AS Citadele banka

INTERIM REPORT

For the twelve months ended
31 December 2024

Key figures and events of the Group

Citadele's operating income in 2024 reached EUR 234.8 million. Return on equity stood at 17.5%, while the cost-to-income ratio (CIR) was 48.4%. In Q4 2024, operating income was EUR 60.0 million, reflecting a 2% increase quarter-over-quarter.

In 2024, the loan portfolio increased by 14%, reaching EUR 3,275 million as of 31 December 2024. EUR 1,346 million was issued in new financing to support Baltic private, SME, and corporate customers during this period, with EUR 402 million issued in Q4 2024.

The overall credit quality of the loan book remained strong. The Stage 3 loans to public gross ratio reached 2.3% as of 31 December 2024, compared to 2.1% as of 31 December 2023.

Citadele's deposit base totalled EUR 4,023 million as of 31 December 2024 reflecting a 5% increase since the end of 2023.

Citadele's active customers increased by 6% year-over-year, reaching 400.7 thousand as of 31 December 2024. The number of active mobile app users reached 269 thousand, growing by 5% year-over-year. Active digital channel users accounted for 89.3% of total customers.

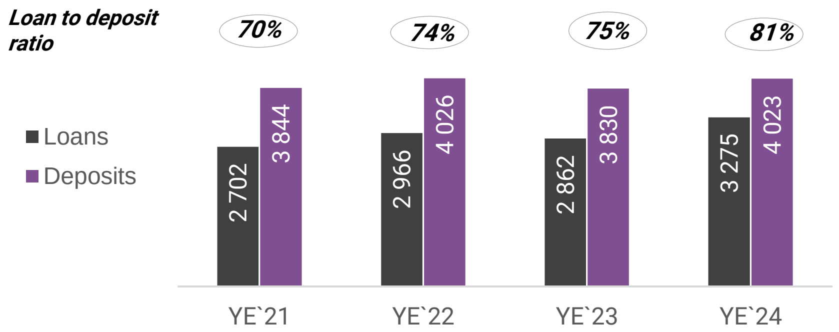
Citadele continues to operate with adequate capital and liquidity ratios. The Group's CAR was 21.4%, CET1 was 19.2%, and the LCR was 181% as of 31 December 2024.

As of 31 December 2024, Citadele had 1,342 full-time employees.

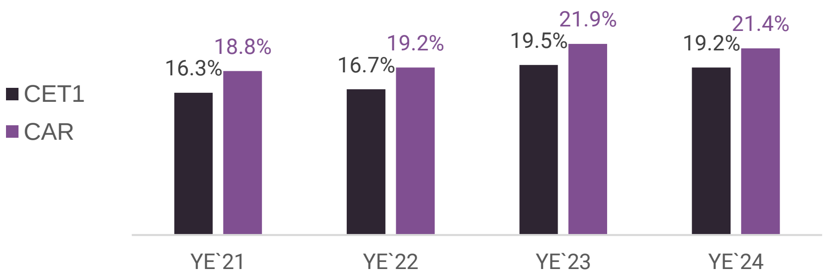
	Continuous operations only			
EUR millions	**2024**	**2023**	**Q4 2024**	**Q4 2023**
Net interest income	192.5	187.9	47.7	49.2
Net fee and commission income	36.3	37.8	10.9	8.8
Net financial and other income	6.0	8.2	1.4	1.6
Operating income	**234.8**	**233.9**	**60.0**	**59.6**
Operating expense	(113.6)	(104.5)	(32.1)	(31.0)
Net credit losses and impairments	0.6	4.5	(1.9)	(1.9)
Net profit from continuous operations (after tax)	**94.5**	**110.4**	**19.4**	**10.2**
Return on average assets (ROA)	1.9%	2.2%	1.6%	0.9%
Return on average equity (ROE)	17.5%	23.6%	14.1%	8.0%
Cost to income ratio (CIR)	48.4%	44.7%	53.5%	52.0%
Cost of risk ratio (COR)	(0.0%)	(0.2%)	0.2%	0.3%

Loans to and deposits from the public

EURm



Common equity Tier 1 (CET1) capital ratio and Total capital adequacy ratio (CAR) (including 50% of the net result for the period, i.e. decreased by the expected dividends)



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

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Interim financial statements

Other

Rounding and Percentages

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

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

For definitions of Alternative Performance Ratios used throughout these interim condensed financial statements refer to Definitions and Abbreviations section of this report.

Rūta Ežerskiene
CEO and Chair of the Management Board

Economic growth in the Baltics is improving

The global economy continues to face various challenges, including trade tensions and diverging monetary policies across regions. While the US economy demonstrates resilient growth, the eurozone economy struggles to recover from stagnation. Despite some recovery in the first three quarters of the year, economic momentum in the euro area weakened again, highlighting persistent vulnerabilities.

The Baltic economies followed distinct trajectories. Lithuania maintained steady growth while Latvia experienced stagnation, hindered by weaker external demand and slow productivity gains. Estonia, meanwhile, began emerging from recession. Easing inflationary pressures have reinforced consumer confidence and purchasing power, while strong labour market has contributed to wage growth and bolstering household consumption. Given the relatively low debt levels among both households and businesses, lending activity in the Baltics continues to expand. Recently, growth in mortgage loans has become more pronounced. Lithuania's loan market has emerged as the most dynamic in the region.

