable business growth. Following the acquisition Citadele's aggregate leasing portfolio exceeds EUR 1 billion, creating a stronger Baltic Leasing offering allowing for economies of scale, synergies and shareholder value.

As of 31 March 2021, the sales price is being finalised per procedure agreed. Due to this the initial accounting for the business combination is so far incomplete. The final settlement is expected soon. Any acquisition discount, conditional to sales price finalisation procedure, based on preliminary assessment would be primarily allocated to the loan portfolio of the acquired entity. Expected lending yield and recoverability assessment of the loan portfolio would form a basis for allocation as would some other less important aspects.

#### Consolidated assets and liabilities of the Group of acquired entities as of 31 December 2020 (audited)

	EUR thousands
<b>Assets</b>	
Cash and credit institution balances	23,709
Loans to public	806,789
Tangible and intangible assets	11,843
Other assets	11,065
<b>Total assets</b>	<b>853,406</b>
<b>Liabilities and equity</b>	
Loans from credit institutions	793,056
Other liabilities	16,547
Provisions	950
Equity	42,853
<b>Total liabilities and equity</b>	<b>853,406</b>

**Changes in investments in other subsidiaries in 2020**

In 2020 as a result of a sale of the Group's Latvian headquarters building, the valuation of subsidiary SIA Citadeles moduļi was reassessed. The accelerated timing and the amount of the realised sales gain versus previous valuation assumptions contributed to the release of the previously recognised impairment. In total EUR 13.1 million release of impairment of the investment in this subsidiary was recognised. Group company SIA Hortus RE was liquidated on 26 February 2020 with no direct income statement impact.

**Consolidation Group subsidiaries and associated entities for accounting purposes**

Company	Registration number	Registration address and country	Company type*	Basis for inclusion in the Group**	The Group's share (%)	% of total voting rights	Carrying value EUR thousands	
							31/03/2021	31/12/2020
AS Citadele banka	40103303559	Latvia, Riga, Republikas iaukums 2A	BNK	MT	-	-	-	-
SIA Citadele Leasing	40003423085	Latvia, Riga, Mūkusalas iela 41	LIZ	MS	100	100	23,400	-
SIA Citadeles moduļi	40003397543	Latvia, Riga, Republikas iaukums 2A	PLS	MS	100	100	15,932	15,932
AP Anlage & Privatbank AG	130.0.007.738-0	Switzerland, Limmatquai 4, CH-8001, Zurich	BNK	MS	100	100	13,805	13,805
SIA Citadele Lizings un Faktoringas	50003760921	Latvia, Riga, Republikas iaukums 2A	LIZ	MS	100	100	6,921	6,921
IPAS CBL Asset Management	40003577500	Latvia, Riga, Republikas iaukums 2A	IPS	MS	100	100	5,906	5,906
UAB Citadele faktoringas ir lizingas	126233315	Lithuania, Upės g. 21, Vilnius, LT-0812	LIZ	MS	100	100	2,149	2,149
SIA Hortus Residential	40103460622	Latvia, Riga, Republikas iaukums 2A	PLS	MS	100	100	670	670
AS CBL Atklātais Pensiju Fonds	40003397312	Latvia, Riga, Republikas iaukums 2A	PFO	MS	100	100	646	646
OU Citadele Leasing & Factoring	10925733	Estonia, Tallinn 10152, Narva mnt. 63/1	LIZ	MS	100	100	445	445
SIA Mobilly (Investments in associates accounted for using the equity method)	40003654405	Latvia, Dzirnava iela 91 k-3 - 20, Rīga, LV-1011	ENI	CT	12.5	12.5	274	274
SIA Hortus Land	40103460961	Latvia, Riga, Republikas iaukums 2A	PLS	MS	100	100	8	8
AAS CBL Life	40003786859	Latvia, Riga, Republikas iaukums 2A	APS	MMS	100	100	-	-
<b>Total net investments in subsidiaries and associated entities</b>							<b>70,156</b>	<b>46,756</b>

After the period-end on 1 April 2021 the legal name of the Swiss registered banking subsidiary AP Anlage & Privatbank AG was changed to Kaleido Privatbank AG. The legal address of the subsidiary was changed to Switzerland, Bellerivestrasse 17, 8008, Zürich. Similarly, after period-end SIA Citadele Lizings un Faktoringas was renamed to SIA Citadele Factoring, UAB Citadele faktoringas ir lizingas was renamed to UAB Citadele Factoring and OU Citadele Leasing & Factoring was renamed to OU Citadele Factoring.

**Consolidation Group subsidiaries in liquidation process in foreign jurisdictions**

Company	Registration number	Registration address and country	Company type*	Basis for inclusion in the Group**	The Group's share (%)	% of total voting rights	Carrying value EUR thousands	
							31/03/2021	31/12/2020
Calenia Investments Limited (in liquidation)	HE156501	Cyprus, Nicosia 1075, 58 Arch. MakariosIII Avenue, Iris Tower, 6th floor, office 602	PLS	MS	100	100	-	-
OOO Mizush Asset Management Ukraina (in liquidation)	32984601	Ukraine, Kiev 03150, Gorkovo 172	IBS	MMS	100	100	-	-

\*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.

Calenia Investments Limited and OOO Mizush Asset Management Ukraina are in liquidation as these Group subsidiaries had no ongoing business operations.

For Calenia Investments Limited a liquidator (Moore Stephens Stylianou & Co) has been appointed in 2019 and a voluntary liquidation commenced. As of the year-end the appointed liquidator awaits official tax clearance letter. Due to Covid-19 situation's induced slowdown in the document turnaround speeds, delays are experienced. Withing 3 months after the issuance of the tax clearance letter a formal final announcement from the statutory register on the liquidation of the Calenia Investments Limited is expected.

For OOO Mizush Asset Management Ukraina a liquidator (AA PricewaterhouseCoopers Legal) has been appointed. Final tax audit has been completed and a tax clearance letter is being awaited. After that final report will be prepared and submitted as per statutory requirement, in due time a formal liquidation decision from statutory register is expected.



## NOTE 14. DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

### Bank deposits and borrowings by type

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
ECB's targeted longer-term refinancing operations	438,283	438,833	438,283	438,833
Deposits from Citadele Group banks	-	-	15,130	20,968
Other credit institution deposits and collateral accounts	2,095	11,153	2,089	11,153
Other central bank deposits and accounts	6	5	6	5
<b>Total deposits from credit institutions and central banks</b>	<b>440,384</b>	<b>449,991</b>	<b>455,508</b>	<b>470,959</b>

On 24 June 2020, Citadele participated in the ECB's latest targeted longer-term refinancing operations (TLTRO-III) borrowing EUR 440 million. The maturity date of the facility is 28 June 2023 with an early repayment option starting on 29 September 2021. The Bank's total TLTRO-III borrowing allowance is EUR 452.96 million. Interest rate on TLTRO-III is -0.5% from 24 June 2020 to 23 June 2021. For banks meeting the ECB's specified lending criteria, interest rate can be as low as -1.0%.

