

C

AS Citadele banka

# INTERIM REPORT

For the nine months ended  
30 September 2022

C



## Key figures and events of the Group

Strong financial performance with a record high income in both Q3 and 9 months 2022. In 9 months, 2022 Operating income (Baltics) reached EUR 121.8 million, 8% growth year over year. Q3 operating income was EUR 42.1 million, 9% growth year over year.

Baltic operations profit before impairment was EUR 54.2 million in the first 9 months of 2022, 5% higher than in the same period last year. Profit before impairment in Q3 reached EUR 19.4 million, 20% growth quarter over quarter.

Given the increased uncertainty in macroeconomics the bank continued to take a more conservative approach and has also recognized net credit losses in amount of EUR 15.0 million in 9 months 2022 (EUR 2.3 million in Q3). Baltic operations net profit reached EUR 38.1 million in 9 months 2022, which translated into 12.6% return on equity. Q3 net profit was EUR 16.7 million, translating into 16.4% return on equity.

On the back of attractive digital solutions and services the bank's active customers reached an all-time high of 373 thousand active clients as of 30 September 2022, 4% growth y-o-y.

In 9 months 2022, the bank issued EUR 972 million in new financing to support Baltic private, SME and corporate customers. EUR 326 million were disbursed in Q3.

The deposit base remained stable and Baltic deposits constituted EUR 3,666 million as of 30 September 2022, or 97% from total deposits.

The Bank continues to operate on the back of adequate capital and liquidity ratios. Group's CAR, transitional (including period's result) was 18.1% and LCR of 167% as of 30 September 2022.

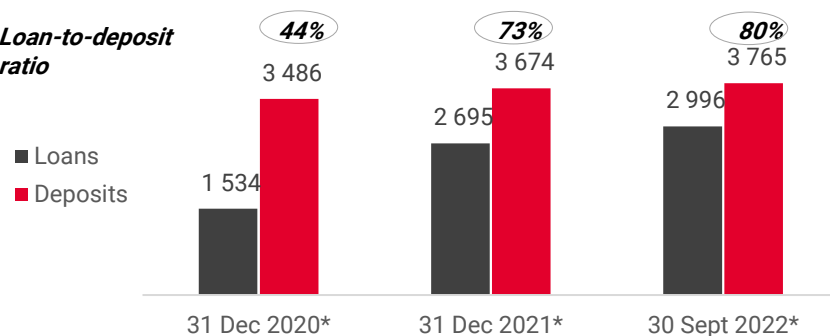
As of 30 September 2022, Citadele had 1,381 full time employees.

EUR millions	Q3	Q2	Q3	Jan-Sep	
	2022*	2022*	2021*	2022*	2021*
Net interest income	28.9	26.6	27.5	82.9	79.9
Net fee and commission income	8.9	11.1	9.4	30.3	25.1
Net financial and other income	4.2	2.6	1.8	8.5	7.5
<b>Operating income</b>	<b>42.1</b>	<b>40.3</b>	<b>38.7</b>	<b>121.8</b>	<b>112.5</b>
Operating expense	(22.7)	(24.0)	(20.1)	(67.6)	(61.1)
Net credit losses and impairments	(2.3)	(6.6)	(3.8)	(15.0)	(0.1)
<b>Net profit from continuous operations (after tax)</b>	<b>16.7</b>	<b>9.3</b>	<b>14.6</b>	<b>38.1</b>	<b>50.0</b>
Return on average assets (ROA)	1.31%	0.75%	1.20%	1.00%	1.40%
Return on average equity (ROE)	16.4%	9.2%	15.3%	12.6%	18.2%
Cost to income ratio (CIR)	53.9%	59.6%	51.9%	55.5%	54.3%
Cost of risk ratio (COR)	0.3%	0.9%	1.1%	0.7%	0.0%

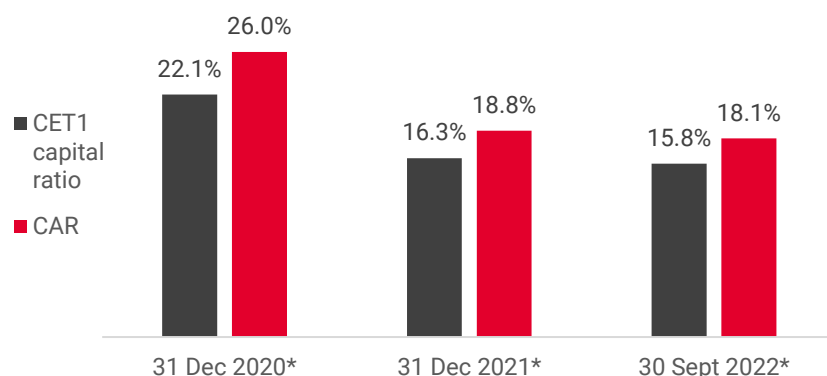
### Loans to and deposits from the public

EURm

#### Loan-to-deposit ratio



### Common equity Tier 1 (CET1) capital ratio, transitional (including period's result) and Total capital adequacy ratio (CAR), transitional (including period's result)



\* Only continuous operations shown. Comparatives represented for discontinued operations of Kaleido Privatbank AG (Swiss subsidiary bank of the Group) which is committed for sale and thus excluded from the presented key figures.

## CONTENTS

### Management report

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

- 36 Other regulatory disclosures
- 39 Quarterly statements of income and balance sheets of the Group
- 40 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.*

Global economic environment remains challenging, and third quarter marked growing high inflation and rising interest rates. Citadele ensures to proactively work with its clients to ensure resilience and together we delivered a solid third quarter result, both financially and operationally. We continue to follow the developments and adopt our operations to the changing environment to take care for our employees and customers.

### Johan Åkerblom

CEO and Chairman of the Management Board



## Baltic region is strong

Global economic environment remains challenging and economic growth in the Baltic region has been slowing down since the beginning of 2022. Energy crisis in Europe, Russia's invasion into Ukraine, geopolitical tensions, rising interest rates and high inflation, declining consumer purchasing power and weak growth in China are significant risks to economic outlook, and growth expectations have been revised downwards. At the same time, domestically the Baltic region is strong - debt levels are low, the financial system is stable, and the real estate market shows no obvious signs of significant overheating. Despite weaker consumer confidence, consumer spending in the Baltics continues to grow and slower economic growth is not yet felt in the labor market. The unemployment rate in the Baltic countries continues to decrease and wages are growing. Energy situation in the Baltics remains challenging and households are beginning to draw down excess Covid-19 savings to cope with rising inflation, but the risk of severe natural gas shortages in the region have decreased and government support will reduce energy bills to households and companies, helping region to overcome current challenges.

## Innovations and development

In Q3 2022 Citadele launched new KIWIE X smart card for youth, resulting in more than 5 thousand new KIWIE card holders. Card production outsourcing was finalized and will ensure quicker card deliveries and improved card service quality across the Baltics.

SME digital onboarding improvements were launched in Latvia and Lithuania, improving customers experience by ensuring faster remote business account opening.

New corporate lending solution nCino gaining adoption in Latvia, Lithuania and Estonia, bringing quicker deals turnaround and improved customer service quality.

Klix, the bank's e-commerce checkout solution, is gaining popularity and number of merchants reached more than 700 across all Baltic countries. Number of users exceeded 105 thousand as of end of September. Klix functionality was expanded in Lithuania, launching Buy Now, Pay Later option.

## Growing client base

The bank continues to attract new clients and we are proud that a record number of active customers trust us with their financial service needs – reaching 373 thousand clients as of 30 September 2022, 4% growth y-o-y. The number of active Mobile App users was 221 thousand, a 26% increase y-o-y.

## EUR 972 million issued in new financing to Baltic private, SME and corporate customers

We have continued to support the business community with financing for growth and expansion. New financing to our customers reached EUR 972 million in 9 months 2022, 18% increase y-o-y. EUR 326 million were issued in Q3 2022.

The total loan book as of 30 September 2022 was EUR 2,996 million, 11% higher vs. the year-end 2021.

Overall, the financial standing of our clients is reassuring, and portfolio quality continued to improve and the NPL ratio stood at 2.9% as of 30 September 2022, vs. 3.3% at the end of 2021.

## Strong financial results

Strong financial performance with a record high income in both Q3 and 9 months 2022. In 9 months, 2022 operating income reached EUR

121.8 million, 8% growth y-o-y. In Q3 operating income was EUR 42.1 million, 9% growth y-o-y.

Taking a prudent approach towards more uncertain macro-economic outlook, the bank has recognized net credit losses in amount of EUR 15.0 million in the first 9 months of 2022 (EUR 2.3 million in Q3). Baltic operations net profit reached EUR 38.1 million in 9 months 2022, which translated into 12.6% return on equity. In Q3 net profit reached EUR 16.7 million.

Customer deposits slightly decreased by 1% vs. the year end 2021 and constituted EUR 3,765 million as of 30 September 2022.

Loan-to-deposit ratio was 80% as of 30 September 2022, compared to 73% as of the year end 2021.

Citadele continues to operate with adequate capital and liquidity ratios: CAR, transitional (including period's result) of 18.1% and LCR of 167% as of 30 September 2022.

## Recent events in Ukraine and Russian sanctions

Citadele is closely monitoring the situation in Ukraine. All new laws, policies and sanctions, including sanctions imposed on Russia, are implemented diligently. Citadele's focus is the Baltic region and there is no direct exposure to Russia, Belarus or Ukraine. As of today, Citadele has not experienced any material impact from the recent events in Ukraine or from Russian sanctions. The indirect impact from these events is monitored, as Citadele's clients and the economy is adjusting to the new situation.

## Financial review of the Group

### Results and profitability in Q3 2022 – Baltics

Strong financial performance with Q3 2022 **operating income** reaching EUR 42.1 million, 9% growth y-o-y. Operating income in 9 months 2022 reached EUR 121.8 million, 8% growth y-o-y.

Performance driven by strong **net interest income** which reached EUR 28.9 million in Q3 2022, a 9% increase as compared to Q2 2022, mainly impacted by rising interest rates. Net interest income in 9 months 2022 was EUR 82.9 million, 4% higher than in the respective period of 2021.

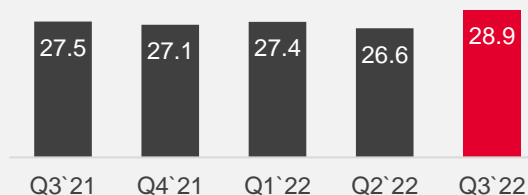
The Group's **net fee and commission income** in Q3 2022 reached EUR 8.9 million, which translates into an 20% decrease q-o-q, mainly due to lower income from cards. 9 month 2022 net fee and commissions income reached EUR 30.3 million, 21% growth y-o-y.

**Operating expenses** in Q3 2022 were EUR 22.7 million, or 6% decrease q-o-q. Staff costs decreased by 8% to EUR 14.8 million. The number of full-time employees was 1,381 vs. 1,335 as of 31 December 2021. Other costs were EUR 5.7 million (3% decrease q-o-q). Depreciation and amortization expenses stood at EUR 2.2 million (3% increase q-o-q). 9 month 2022 operating expenses were EUR 67.6 million vs. EUR 61.1 million in 9 months 2021.

Citadele's **cost to income ratio** in Q3 2022 was 53.9% vs. 59.6% in Q2 2022. 9M 2022 **cost to income ratio** was 55.5%.

Taking a prudent approach towards more uncertain macro-economic outlook, the bank has recognized net credit losses in amount of EUR 15.0 million in the first 9 months of 2022 (EUR 2.3 million in 2021). Baltic operations net profit reached EUR 38.1 million in 9M 2022, which translated into 12.6% return on equity. In Q3 net profit reached EUR 16.7 million. The overall credit quality of the loan book continued to improve and **Stage 3 loans to public**, gross ratio has decreased to 2.9% as of 30 September 2022, compared to 3.3% at the end of 2021, benefiting from recoveries from several legacy cases.

#### Net interest income, EURm



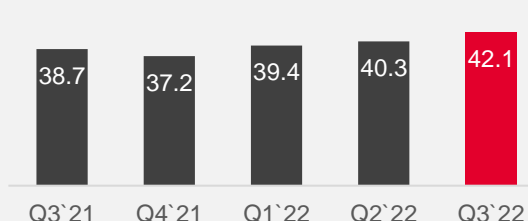
#### Net fee and commission income, EURm



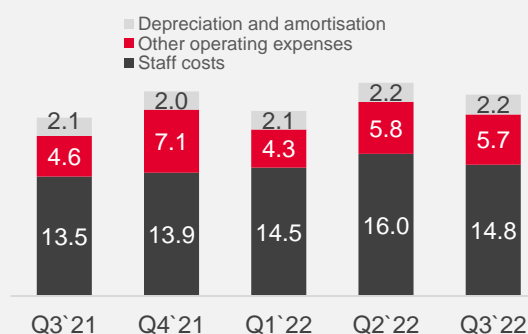
#### Net Financial & other income, EURm



#### Operating income, EURm



#### Operating expense, EURm



## Balance sheet overview

The **Group's assets** stood at EUR 5,157 million as of 30 September 2022 increasing by 2% since 2021 (EUR 5,055 million). As of 30 September 2022, Kaleido Privatbank AG (currently in the sales process) is presented as discontinued operations. Continuing operations assets were EUR 5,007 million as of 30 September 2022 (vs. EUR 4,916 million as of 31 December 2021).

The **net loan portfolio** of continuing operations was EUR 2,996 million as of 30 September 2022, increasing by EUR 295 million (11%) from the year end 2021.

**New financing** in Q3 2022 constituted EUR 326.0 million, 21% increase as compared to the respective period in 2021. EUR 104 million were issued to private customers, EUR 90 million to SMEs and EUR 132 million to corporate customers.

In terms of products, EUR 108.0 million were disbursed in regular (mortgage) loans (35% decrease q-o-q), EUR 196.8 million leasing and factoring (24% increase q-o-q), and EUR 21.2 million consumer and micro loans (11% decrease q-o-q).

New financing in the first 9 months of 2022 reached EUR 972.4 million, 18% increase as compared to same period in 2021.

In terms of loan **portfolio's geographical profile**, Latvia accounted for 45.9% of the portfolio, with EUR 1,376 million (vs. 48% as of the year end 2021), followed by Lithuania at 37.9% with EUR 1,136 million (vs. 37% as of the year end 2021) and Estonia at 15.7% with EUR 469 million (vs. 14% as of the year end 2021). EUR 15 million (0.5% of the portfolio) was issued to EU and other countries.