Monetary policy decisions and developments in trade relations will continue to shape the economic landscape in the Baltics. Looking ahead, we remain cautiously optimistic about 2025. While external challenges persist, including geopolitical uncertainties, improving credit conditions, stabilizing inflation, and the potential for stronger economic momentum provide a solid foundation for continued growth.

Strong financial result

In 2024, Citadele demonstrated strong financial performance, achieving an operating income of EUR 234.8 million, maintaining stability compared to the previous year, with a return on equity of 17.5%. In Q4 2024, operating income reached EUR 60.0 million, while ROE stood at 14.1%.

As of 31 December 2024, Citadele's total loan book amounted to EUR 3,275 million, marking a 14% increase (EUR 413 million) compared to 31 December 2023. The loan-to-deposit ratio improved to 81%, up from 75% at year-end 2023, highlighting strong lending activity alongside stable deposit levels.

Citadele continued to support the economy with financing for growth and expansion. In 2024, new financing for private, SME, and corporate customers reached EUR 1,343 million. This represents a 50% increase compared to the previous year, driven by improving macroeconomic conditions and evolving interest rate expectations. In Q4 2024 alone, new financing reached EUR 401.5 million. The financial standing of our customers is stable, and the quality of our loan portfolio continues to be strong. As of 31 December 2024, the non-performing loan (NPL) ratio was 2.3% compared to 2.1% at year-end 2023.

Citadele's deposit base grew by 5% year-over-year, reaching EUR 4,023 million by 31 December 2024. As of 31 December 2024, Citadele continues to operate with strong capital and liquidity ratios. The total capital adequacy ratio (CAR) stood at 21.4%, the Tier 1 ratio was 19.2%, and the liquidity coverage ratio (LCR) remained robust at 181%, ensuring a solid financial position to support future growth.

Despite ongoing economic challenges and geopolitical uncertainty, Citadele remains focused on exploring various strategic opportunities to strengthen its market position.

Stable client base

Citadele continues to expand its customer base, earning the trust of more individuals and businesses across the region. As of 31 December 2024, the active customer base reached 400.7 thousand, marking a 6.1% year-over-year increase. Digital engagement remains strong, with 89.3%% of customers actively using digital channels. The number of active mobile app users rose to 269.1 thousand, reflecting a 5.1% year-over-year increase. While the majority of digital customers prefer the mobile app, others continue to use i-Bank services.

Bank with the best customer service for more than a decade

For the tenth consecutive year, Citadele has been recognized as the best bank for customer service in Latvia, according to the Dive Group customer service study. The bank also secured first place in Lithuania for both in-branch and remote service, while receiving high ratings in Estonia. The study assessed customer interactions across the Baltics, evaluating service quality, professionalism, and communication skills through secret shopper calls and in-person visits. Citadele's commitment to excellence, continuous investments in digital banking, and customer-first approach have set new industry benchmarks, earning both regional and international recognition, including a prestigious Global FinTech Award in 2024.

Innovations and development

Q4 2024 was marked by continued innovation and development, with the launch of Mobile App 3.0. The upgraded app introduced a redesigned UX/UI, the Request to Pay feature, integration with the Adele virtual assistant, and an improved customer support section, further elevating user experience and service efficiency.

Additionally, process for opening children's accounts in the Internet Bank was significantly improved, making it more accessible and user-friendly. Citadele maintained a 4.7-star customer review rating, reflecting consistently high levels of user satisfaction.

Klix, Citadele's e-commerce checkout solution, continued to expand, surpassing 3,000 merchants, with a registered user base exceeding 447 thousand and active users reaching 182 thousand as of 31 December 2024. Over the course of the year, Klix processed 20.2 million transactions, amounting to EUR 720.8 million. The "Buy Now, Pay Later" issuance reached EUR 42.6 million, a significant increase from EUR 11 million in 2023. Klix has been integrated into ESTO's Checkout product, expanding its reach across more than 5,500 points of sale in the Baltics. This partnership enhances payment reliability for merchants and further strengthens Citadele's presence in the regional e-commerce market.

Moody's upgrades Citadele's ratings

On 6 December 2024, Moody's Ratings (Moody's) announced an upgrade of Citadele's long-term deposit rating to Baa1 from Baa2, and the senior unsecured rating to Baa2 from Baa3. Following this, Moody's revised its rating outlook to stable.

Citadele successfully completed EUR 35 million Senior Preferred Bonds issuance

Citadele successfully completed an oversubscribed issuance of EUR 35 million of Senior Unsecured Preferred Bonds under the EUR 100 million First Senior Unsecured Preferred Fixed/Floating Rate Bonds Programme. Demand exceeded EUR 46 million, allowing Citadele to raise the issuance from the minimum EUR 10 million to the maximum EUR 35 million. The net proceeds from the Offer are to be used by Citadele for general corporate purposes, including compliance with the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) applicable to Citadele at the consolidated group level.

Changes in Management

Edward Rebane assumes role as Chief Retail Commercial Officer and Management Board Member

Edward Rebane assumed the role of Chief Retail Commercial Officer and Member of the Management Board following regulatory confirmation on December 10, 2024. He has extensive experience in the banking sector, with a focus on digital and retail banking solutions, and has worked in the industry for 14 years. Rebane has pursued studies at several universities, including the University of Oxford and the Estonian Business School.