## NOTE 15. DEPOSITS AND BORROWINGS FROM CUSTOMERS

### Deposits and borrowings by profile of the customer

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
Households	2,034,324	2,095,185	1,940,419	1,992,892
Non-financial corporations	1,387,474	1,280,670	1,307,650	1,187,775
Financial corporations	237,801	228,679	210,309	230,572
General government	53,941	49,576	53,941	49,576
Other	24,167	17,280	24,167	17,281
<b>Total deposits from customers</b>	<b>3,737,707</b>	<b>3,671,390</b>	<b>3,536,486</b>	<b>3,478,096</b>

### Deposits and borrowings from customers by contractual maturity

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
Demand deposits	2,998,308	3,015,900	2,885,825	2,873,767
Term deposits due within:				
less than 1 month	25,987	100,229	20,026	94,722
more than 1 month and less than 3 months	52,135	130,020	42,717	124,224
more than 3 months and less than 6 months	144,185	53,559	138,923	47,918
more than 6 months and less than 12 months	328,416	255,437	286,893	250,857
more than 1 year and less than 5 years	102,480	105,619	81,401	81,248
more than 5 years	86,196	10,626	80,701	5,360
Total term deposits	739,399	655,490	650,661	604,329
<b>Total deposits from customers</b>	<b>3,737,707</b>	<b>3,671,390</b>	<b>3,536,486</b>	<b>3,478,096</b>

### Deposits and borrowings from customers by categories

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
At amortised cost	3,700,446	3,635,380	3,536,486	3,478,096
At fair value through profit or loss	37,261	36,010	-	-
<b>Total deposits from customers</b>	<b>3,737,707</b>	<b>3,671,390</b>	<b>3,536,486</b>	<b>3,478,096</b>
<i>Including unit-linked insurance plan liabilities</i>	<i>22,818</i>	<i>21,629</i>	<i>-</i>	<i>-</i>

All the Group deposits from customers classified at fair value through profit or loss relate to the Group's life insurance business. It is the deposit component of the insurance plans. All unit-linked insurance 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 insurance underwriter is fully attributable to the counterparty entering the insurance agreement and not the underwriter.

## NOTE 16. DEBT SECURITIES ISSUED

### Publicly listed unsecured subordinated bond liabilities

ISIN code of the issued bond	Currency	Interest rate	Maturity date	Principal, EUR thousands	Amortised cost, EUR thousands	
					31/03/2021	31/12/2020
LV0000880011	EUR	5.50%	24/11/2027	20,000	20,346	20,070
LV0000802221	EUR	6.25%	06/12/2026	40,000	40,635	40,010
					<b>60,981</b>	<b>60,080</b>

Both issuances of unsecured subordinated securities qualify for inclusion in the Banks and the Groups Tier 2 capital. For details on capital adequacy refer to *Capital management* section of the Note 20 (*Risk Management*).

**Profile of the bondholders as of the last coupon payment date**

ISIN code of the issued bond	Last coupon payment date	Number of bondholders	Legal and professional investors			Private individuals		
			Number	EUR th.	%	Number	EUR th.	%
LV0000880011	24/11/2020	77	42	16,770	84%	35	3,230	16%
LV0000802221	06/12/2020	102	32	32,220	81%	70	7,780	19%

**NOTE 17. SHARE CAPITAL**

As of period end, the Bank's registered, authorised and paid-in share capital was EUR 156,555,796 (2020: EUR 156,555,796). The Bank has one class ordinary shares. All ordinary shares as of 31 March 2021 and 31 December 2020 were issued and fully paid and the Bank did not possess any of its own shares. No dividends were proposed and paid during the reporting period. Each ordinary share carries one vote, a share in profits and is eligible for dividends.

**Shareholders of the Bank**

	31/03/2021		31/12/2020	
	Paid-in share capital (EUR)	Total shares with voting rights	Paid-in share capital (EUR)	Total shares with voting rights
European Bank for Reconstruction and Development	39,138,948	39,138,948	39,138,948	39,138,948
RA Citadele Holdings LLC <sup>1</sup>	48,946,444	48,946,444	35,082,302	35,082,302
Delan S.à.r.l. <sup>2</sup>	15,597,160	15,597,160	15,597,160	15,597,160
EMS LB LLC <sup>3</sup>	13,864,142	13,864,142	13,864,142	13,864,142
NNS Luxembourg Investments S.à.r.l. <sup>4</sup>	-	-	13,864,142	13,864,142
Amolino Holdings Inc. <sup>5</sup>	13,863,987	13,863,987	13,863,987	13,863,987
Shuco LLC <sup>6</sup>	10,998,979	10,998,979	10,998,979	10,998,979
Other shareholders	14,146,136	14,146,136	14,146,136	14,146,136
<b>Total</b>	<b>156,555,796</b>	<b>156,555,796</b>	<b>156,555,796</b>	<b>156,555,796</b>

<sup>1</sup> RA Citadele Holdings LLC (United States) is a wholly owned subsidiary of Ripplewood Advisors LLC and is beneficially owned by Mr Timothy Collins

<sup>2</sup> Delan S.à.r.l. is beneficially owned by the Baupost Group LLC

<sup>3</sup> EMS LB LLC is beneficially owned by Mr Edmond M. Safra

<sup>4</sup> NNS Luxembourg Investments S.à.r.l. is beneficially owned by Mr Nassef O. Sawiris

<sup>5</sup> Amolino Holdings Inc. is beneficially owned by Mr James L. Balsilie

<sup>6</sup> Shuco LLC is beneficially owned by Mr Stanley S. Shuman

In the reporting period, the number of shares owned by RA Citadele Holdings LLC increased to 48,946,444 (35,082,302 shares as of 31 December 2020). The number of shares owned by NNS Luxembourg Investments S.a.r.l. decreased to 0 (13,864,142 shares as of 31 December 2020).

All shares other than these owned by European Bank for Reconstruction and Development and RA Citadele Holdings LLC are owned by an international consortium of investors.

**Earnings per share**

Basic earnings per share are calculated by dividing the net profit that is attributable to the ordinary shareholders by the weighted average number of the ordinary shares outstanding during the period. Diluted earnings per share are determined by adjusting the net profit that is attributable to the ordinary shareholders and the weighted-average number of the ordinary shares outstanding for the effects of all dilutive potential ordinary 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 remaining 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 and are not included in the calculation of diluted earnings per share.