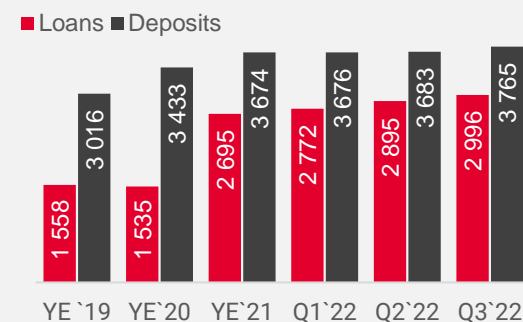
Loans to Households represented 44% of the portfolio (vs. 45% as of the year end 2021). Mortgages have increased by 7% since the year end 2021, and constituted EUR 841 million. Finance leases increased by 15% and reached EUR 353 million. Increase seen also in consumer lending - 34% vs. the year end 2021 (EUR 96 million). Card lending has slightly increased by 5% in Q3 2022 and was EUR 59 million. Overall, the main industry concentrations were Real estate purchase and management (13% of total gross loans), Manufacturing (8%), Transport and Communications (8%) and Trade (7%).

In Q3 2022 Group's securities portfolio declined by 2.4% q-o-q via planned maturities. In terms of credit quality biggest decreases have occurred in holdings of AAA/Aaa and A rated bonds – by EUR 13.2 million and EUR 23.6 million respectively, while holdings in other rating buckets have remained close to unchanged. In terms of issuers, the biggest decreases have been government bonds of Lithuania (EUR 18.3 million), multilateral development banks (EUR 10 million) and securities classified as other from other sectors and countries (EUR 4 million) and Canada (EUR 3.9 million).

The main source of funding, **customer deposits** of continuing operations, **remained flat** vs. the year end 2021 and were EUR 3,765 million. Baltic domestic customer deposits formed 97% of total deposits or EUR 3,666 million (vs. 94% as of the year end 2021).

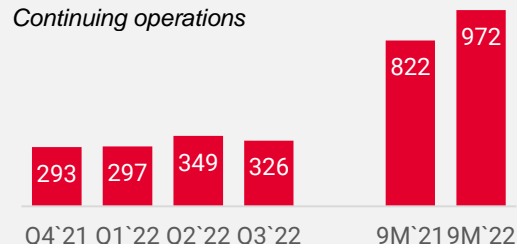
## Loans and Deposits, EURm

Continuing operations

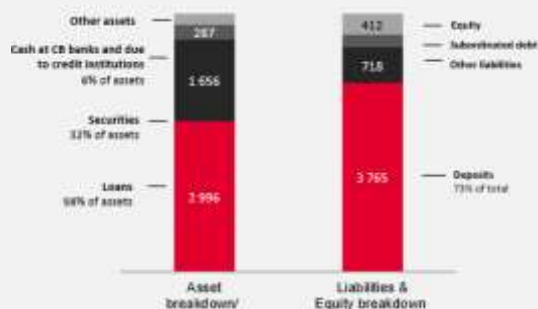


## New financing, EURm

Continuing operations



## Balance sheet structure, EURm



## Ratings

International credit rating agency Moody's Investors Service has assigned Baa2 rating with stable outlook.

The main credit strengths are:

- Sound funding and liquidity, underpinned by a deposit-based funding model with lower reliance on non-resident funding
- Strong capitalization and improving asset quality

### Moody's

Long term deposit	Baa2
Counterparty risk rating	Baa1/P-2
Short term deposit	P-2
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	ba1
Outlook:	Stable

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

## Segment highlights

### Retail segment

The number of active Retail customers reached a new all-time high level for Citadele, and primary customers continued to grow reaching 196 thousand clients as of 30 September 2022, a 11% increase y-o-y.

New lending to Retail customers reached EUR 193.7 million in Q3 2022, remaining flat q-o-q. EUR 104.1 million were issued to private individuals (vs. 112.1 million in Q2 2022) and EUR 90.0 million to SMEs (vs. EUR 82.0 million in Q2 2022). 9 month 2022 new lending to private individuals and SMEs reached EUR 555 million.

Total loans to private individuals and SME customers reached EUR 1,904 million, a 10% increase since the year end 2021 with good loan quality. Deposits from private individuals and SMEs increased slightly by 4% vs. the year end 2021 and constituted EUR 2,717 million.

In Q3 2022, new KIWI X smart card was launched for youth segment as a "Back to school" activity and was well perceived by customers.

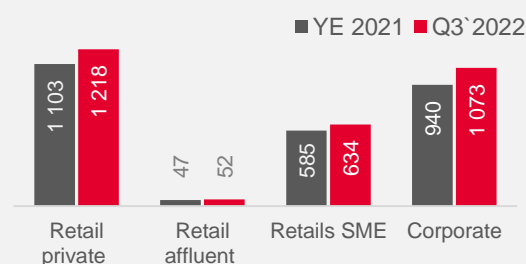
Demand for digital and remote services is increasing – more than 192 thousand customers are using Mobile App on a regular basis.

### Corporate segment

Corporate new financing in Q3 2022 reached EUR 132.0 million, 17% increase y-o-y. New financing in 9 months 2022 was EUR 417.7 million. Most active clients were in the real estate business, manufacturing, trade and transportation sectors.

The total corporate loan portfolio grew by 14% compared to the year end 2021 and reached EUR 1,073 million. Credit portfolio quality is stable. The deposit portfolio decreased by 4% vs. the year end 2021 and was EUR 923 million as of 30 September 2022.

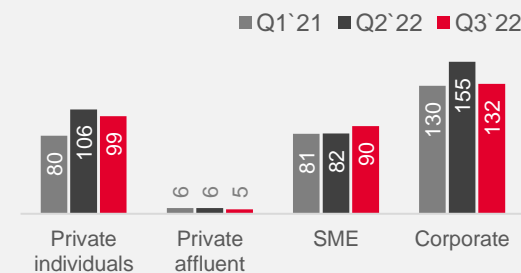
### Loans, EURm



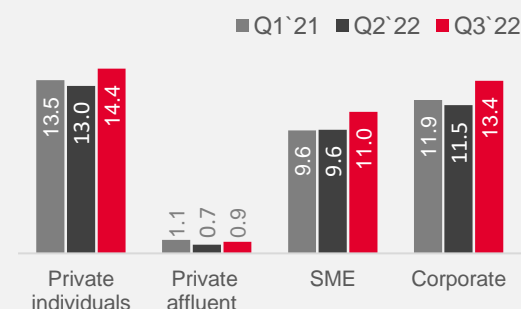
### Deposits, EURm



### New lending, EURm



### Operating income, EURm



## Business Environment

### Global economic outlook continues to weaken

Global economic environment remains challenging, global business sentiment is deteriorating, and recession risks are increasing. Energy crisis in Europe, Russia's invasion of Ukraine and geopolitical tensions, rising interest rates, high inflation and declining consumer purchasing power, weak growth in China, and normalization of the consumption patterns after the end of Covid-19 pandemic are significant risks to economic outlook and growth projections are being revised downwards.

In October 2022 International Monetary Fund (IMF) once again cut its 2023 global economic forecast from 2.9% in July 2022 to 2.7% now. This is a very significant drop in global economic growth after 6% growth in 2021.

### Baltic region shows signs of economic slowdown

Economic growth in the Baltic region has slowed since the beginning of 2022 and in Latvia in Q3 2022 GDP decreased by 0.6% compared to previous year. In Lithuania GDP increased by 1.8% in the same period. In Estonia in Q2 2022 GDP grew by only 0.6% compared to Q2 2021. Inflation in the Baltics has exceeded 20% and in nominal terms Baltic region is growing rapidly. At the same time in Q3 2022 business and consumer sentiment continued to deteriorate and new industrial orders are declining.

Despite external risks, domestically the Baltic region is strong: debt levels are low, the financial system is stable and the real estate market shows no obvious signs of significant overheating. Energy situation in the Baltics remains challenging, however risks of severe natural gas shortages in the region have decreased and government support will reduce energy bills to households and companies.

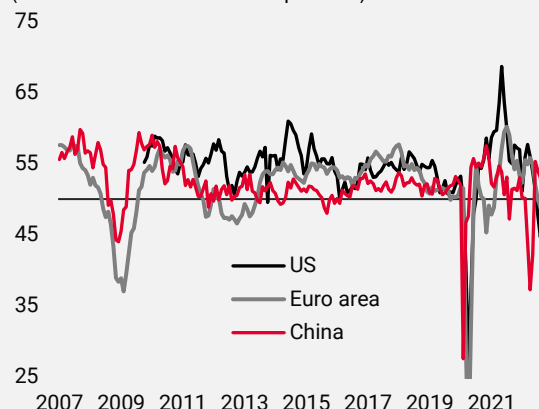
### Labour market and consumption remains strong

Consumer spending in the Baltics continues to grow, but the effects of high inflation are becoming increasingly visible. In euro terms, retail turnover in August in all three Baltic countries increased by almost 20% compared to the previous year. However, this is largely due to inflation, and the decline in purchasing power is becoming more and more noticeable. In August, the physical turnover of retail trade, excluding inflation, only slightly increased in Latvia and Estonia, while the physical volumes of retail sales decreased slightly in Lithuania.

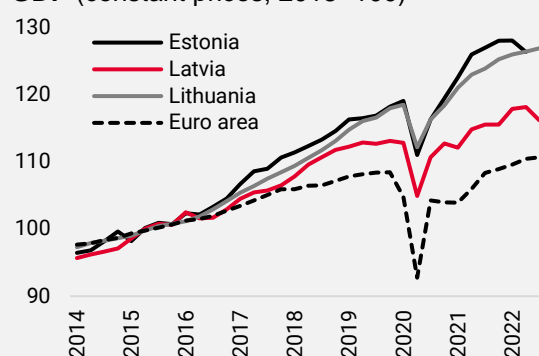
Inflation and slower economic growth are not yet felt in the labor market. The unemployment rate in the Baltic countries continues to decrease, and in Lithuania, as well as in Latvia, unemployment has fallen to pre-pandemic levels at the end of 2019, and unemployment in the Baltics is currently in the range of 5.2% to 6.5%. At the same time, wages continue to grow by about 10% per year, but this year the prices are increasing faster than incomes. As a result, the purchasing power of households is declining, deposits in banks no longer grow, and consumers begin to draw down excess Covid-19 savings and use of consumer loans is growing.

### IHS Markit Composite PMI

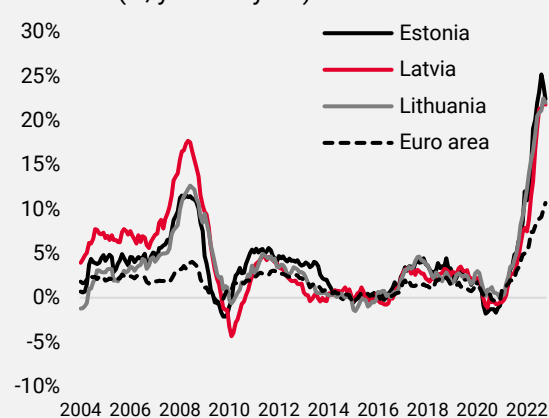
(Values above 50 indicate expansion)



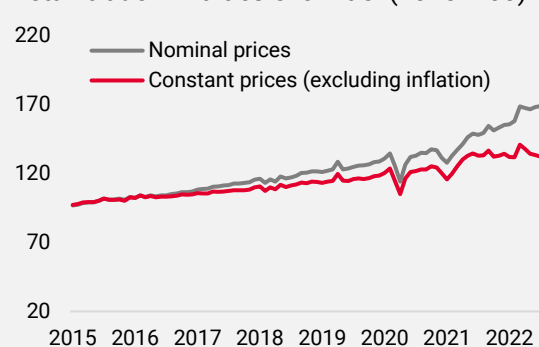
### GDP (constant prices, 2015=100)



### Inflation (% , year-on-year)



### Retail trade in Baltics excl. fuel (2015=100)





## CORPORATE GOVERNANCE

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

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 30/09/2022:**

<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 30/09/2022:**

<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
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
Jūlija Lebedinska-Ļitvinova	Member of the Management Board	Chief Risk Officer

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

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

The condensed interim financial statements set out on pages 11 to 35 are prepared in accordance with the source documents and present the financial position of the Bank and the Group as of 30 September 2022 and 31 December 2021 and the results of their operations, changes in shareholders' equity and cash flows for the nine months periods ended 30 September 2022 and 30 September 2021 in accordance with IAS 34 Interim Reporting as adopted by the European Union. 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 and European Union applicable for credit institutions.

## STATEMENT OF INCOME

					EUR thousands			
	Note	9m 2022 Group	9m 2021 Group Represented discontinued operations	9m 2022 Bank	9m 2021 Bank			
Interest income	5	96,311	91,132	79,025	68,189			
Interest expense	5	(13,398)	(11,211)	(13,297)	(10,964)			
<b>Net interest income</b>		<b>82,913</b>	<b>79,921</b>	<b>65,728</b>	<b>57,225</b>			
Fee and commission income	6	50,608	42,034	46,287	36,313			
Fee and commission expense	6	(20,261)	(16,905)	(20,063)	(16,562)			
<b>Net fee and commission income</b>		<b>30,347</b>	<b>25,129</b>	<b>26,224</b>	<b>19,751</b>			
Net financial income	7	5,190	6,519	6,920	6,385			
Net other income / (expense)		3,314	960	(803)	1,042			
<b>Operating income</b>		<b>121,764</b>	<b>112,529</b>	<b>98,069</b>	<b>84,403</b>			
Staff costs		(45,257)	(41,424)	(39,106)	(34,184)			
Other operating expenses	8	(15,827)	(13,595)	(14,392)	(12,245)			
Depreciation and amortisation		(6,469)	(6,080)	(6,173)	(5,719)			
<b>Operating expense</b>		<b>(67,553)</b>	<b>(61,099)</b>	<b>(59,671)</b>	<b>(52,148)</b>			
<b>Profit before impairment</b>		<b>54,211</b>	<b>51,430</b>	<b>38,398</b>	<b>32,255</b>			
Net credit losses	9	(14,929)	12	(12,916)	(8,844)			
Other impairment losses and other provisions		(89)	(142)	(98)	639			
<b>Operating profit from continuous operations</b>		<b>39,193</b>	<b>51,300</b>	<b>25,384</b>	<b>24,050</b>			
Result from non-current assets held for sale and discontinued operations		(3,933)	(5,270)	(596)	(153)			
<b>Operating profit</b>		<b>35,260</b>	<b>46,030</b>	<b>24,788</b>	<b>23,897</b>			
Income tax		(1,090)	(1,291)	(288)	(310)			
<b>Net profit</b>		<b>34,170</b>	<b>44,739</b>	<b>24,500</b>	<b>23,587</b>			
Basic earnings per share in EUR	18	0.22	0.29	0.16	0.15			
Diluted earnings per share in EUR	18	0.22	0.28	0.15	0.15			

The notes on pages 15 to 35 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

	EUR thousands			
	9m 2022 Group	9m 2021 Group	9m 2022 Bank	9m 2021 Bank
<b>Net profit</b>	<b>34,170</b>	<b>44,739</b>	<b>24,500</b>	<b>23,587</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)	1520	(379)	1,520	(379)
Fair value revaluation reserve charged to statement of income from discontinued operations	(46)	28	-	-
Change in fair value of debt securities and similar	(24,106)	(1,786)	(17,678)	(958)
Deferred income tax charged / (credited) directly to equity	489	146	-	-
<i>Other reserves</i>				
Foreign exchange retranslation	1,684	(105)	-	-
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	24	(42)	24	(42)
Transfer to retained earnings at disposal	-	-	-	-
<b>Other comprehensive income / (loss)</b>	<b>(20,435)</b>	<b>(2,138)</b>	<b>(16,134)</b>	<b>(1,379)</b>
<b>Total comprehensive income</b>	<b>13,735</b>	<b>42,601</b>	<b>8,366</b>	<b>22,208</b>

The notes on pages 15 to 35 are an integral part of these financial statements.