Vladislavs Mironovs steps down from Citadele Management Board

Vladislavs Mironovs, Chief Strategy Officer, stepped down from his position as a Member of the Management Board of AS Citadele banka, effective December 26, 2024. Citadele remains committed to maintaining stability and continuing its growth trajectory. Under the leadership of Rūta Ežerskienė, the management team will continue to drive the bank's mission of delivering exceptional financial services, fostering long-term relationships with private and business customers, supporting communities and society, and contributing to the prosperity of the Baltic economies.

Financial review of the Group

Results and profitability in Q4 2024 and 2024

The Group delivered a strong financial performance with full year 2024 operating income reaching EUR 234.8 million, reflecting a 0.4% increase compared to 2023. Full year ROE stood at 17.5% and net profit at EUR 94.5 million, despite one-off expenses of EUR 2.9 million for internal ratings based approach feasibility project and EUR 3.3 million for project exploring strategic alternatives for Citadele's shareholders. For Q4 2024 operating income reached EUR 60.0 million, compared to EUR 58.7 million in Q3 2024.

Performance was driven by strong net interest income, which reached EUR 47.7 million in Q4 2024, compared to EUR 49.2 million in Q3 2024. Net interest income for the full year 2024 amounted to EUR 192.5 million, reflecting a 2.0% increase compared to 12M 2023, primarily driven by a favorable interest rate environment and growth in the loan book.

The Group's net fee and commission income reached EUR 10.9 million in Q4 2024, reflecting a 33.9% quarter-over-quarter increase. For the full year 2024, net fee and commission income totaled EUR 36.3 million, representing a 4% decline compared to 12M 2023, primarily due to a decrease in income from cards, but benefiting from EUR 2.7 million variable performance fee income on management of pension plans.

Operating expenses in Q4 2024 reached EUR 32.1 million, reflecting a 29.1% quarter-over-quarter increase, primarily driven by higher consulting, advertising, and marketing expenses. Consulting include EUR 6.2 million one-off expenses for internal ratings based approach feasibility project and for project exploring strategic alternatives for Citadele's shareholders. For the full year 2024, operating expenses totaled EUR 113.6 million, marking a 9% increase compared to the same period in 2023.

Staff costs decreased by 4% quarter-over-quarter to EUR 15.7 million in Q4 2024. The number of full-time employees was 1,342 as of 31 December 2024, compared to 1,360 as of 30 September 2024, including 26 employees at Kaleido Privatbank AG, the Swiss subsidiary committed for sale (30 September 2024: 28 employees). For the full year 2024, staff costs amounted to EUR 69.4 million, reflecting a 6% increase compared to 2023.

Other operating expenses totaled EUR 12.9 million, doubling compared to the previous quarter, primarily due to an increase in consulting, advertising, and marketing expenses. Depreciation and amortization expenses stood at EUR 3.6 million, reflecting a 45% quarter-over-quarter increase. For 12M 2024, other operating expenses amounted to EUR 33.4 million, compared to EUR 30.1 million in 2023, mainly driven by a 9% rise in IT and communication expenses, and a 10% increase in advertising and marketing expenses.

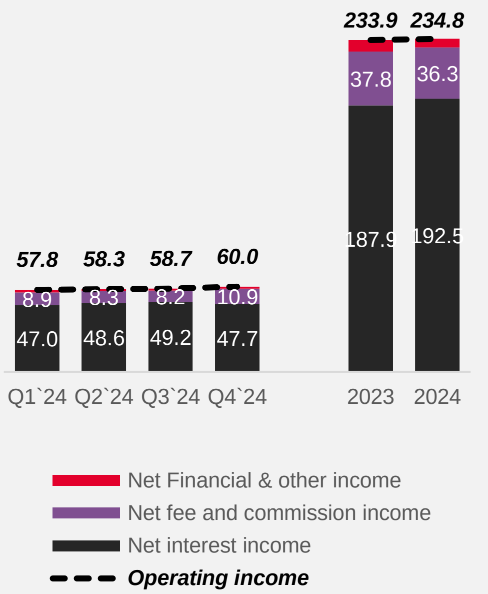
Citadele's cost-to-income ratio in Q4 2024 was 53.5%, compared to 42.3% in Q3 2024. Cost-to-income ratio in 12M 2024 stood at 48.4% compared to 44.7% in 12M 2023.

Net credit losses and impairment were recognized in the amount of EUR 2.0 million in Q4 2024 and EUR 0.5 million reversals in 12M 2024.

Net profit from continuing operations reached EUR 19.4 million in Q4 2024, with a 14.1% ROE, and EUR 94.5 million with a 17.5% ROE for the full year 2024. Kaleido Privatbank AG, the Swiss subsidiary committed for sale, is classified as discontinued operations. The Group's total net profit was EUR 19.0 million in Q4 2024 and EUR 89.8 million for 12M 2024.