	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Profit for the period, EUR thousands	10,473	(7,529)	3,189	(8,213)
Weighted average number of the ordinary shares outstanding during the period in thousands	156,556	156,556	156,556	156,556
<b>Basic earnings per share in EUR</b>	<b>0.07</b>	<b>(0.05)</b>	<b>0.02</b>	<b>(0.05)</b>
Weighted average number of the ordinary shares (basic) outstanding during the period in thousands	156,556	156,556	156,556	156,556
Effect of share options in issue in thousands	947	750	947	750
<b>Weighted average number of the ordinary shares (diluted) outstanding during the period in thousands</b>	<b>157,503</b>	<b>157,306</b>	<b>157,503</b>	<b>157,306</b>
Profit for the period, EUR thousands	10,473	(7,529)	3,189	(8,213)
Weighted average number of the ordinary shares (diluted) outstanding during the period in thousands	157,503	157,306	157,503	157,306
<b>Diluted earnings per share in EUR</b>	<b>0.07</b>	<b>(0.05)</b>	<b>0.02</b>	<b>(0.05)</b>

## NOTE 18. OFF-BALANCE SHEET ITEMS

Off-balance sheet items comprise contingent liabilities, financial commitments, notional amounts payable or receivable from transactions with foreign exchange contracts and other derivative financial instruments.

### Contingent liabilities and financial commitments outstanding

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
Contingent liabilities:				
Outstanding guarantees	18,826	18,138	18,193	17,481
Outstanding letters of credit with public	26,294	4,331	26,294	4,331
Contingent liabilities with credit institutions	2,538	1,434	2,538	1,434
<b>Total contingent liabilities</b>	<b>47,658</b>	<b>23,903</b>	<b>47,025</b>	<b>23,246</b>
Provisions for credit risk	(150)	(142)	(150)	(142)
<b>Maximum credit risk exposure for guarantees and letters of credit</b>	<b>47,508</b>	<b>23,761</b>	<b>46,875</b>	<b>23,104</b>
Financial commitments:				
Card commitments	124,634	124,135	124,639	124,140
Unutilised credit lines and overdraft facilities	46,654	50,723	248,886	88,818
Loans granted, not fully drawn down	73,979	63,131	73,979	63,131
Factoring commitments	21,741	22,665	-	-
Other commitments	387	396	-	-
<b>Total financial commitments</b>	<b>267,395</b>	<b>261,050</b>	<b>447,504</b>	<b>276,089</b>
Provisions for financial commitments	(1,971)	(1,969)	(2,105)	(1,891)
<b>Maximum credit risk exposure for financial commitments</b>	<b>265,424</b>	<b>259,081</b>	<b>445,399</b>	<b>274,198</b>

Lending commitments are a time limited and binding 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. Some lending commitments and undrawn credit facilities may be cancelled unconditionally by the Group at any time without notice, or in accordance with lending terms and conditions may effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.

## NOTE 19. ASSETS UNDER MANAGEMENT

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

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
Fixed income securities:				
Corporate bonds	210,138	206,766	-	-
Government bonds	70,420	68,552	-	-
Credit institution bonds	27,083	30,566	-	-
Other financial institution bonds	21,488	21,787	-	-
<b>Total investments in fixed income securities</b>	<b>329,129</b>	<b>327,671</b>	<b>-</b>	<b>-</b>
Other investments:				
Investment funds	559,449	485,557	-	-
Deposits with credit institutions	13,036	61,923	-	-
Compensations for distribution on behalf of deposit guarantee fund	16,349	17,284	16,349	17,284
Shares	92,537	71,771	-	-
Real estate	4,179	4,247	-	-
Loans	676	681	676	681
Other	46,475	91,774	-	-
<b>Total other investments</b>	<b>732,701</b>	<b>733,237</b>	<b>17,025</b>	<b>17,965</b>
<b>Total assets under management</b>	<b>1,061,830</b>	<b>1,060,908</b>	<b>17,025</b>	<b>17,965</b>

### Customer profile on whose behalf the funds are managed

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/03/2020 Bank
Pension plans	756,642	745,174	-	-
Insurance companies, investment and pension funds	172,452	161,338	-	-
Other companies and government	34,872	54,057	17,025	17,965
Private individuals	97,864	100,339	-	-
<b>Total liabilities under management</b>	<b>1,061,830</b>	<b>1,060,908</b>	<b>17,025</b>	<b>17,965</b>

In 2020 the Group acquired rights to manage 2nd tier Latvian pension investment plans of former AS PNB banka. As a result of this acquisition assets under management of the Group increased by more than EUR 100 million. To achieve economies of scale, the above PNB pension investment plans in October 2021 are planned to be merged with existing CBL pension investment plans. Management right asset in the amount of consideration paid was recognised by the Group and will be amortised to expenses proportionally to the acquired asset expected management income streams.

## NOTE 20. RISK MANAGEMENT

### Risk management policies

The Group considers risk management to be an essential component of its management process. The Group believes that it pursues prudent risk management policies that are aligned with its business and which aim to achieve effective risk mitigation. In order to assess and monitor complex risk exposures, the Group applies a wide range of risk management tools in conjunction with risk committees. Members of risk committees represent key operations of the Group in order to balance business and risk orientation within respective risk committees. The Group's risk management principles are set out in its Risk Management Policy. The Group adheres to the following key risk management principles:

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

The aim of the risk management in the Group is to facilitate the achievement of the Group's goals, successful development, long-term financial stability and to protect the Group from unidentified risks. Risk management within the Group is controlled by an independent unit – the Risk Sector.

The main risks to which the Group is exposed are: credit risk, market risk, interest rate risk, liquidity risk, currency risk and operational risk. For each of these risks the Group has approved risk management policies and other internal regulations defining key risk management principles and processes, functions and responsibilities of units, risk concentration limits, as well as control and reporting system. For more details on the Group's risk management policies refer to the latest annual report of the Group.

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

	Group as of 31/03/2021, EUR thousands					Total
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	
<b>Assets</b>						
Cash and cash balances at central banks	238,491	48,658	3,297	-	15,614	306,060
Loans to credit institutions	3,540	181	457	12,916	62,090	79,184
Debt securities	397,914	580,859	83,417	465,333	175,153	1,702,676
Loans to public	1,168,601	953,599	332,310	9,456	9,697	2,473,663
Equity instruments	124	-	-	143	1,014	1,281
Other financial instruments	27,043	-	-	16,237	307	43,587
Derivatives	3,968	56	-	1,043	27	5,094
Other assets	59,360	10,385	6,236	41	2,898	78,920
<b>Total assets</b>	<b>1,899,041</b>	<b>1,593,738</b>	<b>425,717</b>	<b>505,169</b>	<b>266,800</b>	<b>4,690,465</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	438,487	-	-	1,580	317	440,384
Deposits and borrowings from customers	2,678,961	656,193	54,516	146,949	201,088	3,737,707
Debt securities issued	60,981	-	-	-	-	60,981
Derivatives	1,187	156	-	49	-	1,392
Other liabilities	71,259	11,610	10,378	20	3,588	96,855
<b>Total liabilities</b>	<b>3,250,875</b>	<b>667,959</b>	<b>64,894</b>	<b>148,598</b>	<b>204,993</b>	<b>4,337,319</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	11,367	32,513	628	198	2,952	47,658
Financial commitments	174,158	86,548	6,128	30	531	267,395

For additional information on geographical distribution of securities exposures please refer to Note 10 (*Debt Securities*). EUR 15.6 million of Group's cash and deposit with central banks balances presented as "Other countries" is with Swiss National Bank (2020: EUR 15.6 million). From Group's loans to credit institutions presented as "Other countries" EUR 9.3 million are with Swiss credit institutions (2020: EUR 6.7 million) and EUR 22.2 million with United States registered credit institutions (2020: EUR 21.4 million). Investments in mutual funds are not analysed by their ultimate issuer and are classified as other financial instruments.