## BALANCE SHEET

					EUR thousands			
					30/09/2022	31/12/2021	30/09/2022	31/12/2021
					Group	Group	Bank	Bank
<b>Assets</b>								
				Note				
Cash and cash balances at central banks					239,448	371,025	239,448	361,626
Loans to credit institutions					47,642	58,742	44,494	35,693
Debt securities		10			1,620,429	1,801,720	1,578,358	1,652,308
Loans to public		11			2,996,291	2,701,509	2,905,708	2,609,713
Equity instruments		12			1,086	1,279	1,086	1,279
Other financial instruments		12			28,618	42,032	1,071	7,400
Derivatives					5,937	4,303	5,937	4,303
Investments in related entities		13			182	279	76,989	77,087
Tangible assets					16,911	20,444	10,967	11,496
Intangible assets					7,942	8,562	6,026	6,083
Current income tax assets					2,142	1,927	1,117	871
Deferred income tax assets					2,496	2,676	2,179	2,179
Discontinued operations and non-current assets held for sale				14	149,422	946	21	946
Other assets					38,003	39,117	25,759	28,912
<b>Total assets</b>					<b>5,156,549</b>	<b>5,054,561</b>	<b>4,899,160</b>	<b>4,799,896</b>
<b>Liabilities</b>								
Deposits from credit institutions and central banks		15			475,987	479,235	476,122	499,628
Deposits and borrowings from customers		16			3,764,541	3,813,863	3,770,626	3,665,524
Debt securities issued		17			262,342	258,895	262,342	258,895
Derivatives					1,222	739	1,222	739
Provisions		9			4,880	3,934	4,736	3,882
Current income tax liabilities					3	197	-	189
Deferred income tax liabilities					375	376	-	-
Discontinued operations		14			137,363	-	-	-
Other liabilities					97,967	100,247	29,124	25,476
<b>Total liabilities</b>					<b>4,744,680</b>	<b>4,657,486</b>	<b>4,544,172</b>	<b>4,454,333</b>
<b>Equity</b>								
Share capital		18			157,258	156,888	157,258	156,888
Reserves and other capital components					(12,593)	7,320	(13,485)	2,127
Retained earnings					267,204	232,867	211,215	186,548
<b>Total equity</b>					<b>411,869</b>	<b>397,075</b>	<b>354,988</b>	<b>345,563</b>
<b>Total liabilities and equity</b>					<b>5,156,549</b>	<b>5,054,561</b>	<b>4,899,160</b>	<b>4,799,896</b>
<b>Off-balance sheet items</b>								
Guarantees and letters of credit		19			48,844	34,265	57,490	38,863
Financial commitments		19			323,125	387,943	329,195	431,065

The notes on pages 15 to 35 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

	Group, EUR thousands						
	Issued Share capital	Share premium	Securities fair value revaluation reserve (Note 10)	Foreign currency retrans-lation	Share based payments	Retained earnings	Total equity
<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>
Share based payments to employees	332	239	-	-	(106)	283	748
<b>Total comprehensive income</b>	-	-	<b>(2,033)</b>	<b>(105)</b>	-	<b>44,739</b>	<b>42,601</b>
Net result for the period	-	-	-	-	-	44,739	44,739
Other comprehensive income / (loss) for the period	-	-	(2,033)	(105)	-	-	(2,138)
<b>Balance as of 30/09/2021</b>	<b>156,888</b>	<b>239</b>	<b>2,214</b>	<b>4,033</b>	<b>1,774</b>	<b>222,511</b>	<b>387,659</b>
<b>Balance as of 31/12/2021</b>	<b>156,888</b>	<b>239</b>	<b>158</b>	<b>4,805</b>	<b>2,118</b>	<b>232,867</b>	<b>397,075</b>
Share buyback	(94)	(144)	-	-	-	-	(238)
Share based payments to employees	464	349	-	-	317	167	1,297
<b>Total comprehensive income</b>	-	-	<b>(22,119)</b>	<b>1,684</b>	-	<b>34,170</b>	<b>13,735</b>
Net profit for the period	-	-	-	-	-	34,170	34,170
Other comprehensive income / (loss) for the period	-	-	(22,119)	1,684	-	-	(20,435)
<b>Balance as of 30/09/2022</b>	<b>157,258</b>	<b>444</b>	<b>(21,961)</b>	<b>6,489</b>	<b>2,435</b>	<b>267,204</b>	<b>411,869</b>

	Bank, EUR thousands					
	Issued Share capital	Share premium	Securities fair value revaluation reserve (Note 10)	Share based payments	Retained earnings	Total equity
<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>
Share based payments to employees	332	239	-	(106)	282	747
<b>Total comprehensive income</b>	-	-	<b>(1,379)</b>	-	<b>23,587</b>	<b>22,208</b>
Net result for the period	-	-	-	-	23,587	23,587
Other comprehensive income / (loss) for the period	-	-	(1,379)	-	-	(1,379)
<b>Balance as of 30/09/2021</b>	<b>156,888</b>	<b>239</b>	<b>1,210</b>	<b>1,774</b>	<b>180,443</b>	<b>340,554</b>
<b>Balance as of 31/12/2021</b>	<b>156,888</b>	<b>239</b>	<b>(230)</b>	<b>2,118</b>	<b>186,548</b>	<b>345,563</b>
Share buyback	(94)	(144)	-	-	-	(238)
Share based payments to employees	464	349	-	317	167	1,297
<b>Total comprehensive income</b>	-	-	<b>(16,134)</b>	-	<b>24,500</b>	<b>8,366</b>
Net profit for the period	-	-	-	-	24,500	24,500
Other comprehensive income / (loss) for the period	-	-	(16,134)	-	-	(16,134)
<b>Balance as of 30/09/2022</b>	<b>157,258</b>	<b>444</b>	<b>(16,364)</b>	<b>2,435</b>	<b>211,215</b>	<b>354,988</b>

The notes on pages 15 to 35 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 2021 or for the nine months period ended 30 September 2021.

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

As of period end the Bank operates branches in Latvia, Lithuania and Estonia. AS Citadele banka is the parent company of the Group. The Group's main market is the Baltics (Latvia, Lithuania and Estonia). Citadele was registered as a joint stock company on 30 June 2010. Citadele commenced its operations on 1 August 2010. As of 30 September 2022, the Group had 1,381 (2021: 1,335) and the Bank had 1,143 (2021: 1,100) full time equivalent active employees.

**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. These interim financial statements do not include all information required for a complete set of financial statements prepared in accordance with IFRS as adopted by the European Union. This interim financial information should be read in conjunction with the 2021 annual financial statements for the Group and the Bank.

*b) New standards and amendments*

New standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Some of the standards become effective in 2022, others become effective for later reporting periods. In this section those relevant for the Group are summarised. Where the implementation impact was or is expected to be reasonably material it is disclosed.

**Upcoming requirements not in force from 1 January 2022**

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2022 or are not yet effective in the EU. These standards have not been applied in preparing these financial statements. The Group does not plan to adopt any of these standards early. The Group is in the process of evaluating the potential effect if any of changes arise from these new standards and interpretations.

*IFRS 17 - Insurance Contracts.* Expected to be effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied. The upcoming standard combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract. Groups of insurance contracts have to be measured at a risk-adjusted present value of the future cash flows adjusted for unearned profits or losses. Profit from a group of insurance contracts is recognised over the period the insurance cover is provided, and as the risk is released; loss from a group of contracts is recognised immediately. The standard requires presenting insurance service results separately from insurance finance income or expenses and requires making an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The Group had set up an internal IFRS 17 implementation working group. Within the scope of the project, the Group reworks models, IT systems, processes and documentation which will be followed by final testing and validation. External expertise is attracted where and when deemed necessary. As much as possible the Group leverages existing processes, systems, models and data, although in certain areas new models and revisions to the existing models are needed to be developed. The Group is in the process of quantifying the expected impact, as of now finalising the re-assessment of the agreements. Total insurance liabilities recognised under the current standards are presented as other liabilities and amount to EUR 43.5 million.

*Amendments to IAS 1 – Classification of liabilities as current or non-current*

*Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policy*

*Amendments to IAS 8 – Definition of Accounting Estimate*

*Amendments to IAS 12 – Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

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

*c) Functional and Presentation Currency*

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

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

The preparation of financial statements in conformity with 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, and 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 2021 and for the nine months ended 30 September 2021 have been restated for comparability by applying the most recent segmentation methodology. Changes mostly relate to redistribution of previously separately reported exposures originated by SIA Citadele Leasing, SIA Citadele Factoring, UAB Citadele Factoring and OU Citadele Factoring into Private customers, SME, Corporate and Wealth segments.

*Main business segments of the Group are:*

### *Retail Private*

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

### *Private affluent*

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

### *Retail SME*

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

### *Corporate*

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

### *Asset management*

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

### *Other*

Group's treasury functions and other business support functions, including results of the subsidiaries of the Group operating in non-financial sector. This segment comprises discontinued operations, namely operations of Kaleido Privatbank AG (a Swiss registered banking subsidiary) which Citadele has agreed to sell. Refer to Note 14 (*Discontinued Operations*).



## Segments of the Group

Group 9m 2022, EUR thousands							
Reportable segments							
	Retail Private	Private affluent	Retail SME	Corporate	Asset Management	Other	Total
Interest income	36,285	1,286	21,754	31,851	200	4,935	96,311
Interest expense	(2,794)	(1,256)	(1,150)	(2,004)	(121)	(6,073)	(13,398)
<b>Net interest income</b>	<b>33,491</b>	<b>30</b>	<b>20,604</b>	<b>29,847</b>	<b>79</b>	<b>(1,138)</b>	<b>82,913</b>
Fee and commission income	16,334	2,856	11,612	11,082	4,979	3,745	50,608
Fee and commission expense	(8,674)	(758)	(4,093)	(5,917)	(287)	(532)	(20,261)
<b>Net fee and commission income</b>	<b>7,660</b>	<b>2,098</b>	<b>7,519</b>	<b>5,165</b>	<b>4,692</b>	<b>3,213</b>	<b>30,347</b>
Net financial income	1,003	852	2,020	1,751	(1,625)	1,189	5,190
Net other income	(1,273)	(331)	62	147	4,525	184	3,314
<b>Operating income</b>	<b>40,881</b>	<b>2,649</b>	<b>30,205</b>	<b>36,910</b>	<b>7,671</b>	<b>3,448</b>	<b>121,764</b>
Net funding allocation	1,519	1,732	670	(1,050)	38	(2,909)	-
<b>FTP adjusted operating income</b>	<b>42,400</b>	<b>4,381</b>	<b>30,875</b>	<b>35,860</b>	<b>7,709</b>	<b>539</b>	<b>121,764</b>
Net credit losses	(7,043)	(304)	(2,091)	(7,080)	6	1,583	(14,929)
<b>Net result from continuous operations before operating expense</b>	<b>35,357</b>	<b>4,077</b>	<b>28,784</b>	<b>28,780</b>	<b>7,715</b>	<b>2,122</b>	<b>106,835</b>
Not allocated income and expense, net (including discontinued operations)							(72,665)
<b>Net profit / (loss)</b>							<b>34,170</b>

Group 9m 2021, EUR thousands (Reclassified for comparability)							
Reportable segments							
	Retail Private	Private affluent	Retail SME	Corporate	Asset Management	Other	Total
Interest income	32,840	1,318	21,113	27,260	190	8,411	91,132
Interest expense	(856)	(651)	(19)	(242)	(163)	(9,280)	(11,211)
<b>Net interest income</b>	<b>31,984</b>	<b>667</b>	<b>21,094</b>	<b>27,018</b>	<b>27</b>	<b>(869)</b>	<b>79,921</b>
Fee and commission income	13,024	3,960	9,193	8,661	6,045	1,151	42,034
Fee and commission expense	(7,832)	(783)	(3,104)	(4,152)	(417)	(617)	(16,905)
<b>Net fee and commission income</b>	<b>5,192</b>	<b>3,177</b>	<b>6,089</b>	<b>4,509</b>	<b>5,628</b>	<b>534</b>	<b>25,129</b>
Net financial income	563	698	1,587	1,076	262	2,333	6,519
Net other income	(508)	(152)	567	1,417	438	(802)	960
<b>Operating income</b>	<b>37,231</b>	<b>4,390</b>	<b>29,337</b>	<b>34,020</b>	<b>6,355</b>	<b>1,196</b>	<b>112,529</b>
Net funding allocation	(997)	341	(785)	(1,216)	10	2,647	-
<b>FTP adjusted operating income</b>	<b>36,234</b>	<b>4,731</b>	<b>28,552</b>	<b>32,804</b>	<b>6,365</b>	<b>3,843</b>	<b>112,529</b>
Net credit losses	(2,384)	43	1,268	(711)	(5)	1,801	12
<b>Net result from continuous operations before operating expense</b>	<b>33,850</b>	<b>4,774</b>	<b>29,820</b>	<b>32,093</b>	<b>6,360</b>	<b>5,644</b>	<b>112,541</b>
Not allocated income and expense, net (including discontinued operations)							(67,802)
<b>Net profit / (loss)</b>							<b>44,739</b>