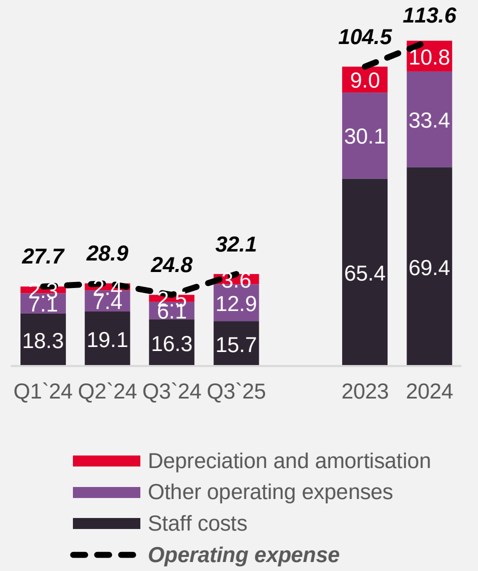
Operating income, EURm

Continuing operations



Operating expense, EURm

Continuing operations



Balance sheet overview

The **Group's assets** stood at EUR 5,137 million as of 31 December 2024, increasing by 6% since year-end 2023 (EUR 4,863 million). As of 31 December 2024, Kaleido Privatbank AG (Swiss subsidiary committed for sale) is presented as discontinued operations. Continuing operations assets were EUR 4,572 million as of 31 December 2024 (compared to EUR 4,731 million as of 31 December 2023).

The **net loan portfolio** was EUR 3,275 million as of 31 December 2024, increasing by 14% from year-end 2023. The overall credit quality of the loan book was good. **Stage 3 loans to public** gross ratio was 2.3% as of 31 December 2024, compared to 2.1% as of 31 December 2023.

New financing in Q4 2024 totalled EUR 401.5 million, representing a 26% increase quarter-over-quarter, mainly impacted by higher lending volumes in corporate segment. EUR 139 million was issued to private customers (2% increase quarter-over-quarter), EUR 156 million to SMEs (25% increase quarter-over-quarter) and EUR 102 million to corporate customers (almost twice as more quarter-over-quarter

In terms of the **loan portfolio's geographical profile**, as of 31 December 2024, Latvia accounted for 44% of the portfolio, with EUR 1,432 million (45% as of year-end 2023), followed by Lithuania at 37% with EUR 1,213 million (vs. 36% as of year-end 2023), Estonia at 19% with EUR 617 million (vs. 18% as of the year-end 2023) and EU and other countries at 0.4% with EUR 13.5 million.

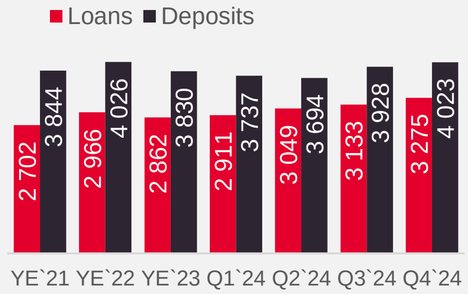
As of 31 December 2024, loans to Households represented 45% of the loan portfolio (46% as of year-end 2023). Mortgages have increased compared to year-end 2023 (7% increase) and constituted EUR 874 million. Finance leases increased by 8% and was EUR 376 million (vs. 344 million as of year-end 2023). Consumer lending increased by 19% vs. year-end 2023 and reached EUR 130 million. Card lending has decerased by 10% and was EUR 54 million. Overall, the main industry concentrations were Real estate purchase and management (13% of total loans), Transport and communications (6%), Manufacturing (7%) and Trade (7%).

The Group's **securities portfolio** forms a part of its liquidity resources and in Q4 2024 increased by 5% vs. the year-end 2023. 95% of the securities portfolio consist of securities with a rating of A and higher. The most significant changes included a 39% decrease (EUR 111 million) in AA/Aa-rated bonds since year-end 2022 and a 23% increase (EUR 182 million) in A-rated bonds.

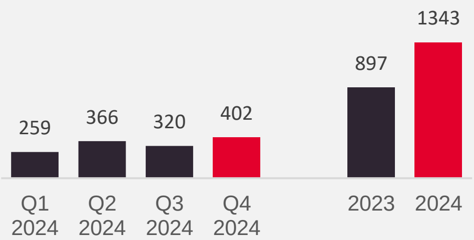
The Group's LCR and NSFR decreased from 206% and 147% at year-end 2023 to 181% and 143% as of 31 December 2024, respectively.

The main source of Citadele's funding, **customer deposits**, increased by 5% to EUR 4,023 million in Q4 2024 compared to year-end 2023. Term deposits share out of total deposits stood at 27% as of 31 December 2024, as compared to 26% as of end of year 2023. Baltic domestic customer deposits formed 99% of total deposits or EUR 3,965 million (compared to 98% as of year-end 2023).

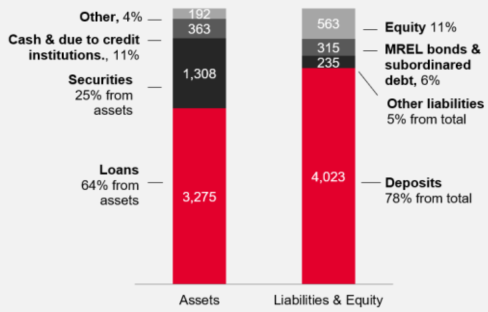
Loans and Deposits, EURm



New financing, EURm



Balance sheet structure, EURm



Ratings

On 6 December 2024 Moody's Ratings (Moody's) has announced the upgrade of Citadele's long-term deposit rating to Baa1 from Baa2, and the senior unsecured rating to Baa2 from Baa3. Following this, Moody's revised its rating outlook to stable.