Group as of 31/12/2020, EUR thousands

	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	1,049,958	48,214	32,837	-	15,597	1,146,606
Loans to credit institutions	2,702	-	-	16,681	31,904	51,287
Debt securities	420,977	601,713	68,507	485,620	183,373	1,760,190
Loans to public	875,681	493,598	149,436	8,876	13,632	1,541,223
Equity instruments	124	-	-	143	4,497	4,764
Other financial instruments	27,151	-	-	15,880	312	43,343
Derivatives	1,139	7	-	327	1	1,474
Other assets	37,200	7,716	2,854	36	625	48,431
<b>Total assets</b>	<b>2,414,932</b>	<b>1,151,248</b>	<b>253,634</b>	<b>527,563</b>	<b>249,941</b>	<b>4,597,318</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	448,926	-	-	86	979	449,991
Deposits and borrowings from customers	2,596,230	558,796	58,769	238,025	219,570	3,671,390
Debt securities issued	60,080	-	-	-	-	60,080
Derivatives	3,002	8	-	1,441	10	4,461
Other liabilities	56,395	6,072	2,074	15	2,530	67,086
<b>Total liabilities</b>	<b>3,164,633</b>	<b>564,876</b>	<b>60,843</b>	<b>239,567</b>	<b>223,089</b>	<b>4,253,008</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	15,684	5,230	919	205	1,865	23,903
Financial commitments	177,199	78,293	4,809	136	613	261,050

Bank as of 31/03/2021, EUR thousands

	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	238,491	48,658	3,297	-	-	290,446
Loans to credit institutions	-	-	-	11,242	52,814	64,056
Debt securities	389,043	571,244	81,751	373,645	120,073	1,535,756
Loans to public	1,640,660	561,575	155,174	8,951	5,561	2,371,921
Equity instruments	124	-	-	143	1,014	1,281
Other financial instruments	12,847	-	-	-	-	12,847
Derivatives	3,968	56	-	1,043	27	5,094
Other assets	94,897	9,800	3,328	1	13,919	121,945
<b>Total assets</b>	<b>2,380,030</b>	<b>1,191,333</b>	<b>243,550</b>	<b>395,025</b>	<b>193,408</b>	<b>4,403,346</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	438,486	-	-	1,580	15,442	455,508
Deposits and borrowings from customers	2,669,358	656,104	54,504	61,397	95,123	3,536,486
Debt securities issued	60,981	-	-	-	-	60,981
Derivatives	1,187	156	-	49	-	1,392
Other liabilities	21,305	6,015	1,480	20	20	28,840
<b>Total liabilities</b>	<b>3,191,317</b>	<b>662,275</b>	<b>55,984</b>	<b>63,046</b>	<b>110,585</b>	<b>4,083,207</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	11,346	32,513	628	-	2,538	47,025
Financial commitments	340,139	97,871	9,319	30	145	447,504

For additional information on geographical distribution of securities exposures please refer to Note 10 (*Debt Securities*). From Bank's loans to credit institutions presented as "Other countries" EUR 22.2 million with United States registered credit institutions (2020: EUR 21.4 million).

**Bank as of 31/12/2020, EUR thousands**

	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	1,049,957	48,214	32,837	-	-	1,131,008
Loans to credit institutions	-	-	-	15,070	25,219	40,289
Debt securities	410,603	591,670	66,850	375,827	118,725	1,563,675
Loans to public	870,136	488,202	144,289	8,775	6,911	1,518,313
Equity instruments	124	-	-	143	4,497	4,764
Other financial instruments	13,834	-	-	-	-	13,834
Derivatives	1,139	7	-	327	1	1,474
Other assets	60,535	9,582	3,125	7	13,840	87,089
<b>Total assets</b>	<b>2,406,328</b>	<b>1,137,675</b>	<b>247,101</b>	<b>400,149</b>	<b>169,193</b>	<b>4,360,446</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	448,926	-	-	86	21,947	470,959
Deposits and borrowings from customers	2,586,803	558,818	58,209	173,238	101,028	3,478,096
Debt securities issued	60,080	-	-	-	-	60,080
Derivatives	3,002	8	-	1,441	10	4,461
Other liabilities	22,171	5,551	1,504	15	10	29,251
<b>Total liabilities</b>	<b>3,120,982</b>	<b>564,377</b>	<b>59,713</b>	<b>174,780</b>	<b>122,995</b>	<b>4,042,847</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	15,662	5,230	919	-	1,435	23,246
Financial commitments	182,061	85,821	7,854	136	217	276,089

**Liquidity coverage ratio**

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

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
1. Liquidity buffer	1,215,071	2,061,640	1,112,576	1,985,199
2. Net liquidity outflow	567,421	578,923	595,543	573,097
3. <b>Liquidity coverage ratio</b>	<b>214%</b>	<b>356%</b>	<b>187%</b>	<b>346%</b>

**Capital management**

Capital adequacy is calculated in accordance with the current global standards of the bank capital adequacy (the Basel III international regulatory framework) as implemented by the European Union via a regulation (EU) 575/2013 and a directive 2013/36/EU, the Financial and Capital Markets Commission's (FCMC) rules and other relevant regulations.

Capital adequacy is a measure of sufficiency of the Group's eligible capital resources to cover credit risks, market risks, operational risk and other specific risks arising predominantly from asset and off-balance sheet exposures of the Group. The regulations require credit institutions to maintain a Total Capital adequacy ratio of 8.0% of the total risk weighted exposure amounts. The rules also require 4.5% minimum Common Equity Tier 1 capital ratio and 6.0% minimum Tier 1 capital ratio.

Total SREP capital requirement (TSCR) requires capital to cover risks in addition to those covered by the regulation (EU) 575/2013. TSCR is established in a supervisory review and evaluation process (SREP) carried out by the national supervisory authority. The national supervisory authority determines TSCR on a risk-by-risk basis, using supervisory judgement, the outcome of supervisory benchmarking, ICAAP calculations and other relevant inputs. The additional pillar 2 capital requirement is re-assessed annually by the FCMC. As of the period end based on the FCMC's assessment an additional 2.30% capital requirement (TSCR) for the Group and the Bank is determined to cover pillar 2 risks. As of the period end the Bank and the Group is required to cover 56% of the TSCR with Common Equity Tier 1 capital (1.29% capital requirement), 75% with Tier 1 capital (1.73% capital requirement) and 100% with Total Capital (2.30% capital requirement).