Group as of 30/09/2022, EUR thousands							
Reportable segments							
	Retail Private	Private affluent	Retail SME	Corporate	Asset Management	Other (including discontinued operations)	Total
<b>Assets</b>							
Cash, balances at central banks	-	-	-	-	-	239,448	239,448
Loans to credit institutions	-	-	-	-	3,148	44,494	47,642
Debt securities	-	-	-	47,785	42,071	1,530,573	1,620,429
Loans to public	1,217,632	52,460	633,749	1,072,796	-	19,654	2,996,291
Equity instruments	-	-	-	-	-	1,086	1,086
Other financial instruments	-	-	-	-	27,541	1,077	28,618
All other assets	-	-	89	790	8,225	213,931	223,035
<b>Total segmented assets</b>	<b>1,217,632</b>	<b>52,460</b>	<b>633,838</b>	<b>1,121,371</b>	<b>80,985</b>	<b>2,050,263</b>	<b>5,156,549</b>
<b>Liabilities</b>							
Deposits from banks	-	-	-	-	-	475,987	475,987
Deposits from customers	1,508,119	524,047	684,710	922,662	72,241	52,762	3,764,541
Debt securities issued	-	-	-	-	-	262,342	262,342
All other liabilities	-	-	-	8	46,439	195,363	241,810
<b>Total segmented liabilities</b>	<b>1,508,119</b>	<b>524,047</b>	<b>684,710</b>	<b>922,670</b>	<b>118,680</b>	<b>986,454</b>	<b>4,744,680</b>

## Group as of 31/12/2021, EUR thousands (Reclassified for comparability)

	Reportable segments				Asset Management	Other (including discontinued operations)	Total
	Retail Private	Private affluent	Retail SME	Corporate			
<b>Assets</b>							
Cash, balances at central banks	-	-	-	-	-	371,025	371,025
Loans to credit institutions	-	-	-	-	3,201	55,541	58,742
Debt securities	-	-	-	49,547	48,445	1,703,728	1,801,720
Loans to public	1,103,479	46,845	584,912	940,293	-	25,980	2,701,509
Equity instruments	-	-	-	-	-	1,279	1,279
Other financial instruments	-	-	-	-	34,632	7,400	42,032
All other assets	-	-	-	1,953	6,799	69,502	78,254
<b>Total segmented assets</b>	<b>1,103,479</b>	<b>46,845</b>	<b>584,912</b>	<b>991,793</b>	<b>93,077</b>	<b>2,234,455</b>	<b>5,054,561</b>
<b>Liabilities</b>							
Deposits from banks	-	-	-	-	-	479,235	479,235
Deposits from customers	1,466,577	526,854	628,860	962,744	71,360	157,468	3,813,863
Debt securities issued	-	-	-	-	-	258,895	258,895
All other liabilities	-	-	-	125	44,969	60,399	105,493
<b>Total segmented liabilities</b>	<b>1,466,577</b>	<b>526,854</b>	<b>628,860</b>	<b>962,869</b>	<b>116,329</b>	<b>955,997</b>	<b>4,657,486</b>

## NOTE 5. INTEREST INCOME AND EXPENSE

	EUR thousands			
	9m 2022 Group	9m 2021 Group Represented discontinued operations	9m 2022 Bank	9m 2021 Bank
Interest income calculated using the effective interest method:				
Financial instruments at amortised cost:				
<i>Loans to public</i>	57,358	50,988	72,025	63,083
<i>Debt securities</i>	3,347	1,977	3,347	1,977
<i>Cash balances at and lending to/from central banks and credit institutions (including TLTRO-III)</i>	2,187	2,219	2,194	2,222
<i>Deposits from public at negative interest rates</i>	811	219	889	274
Debt securities at fair value through other comprehensive income	765	771	570	633
Interest income on finance leases (part of loans to public)	31,843	34,958	-	-
<b>Total interest income</b>	<b>96,311</b>	<b>91,132</b>	<b>79,025</b>	<b>68,189</b>
Interest expense on:				
Financial instruments at amortised cost:				
<i>Deposits and borrowing from public</i>	(5,659)	(6,478)	(5,630)	(6,235)
<i>Debt securities issued</i>	(5,138)	(2,720)	(5,138)	(2,720)
<i>Deposits from credit institutions and central banks</i>	(109)	(103)	(157)	(234)
<i>Deposits to central banks and other assets at negative interest rates</i>	(522)	(504)	(478)	(485)
Financial liabilities at fair value through profit or loss				
<i>Deposits and borrowing from public</i>	(76)	(110)	-	-
Lease liabilities	(33)	(47)	(30)	(41)
Other interest expense	(1,861)	(1,249)	(1,864)	(1,249)
<b>Total interest expense</b>	<b>(13,398)</b>	<b>(11,211)</b>	<b>(13,297)</b>	<b>(10,964)</b>
<b>Net interest income</b>	<b>82,913</b>	<b>79,921</b>	<b>65,728</b>	<b>57,225</b>

Effective interest rate on high-quality liquid assets in the reporting period has been 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			
	9m 2022 Group	9m 2021 Group Represented discontinued operations	9m 2022 Bank	9m 2021 Bank
Fee and commission income:				
Cards	33,006	23,773	33,008	23,774
Payments and transactions	8,146	7,923	8,163	7,936
Asset management and custody	5,184	6,306	1,281	1,338
Securities brokerage	389	430	391	439
Other fees	1,514	1,366	1,512	1,252
<b>Total fee and commission income from contracts with customers</b>	<b>48,239</b>	<b>39,798</b>	<b>44,355</b>	<b>34,739</b>
Guarantees, letters of credit and loans	2,369	2,236	1,932	1,574
<b>Total fee and commission income</b>	<b>50,608</b>	<b>42,034</b>	<b>46,287</b>	<b>36,313</b>
Fee and commission expense on:				
Cards	(16,645)	(13,475)	(16,644)	(13,475)
Payments and transactions	(2,655)	(2,410)	(2,655)	(2,374)
Asset management, custody and securities brokerage	(587)	(674)	(577)	(674)
Other fees	(374)	(346)	(187)	(39)
<b>Total fee and commission expense</b>	<b>(20,261)</b>	<b>(16,905)</b>	<b>(20,063)</b>	<b>(16,562)</b>
<b>Net fee and commission income</b>	<b>30,347</b>	<b>25,129</b>	<b>26,224</b>	<b>19,751</b>

**NOTE 7. NET FINANCIAL INCOME**

	EUR thousands			
	9m 2022 Group	9m 2021 Group Represented discontinued operations	9m 2022 Bank	9m 2021 Bank
Foreign exchange trading, revaluation and related derivatives	6,567	5,243	6,445	5,352
Non-trading assets and liabilities at fair value through profit or loss	(1,226)	867	626	624
Assets at fair value through other comprehensive income	(1,520)	379	(1,520)	379
Assets at amortised cost	(9)	(12)	(9)	(12)
Modifications in cash flows which do not result in derecognition	1,378	42	1,378	42
<b>Total net financial income</b>	<b>5,190</b>	<b>6,519</b>	<b>6,920</b>	<b>6,385</b>

**NOTE 8. OTHER OPERATING EXPENSES**

	EUR thousands			
	9m 2022 Group	9m 2021 Group Represented discontinued operations	9m 2022 Bank	9m 2021 Bank
Information technologies and communications	(5,176)	(3,957)	(4,752)	(3,367)
Consulting and other services	(3,678)	(4,148)	(3,167)	(4,002)
Rent, premises and real estate	(1,810)	(1,932)	(1,687)	(1,709)
Advertising and marketing	(2,673)	(1,245)	(2,531)	(1,178)
Non-refundable value added tax	(1,314)	(1,431)	(1,242)	(1,330)
Other	(1,176)	(882)	(1,013)	(659)
<b>Total other expenses</b>	<b>(15,827)</b>	<b>(13,595)</b>	<b>(14,392)</b>	<b>(12,245)</b>

**NOTE 9. NET CREDIT LOSSES**

Total net impairment allowance charged to the income statement

	EUR thousands			
	9m 2022 Group	9m 2021 Group Represented discontinued operations	9m 2022 Bank	9m 2021 Bank
Loans to credit institutions	(324)	59	(324)	51
Debt securities	(287)	(650)	(293)	(645)
Loans to public	(14,850)	(2,004)	(12,865)	(10,494)
Loan commitments, guarantees and letters of credit	(1,007)	(549)	(851)	(689)
Recovered written-off assets	1,539	3,156	1,417	2,933
<b>Total net losses on financial instruments</b>	<b>(14,929)</b>	<b>12</b>	<b>(12,916)</b>	<b>(8,844)</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 previously and more recent new risks, like Russia's invasion into Ukraine, which has pushed commodity and energy prices higher, accelerating global inflation and supply chain disruptions, the adjustment for expected impact from future economic scenarios is revised correspondingly. Due to the forward looking nature of the credit loss estimation, the increase in 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 deterioration in the forward looking economic scenarios component.

In 2020 the Group and the Bank started recognising an impairment overlay for Stage 1 classified loans to public exposures. The impairment overlay at that time 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 accounted for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing. The impairment overlay concept was phased out in September 2022 as current factors contributing to future uncertainty are better captured by forward-looking economic scenario inputs.

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			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
<b>Stage 1</b>				
Loans to credit institutions	428	93	428	93
Debt securities	2,244	2,015	2,222	1,927
Loans to public	53,366	35,204	37,166	23,184
Loan commitments, guarantees and letters of credit	4,418	3,378	4,274	3,325
<b>Total stage 1 credit losses and provisions</b>	<b>60,456</b>	<b>40,690</b>	<b>44,090</b>	<b>28,529</b>
<b>Stage 2</b>				
Loans to public	8,790	10,702	5,884	8,873
Loan commitments, guarantees and letters of credit	225	358	225	358
<b>Total stage 2 credit losses and provisions</b>	<b>9,015</b>	<b>11,060</b>	<b>6,109</b>	<b>9,231</b>
<b>Stage 3</b>				
Loans to public	37,331	35,709	34,059	32,544
Loan commitments, guarantees and letters of credit	137	98	137	98
<b>Total stage 3 credit losses and provisions</b>	<b>37,468</b>	<b>35,807</b>	<b>34,196</b>	<b>32,642</b>
<b>Total allowances for credit losses and provisions</b>	<b>106,939</b>	<b>87,557</b>	<b>84,395</b>	<b>70,402</b>
<i>Including for debt securities classified at fair value through other comprehensive income</i>	99	136	76	97

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

**NOTE 10. DEBT SECURITIES**

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

	Group, EUR thousands					
	30/09/2022			31/12/2021		
	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	36,034	121,949	157,983	60,706	98,933	159,639
AA/Aa	19,107	243,946	263,053	37,904	268,521	306,425
A	162,126	962,580	1,124,706	225,476	1,024,958	1,250,434
BBB/Baa	10,886	15,803	26,689	16,118	19,059	35,177
Lower ratings or unrated	213	47,785	47,998	497	49,548	50,045
<b>Total debt securities</b>	<b>228,366</b>	<b>1,392,063</b>	<b>1,620,429</b>	<b>340,701</b>	<b>1,461,019</b>	<b>1,801,720</b>
<i>Including general government</i>	<i>159,404</i>	<i>1,045,060</i>	<i>1,204,464</i>	<i>217,119</i>	<i>1,096,043</i>	<i>1,313,162</i>
<i>Including credit institutions</i>	<i>11,842</i>	<i>151,796</i>	<i>163,638</i>	<i>35,606</i>	<i>163,270</i>	<i>198,876</i>
<i>Including classified in stage 1</i>	<i>228,366</i>	<i>1,392,063</i>	<i>1,620,429</i>	<i>340,701</i>	<i>1,461,019</i>	<i>1,801,720</i>

	Bank, EUR thousands					
	30/09/2022			31/12/2021		
	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	30,762	121,949	152,711	32,727	84,967	117,694
AA/Aa	19,107	243,946	263,053	14,703	256,295	270,998
A	135,084	962,580	1,097,664	184,238	1,011,665	1,195,903
BBB/Baa	1,342	15,803	17,145	1,498	16,668	18,166
Lower ratings or unrated	-	47,785	47,785	-	49,547	49,547
<b>Total debt securities</b>	<b>186,295</b>	<b>1,392,063</b>	<b>1,578,358</b>	<b>233,166</b>	<b>1,419,142</b>	<b>1,652,308</b>
<i>Including general government</i>	<i>139,985</i>	<i>1,045,060</i>	<i>1,185,045</i>	<i>185,496</i>	<i>1,083,706</i>	<i>1,269,202</i>
<i>Including credit institutions</i>	<i>4,718</i>	<i>151,796</i>	<i>156,514</i>	<i>5,219</i>	<i>151,193</i>	<i>156,412</i>
<i>Including classified in stage 1</i>	<i>186,295</i>	<i>1,392,063</i>	<i>1,578,358</i>	<i>233,166</i>	<i>1,419,142</i>	<i>1,652,308</i>

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

Debt securities by country of issuer

	Group, EUR thousands					
	30/09/2022			31/12/2021		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	560,158	46,266	606,424	590,023	45,847	635,870
Latvia	421,812	2,381	424,193	478,272	3,500	481,772
Germany	10,000	89,251	99,251	12,710	72,922	85,632
Estonia	76,445	20,974	97,419	75,608	21,374	96,982
Poland	66,201	5,611	71,812	70,246	6,060	76,306
Sweden	10,012	39,489	49,501	3,083	40,842	43,925
United States	10,946	28,299	39,245	12,718	34,527	47,245
Canada	-	32,955	32,955	-	41,933	41,933
Finland	-	28,665	28,665	5,000	30,910	35,910
Netherlands	10,427	15,516	25,943	10,651	33,504	44,155
Multilateral development banks	-	38,457	38,457	-	49,532	49,532
Other countries and funds	38,463	68,101	106,564	54,851	107,607	162,458
<b>Total debt securities</b>	<b>1,204,464</b>	<b>415,965</b>	<b>1,620,429</b>	<b>1,313,162</b>	<b>488,558</b>	<b>1,801,720</b>

## Bank, EUR thousands

	30/09/2022			31/12/2021		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Lithuania	554,785	45,084	599,869	582,026	44,111	626,137
Latvia	415,155	1,312	416,467	468,861	2,185	471,046
Germany	10,000	89,251	99,251	10,000	59,468	69,468
Estonia	76,445	18,998	95,443	75,608	19,230	94,838
Poland	65,446	3,051	68,497	66,246	3,075	69,321
Sweden	10,012	39,489	49,501	-	39,516	39,516
Finland	-	28,665	28,665	5,000	30,910	35,910
Netherlands	10,427	15,516	25,943	10,651	33,504	44,155
Canada	-	32,955	32,955	-	41,933	41,933
United States	10,946	22,294	33,240	12,718	34,527	47,245
Multilateral development banks	-	33,583	33,583	-	49,532	49,532
Other countries and funds	31,829	63,115	94,944	38,092	25,115	63,207
<b>Total debt securities</b>	<b>1,185,045</b>	<b>393,313</b>	<b>1,578,358</b>	<b>1,269,202</b>	<b>383,106</b>	<b>1,652,308</b>

No payments on the debt securities are past due. Total exposure to any single country within "Other countries" group as of period end is smaller than 10% of the regulatory capital.