Moody's	
Bank deposits	Baa1/ P-2
Counterparty risk rating	A3/P-2
Baseline Credit Assessment	baa3
Adj.Baseline Credit Assessment	baa3
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured -Dom Curr	Baa2
Outlook:	Stable

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

Business Environment

The euro area economy continues to lag the US

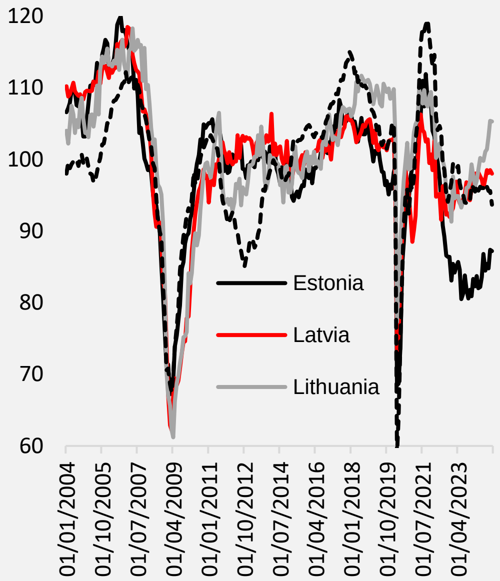
The eurozone economy experienced modest growth in 2024, with GDP expanding by 0.7% following a 0.4% increase in 2023. However, stagnation returned to the region's economy at the end of the year, following growth during the first three quarters. Germany, previously the region's economic powerhouse, recorded one of the weakest performances, with its economy contracting for the second consecutive year. Key factors behind Germany's weak performance included relatively high energy prices, weak demand in export markets, and an aging economic model heavily reliant on the automotive industry. The US economy in contrast has ended the past year on a solid footing. US household spending continued to grow steadily throughout the year, the labour market remained generally favourable and, towards the end of the year, the US manufacturing sector showed its first positive signs. US gross domestic product showed overall growth of 2.8% in 2024, almost unchanged from 2.9% a year earlier. While the US projections for 2025 foresee a slight slowdown, the US is still expected to grow twice as fast as Europe - above 2% against an average of 1% in the euro area. This means that the US economy could continue to pull away from the euro area this year.

The stabilization of inflation at lower levels in 2024 allowed the world's major central banks to begin reducing interest rates. The US Federal Reserve (Fed) and the European Central Bank (ECB) each cut their key interest rates by 1 percentage point in several steps since mid-2024. However, at the start of 2025, divergences in monetary policy became apparent between the two central banks. Due to accelerating inflation at the end of 2024, sustained economic growth, and relatively stable labor market conditions, the Fed paused its rate-cutting cycle in January 2025, keeping the federal funds rate unchanged at 4.25–4.50%. In contrast, the ECB continued cutting rates in January, bringing the deposit rate down to 2.75%. Given the weak economic background in the region, the ECB is expected to continue lowering rates in upcoming meetings, potentially reducing the deposit rate to 2% by the end of 2025. This means that EURIBOR rates, which are also important for the euro area borrowers, could stabilize close to these levels. Although the euro area economy has so far failed to regain the growth momentum lost during the pandemic, the further rate cuts could accelerate the economic growth. A reduction in borrowing costs could provide an additional stimulus to investments by the euro area companies and spending by households. The previously observed improvement in credit conditions has already started to reverberate positively in euro area lending/borrowing dynamics. The euro area businesses have also started the new year on a relatively optimistic note.

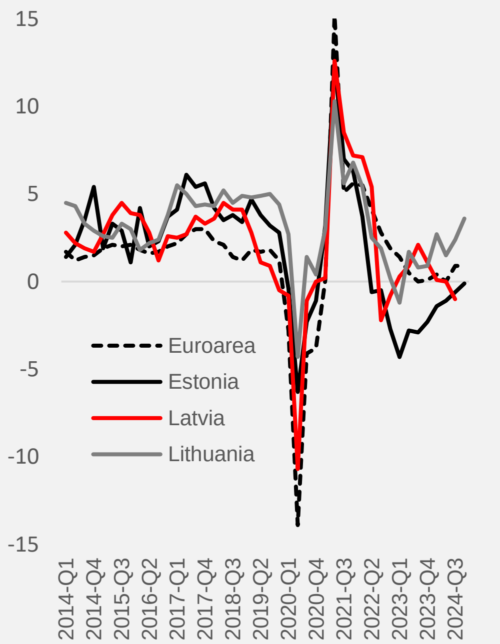
Economic growth varies across the three Baltic countries

Economic growth in the Baltics is improving, but the recovery exhibit differing economic growth patterns – from moderate growth in Lithuania, somewhat stagnation in Latvia to recovery from recession in Estonia. Although in the first half of 2024 Latvia showed slow economic growth, GDP in Q3 2024 in Latvia declined by 1% compared to Q3 2023. It is forecasted that 2024 GDP growth will be close to zero. In contrast Lithuania's economy grew by 0.9% quarter-on-quarter in Q4 2024, following 1.2% growth seen in the previous quarter. On a yearly basis, the country's GDP advanced 3.8% in the fourth quarter of 2024, accelerating from 2.4% in the previous period. In Q3 2024 Estonia's GDP showed modest growth 0.1% on quarter-to-quarter basis but decreased by 0.7% compared with the same period of 2023.