On top of the minimum capital adequacy ratios and the pillar 2 capital requirements (TSCR), the Group and the Bank must comply with the capital buffer requirements. The buffer requirements must be reached by Common Equity Tier 1 capital. Capital conservation buffer both for the Group and the Bank is set at 2.50%, limiting dividend pay-out and certain other Tier 1 equity instrument buybacks, if the buffer threshold is not exceeded.

Citadele, being identified as "other systemically important institution" (O-SII), must also comply with the O-SII capital buffer requirement set by the FCMC at 1.50%.

Countercyclical capital buffer norms at each balance sheet date are calculated based on the actual risk exposure geographical distribution and the countercyclical buffer rates applicable for each geographical location. In the reporting period in reaction to the Covid-19 events most European countercyclical capital buffer requirements were decreased to 0%. Therefore, based on the regional distribution of the Group's exposures the effective countercyclical capital buffer requirement of the Group has decreased to almost 0%.

The Group and the Bank applies requirements of minimum loss coverage for non-performing exposures in line with FCMC regulations for the exposures originated until 25 April 2019, and in line with a regulation (EU) 2019/630 for the exposures originated starting from 26 April 2019. The minimum loss coverage calculation is mathematically simplistic "calendar based" calculation for non-performing exposures which is constructed on principle - the longer an exposure has been non-performing, the lower the probability for the recovery of its value. Therefore, the portion of the exposure that should be covered by provisions, impairments, other adjustments or

deductions should increase with time, following a pre-defined calendar. Insufficient coverage for non-performing exposures is deductible from the regulatory capital. Due to the Group's provisioning policy and portfolio structure, the regulation of minimum loss coverage for non-performing exposures has had minor impact on the Group's capital adequacy position.

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 FCMC's 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.

**Regulatory capital requirements of the Group on 31 March 2021**

	<b>Common equity Tier 1 capital ratio</b>	<b>Tier 1 capital ratio</b>	<b>Total capital adequacy ratio</b>
Common equity Tier 1 ratio	4.50%	4.50%	4.50%
Additional Tier 1 ratio	-	1.50%	1.50%
Additional total capital ratio	-	-	2.00%
Individual TSCR, as determined by the FCMC (pillar 2 capital requirement)	1.29%	1.73%	2.30%
Capital buffer requirements:			
Capital conservation buffer	2.50%	2.50%	2.50%
O-SII capital buffer	1.50%	1.50%	1.50%
Countercyclical capital buffer	0.00%	0.00%	0.00%
<b>Capital requirement</b>	<b>9.79%</b>	<b>11.73%</b>	<b>14.30%</b>

As of the period end capital and capital buffer requirements for the Bank and the Group are the same.

**Capital adequacy ratio (including net result for the period)**

	<b>EUR thousands</b>			
	<b>31/03/2021 Group</b>	<b>31/12/2020 Group</b>	<b>31/03/2021 Bank</b>	<b>31/12/2020 Bank</b>
Common equity Tier 1 capital				
Paid up capital instruments	156,556	156,556	156,556	156,556
Retained earnings	186,948	176,651	159,762	156,574
Regulatory deductions	(6,624)	(5,599)	(5,624)	(5,187)
Other capital components and transitional adjustments, net	10,699	13,405	6,876	8,746
Tier 2 capital				
Eligible part of subordinated liabilities	60,000	60,000	60,000	60,000
<b>Total own funds</b>	<b>407,579</b>	<b>401,013</b>	<b>377,570</b>	<b>376,689</b>
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,057,423	1,340,639	2,042,993	1,303,818
Total exposure amounts for position, foreign currency open position and commodities risk	15,365	13,690	8,521	4,747
Total exposure amounts for operational risk	187,358	187,358	146,960	146,960
Total exposure amounts for credit valuation adjustment	1,816	933	1,816	933
<b>Total risk exposure amount</b>	<b>2,261,962</b>	<b>1,542,620</b>	<b>2,200,290</b>	<b>1,456,458</b>
<b>Total capital adequacy ratio</b>	<b>18.0%</b>	<b>26.0%</b>	<b>17.2%</b>	<b>25.9%</b>
<b>Common equity Tier 1 capital ratio</b>	<b>15.4%</b>	<b>22.1%</b>	<b>14.4%</b>	<b>21.7%</b>

The consolidation Group for regulatory purposes is different from the consolidation Group for accounting purposes. As per regulatory requirements AAS CBL Life, a licensed insurer, is not included in the consolidation 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.

**Transitional adjustments applied as of 31 March 2021**

Capital adequacy calculation in accordance with the EU and the FCMC regulations permits transitional adjustments. The regulatory compliance is measured based on the transitional capital adequacy ratio. For transparency purposes fully loaded capital adequacy ratio (i.e. excluding transitional adjustments) is also disclosed. The expectation is that in the medium term the transitional capital adequacy ratio will converge with the fully loaded capital adequacy ratio, as the transitional provisions expire.

Most of the transitional provisions, if applied, allow for a favourable treatment of specific capital components or risk exposure items, resulting in a marginal improvement in the capital adequacy ratios. Application of the transitional provisions mostly is discretionary. Application decision is evaluated in the context of estimated positive impact on the capital adequacy ratio versus the resources required to develop the systems and the processes to implement each transitional provision.

The transitional provisions that the Group and the Bank has applied for the period end capital adequacy calculations:

**The regulation (EU) 2017/2395** which permits specific proportion of the IFRS 9 implementation impact to be amortised over a five-year period (starting from 2018) for capital adequacy calculation purposes.

All other transitional provisions for which the Group and the Bank is eligible are not applied as of the period end and are still in the assessment phase, implementation phase or have been decided not to be implemented.

Fully loaded capital adequacy ratio (i.e. excluding transitional adjustments, including net result for the period)

	EUR thousands			
	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
Common equity Tier 1 capital, fully loaded	344,653	336,917	314,515	312,412
Tier 2 capital	60,000	60,000	60,000	60,000
<b>Total own funds, fully loaded</b>	<b>404,653</b>	<b>396,917</b>	<b>374,515</b>	<b>372,412</b>
<b>Total risk exposure amount, fully loaded</b>	<b>2,259,426</b>	<b>1,539,013</b>	<b>2,197,451</b>	<b>1,452,523</b>
<b>Total capital adequacy ratio, fully loaded</b>	<b>17.9%</b>	<b>25.8%</b>	<b>17.0%</b>	<b>25.6%</b>
<b>Common equity Tier 1 capital ratio, fully loaded</b>	<b>15.3%</b>	<b>21.9%</b>	<b>14.3%</b>	<b>21.5%</b>

**Leverage ratio – fully loaded and transitional (including net result for the period)**

Leverage ratio is calculated as Tier 1 capital versus the total exposure measure with the minimum requirement of 3%. The exposure measure includes both non-risk based on-balance sheet and off-balance sheet items calculated in accordance with the capital requirements regulation. The leverage ratio and the risk-based capital adequacy ratio requirements are complementary, with the leverage ratio defining the minimum capital to total exposure requirement and the risk-based capital adequacy ratios limiting bank risk-taking.