**NOTE 11. LOANS TO PUBLIC**

Loans by customer profile, industry profile and product type

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
<b>Financial and non-financial corporations</b>				
Real estate purchase and management	395,169	261,626	379,701	248,158
Transport and communications	254,928	219,457	43,335	33,327
Manufacturing	234,738	232,824	118,479	121,038
Trade	203,605	191,534	88,039	78,804
Agriculture and forestry	172,666	148,497	77,811	73,439
Construction	139,818	136,358	57,878	58,533
Electricity, gas and water supply	61,848	78,990	47,551	49,744
Hotels, restaurants	41,852	45,003	35,961	39,334
Financial intermediation	34,089	26,266	1,088,982	990,811
Other industries	165,914	178,615	23,005	35,068
<b>Total financial and non-financial corporations</b>	<b>1,704,627</b>	<b>1,519,170</b>	<b>1,960,742</b>	<b>1,728,256</b>
<b>Households</b>				
Mortgage loans	841,073	782,995	837,930	782,995
Finance leases	353,400	307,597	-	-
Credit for consumption	95,896	71,544	92,002	71,544
Card lending	58,681	55,794	58,681	55,794
Other lending	17,932	24,959	17,313	18,983
<b>Total households</b>	<b>1,366,982</b>	<b>1,242,889</b>	<b>1,005,926</b>	<b>929,316</b>
<b>General government</b>	<b>24,169</b>	<b>21,065</b>	<b>16,149</b>	<b>16,742</b>
<b>Total gross loans to public</b>	<b>3,095,778</b>	<b>2,783,124</b>	<b>2,982,817</b>	<b>2,674,314</b>
Impairment allowance and provisions	(99,487)	(81,615)	(77,109)	(64,601)
<b>Total net loans to public</b>	<b>2,996,291</b>	<b>2,701,509</b>	<b>2,905,708</b>	<b>2,609,713</b>

## Loans by overdue days and impairment stage

	Group, EUR thousands									
	30/09/2022					31/12/2021				
	Gross amount		Stage 3 and POCI	Expected credit loss allowance	Net carrying amount	Gross amount		Stage 3 and POCI	Expected credit loss allowance	Net carrying amount
Stage 1	Stage 2	Stage 1				Stage 2				
<b>Loans to public</b>										
Not past due	2,751,689	190,284	42,276	(62,338)	2,921,911	2,412,494	216,166	44,911	(44,319)	2,629,252
Past due <=30 days	44,535	15,169	2,513	(4,559)	57,658	38,085	10,287	993	(5,983)	43,382
Past due >30 and ≤90 days	-	5,186	1,153	(1,382)	4,957	-	15,100	7,635	(2,587)	20,148
Past due >90 days	-	-	42,973	(31,208)	11,765	-	-	37,453	(28,726)	8,727
<b>Total loans to public</b>	<b>2,796,224</b>	<b>210,639</b>	<b>88,915</b>	<b>(99,487)</b>	<b>2,996,291</b>	<b>2,450,579</b>	<b>241,553</b>	<b>90,992</b>	<b>(81,615)</b>	<b>2,701,509</b>
Guarantees and letters of credit Financial commitments	48,504	-	340	(630)	48,214	29,002	100	161	(222)	29,041
<b>Total credit exposure to public</b>	<b>3,164,398</b>	<b>213,766</b>	<b>89,583</b>	<b>(104,267)</b>	<b>3,363,480</b>	<b>2,857,688</b>	<b>250,870</b>	<b>91,428</b>	<b>(85,442)</b>	<b>3,114,544</b>

As of 30 September 2022, the gross amount of Group's POCI loans to public is EUR 19.0 million (2021: EUR 26.1 million). The recognised expected credit loss allowance on POCI loans to public is EUR 0.8 million (2021: EUR 0.2 million). Off-balance sheet credit exposure comprises various committed financing facilities to the borrowers. For details refer to Note 19 (*Off-balance Sheet Items*).

	Bank, EUR thousands									
	30/09/2022					31/12/2021				
	Gross amount		Stage 3	Expected credit loss allowance	Net carrying amount	Gross amount		Stage 3	Expected credit loss allowance	Net carrying amount
Stage 1	Stage 2	Stage 1				Stage 2				
<b>Loans to public</b>										
Not past due	2,760,677	118,510	24,741	(42,661)	2,861,267	2,435,524	141,440	27,492	(29,803)	2,574,653
Past due <=30 days	30,804	5,246	1,090	(3,387)	33,753	22,051	9,185	826	(5,738)	26,324
Past due >30 and ≤90 days	-	2,131	803	(933)	2,001	-	3,237	1,375	(1,220)	3,392
Past due >90 days	-	-	38,815	(30,128)	8,687	-	-	33,184	(27,840)	5,344
<b>Total loans to public</b>	<b>2,791,481</b>	<b>125,887</b>	<b>65,449</b>	<b>(77,109)</b>	<b>2,905,708</b>	<b>2,457,575</b>	<b>153,862</b>	<b>62,877</b>	<b>(64,601)</b>	<b>2,609,713</b>
Guarantees and letters of credit Financial commitments	57,150	-	340	(630)	56,860	33,601	100	161	(222)	33,640
<b>Total credit exposure to public</b>	<b>3,174,539</b>	<b>128,911</b>	<b>66,053</b>	<b>(81,745)</b>	<b>3,287,758</b>	<b>2,912,750</b>	<b>163,179</b>	<b>63,313</b>	<b>(68,375)</b>	<b>3,070,867</b>

## Stage 3 loans to public ratio

	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
<b>Stage 3 loans to public ratio, gross</b>	<b>2.9%</b>	<b>3.3%</b>	<b>2.2%</b>	<b>2.4%</b>
<b>Stage 3 loans to public ratio, net</b>	<b>1.7%</b>	<b>2.0%</b>	<b>1.1%</b>	<b>1.2%</b>
<b>Stage 3 impairment ratio</b>	<b>42%</b>	<b>39%</b>	<b>52%</b>	<b>52%</b>

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

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

**NOTE 12. EQUITY AND OTHER FINANCIAL INSTRUMENTS**

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

	Group, EUR thousands							
	30/09/2022				31/12/2021			
	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	28,618	883	-	29,501	42,032	1,076	-	43,108
Financial assets at fair value through other comprehensive income	-	79	124	203	-	79	124	203
<b>Total non-fixed income securities, net</b>	<b>28,618</b>	<b>962</b>	<b>124</b>	<b>29,704</b>	<b>42,032</b>	<b>1,155</b>	<b>124</b>	<b>43,311</b>
<i>Including unit-linked insurance plan assets</i>	<i>20,156</i>	<i>-</i>	<i>-</i>	<i>20,156</i>	<i>25,476</i>	<i>-</i>	<i>-</i>	<i>25,476</i>

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

As of 30 September 2022, the Bank and the Group has investments in mutual investment funds with carrying amounts of EUR 1.1 million (2021: EUR 7.4 million) and EUR 14.7 million (2021: EUR 25.8 million) which are managed by IPAS CBL Asset Management. Further, EUR 11.2 million (2021: EUR 15.2 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							
	30/09/2022				31/12/2021			
	Mutual investment funds	Foreign equities	Latvian equities	Total	Mutual investment funds	Foreign equities	Latvian equities	Total
Non-trading financial assets at fair value through profit or loss	1,071	883	-	1,954	7,400	1,076	-	8,476
Financial assets at fair value through other comprehensive income	-	79	124	203	-	79	124	203
<b>Total non-fixed income securities, net</b>	<b>1,071</b>	<b>962</b>	<b>124</b>	<b>2,157</b>	<b>7,400</b>	<b>1,155</b>	<b>124</b>	<b>8,679</b>

**NOTE 13. INVESTMENTS IN RELATED ENTITIES**

Changes in investments in related entities of the Bank

	EUR thousands	
	9m 2022	12m 2021
<b>Balance at the beginning of the period, net</b>	<b>77,087</b>	<b>46,756</b>
Equity investments and acquisitions	-	29,203
Investments in associates accounted for using the equity method	(98)	5
Liquidation of subsidiary	-	(8)
Change in impairment allowance	-	1,131
<b>Balance at the end of the period, net</b>	<b>76,989</b>	<b>77,087</b>
<i>Including associates accounted for using the equity method</i>	<i>182</i>	<i>279</i>
<i>Including gross investment in subsidiaries</i>	<i>99,731</i>	<i>99,731</i>

Acquisition of UniCredit leasing operations in the Baltics in 2021

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 the acquisition, Citadele refinanced existing borrowings of the acquired entity and committed lending of up to EUR 880 million in total.

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.



## 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	
							30/09/2022	31/12/2021
AS Citadele banka	40103303559	Latvia, Riga, Republikas laukums 2A	BNK	MT	-	-	-	-
SIA Citadele Leasing	40003423085	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	29,203	29,203
SIA Citadeles moduļi	40003397543	Latvia, Riga, Republikas laukums 2A	PLS	MS	100	100	15,752	15,752
Kaleido Privatbank AG	130.0.007.738-0	Switzerland, Bellerivestrasse 17, 8008, Zürich	BNK	MS	100	100	13,805	13,805
SIA Citadele Factoring	50003760921	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	8,043	8,043
IPAS CBL Asset Management	40003577500	Latvia, Riga, Republikas laukums 2A	IPS	MS	100	100	5,906	5,906
UAB Citadele Factoring	126233315	Lithuania, Upės g. 21, Vilnius, LT-0812	LIZ	MS	100	100	2,149	2,149
SIA Hortus Residential	40103460622	Latvia, Riga, Republikas laukums 2A	PLS	MS	100	100	858	859
AS CBL Atklātais Pensiju Fonds	40003397312	Latvia, Riga, Republikas laukums 2A	PFO	MS	100	100	646	646
OU Citadele Factoring	10925733	Estonia, Tallinn 10152, Narva mnt. 63/1	LIZ	MS	100	100	445	445
SIA Mobilly (Investments in associates accounted for using the equity method)	40003654405	Latvia, Dzirnau iela 91 k-3 - 20, Rīga, LV-1011	ENI	CT	12.5	12.5	182	279
SIA CL Insurance Broker	40003983430	Latvia, Riga, Republikas laukums 2A	PLS	MMS	100	100	-	-
AAS CBL Life	40003786859	Latvia, Riga, Republikas laukums 2A	APS	MMS	100	100	-	-
<b>Total net investments in subsidiaries and associated entities</b>							<b>76,989</b>	<b>77,087</b>

## 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	
							30/09/2022	31/12/2021
OOO Mizush Asset Management Ukraina (in liquidation)	32984601	Ukraine	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.

OOO Mizush Asset Management Ukraina is in liquidation as this Group subsidiaries had no ongoing business operations. For OOO Mizush Asset Management Ukraina a liquidator (AA PricewaterhouseCoopers Legal) has been appointed. The final tax audit has been completed. The final report has been submitted as per statutory requirement and a formal liquidation decision from the statutory register is being awaited.

## NOTE 14. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

In January 2022, AS Citadele banka entered into a binding agreement with Trusted Novus Bank Limited regarding the sale of its Swiss subsidiary – Kaleido Privatbank AG. Trusted Novus Bank Limited will acquire 100% of Kaleido Privatbank AG. The closing of the acquisition is expected by year end 2022, subject to regulatory approvals. As the conditions indicate that the investment will be recovered principally through a sale transaction rather than through continuing operations, Kaleido Privatbank AG is presented as discontinued operations as of period end. The Management has a strong commitment to sell Kaleido Privatbank AG. The sale of Kaleido Privatbank AG is a further step focusing on Citadele's core activities in the Baltics and is in line with Citadele's long-term ambition to become the leading financial services provider in the Baltics.

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

	EUR thousands	
	9m 2022 Group	9m 2021 Group
Net interest income	1,264	948
Net fee and commission income	2,276	1,715
Other operating income and expense	(382)	308
Staff costs, other operating expenses, depreciation and amortisation	(7,439)	(8,033)
Net credit losses and other impairment losses	(66)	(17)
Income tax	(41)	(38)
<b>Result from discontinued operations</b>	<b>(4,388)</b>	<b>(5,117)</b>
Result from non-current assets held for sale	455	(153)
<b>Result from non-current assets held for sale and discontinued operations</b>	<b>(3,933)</b>	<b>(5,270)</b>

## Assets and liabilities constituting discontinued operations

	EUR thousands	
	30/09/2022 Group	31/12/2021 Group *
<b>Assets</b>		
Cash, cash balances at central banks	7,583	-
Loans to credit institutions	17,668	-
Debt securities	99,308	-
Including:		
AAA/Aaa rated	38,225	-
AA/Aa rated	32,478	-
A rated	20,760	-
BBB/Baa rated	7,845	-
General government	24,981	-
Credit institutions	32,781	-
Classified in stage 1	99,308	-
Loans to public (all classified in stage 1)	22,284	-
Other assets	2,558	-
<b>Discontinued operations</b>	<b>149,401</b>	<b>-</b>
Non-current assets held for sale	21	946
<b>Discontinued operations and non-current assets held for sale</b>	<b>149,422</b>	<b>946</b>
<b>Liabilities</b>		
Deposits from credit institutions and central banks	70	-
Deposits and borrowings from customers	134,571	-
Other liabilities	2,722	-
<b>Discontinued operations</b>	<b>137,363</b>	<b>-</b>

\* Assets and liabilities (as opposed to income statement items) of the discontinued operations are not re-presented for the comparative period as per requirements of the relevant financial reporting standards.

**NOTE 15. DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS**

## Bank deposits and borrowings by type

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
ECB's targeted longer-term refinancing operations	472,771	475,810	472,771	475,810
Deposits from Citadele Group banks	-	-	135	20,393
Other credit institution deposits and collateral accounts	3,209	3,419	3,209	3,419
Other central bank deposits and accounts	7	6	7	6
<b>Total deposits from credit institutions and central banks</b>	<b>475,987</b>	<b>479,235</b>	<b>476,122</b>	<b>499,628</b>

On 24 June 2020, Citadele started to participate in the ECB's 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. In June 2021 TLTRO-III borrowing was increased by EUR 40 million and in 2022 EUR 1 million was repaid.