Economic sentiment indicator



GDP (constant prices, % year-on year)



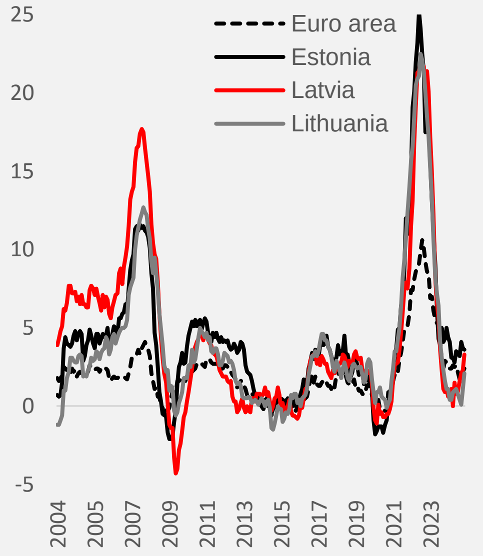
Inflation in the Baltics remains low, however at the end of 2024 we saw marginal increase from year's lowest levels in autumn. In December, inflation stood at 3.3% in Latvia, 2.1% in Lithuania, and 3.9% in Estonia.

Manufacturing in Baltics shows resilience, in Estonia tries to crawl out of recession. On a monthly basis, industrial activity picked up, accelerating to 2.8% in November from a 1.5% increase in October. However, year-on-year Estonia's industrial production declined by 2.5% in November. Manufacturing output shrank by 1.2%, compared to a 3.4% increase in the previous month, while the decline in electricity, gas, steam, and air-conditioning supply deepened (-15.3% vs. -7.4%). In contrast, the contraction in mining and quarrying eased slightly (-2.3% vs. -2.8%). Although industrial production in Latvia dropped by 6% year-on-year in December 2024, slipping further from an upwardly revised 4.2% fall in the previous month, manufacturing went up 3.2% year-on-year. Industrial production in Lithuania rose by 5.9% year-on-year in December 2024 from an upwardly revised 5.0% in the previous month. This marked the highest reading since July, as output increased for manufacturing (6.9% vs 6.2% in November).

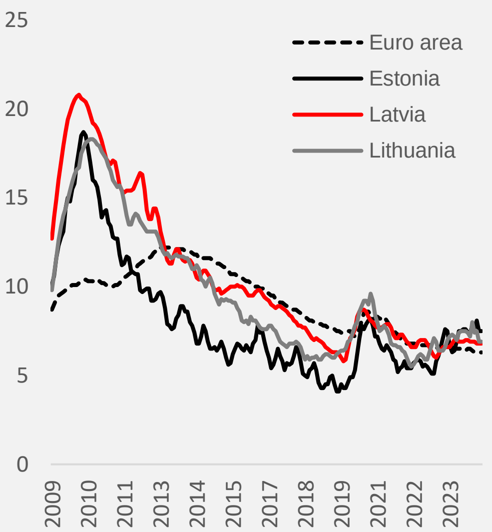
Low unemployment and slowing wage growth pace

Despite weak economic growth, unemployment in the Baltics remains low. The unemployment rate in Estonia stood stable at 7.3% throughout Q4 2024. In Latvia, the unemployment rate has been fluctuating between 6.5% and 7.3% during the year and stood at 6.8% at the end of December 2024. In Lithuania, the unemployment rate has been decreasing during Q4 2024 and at the end of the year was 6.5%. The pace of wages increase in 2024 gradually was slowing across Baltics, however, remains on high level, with average increases in Q3 2024 of 9.9% down from 11% at the beginning of the year in Latvia, 10.9% down from 11.1% in Lithuania, and 8.1%, down from 9.5% in Estonia. Relatively rapid growth of average wage in combination with low inflation notably improve purchasing power of households. That is reflected by increasing consumer confidence and subsequently growth of consumption across all three countries.

Inflation (%, year-on-year)



Unemployment rate (%)



CORPORATE GOVERNANCE

AS Citadele banka is the parent company of Citadele Group. AS Citadele banka is a joint stock company. Citadele's shareholders are an international group of investors with global experience in the banking sector. As of the period end 73.9% shares in AS Citadele banka are owned by a consortium of international investors represented by Ripplewood Advisors LLC, 24.6% shares are owned by the European Bank for Reconstruction and Development (EBRD), and 1.4% shares are owned by the management, employees, and other investors.