	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
Leverage Ratio – fully phased-in definition of Tier 1 capital	7.3%	7.3%	6.9%	7.1%
Leverage Ratio – transitional definition of Tier 1 capital	7.3%	7.4%	7.0%	7.1%

**Fully loaded and transitional capital adequacy ratio excluding net result for the period**

The transitional capital adequacy ratio, if the net result for the period is not included, for the Group is 17.6% and for the Bank is 17.0%; the transitional Tier 1 capital ratio for the Group is 14.9% and for the Bank is 14.3%. The fully loaded capital adequacy ratio, if the net result for the period is not included, for the Group is 17.5% and for the Bank is 16.9%; the fully loaded Tier 1 capital ratio for the Group is 14.8% and for the Bank is 14.2%.

**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, it requires that all institutions must meet an individual MREL requirement. The MREL requirement for each institution is comprised of several elements, including 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.

As a part of the new Banking Package in 2020 the SRB published an updated MREL policy, effective from 2021. It requires MREL to be calculated based on both total risk exposure amount (TREA) and leverage ratio exposure (LRE) amount. Statutory subordination requirements will be set depending on the Group's classification and will be communicated individually in a MREL decision.

SRB has determined the consolidated intermediate MREL target for Citadele Group at the level of 18.03% of TREA or 5.26% of LRE, whichever is higher, to be met by 1 January 2022 and the final calibrated MREL target to be met by 1 January 2024 at the level of 19.96% of TREA or 5.26% of LRE whichever is higher. After the transition period the Group shall comply with MREL at all times on the basis of evolving amounts of TREA/LRE.

The MREL targets were determined by the SRB using the financial and supervisory information as of 31 December 2019 and may be updated by the SRB in the future based on a more recent financial information of the Group.

## **NOTE 21. EVENTS AFTER THE REPORTING DATE**

### ***Citadele acquires mortgage portfolio from ABLV Bank in liquidation***

Citadele will acquire the majority of ABLV Bank (in liquidation) mortgage portfolio. The portfolio consists of several thousand mortgage loans with a total exposure above EUR 170 million. The transaction is planned to be completed in the second half 2021.



## OTHER REGULATORY DISCLOSURES

Besides financial, corporate governance and other disclosures included in this interim report of AS Citadele banka the Financial and Capital Market Commission's regulation No. 231 "Regulation on Preparation of Public Quarterly Reports of Credit institutions" requires several additional disclosures which are presented in this note.

### *Income Statement, regulatory format*

<i>EUR thousands</i>	<b>3m 2021 Group</b>	<b>3m 2020 Group</b>	<b>3m 2021 Bank</b>	<b>3m 2020 Bank</b>
1. Interest income	30,009	23,670	21,038	21,435
2. Interest expense	(3,954)	(5,506)	(3,788)	(5,508)
3. Dividend income	18	12	18	12
4. Commission and fee income	13,452	12,897	10,772	10,519
5. Commission and fee expense	(5,302)	(5,532)	(5,053)	(5,321)
6. Gain or loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(258)	813	9	465
7. Gain or loss on financial assets and liabilities measured at fair value through profit or loss, net	238	(524)	305	-
8. Fair value change in the hedge accounting	-	-	-	-
9. Gain or loss from foreign exchange trading and revaluation of open positions	2,427	1,812	1,921	1,654
10. Gain or loss on derecognition of non-financial assets, net	-	-	-	-
11. Other income	1,191	569	767	762
12. Other expense	(1,113)	(764)	(780)	(635)
13. Administrative expense	(20,077)	(17,449)	(15,266)	(15,141)
14. Amortisation and depreciation charge	(2,523)	(1,979)	(1,889)	(1,862)
15. Gain or loss on modifications in financial asset contractual cash flows	(22)	-	(22)	-
16. Provisions, net	(9)	(1,164)	(222)	(1,067)
17. Impairment charge and reversals, net	(3,117)	(14,259)	(4,558)	(13,466)
18. Negative goodwill recognised in profit or loss	-	-	-	-
19. Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	-	-	-	-
20. Profit or loss from non-current assets and disposal groups classified as held for sale	(56)	(49)	(56)	(49)
<b>21. Profit before taxation</b>	<b>10,904</b>	<b>(7,453)</b>	<b>3,196</b>	<b>(8,202)</b>
22. Corporate income tax	(431)	(76)	(7)	(11)
<b>23. Net profit / loss for the period</b>	<b>10,473</b>	<b>(7,529)</b>	<b>3,189</b>	<b>(8,213)</b>
<b>24. Other comprehensive income for the period</b>	<b>(1,853)</b>	<b>(4,175)</b>	<b>(865)</b>	<b>(2,693)</b>

### *Balance Sheet, regulatory format*

<i>EUR thousands</i>	<b>31/03/2021 Group</b>	<b>31/12/2020 Group</b>	<b>31/03/2021 Bank</b>	<b>31/12/2020 Bank</b>
1. Cash and demand balances with central banks	306,060	1,146,606	290,446	1,131,008
2. Demand deposits due from credit institutions	57,950	31,018	42,841	20,020
3. Financial assets designated at fair value through profit or loss	49,695	49,314	18,956	19,805
3.1. Including loans to public and credit institutions	-	-	-	-
4. Financial assets at fair value through other comprehensive income	364,919	377,240	241,050	224,976
5. Financial assets at amortised cost	3,832,921	2,944,709	3,688,108	2,877,548
5.1. Including loans to public and credit institutions	2,494,897	1,561,492	2,393,136	1,538,582
6. Derivatives – hedge accounting	-	-	-	-
7. Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
8. Investments in subsidiaries, joint ventures and associates	274	274	70,156	46,756
9. Tangible assets	24,686	12,930	14,411	14,143
10. Intangible assets	7,474	5,981	6,011	5,832
11. Tax assets	4,216	3,272	3,054	3,057
12. Other assets	41,324	25,028	27,367	16,355
13. Non-current assets and disposal groups classified as held for sale	946	946	946	946
<b>14. Total assets (1.+.....+13.)</b>	<b>4,690,465</b>	<b>4,597,318</b>	<b>4,403,346</b>	<b>4,360,446</b>
15. Due to central banks	438,288	438,838	438,288	438,838
16. Demand liabilities to credit institutions	1,896	1,069	3,132	2,824
17. Financial liabilities designated at fair value through profit or loss	38,653	40,471	1,392	4,461
17.1. Including deposits from customers	37,261	36,010	-	-
18. Financial liabilities measured at amortised cost	3,761,627	3,705,544	3,611,555	3,567,473
18.1. Including deposits from customers	3,700,646	3,645,464	3,550,574	3,507,393
19. Derivatives – hedge accounting	-	-	-	-
20. Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
21. Provisions	2,221	2,211	2,356	2,133
22. Tax liabilities	681	677	115	115
23. Other liabilities	93,953	64,198	26,369	27,003
24. Liabilities included in disposal groups classified as held for sale	-	-	-	-
<b>25. Total liabilities (15.+.....+24.)</b>	<b>4,337,319</b>	<b>4,253,008</b>	<b>4,083,207</b>	<b>4,042,847</b>
26. Shareholders' equity	353,146	344,310	320,139	317,599
<b>27. Total liabilities and shareholders' equity (25.+26.)</b>	<b>4,690,465</b>	<b>4,597,318</b>	<b>4,403,346</b>	<b>4,360,446</b>