For Citadele until June 2022 a combined interest rate on the TLTRO-III borrowing was -1.0% as in the relevant reference period ECB's specified lending criteria was achieved. Based on an internal assessment, part of the inflow of economic benefits from TLTRO-III borrowing with negative effective interest rate, which may be justified as market rate, is recognised within interest income. The remainder is a benefit of the below-market rate of interest and is recognised within other income as a support or compensation for the fulfilment of the required obligations and for supporting customer needs.

The applicable interest rate after June 2022 is linked to a reference rate. The reference rate was changed by ECB several times since June 2022 and may change in the future.

**NOTE 16. DEPOSITS AND BORROWINGS FROM CUSTOMERS**

## Deposits and borrowings by profile of the customer

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Households	2,040,852	2,048,986	2,040,852	2,001,336
Non-financial corporations	1,464,848	1,493,271	1,452,702	1,386,755
Financial corporations	158,317	214,207	176,548	220,034
General government	82,272	44,682	82,272	44,682
Other	18,252	12,717	18,252	12,717
<b>Total deposits from customers</b>	<b>3,764,541</b>	<b>3,813,863</b>	<b>3,770,626</b>	<b>3,665,524</b>

## Deposits and borrowings from customers by contractual maturity

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Demand deposits	3,514,582	3,464,832	3,546,595	3,366,093
Term deposits due within:				
less than 1 month	33,639	61,678	33,107	58,141
more than 1 month and less than 3 months	37,349	60,500	33,379	51,867
more than 3 months and less than 6 months	59,579	37,064	59,417	27,036
more than 6 months and less than 12 months	58,642	128,875	56,144	122,432
more than 1 year and less than 5 years	53,191	51,452	39,561	36,521
more than 5 years	7,559	9,462	2,423	3,434
Total term deposits	249,959	349,031	224,031	299,431
<b>Total deposits from customers</b>	<b>3,764,541</b>	<b>3,813,863</b>	<b>3,770,626</b>	<b>3,665,524</b>

## Deposits and borrowings from customers by categories

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
At amortised cost	3,736,422	3,774,118	3,770,626	3,665,524
At fair value through profit or loss	28,119	39,745	-	-
<b>Total deposits from customers</b>	<b>3,764,541</b>	<b>3,813,863</b>	<b>3,770,626</b>	<b>3,665,524</b>
<i>Including unit-linked insurance plan liabilities</i>	<i>20,922</i>	<i>25,772</i>	<i>-</i>	<i>-</i>

All deposits from customers of the Group which are classified at fair value through profit or loss relate to the Group's life insurance business. 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 17. DEBT SECURITIES ISSUED**

## Publicly listed debt securities

ISIN code of the issued bond	Eligibility	Currency	Interest rate	Initial maturity date	Principal, EUR thousands	Amortised cost, EUR thousands	
						30/09/2022	31/12/2021
XS2393742122	MREL eligible	EUR	1.625%	22/11/2026	200,000	201,386	198,714
LV0000880102	Subordinated	EUR	5.00%	13/12/2031	40,000	40,601	40,104
LV0000880011	Subordinated	EUR	5.50%	24/11/2027	20,000	20,355	20,077
						<b>262,342</b>	<b>258,895</b>

Unsecured subordinated securities qualify for inclusion in the Bank's and the Group's Tier 2 capital. For details on capital adequacy refer to *Capital management* section of the Note 21 (*Risk Management*).

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

EUR 200 million senior unsecured preferred bonds (XS2393742122) have a five years maturity, with issuer's optional redemption date after four years. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL). The senior unsecured preferred bonds were offered to institutional investors. The bonds are listed on Euronext Dublin and Nasdaq Riga. As of the issuance date, the bonds were rated Baa3 by Moody's.

EUR 40 million (LV0000880102) and EUR 20 million (LV0000880011) unsecured subordinated bonds were issued in the local Baltic capital markets with ten years maturity and issuer's optional redemption after five years. These subordinated bonds are included in the Tier 2 capital of Citadele and contribute to stronger capital position of the Bank. The unsecured subordinated bonds were offered to institutional and retail investors in Latvia, Lithuania and Estonia, as well as institutional investors located in the Member States of the EEA.

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

ISIN code of the issued bond	Last coupon or origination date	Number of bondholders	Legal and professional investors			Private individuals		
			Number	EUR th.	%	Number	EUR th.	%
LV0000880102	13/06/2022	282	117	26,060	65%	165	13,940	35%
LV0000880011	24/05/2022	76	42	16,780	84%	34	3,220	16%

**NOTE 18. SHARE CAPITAL**

The Bank has one class ordinary shares. As of the period end from the total Bank's registered capital EUR 157,351,784 (2021: EUR 156,888,384) was issued and EUR 157,257,658 was fully paid and EUR 2,874,655 (2021: EUR 2,456,084) was registered as conditional capital. As of period end the Bank owns EUR 94,126 (2021: EUR 0) of its own shares. The conditional capital represents the maximum number of shares that may be allocated for awarding to employees as share options. 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**

	30/09/2022		31/12/2021	
	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>	35,082,302	35,082,302	42,772,216	42,772,216
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>	22,043,916	22,043,916	15,577,301	15,577,301
Amolino Holdings Inc. <sup>4</sup>	16,863,223	16,863,223	15,639,924	15,639,924
Shuco LLC <sup>5</sup>	12,297,697	12,297,697	12,297,697	12,297,697
Members of the Management Board of the Bank	574,274	574,274	302,732	302,732
Other shareholders	15,660,138	15,660,138	15,562,406	15,562,406
<b>Total</b>	<b>157,257,658</b>	<b>157,257,658</b>	<b>156,888,384</b>	<b>156,888,384</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> Amolino Holdings Inc. is beneficially owned by Mr James L. Balsilie

<sup>5</sup> Shuco LLC is beneficially owned by Mr Stanley S. Shuman

**Earnings per share**

Basic earnings per share are calculated by dividing the net profit that is attributable to the 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.

	9m 2022 Group	9m 2021 Group	9m 2022 Bank	9m 2021 Bank
Profit for the period, EUR thousands	34,170	44,739	24,500	23,587
Weighted average number of the ordinary shares outstanding during the period in thousands	157,073	156,722	157,073	156,722
<b>Basic earnings per share in EUR</b>	<b>0.22</b>	<b>0.29</b>	<b>0.16</b>	<b>0.15</b>
Weighted average number of the ordinary shares (basic) outstanding during the period in thousands	157,073	156,722	157,073	156,722
Effect of share options in issue in thousands	1,137	1,033	1,137	1,033
<b>Weighted average number of the ordinary shares (diluted) outstanding during the period in thousands</b>	<b>158,210</b>	<b>157,755</b>	<b>158,210</b>	<b>157,755</b>
Profit for the period, EUR thousands	34,170	44,739	24,500	23,587
Weighted average number of the ordinary shares (diluted) outstanding during the period in thousands	158,210	157,755	158,210	157,755
<b>Diluted earnings per share in EUR</b>	<b>0.22</b>	<b>0.28</b>	<b>0.15</b>	<b>0.15</b>

**NOTE 19. 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			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Contingent liabilities:				
Outstanding guarantees	45,178	17,333	53,824	21,932
Outstanding letters of credit	3,666	16,932	3,666	16,931
<b>Total contingent liabilities</b>	<b>48,844</b>	<b>34,265</b>	<b>57,490</b>	<b>38,863</b>
Provisions for credit risk	(630)	(229)	(630)	(229)
<b>Maximum credit risk exposure for guarantees and letters of credit</b>	<b>48,214</b>	<b>34,036</b>	<b>56,860</b>	<b>38,634</b>
Financial commitments:				
Card commitments	117,369	122,102	117,390	122,118
Unutilised credit lines and loans granted, not fully drawn down	166,387	212,009	211,806	308,947
Factoring commitments	39,149	53,488	-	-
Other commitments	220	344	-	-
<b>Total financial commitments</b>	<b>323,125</b>	<b>387,943</b>	<b>329,196</b>	<b>431,065</b>
Provisions for financial commitments	(4,150)	(3,605)	(4,006)	(3,552)
<b>Maximum credit risk exposure for financial commitments</b>	<b>318,975</b>	<b>384,338</b>	<b>325,190</b>	<b>427,513</b>

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

**NOTE 20. ASSETS UNDER MANAGEMENT****Fair value of assets managed on behalf of customers by investment type**

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Fixed income securities:				
Corporate bonds	144,160	193,845	-	-
Government bonds	61,983	71,233	-	-
Credit institution bonds	52,955	54,083	-	-
Other financial institution bonds	19,308	22,477	-	-
<b>Total investments in fixed income securities</b>	<b>278,406</b>	<b>341,638</b>	<b>-</b>	<b>-</b>
Other investments:				
Investment funds	518,422	641,845	-	-
Deposits with credit institutions	6,174	1,005	-	-
Compensations for distribution on behalf of deposit guarantee fund	9,588	12,049	9,588	12,049
Shares	86,095	116,175	-	-
Real estate	4,854	4,820	-	-
Loans	608	631	608	631
Other	46,346	31,777	-	-
<b>Total other investments</b>	<b>672,087</b>	<b>808,302</b>	<b>10,196</b>	<b>12,680</b>
<b>Total assets under management</b>	<b>950,493</b>	<b>1,149,940</b>	<b>10,196</b>	<b>12,680</b>

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

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Pension plans	684,782	814,908	-	-
Insurance companies, investment and pension funds	131,406	187,750	-	-
Other companies and government	19,258	19,397	10,196	12,680
Private individuals	115,047	127,885	-	-
<b>Total liabilities under management</b>	<b>950,493</b>	<b>1,149,940</b>	<b>10,196</b>	<b>12,680</b>

**NOTE 21. RISK MANAGEMENT*****Risk management policies***

The Group considers risk management to be an essential component of its management process. The Group pursues prudent risk management that is aligned with its business ambitions and aims to achieve effective risk mitigation. In order to assess and monitor complex risk exposures, the Group applies a wide range of risk management tools in conjunction with risk committees. Members of risk committees represent various 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, sustainable growth, long-term financial stability and to protect the Group from unidentified risks. The Bank has appointed a Risk Director (CRO) who is a member of the Bank's Management Board and whose responsibilities do not include the duties related to the activities under control. The CRO has a direct access to the Bank's Supervisory Board. The Risk Committee, which is subordinated to the Bank's Supervisory Board, has been established in the Bank. The main task of the Risk Committee is to provide support to the Bank's Supervisory Board in relation to the monitoring of the Group's risk management system. The Risk Committee established by the Bank's Supervisory Board provides recommendations to the Bank's Management Board regarding improvements of the risk management system. Risk management within the Group is controlled by an independent unit – the Risk Division.

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

Since the latest annual reporting date, the Group's exposure to market risk, interest rate risk, currency risk and operational risk has not changed materially. For more details on the Group's risk management policies refer to the latest annual report of the Group and the interim disclosures below.

**Events in Ukraine and Russian sanctions**

The new laws, policies and sanctions, including sanctions imposed on Russia, are diligently implemented. Consistently with long standing Citadele's objective to become the leading financial services provider in the Baltics, internal risk exposure limits with Russia, other CIS countries and Ukraine have been low. As 30 September 2022 the carrying amount of the Group's direct credit exposures with parties domiciled in Russia, Belarus and Ukraine are less than EUR 2.0 million. Additionally, carrying value of the Bank's investments in collective investment funds with direct exposure to eastern Europe is around EUR 1.1 million. Of these funds, direct exposures to the above countries are only a part of the overall investment funds' holdings. The indirect impact from these events is regularly monitored.

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

Group as of 30/09/2022, EUR thousands						
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	199,010	39,768	670	-	-	239,448
Loans to credit institutions	3,148	-	-	11,605	32,889	47,642
Debt securities	424,191	606,424	97,420	332,860	159,534	1,620,429
Loans to public	1,376,320	1,135,935	469,415	10,521	4,100	2,996,291
Equity instruments	124	-	-	79	883	1,086
Other financial instruments	14,708	-	-	13,611	299	28,618
Derivatives	5,318	36	-	583	-	5,937
Discontinued operations	2,009	1,748	-	71,388	74,256	149,401
Other assets	47,765	10,867	8,004	1,047	14	67,697
<b>Total assets</b>	<b>2,072,593</b>	<b>1,794,778</b>	<b>575,509</b>	<b>441,694</b>	<b>271,975</b>	<b>5,156,549</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	475,382	60	-	436	109	475,987
Deposits and borrowings from customers	2,894,356	720,524	50,701	20,177	78,783	3,764,541
Debt securities issued	262,342	-	-	-	-	262,342
Derivatives	716	-	-	506	-	1,222
Discontinued operations	6,923	-	4,109	41,310	85,021	137,363
Other liabilities	80,767	13,259	8,843	41	315	103,225
<b>Total liabilities</b>	<b>3,720,486</b>	<b>733,843</b>	<b>63,653</b>	<b>62,470</b>	<b>164,228</b>	<b>4,744,680</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	8,557	37,322	597	302	2,066	48,844
Financial commitments	206,838	89,166	20,036	4,858	2,227	323,125

For additional information on geographical distribution of securities exposures please refer to Note 10 (Debt Securities). Investments in mutual funds are not analysed by their ultimate issuer and are classified as other financial instruments. From the Group's loans to credit institutions presented as "Other countries" EUR 26.1 million is with United States registered credit institutions (2021: EUR 23.6 million). From the Group's discontinued operations presented as "Other countries" EUR 7.6 million is central banks balances with Swiss National Bank (2021: EUR 9.4 million) and EUR 9.1 million are with Swiss credit institutions (2021: EUR 20.0 million).