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

Supervisory Board of the Bank as of 31/12/2024:

Name	Current Position	Date of first appointment
Timothy Clark Collins	Chair of the Supervisory Board	20 April 2015
Elizabeth Critchley	Deputy Chair of the Supervisory Board	20 April 2015
Dhananjaya Dvivedi	Member of the Supervisory Board	20 April 2015
Lawrence Neal Lavine	Member of the Supervisory Board	20 April 2015
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
Stephen Young	Member of the Supervisory Board	4 October 2023
Daiga Auzina-Melalksne	Member of the Supervisory Board	1 November 2023

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

Management Board of the Bank as of 31/12/2024:

Name	Current position	Responsibility
Rūta Ežerskienė	Chair of the Management Board	Chief Executive Officer
Valters Ābele	Member of the Management Board	Chief Financial Officer
Slavomir Mizak	Member of the Management Board	Chief Technology and Operations Officer
Vaidas Žagūnis	Member of the Management Board	Chief Corporate Commercial Officer
Jūlija Lebedinska-Ļitvinova	Member of the Management Board	Chief Risk Officer
Edward Rebane	Member of the Management Board	Chief Retail Commercial Officer

Vladislavs Mironovs resigned from his position of the Member of the Management Board of AS Citadele banka effective from 26 December 2024.

On 7 November 2024 Edward Rebane was nominated as the new Member of the Management Board, subject to the regulatory confirmation. On 10 December 2024, after the regulatory confirmation, Edward Rebane commenced as Chief Retail Commercial Officer and Member of the Management Board.

On 20 May 2024 Rūta Ežerskienė was appointed as the new Chief Executive Officer and Chair of the Management Board of AS Citadele banka, subject to the regulatory confirmation. On 23 August 2024, after the regulatory confirmation, Rūta Ežerskienė commenced as Chief Executive Officer. Up till this time Rūta Ežerskienė was a Member of the Management Board and Chief Retail Commercial Officer.

On 4 April 2024 Chief Executive Officer and Chairman of the Management Board of the Bank Johan Åkerblom tendered his resignation to the Supervisory Board. Johan Åkerblom effectively remained in the position of Chief Executive Officer until regulatory approval of the new Chief Executive Officer was received on 22 August 2024.

Effective from 2 January 2024, Uldis Upenieks, previous Member of the Management Board of AS Citadele banka resigned from his duties and left the Management Board of the Bank.

Statement of Management's Responsibility

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

The interim condensed financial statements are prepared in accordance with the source documents and present the financial position of the Bank and the Group as of 31 December 2024 and the results of their operations for the three and twelve months periods ended 31 December 2024, changes in shareholders' equity and cash flows for the twelve months period ended 31 December 2024 in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The management report presents fairly the financial results of the reporting period and future prospects of the Bank and the Group.

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

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

Management Board of AS Citadele banka on 12 February 2025 approved these interim condensed financial statements.

CONDENSED STATEMENT OF INCOME

		EUR thousands							
		Group				Bank			
	Note	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Interest income calculated using the effective interest method	5	170,508	152,526	43,576	40,401	228,510	205,023	57,319	55,285
Other interest income	5	82,786	77,088	20,299	21,472	-	-	-	-
Interest expense	5	(60,771)	(41,678)	(16,169)	(12,687)	(62,630)	(42,263)	(16,722)	(12,975)
Net interest income		**192,523**	**187,936**	**47,706**	**49,186**	**165,880**	**162,760**	**40,597**	**42,310**
Fee and commission income	6	72,971	71,584	20,934	16,905	64,599	66,320	16,597	15,372
Fee and commission expense	6	(36,708)	(33,787)	(10,021)	(8,142)	(34,615)	(31,164)	(9,418)	(7,639)
Net fee and commission income		**36,263**	**37,797**	**10,913**	**8,763**	**29,984**	**35,156**	**7,179**	**7,733**
Net financial income	7	9,654	10,668	2,072	2,062	9,444	10,070	2,291	1,620
Net other income / (expense)	8	(3,680)	(2,507)	(679)	(429)	2,491	(522)	4,474	497
Operating income		**234,760**	**233,894**	**60,012**	**59,582**	**207,799**	**207,464**	**54,541**	**52,160**
Staff costs	9	(69,382)	(65,381)	(15,666)	(16,319)	(58,681)	(55,469)	(13,112)	(13,892)
Other operating expenses	10	(33,415)	(30,139)	(12,855)	(12,475)	(31,280)	(27,865)	(12,296)	(11,872)
Depreciation and amortisation		(10,753)	(9,003)	(3,562)	(2,204)	(9,637)	(8,416)	(3,277)	(2,052)
Operating expense		**(113,550)**	**(104,523)**	**(32,083)**	**(30,998)**	**(99,598)**	**(91,750)**	**(28,685)**	**(27,816)**
Profit from continuous operations before impairment, bank tax, mortgage loan levy and non-current assets held for sale		**121,210**	**129,371**	**27,929**	**28,584**	**108,201**	**115,714**	**25,856**	**24,344**
Net credit losses	11	466	4,617	(1,968)	(1,916)	1,399	4,291	(3,694)	1,771
Other impairment losses and other provisions		91	(71)	26	(32)	1,138	48	168	(14)
Operating profit from continuous operations before bank tax, mortgage loan levy and non-current assets held for sale		**121,767**	**133,917**	**25,987**	**26,636**	**110,738**	**120,053**	**22,330**	**26,101**
Mortgage loan levy and bank tax	12	(9,647)	(895)	(2,246)	1,356	(9,605)	(895)	(2,235)	1,356
Result from non-current assets held for sale and discontinued operations, net of tax	17	(4,636)	(6,117)	(787)	(1,367)	(14,943)	(5,621)	(366)	(921)
Operating profit		**107,484**	**126,905**	**22,954**	**26,625**	**86,190**	**113,537**	**19,729**	**26,536**
Income tax	12	(17,728)	(23,118)	(3,945)	(17,883)	(15,534)	(21,837)	(2,668)	(17,183)
Net profit		**89,756**	**103,787**	**19,009**	**8,742**	**70,656**	**91,700**	**17,061**	**9,353**
Basic earnings / (loss) per share in EUR	21	0.57	0.66	0.12	0.06	0.45	0.58	0.11	0.06
from continuing operations		*0.60*	*0.70*	0.13	*0.06*	*0.45*	*0.58*	0.11	*0.06*
from discontinued operations		*(0.03)*	*(0.04)*	*(0.00)*	*(0.01)*	-	-	-	-
Diluted earnings / (loss) per share in EUR	21	0.56	0.65	0.12	0.05	0.44	0.58	0.10	0.06
from continuing operations		*0.59*	*0.69*	0.12	*0.06*	*0.44*	*0.58*	0.10	*0.06*
from discontinued operations		*(0.03)*	*(0.04)*	*(0.00)*	*(0.01)*	-	-	-	-