28. Memorandum items	315,053	284,953	494,529	299,335
29. Contingent liabilities	47,658	23,903	47,025	23,246
30. Financial commitments	267,395	261,050	447,504	276,089

**ROE and ROA ratios**

	3m 2021 Group	3m 2020 Group	3m 2021 Bank	3m 2020 Bank
Return on equity (ROE) (%)	12.01%	(8.99%)	4.00%	(10.37%)
Return on assets (ROA) (%)	0.90%	(0.78%)	0.29%	(0.93%)

Average value is calculated as the arithmetic mean of the balance sheet assets or residual capital and reserves at the beginning of the reporting period and at the end of the reporting period.

**Capital adequacy ratio**

EUR thousands	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
<b>1 Own funds (1.1.+1.2.)</b>	<b>397,283</b>	<b>401,013</b>	<b>374,381</b>	<b>376,689</b>
1.1 Tier 1 capital (1.1.1.+1.1.2.)	337,283	341,013	314,381	316,689
1.1.1 Common equity Tier 1 capital	337,283	341,013	314,381	316,689
1.1.2 Additional Tier 1 capital	-	-	-	-
1.2 Tier 2 capital	60,000	60,000	60,000	60,000
<b>2 Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>2,261,962</b>	<b>1,542,620</b>	<b>2,200,290</b>	<b>1,456,458</b>
2.1 Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	2,057,423	1,340,639	2,042,993	1,303,818
2.2 Total risk exposure amount for settlement/delivery	-	-	-	-
2.3 Total risk exposure amount for position, foreign exchange and commodities risks	15,365	13,690	8,521	4,747
2.4 Total risk exposure amount for operational risk	187,358	187,358	146,960	146,960
2.5 Total risk exposure amount for credit valuation adjustment	1,816	933	1,816	933
2.6 Total risk exposure amount related to large exposures in the trading book	-	-	-	-
2.7 Other risk exposure amounts	-	-	-	-
<b>3 Capital adequacy ratios</b>				
3.1 Common equity Tier 1 capital ratio (1.1.1./2.*100)	14.9%	22.1%	14.3%	21.7%
3.2 Surplus (+)/ deficit (-) of Common equity Tier 1 capital (1.1.1.-2.*4.5%)	235,494	271,595	215,368	251,148
3.3 Tier 1 capital ratio (1.1./2.*100)	14.9%	22.1%	14.3%	21.7%
3.4 Surplus (+)/ Deficit (-) of Tier 1 capital (1.1.-2.*6%)	201,565	248,456	182,364	229,302
3.5 Total capital ratio (1/2.*100)	17.6%	26.0%	17.0%	25.9%
3.6 Surplus (+)/ Deficit (-) of total capital (1.-2.*8%)	216,326	277,604	198,358	260,172
<b>4 Combined buffer requirements (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>90,478</b>	<b>61,705</b>	<b>88,012</b>	<b>58,258</b>
4.1 Capital conservation buffer	56,549	38,566	55,007	36,411
4.2 Conservation buffer for macroprudential or systemic risk at member state's level	-	-	-	-
4.3 Institution specific countercyclical buffer	-	-	-	-
4.4 Systemic risk buffer	-	-	-	-
4.5 Other systemically important institution buffer	33,929	23,139	33,004	21,847
<b>5 Capital adequacy ratios, including adjustments</b>				
5.1 Impairment or asset value adjustments for capital adequacy ratio purposes	-	-	-	-
5.2 Common equity tier 1 capital ratio including line 5.1 adjustments	14.9%	22.1%	14.3%	21.7%
5.3 Tier 1 capital ratio including line 5.1 adjustments	14.9%	22.1%	14.3%	21.7%
5.4 Total capital ratio including line 5.1 adjustments	17.6%	26.0%	17.0%	25.9%

Capital adequacy ratios here are calculated in accordance with the Basel III regulation as implemented via EU regulation 575/2013, directive 2013/36/EU and relevant FCMC regulations. In the disclosure above, in the Group's and the Bank's regulatory capital audited profits and any losses accumulated up to the reporting date are included, but non-audited profits of the reporting period are excluded.

EUR thousands	31/03/2021 Group	31/12/2020 Group	31/03/2021 Bank	31/12/2020 Bank
<b>1.A Own funds, IFRS 9 transitional provisions not applied</b>	<b>394,357</b>	<b>396,917</b>	<b>371,326</b>	<b>372,412</b>
1.1.A Tier 1 capital, IFRS 9 transitional provisions not applied	334,357	336,917	311,326	312,412
1.1.1. Common equity Tier 1 capital, IFRS 9 transitional provisions not applied	334,357	336,917	311,326	312,412
<b>2.A Total risk exposure amount, IFRS 9 transitional provisions not applied</b>	<b>2,259,426</b>	<b>1,539,013</b>	<b>2,197,451</b>	<b>1,452,523</b>
3.1.A Common equity Tier 1 capital ratio, IFRS 9 transitional provisions not applied	14.8%	21.9%	14.2%	21.5%
3.3.A Tier 1 capital ratio, IFRS 9 transitional provisions not applied	14.8%	21.9%	14.2%	21.5%
3.5.A Total capital ratio, IFRS 9 transitional provisions not applied	17.5%	25.8%	16.9%	25.6%

**Business Strategy and Objectives**

Information about Citadele’s strategy and objectives is available in “[Values and strategy](#)” section of the Bank’s web page.

**Branches**

AS Citadele banka has 20 branches and client service centres in Latvia, 1 branch in Estonia and 1 branch in Lithuania as of the period end. AS Citadele banka has 3 client consultation centres in Latvia. The Lithuanian branch has 6 customer service units in Lithuania. Information about branches, client service centres and ATMs of Citadele is available in the Citadele web page’s section “[Branches and ATMs](#)”.