Group as of 31/12/2021, EUR thousands						
	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	270,249	88,875	2,502	-	9,399	371,025
Loans to credit institutions	3,201	16	406	6,017	49,102	58,742
Debt securities	481,772	635,869	96,982	421,132	165,965	1,801,720
Loans to public	1,299,294	1,000,969	380,421	9,372	11,453	2,701,509
Equity instruments	124	-	-	79	1,076	1,279
Other financial instruments	25,759	-	-	15,811	462	42,032
Derivatives	4,182	15	-	106	-	4,303
Other assets	56,812	9,527	5,146	30	2,436	73,951
<b>Total assets</b>	<b>2,141,393</b>	<b>1,735,271</b>	<b>485,457</b>	<b>452,547</b>	<b>239,893</b>	<b>5,054,561</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	477,065	-	-	2,153	17	479,235
Deposits and borrowings from customers	2,845,249	669,061	62,472	53,821	183,260	3,813,863
Debt securities issued	258,895	-	-	-	-	258,895
Derivatives	357	125	-	200	57	739
Other liabilities	76,081	12,177	12,463	32	4,001	104,754
<b>Total liabilities</b>	<b>3,657,647</b>	<b>681,363</b>	<b>74,935</b>	<b>56,206</b>	<b>187,335</b>	<b>4,657,486</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	7,498	25,747	637	121	262	34,265
Financial commitments	229,014	131,811	23,153	322	3,643	387,943

## Bank as of 30/09/2022, EUR thousands

	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	199,010	39,768	670	-	-	239,448
Loans to credit institutions	-	-	-	11,605	32,889	44,494
Debt securities	416,468	599,868	95,443	319,283	147,296	1,578,358
Loans to public	1,994,842	663,496	233,132	10,330	3,908	2,905,708
Equity instruments	124	-	-	79	883	1,086
Other financial instruments	1,071	-	-	-	-	1,071
Derivatives	5,318	36	-	583	-	5,937
Other assets	95,660	9,787	2,777	1,005	13,829	123,058
<b>Total assets</b>	<b>2,712,493</b>	<b>1,312,955</b>	<b>332,022</b>	<b>342,885</b>	<b>198,805</b>	<b>4,899,160</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	475,381	60	-	436	245	476,122
Deposits and borrowings from customers	2,905,932	720,591	50,807	20,019	73,277	3,770,626
Debt securities issued	262,342	-	-	-	-	262,342
Derivatives	716	-	-	506	-	1,222
Other liabilities	25,563	6,556	1,374	41	326	33,860
<b>Total liabilities</b>	<b>3,669,934</b>	<b>727,207</b>	<b>52,181</b>	<b>21,002</b>	<b>73,848</b>	<b>4,544,172</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	8,550	37,322	597	85	10,936	57,490
Financial commitments	227,760	73,438	27,245	675	77	329,195

For additional information on geographical distribution of securities exposures please refer to Note 10 (*Debt Securities*). From the Bank's loans to credit institutions presented as "Other countries" EUR 26.1 million with United States registered credit institutions (2021: EUR 23.6 million).

## Bank as of 31/12/2021, EUR thousands

	Latvia	Lithuania	Estonia	Other EU countries	Other countries	Total
<b>Assets</b>						
Cash and cash balances at central banks	270,249	88,875	2,502	-	-	361,626
Loans to credit institutions	-	-	-	6,578	29,115	35,693
Debt securities	470,922	626,137	94,838	335,844	124,567	1,652,308
Loans to public	1,829,828	584,948	181,119	9,097	4,721	2,609,713
Equity instruments	124	-	-	79	1,076	1,279
Other financial instruments	7,400	-	-	-	-	7,400
Derivatives	4,182	15	-	106	-	4,303
Other assets	101,248	9,314	3,191	1	13,820	127,574
<b>Total assets</b>	<b>2,683,953</b>	<b>1,309,289</b>	<b>281,650</b>	<b>351,705</b>	<b>173,299</b>	<b>4,799,896</b>
<b>Liabilities</b>						
Deposits from credit institutions and central banks	477,065	-	-	2,153	20,410	499,628
Deposits and borrowings from customers	2,834,407	669,457	61,133	15,602	84,925	3,665,524
Debt securities issued	258,895	-	-	-	-	258,895
Derivatives	357	125	-	200	57	739
Other liabilities	22,127	6,565	809	32	14	29,547
<b>Total liabilities</b>	<b>3,592,851</b>	<b>676,147</b>	<b>61,942</b>	<b>17,987</b>	<b>105,406</b>	<b>4,454,333</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	7,477	25,747	637	52	4,950	38,863
Financial commitments	266,091	138,314	26,229	322	109	431,065

## Liquidity coverage ratio

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

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
1. Liquidity buffer	1,050,948	1,255,477	997,385	1,190,783
2. Net liquidity outflow	628,599	635,011	696,377	727,528
3. Liquidity coverage ratio	<b>167%</b>	<b>198%</b>	<b>143%</b>	<b>164%</b>



**Net stable funding ratio**

The net stable funding ratio (NSFR) is defined in the Regulation (EC) No 575/2013. NSFR is the ratio of the available amount of stable funding to the required amount of stable funding over one-year horizon. The minimum NSFR requirement is 100%.

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
1. Total available stable funding	3,835,856	3,872,201	3,795,162	3,749,691
2. Total required stable funding	2,909,299	2,849,583	2,060,717	2,138,255
3. <b>Net stable funding ratio</b>	<b>132%</b>	<b>136%</b>	<b>184%</b>	<b>175%</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, rules and recommendations issued by supervisory authorities and other relevant regulations.

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

Total SREP capital requirement (TSCR) requires capital to cover risks in addition to those covered by the regulation (EU) 575/2013. TSCR is established in a supervisory review and evaluation process (SREP) carried out by the supervisory authority. The supervisory authority determines TSCR on a risk-by-risk basis, using supervisory judgement, the outcome of supervisory benchmarking, ICAAP calculations and other relevant inputs. The additional pillar 2 capital requirement is re-assessed annually by the supervisory authority. As of the period end based on the assessment of the supervisory authority an additional 2.50% own funds requirement is determined to cover Pillar 2 risks. Thus, as of the period end Citadele shall at all times meet, on a consolidated basis, a total SREP capital requirement (TSCR) of 10.5% (which includes a Pillar 2 additional own funds requirement of 2.5% to be held in the form of 56.25% of Common Equity Tier 1 (CET1) capital and 75% of Tier 1 capital, as a minimum).

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

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

Citadele, being identified as "other systemically important institution" (O-SII), as of period end must also comply with the O-SII capital buffer requirement set by the supervisory authority at 1.50%. From 1 January 2023 O-SII applicable to Citadele is set to increase to 1.75%.

Countercyclical capital buffer norms at each balance sheet date are calculated based on the actual risk exposure geographical distribution and the countercyclical buffer rates applicable for each geographical location. 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 had decreased to almost 0%. Since then, some countries have announced planned future increases in countercyclical capital buffer levels which, after prespecified delay, one-by-one will start to become effective later in 2022.

The Group and the Bank applies requirements of minimum loss coverage for non-performing exposures in line with regulation (EU) 2019/630. The minimum loss coverage calculation is mathematically simplistic "calendar based" calculation for non-performing exposures, which is constructed on the 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 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 30 September 2022

	Common equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital adequacy ratio
Common equity Tier 1 ratio	4.50%	4.50%	4.50%
Additional Tier 1 ratio	-	1.50%	1.50%
Additional total capital ratio	-	-	2.00%
Pillar 2 additional own funds requirement (individually determined by the supervisory authority in the SREP, P2R)	1.41%	1.88%	2.50%
Capital buffer requirements:			
Capital conservation buffer	2.50%	2.50%	2.50%
O-SII capital buffer	1.50%	1.50%	1.50%
Countercyclical capital buffer	0.00%	0.00%	0.00%
<b>Capital requirement</b>	<b>9.91%</b>	<b>11.88%</b>	<b>14.50%</b>
Pillar 2 Guidance (P2G)	1.50%	1.50%	1.50%
<b>Non-legally binding capital requirement with Pillar 2 Guidance</b>	<b>11.41%</b>	<b>13.38%</b>	<b>16.00%</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)

	EUR thousands			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Common equity Tier 1 capital				
Paid up capital instruments and share premium	157,702	157,127	157,702	157,127
Retained earnings	262,210	230,786	211,215	186,548
Regulatory deductions	(19,950)	(8,255)	(21,879)	(6,290)
Other capital components and transitional adjustments, net	3,897	9,634	1,527	5,173
Tier 2 capital				
Eligible part of subordinated liabilities	60,000	60,000	60,000	60,000
<b>Total own funds</b>	<b>463,859</b>	<b>449,292</b>	<b>408,565</b>	<b>402,558</b>
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,347,752	2,164,268	1,550,159	2,174,244
Total exposure amounts for position, foreign currency open position and commodities risk	2,444	10,916	2,240	10,916
Total exposure amounts for operational risk	206,624	206,624	162,314	162,314
Total exposure amounts for credit valuation adjustment	2,456	4,592	2,429	4,592
<b>Total risk exposure amount</b>	<b>2,559,276</b>	<b>2,386,400</b>	<b>1,717,142</b>	<b>2,352,066</b>
<b>Common equity Tier 1 capital ratio</b>	<b>15.8%</b>	<b>16.3%</b>	<b>20.3%</b>	<b>14.6%</b>
<b>Total capital adequacy ratio</b>	<b>18.1%</b>	<b>18.8%</b>	<b>23.8%</b>	<b>17.1%</b>

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

Total risk exposure amount of the Bank has decreased substantially in 2022 as a result of receiving approval of the supervisory authority to apply 0% risk weight to certain exposures with subsidiaries.

## Transitional adjustments applied as of 30 September 2022

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 the 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 at the end of 2022.

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 is mostly discretionary. An 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			
	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Common equity Tier 1 capital, fully loaded	402,396	386,366	347,037	339,503
Tier 2 capital	60,000	60,000	60,000	60,000
<b>Total own funds, fully loaded</b>	<b>462,396</b>	<b>446,366</b>	<b>407,037</b>	<b>399,503</b>
<b>Total risk exposure amount, fully loaded</b>	<b>2,558,108</b>	<b>2,383,981</b>	<b>1,715,849</b>	<b>2,349,379</b>
<b>Common equity Tier 1 capital ratio, fully loaded</b>	<b>15.7%</b>	<b>16.2%</b>	<b>20.2%</b>	<b>14.5%</b>
<b>Total capital adequacy ratio, fully loaded</b>	<b>18.1%</b>	<b>18.7%</b>	<b>23.7%</b>	<b>17.0%</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. The minimum requirement is 3%. The exposure measure includes both non-risk based on-balance sheet and off-balance sheet items calculated in accordance with the capital requirements regulation. The leverage ratio and the risk-based capital adequacy ratio requirements are complementary, with the leverage ratio defining the minimum capital to total exposure requirement and the risk-based capital adequacy ratios limiting bank risk-taking.

	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
Leverage Ratio – fully phased-in definition of Tier 1 capital	7.7%	7.5%	6.9%	6.9%
Leverage Ratio – transitional definition of Tier 1 capital	7.8%	7.6%	7.0%	6.9%

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

The transitional capital adequacy ratio as of period end, if the net result since the latest audited financials as of 31 December 2021 is not included, for the Group is 16.9% and for the Bank is 22.4%; the transitional Tier 1 capital ratio for the Group is 14.6% and for the Bank is 18.9%. The fully loaded capital adequacy ratio, if the net result for the period is not included, for the Group is 16.9% and for the Bank is 22.3%; the fully loaded Tier 1 capital ratio for the Group is 14.5% and for the Bank is 18.8%.

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.

MREL is required to be calculated based on both total risk exposure amount (TREA) and leverage ratio exposure (LRE) amount. Statutory subordination requirements are set depending on the Group's classification and are 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 5.18% 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 20.06% of TREA or 5.18% 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. As of period end, the Group is in compliance with both TREA and LRE based intermediate MREL requirements.

The MREL targets were determined by the SRB using the financial and supervisory information as of 31 December 2020 and is expected to be updated by the SRB annually based on more recent financial information of the Group.

## 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**

	9m 2022 Group	9m 2021 Group Represented discontinued operations	9m 2022 Bank	9m 2021 Bank
<i>EUR thousands</i>				
1. Interest income	96,311	91,132	79,025	68,189
2. Interest expense	(13,398)	(11,211)	(13,297)	(10,964)
3. Dividend income	24	30	24	30
4. Commission and fee income	50,608	42,034	46,287	36,313
5. Commission and fee expense	(20,261)	(16,905)	(20,063)	(16,562)
6. Gain or loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(1,529)	367	(1,529)	367
7. Gain or loss on financial assets and liabilities measured at fair value through profit or loss, net	(1,226)	722	626	624
8. Fair value change in the hedge accounting	-	-	-	-
9. Gain or loss from foreign exchange trading and revaluation of open positions	6,567	5,388	6,445	5,352
10. Gain or loss on derecognition of non-financial assets, net	-	-	-	-
11. Other income	8,362	5,236	2,505	3,298
12. Other expense	(4,974)	(4,306)	(3,234)	(2,286)
13. Administrative expense	(61,084)	(55,019)	(53,498)	(46,429)
14. Amortisation and depreciation charge *	(6,469)	(6,080)	(6,173)	(5,719)
15. Gain or loss on modifications in financial asset contractual cash flows	1,378	42	1,378	42
16. Provisions, net	(1,007)	(549)	(851)	(689)
17. Impairment charge and reversals, net	(14,011)	419	(12,163)	(7,516)
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	(98)	-	(98)	-
20. Profit or loss from non-current assets and disposal groups classified as held for sale	(3,933)	(5,270)	(596)	(153)
<b>21. Profit before taxation</b>	<b>35,260</b>	<b>46,030</b>	<b>24,788</b>	<b>23,897</b>
22. Corporate income tax	(1,090)	(1,291)	(288)	(310)
<b>23. Net profit / loss for the period</b>	<b>34,170</b>	<b>44,739</b>	<b>24,500</b>	<b>23,587</b>
<b>24. Other comprehensive income for the period</b>	<b>(20,435)</b>	<b>(2,138)</b>	<b>(16,134)</b>	<b>(1,379)</b>

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

**Balance Sheet, regulatory format**

	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
<i>EUR thousands</i>				
1. Cash and demand balances with central banks	239,448	371,025	239,448	361,626
2. Demand deposits due from credit institutions	22,419	36,743	19,271	13,710
3. Financial assets designated at fair value through profit or loss	35,438	47,410	7,891	12,778
3.1. Including loans to public and credit institutions	-	-	-	-
4. Financial assets at fair value through other comprehensive income	228,568	340,905	186,497	233,370
5. Financial assets at amortised cost	4,413,578	4,184,527	4,322,995	4,050,838
5.1. Including loans to public and credit institutions	3,021,514	2,723,508	2,930,931	2,631,696
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	182	279	76,989	77,087
9. Tangible assets	16,911	20,444	10,967	11,496
10. Intangible assets	7,942	8,562	6,026	6,083
11. Tax assets	4,638	4,603	3,296	3,050
12. Other assets	38,003	39,117	25,759	28,912
13. Non-current assets and disposal groups classified as held for sale	149,422	946	21	946
<b>14. Total assets (1.+.....+13.)</b>	<b>5,156,549</b>	<b>5,054,561</b>	<b>4,899,160</b>	<b>4,799,896</b>
15. Due to central banks	472,778	475,816	472,777	475,816
16. Demand liabilities to credit institutions	2,709	3,419	2,845	11,664
17. Financial liabilities designated at fair value through profit or loss	29,341	40,485	1,222	739
17.1. Including deposits from customers and credit institutions	20,922	39,745	-	-
18. Financial liabilities measured at amortised cost	3,999,264	4,033,012	4,033,468	3,936,567
18.1. Including deposits from customers and credit institutions	3,736,922	3,774,117	3,771,126	3,677,672
19. Derivatives – hedge accounting	-	-	-	-
20. Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
21. Provisions	4,880	3,934	4,736	3,882
22. Tax liabilities	378	573	-	189
23. Other liabilities	97,967	100,247	29,124	25,476