**Bank’s Organizational Structure**



## QUARTERLY STATEMENTS OF INCOME AND BALANCE SHEETS OF THE GROUP

	Group, EUR thousands				
	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Interest income	30,009	21,892	22,090	22,472	23,670
Interest expense	(3,954)	(5,152)	(5,174)	(6,752)	(5,506)
<b>Net interest income</b>	<b>26,055</b>	<b>16,740</b>	<b>16,916</b>	<b>15,720</b>	<b>18,164</b>
Fee and commission income	13,452	13,529	13,624	11,711	12,897
Fee and commission expense	(5,302)	(5,851)	(5,158)	(5,039)	(5,532)
<b>Net fee and commission income</b>	<b>8,150</b>	<b>7,678</b>	<b>8,466</b>	<b>6,672</b>	<b>7,365</b>
Net financial income	2,385	5,301	(1,776)	(23,089)	2,101
Net other income / (expense)	96	15,336	396	(1,140)	(183)
<b>Operating income</b>	<b>36,686</b>	<b>45,055</b>	<b>24,002</b>	<b>(1,837)</b>	<b>27,447</b>
Staff costs	(14,868)	(13,009)	(11,876)	(13,073)	(12,930)
Other operating expenses	(5,209)	(5,333)	(5,230)	(5,975)	(4,519)
Depreciation and amortisation	(2,523)	(2,021)	(2,075)	(1,969)	(1,979)
<b>Operating expense</b>	<b>(22,600)</b>	<b>(20,363)</b>	<b>(19,181)</b>	<b>(21,017)</b>	<b>(19,428)</b>
<b>Profit before impairment</b>	<b>14,086</b>	<b>24,692</b>	<b>4,821</b>	<b>(22,854)</b>	<b>8,019</b>
Net credit losses	(3,108)	300	3,493	2,268	(15,412)
Other impairment losses	(18)	(448)	224	(871)	(11)
<b>Operating profit before non-current assets held for sale</b>	<b>10,960</b>	<b>24,544</b>	<b>8,538</b>	<b>(21,457)</b>	<b>(7,404)</b>
Result from non-current assets held for sale	(56)	(243)	17	(32)	(49)
<b>Operating profit</b>	<b>10,904</b>	<b>24,301</b>	<b>8,555</b>	<b>(21,489)</b>	<b>(7,453)</b>
Income tax	(431)	(194)	(29)	(7)	(76)
<b>Net profit</b>	<b>10,473</b>	<b>24,107</b>	<b>8,526</b>	<b>(21,496)</b>	<b>(7,529)</b>

	Group, EUR thousands				
	31/03/2021	31/12/2020	30/09/2020	30/06/2020	31/03/2020
<b>Assets</b>					
Cash and cash balances at central banks	306,060	1,146,606	718,574	1,329,458	1,115,795
Loans to credit institutions	79,184	51,287	173,293	203,784	154,831
Debt securities	1,702,676	1,760,190	1,884,985	1,375,249	998,343
Loans to public	2,473,663	1,541,223	1,527,234	1,486,111	1,541,354
Equity instruments	1,281	4,764	5,646	5,103	4,705
Other financial instruments	43,587	43,343	42,996	42,976	33,260
Derivatives	5,094	1,474	2,508	6,025	2,368
Investments in related entities	274	274	-	-	-
Tangible assets	24,686	12,930	47,480	45,799	47,174
Intangible assets	7,474	5,981	5,450	5,112	4,777
Tax assets	4,216	3,272	3,297	3,346	3,739
Non-current assets held for sale	946	946	1,145	4,800	4,800
Other assets	41,324	25,028	23,780	25,169	20,016
<b>Total assets</b>	<b>4,690,465</b>	<b>4,597,318</b>	<b>4,436,388</b>	<b>4,532,932</b>	<b>3,931,162</b>
<b>Liabilities</b>					
Deposits from credit institutions and central banks	440,384	449,991	454,076	455,138	4,299
Deposits and borrowings from customers	3,737,707	3,671,390	3,541,995	3,651,661	3,485,077
Debt securities issued	60,981	60,080	60,965	60,053	60,949
Derivatives	1,392	4,461	1,664	1,861	1,116
Provisions	2,221	2,211	2,792	5,672	5,315
Tax liabilities	681	677	614	546	779
Other liabilities	93,953	64,198	52,901	46,229	44,414
<b>Total liabilities</b>	<b>4,337,319</b>	<b>4,253,008</b>	<b>4,115,007</b>	<b>4,221,160</b>	<b>3,601,949</b>
<b>Equity</b>					
Share capital	156,556	156,556	156,556	156,556	156,556
Reserves and other capital components	8,627	10,265	9,724	11,347	7,293
Retained earnings	187,963	177,489	155,101	143,869	165,364
<b>Total equity</b>	<b>353,146</b>	<b>344,310</b>	<b>321,381</b>	<b>311,772</b>	<b>329,213</b>
<b>Total liabilities and equity</b>	<b>4,690,465</b>	<b>4,597,318</b>	<b>4,436,388</b>	<b>4,532,932</b>	<b>3,931,162</b>
<b>Off-balance sheet items</b>					
Guarantees and letters of credit	47,658	23,903	19,131	20,286	21,699
Financial commitments	267,395	261,050	223,820	236,938	317,567

## **DEFINITIONS AND ABBREVIATIONS**

**ALCO** – Assets and Liabilities Management Committee.

**AML** – anti-money laundering.

**BRRD** – the bank recovery and resolution directive.

**CIR** – cost to income ratio. "Operating expense" divided by "Operating income".

**COR** – cost of risk ratio. "Net credit losses" divided by the average of gross loans at the beginning and the end of the period.

**CTF** – combating terrorist financing.

**ECB** - European Central Bank.

**EU** – the European Union.

**FCMC** – Financial and Capital Markets Commission.

**FMCRC** – Financial Market and Counterparty Risk Committee.

**GIC** – Group's Investment Committee.

**IAS** – International accounting standards.

**ICAAP** – internal capital adequacy assessment process.

**IFRS** – International financial reporting standards.

**LCR** – liquidity coverage ratio.

**Loan-to-deposit ratio.** Carrying value of "Loans to public" divided by "Deposits and borrowings from customers" at the end of the relevant period.

**ML/TF** – money laundering and terrorism financing.

**MREL** – minimum requirement for own funds and eligible liabilities.

**NSFR** – net stable funding ratio.

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

**O-SII** – other systemically important institution.

**ROA** – return on average assets. Annualised net profit for the relevant period divided by the average of opening and closing balances for the period.

**ROE** – return on average equity. Annualised net profit for the relevant period divided by the average of opening and closing total equity for the period.

**RTS** – regulatory technical standards.

**SRB** – the Single Resolution Board.

**SREP** – supervisory review and evaluation process.

**Stage 1 financial instruments** – exposures without significant increase in credit risk since initial recognition.

**Stage 2 financial instruments** – exposures with significant increase in credit risk since initial recognition but not credit-impaired.

**Stage 3 financial instruments** – Credit-impaired exposures.

**Stage 3 impairment ratio** – impairment allowance for stage 3 exposures divided by gross loans to public classified as stage 3.

**Stage 3 loans to public ratio** – stage 3 loans to public divided by total loans to public as of the end of the relevant period.

**TLOF** – total liabilities and own funds.

**TLTRO** – ECB's targeted longer-term refinancing operations

**TSCR** – SREP capital requirement.