24. Liabilities included in disposal groups classified as held for sale	137,363	-	-	-
<b>25. Total liabilities (15.+...+24.)</b>	<b>4,744,680</b>	<b>4,657,486</b>	<b>4,544,172</b>	<b>4,454,333</b>
26. Shareholders' equity	411,869	397,075	354,988	345,563
<b>27. Total liabilities and shareholders' equity (25.+26.)</b>	<b>5,156,549</b>	<b>5,054,561</b>	<b>4,899,160</b>	<b>4,799,896</b>
<b>28. Memorandum items</b>	<b>371,969</b>	<b>422,208</b>	<b>386,685</b>	<b>469,928</b>
29. Contingent liabilities	48,844	34,265	57,490	38,863
30. Financial commitments	323,125	387,943	329,195	431,065

**ROE and ROA ratios**

	9m 2022 Group	9m 2021 Group	9m 2022 Bank	9m 2021 Bank
Return on equity (ROE) (%)	11.26%	16.30%	9.33%	9.56%
Return on assets (ROA) (%)	0.89%	1.25%	0.67%	0.70%

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	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
<b>1 Own funds (1.1.+1.2.)</b>	<b>432,603</b>	<b>449,292</b>	<b>384,065</b>	<b>402,558</b>
1.1 Tier 1 capital (1.1.1.+1.1.2.)	372,603	389,292	324,065	342,558
1.1.1 Common equity Tier 1 capital	372,603	389,292	324,065	342,558
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>2,559,276</b>	<b>2,386,400</b>	<b>1,717,142</b>	<b>2,352,066</b>
2.1 Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	2,347,752	2,164,268	1,550,159	2,174,244
2.2 Total risk exposure amount for settlement/delivery	-	-	-	-
2.3 Total risk exposure amount for position, foreign exchange and commodities risks	2,444	10,916	2,240	10,916
2.4 Total risk exposure amount for operational risk	206,624	206,624	162,314	162,314
2.5 Total risk exposure amount for credit valuation adjustment	2,456	4,592	2,429	4,592
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)	<b>14.6%</b>	<b>16.3%</b>	<b>18.9%</b>	<b>14.6%</b>
3.2 Surplus (+)/ deficit (-) of Common equity Tier 1 capital (1.1.1.-2.*4.5%)	257,435	281,904	246,794	236,715
3.3 Tier 1 capital ratio (1.1./2.*100)	<b>14.6%</b>	<b>16.3%</b>	<b>18.9%</b>	<b>14.6%</b>
3.4 Surplus (+)/ Deficit (-) of Tier 1 capital (1.1.-2.*6%)	219,046	246,108	221,037	201,434
3.5 Total capital ratio (1./2.*100)	<b>16.9%</b>	<b>18.8%</b>	<b>22.4%</b>	<b>17.1%</b>
3.6 Surplus (+)/ Deficit (-) of total capital (1.-2.*8%)	227,861	258,380	246,694	214,393
<b>4 Combined buffer requirements (4.1.+4.2.+4.3.+4.4.+4.5.)</b>				
4.1 Capital conservation buffer	102,371	95,456	68,686	94,083
4.2 Conservation buffer for macroprudential or systemic risk at member state's level	63,982	59,660	42,929	58,802
4.3 Institution specific countercyclical buffer	-	-	-	-
4.4 Systemic risk buffer	-	-	-	-
4.5 Other systemically important institution buffer	38,389	35,796	25,757	35,281
<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	14.6%	16.3%	18.9%	14.6%
5.3 Tier 1 capital ratio including line 5.1 adjustments	14.6%	16.3%	18.9%	14.6%
5.4 Total capital ratio including line 5.1 adjustments	16.9%	18.8%	22.4%	17.1%

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.

EUR thousands	30/09/2022 Group	31/12/2021 Group	30/09/2022 Bank	31/12/2021 Bank
<b>1.A Own funds, IFRS 9 transitional provisions not applied</b>	<b>431,140</b>	<b>446,366</b>	<b>382,538</b>	<b>399,503</b>
1.1.A Tier 1 capital, IFRS 9 transitional provisions not applied	371,140	386,366	322,538	339,503
1.1.1. Common equity Tier 1 capital, IFRS 9 transitional provisions not applied	371,140	386,366	322,538	339,503
<b>2.A Total risk exposure amount, IFRS 9 transitional provisions not applied</b>	<b>2,558,108</b>	<b>2,383,981</b>	<b>1,715,849</b>	<b>2,349,379</b>
3.1.A Common equity Tier 1 capital ratio, IFRS 9 transitional provisions not applied	14.5%	16.2%	18.8%	14.5%
3.3.A Tier 1 capital ratio, IFRS 9 transitional provisions not applied	14.5%	16.2%	18.8%	14.5%
3.5.A Total capital ratio, IFRS 9 transitional provisions not applied	16.9%	18.7%	22.3%	17.0%

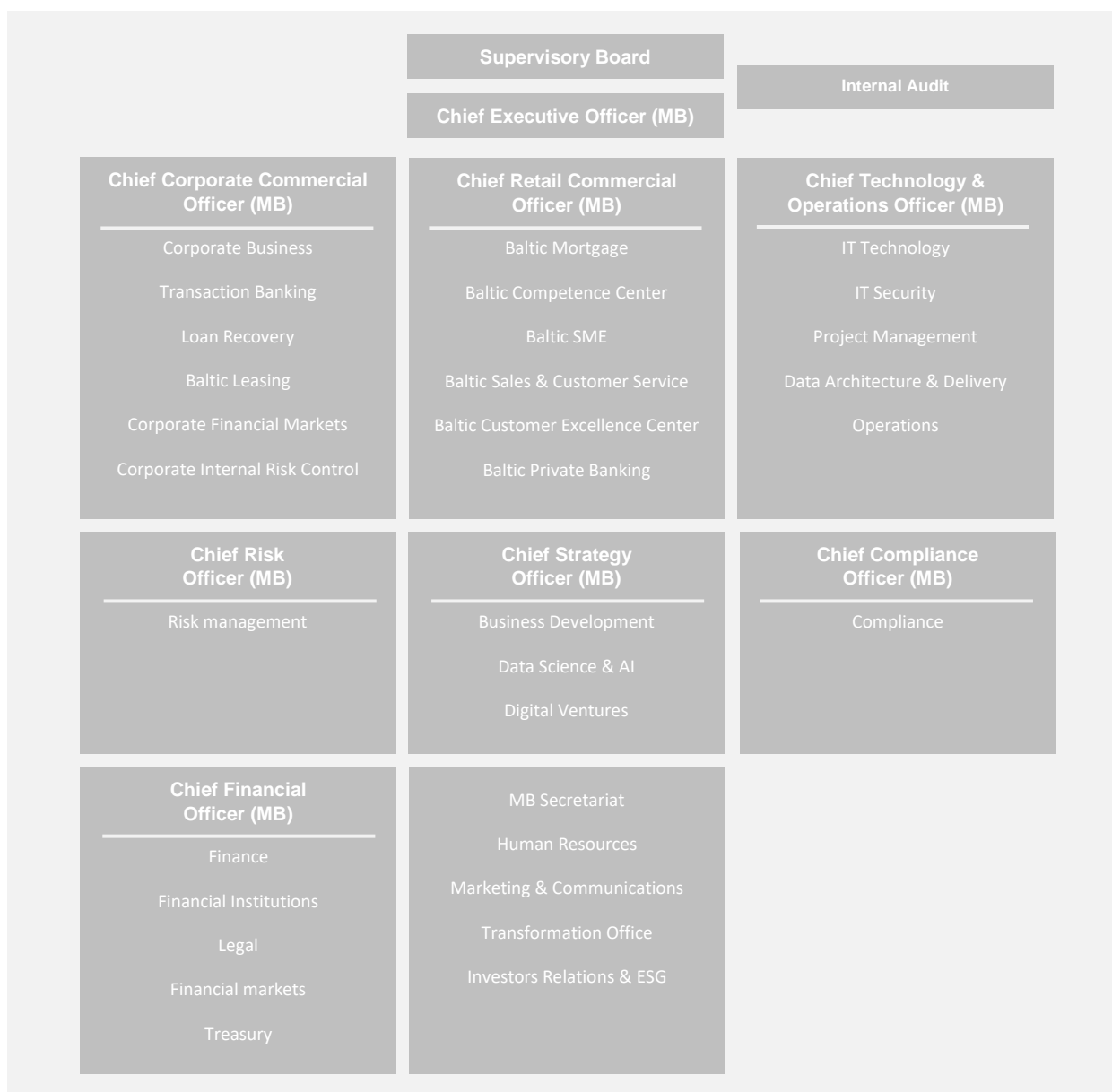
### Business Strategy and Objectives

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

### Branches

AS Citadele banka has 19 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 4 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 (Represented discontinued operations)				
	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Interest income	33,092	31,621	31,598	31,506	31,368
Interest expense	(4,148)	(5,042)	(4,208)	(4,448)	(3,910)
<b>Net interest income</b>	<b>28,944</b>	<b>26,579</b>	<b>27,390</b>	<b>27,058</b>	<b>27,458</b>
Fee and commission income	16,882	18,267	15,459	15,950	15,264
Fee and commission expense	(7,944)	(7,160)	(5,157)	(6,941)	(5,846)
<b>Net fee and commission income</b>	<b>8,938</b>	<b>11,107</b>	<b>10,302</b>	<b>9,009</b>	<b>9,418</b>
Net financial income	3,240	1,747	203	268	2,015
Net other income / (expense)	999	831	1,484	867	(212)
<b>Operating income</b>	<b>42,121</b>	<b>40,264</b>	<b>39,379</b>	<b>37,202</b>	<b>38,679</b>
Staff costs	(14,792)	(16,007)	(14,458)	(13,885)	(13,470)
Other operating expenses	(5,675)	(5,841)	(4,311)	(7,116)	(4,568)
Depreciation and amortisation	(2,227)	(2,169)	(2,073)	(2,040)	(2,051)
<b>Operating expense</b>	<b>(22,694)</b>	<b>(24,017)</b>	<b>(20,842)</b>	<b>(23,041)</b>	<b>(20,089)</b>
<b>Profit before impairment</b>	<b>19,427</b>	<b>16,247</b>	<b>18,537</b>	<b>14,161</b>	<b>18,590</b>
Net credit losses	(2,242)	(6,631)	(6,056)	(1,430)	(3,741)
Other impairment losses	(22)	(16)	(51)	(56)	(35)
<b>Operating profit from continuous operations</b>	<b>17,163</b>	<b>9,600</b>	<b>12,430</b>	<b>12,675</b>	<b>14,814</b>
Result from non-current assets held for sale and discontinued operations	(2,109)	(1,228)	(596)	(2,095)	(2,413)
<b>Operating profit</b>	<b>15,054</b>	<b>8,372</b>	<b>11,834</b>	<b>10,580</b>	<b>12,401</b>
Income tax	(470)	(347)	(273)	(274)	(250)
<b>Net profit</b>	<b>14,584</b>	<b>8,025</b>	<b>11,561</b>	<b>10,306</b>	<b>12,151</b>
	Group, EUR thousands				
	30/09/2022	30/06/2022	31/03/2022	31/12/2021	30/09/2021
<b>Assets</b>					
Cash and cash balances at central banks	239,448	215,770	340,992	371,025	370,806
Loans to credit institutions	47,642	42,112	53,341	58,742	78,725
Debt securities	1,620,429	1,660,153	1,639,206	1,801,720	1,729,212
Loans to public	2,996,291	2,895,490	2,772,321	2,701,509	2,602,470
Equity instruments	1,086	1,892	1,329	1,279	1,302
Other financial instruments	28,618	29,490	32,235	42,032	41,653
Derivatives	5,937	8,701	4,852	4,303	4,657
Investments in related entities	182	182	279	279	274
Tangible assets	16,911	18,638	20,090	20,444	22,643
Intangible assets	7,942	7,891	7,931	8,562	8,501
Current income tax assets	2,142	2,142	2,075	1,927	2,727
Deferred income tax assets	2,496	2,548	2,624	2,676	2,810
Discontinued operations and non-current assets held for sale	149,422	137,212	149,365	946	946
Other assets	38,003	39,577	34,417	39,117	52,263
<b>Total assets</b>	<b>5,156,549</b>	<b>5,061,798</b>	<b>5,061,057</b>	<b>5,054,561</b>	<b>4,918,989</b>
<b>Liabilities</b>					
Deposits from credit institutions and central banks	475,987	479,163	476,783	479,235	477,492
Deposits and borrowings from customers	3,764,541	3,682,557	3,676,082	3,813,863	3,893,309
Debt securities issued	262,342	260,662	260,545	258,895	61,000
Derivatives	1,222	2,181	1,648	739	1,476
Provisions	4,880	4,704	3,893	3,934	2,763
Current income tax liabilities	3	3	200	197	217
Deferred income tax liabilities	375	375	375	376	442
Discontinued operations	137,363	134,227	139,794	-	-
Other liabilities	97,967	95,786	101,804	100,247	94,631
<b>Total liabilities</b>	<b>4,744,680</b>	<b>4,659,658</b>	<b>4,661,124</b>	<b>4,657,486</b>	<b>4,531,330</b>
<b>Equity</b>					
Share capital	157,258	156,888	156,888	156,888	156,888
Reserves and other capital components	(12,593)	(7,368)	(1,486)	7,320	8,260
Retained earnings	267,204	252,620	244,531	232,867	222,511
<b>Total equity</b>	<b>411,869</b>	<b>402,140</b>	<b>399,933</b>	<b>397,075</b>	<b>387,659</b>
<b>Total liabilities and equity</b>	<b>5,156,549</b>	<b>5,061,798</b>	<b>5,061,057</b>	<b>5,054,561</b>	<b>4,918,989</b>
<b>Off-balance sheet items</b>					
Guarantees and letters of credit	48,844	33,554	24,170	34,265	44,596
Financial commitments	323,125	363,616	382,520	387,943	297,747

## 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.