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Net profit	**89,756**	**103,787**	**19,009**	**8,742**	**70,656**	**91,700**	**17,061**	**9,353**
Items that may be reclassified to profit or loss:								
Debt securities at fair value through other comprehensive income (continuing operations)								
Gains or losses transferred to profit or loss	(72)	-	(83)	-	(72)	-	(83)	-
Valuation gains or losses taken to equity	5,806	6,866	1,006	3,981	4,972	5,626	844	3,332
Income tax taken to equity	1,149	-	(152)	-	1,149	-	(152)	-
Debt securities at fair value through other comprehensive income (discontinued operations)								
Gains or losses transferred to profit or loss	172	388	42	15	-	-	-	-
Valuation gains or losses taken to equity	255	831	5	272	-	-	-	-
Income tax taken to equity	(103)	(295)	(12)	(69)	-	-	-	-
Other reserves (discontinued operations)								
Foreign exchange retranslation	(294)	1,750	(91)	1,028	-	-	-	-
Items that will not to be reclassified to profit or loss:								
Equity and similar instruments at fair value through other comprehensive income (continuing operations)								
Valuation gains or losses taken to equity	4	22	-	-	4	22	-	-
Transfer to retained earnings at disposal	-	-	-	-	-	-	-	-
Other comprehensive income / (loss)	**6,917**	**9,562**	**715**	**5,227**	**6,053**	**5,648**	**609**	**3,332**
Total comprehensive income	**96,673**	**113,349**	**19,724**	**13,969**	**76,709**	**97,348**	**17,670**	**12,685**

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

CONDENSED BALANCE SHEET

		EUR thousands			
		31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Assets					
Cash and cash balances at central banks	24	349,940	520,569	349,940	520,569
Loans to credit institutions		12,944	34,640	23,748	53,019
Debt securities	13	1,275,958	1,220,032	1,234,827	1,178,936
Loans to public	14	3,274,581	2,861,958	3,170,572	2,768,436
Equity instruments	15	835	1,239	835	1,239
Other financial instruments	15	25,108	26,372	838	1,235
Derivatives		5,690	1,019	5,690	1,019
Investments in related entities	16	-	248	48,759	47,939
Tangible assets		17,993	11,183	14,204	7,309
Intangible assets		6,132	8,065	3,876	6,010
Current income tax assets	12	22	81	-	-
Deferred income tax assets	12	1,636	714	1,572	579
Bank tax assets	12	180	1,777	180	1,777
Discontinued operations and non-current assets held for sale	17	103,636	132,574	779	12,788
Other assets		61,942	42,865	50,273	35,369
Total assets		**5,136,597**	**4,863,336**	**4,906,093**	**4,636,224**
Liabilities					
Deposits from credit institutions and central banks	18	3,228	47,434	54,096	66,994
Deposits and borrowings from customers	19	4,023,480	3,829,582	4,003,611	3,799,406
Debt securities issued	20	315,422	259,560	315,422	259,560
Derivatives		4,008	3,331	4,008	3,331
Provisions	11	2,733	4,899	2,675	4,839
Current income tax liabilities	12	14,218	17,696	12,301	17,247
Deferred income tax liabilities	12	-	375	-	-
Discontinued operations	17	133,131	121,660	-	-
Other liabilities		77,695	63,404	33,704	31,894
Total liabilities		**4,573,915**	**4,347,941**	**4,425,817**	**4,183,271**
Equity					
Share capital	21	158,813	158,145	158,813	158,145
Reserves and other capital components		7,388	(92)	717	(5,899)
Retained earnings		396,481	357,342	320,746	300,707
Total equity		**562,682**	**515,395**	**480,276**	**452,953**
Total liabilities and equity		**5,136,597**	**4,863,336**	**4,906,093**	**4,636,224**
Off-balance sheet items					
Guarantees and letters of credit	22	88,398	57,085	97,033	64,903
Financial commitments	22	351,912	359,360	409,329	377,276

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Group, EUR thousands						
	Issued share capital	Share premium	Securities fair value revaluation reserve *(Note 13)*	Foreign currency retrans-lation	Share based payments	Retained earnings	Total equity
Balance as of 31/12/2022 *(restated for IFRS 17)*	**157,258**	**444**	**(20,343)**	**5,939**	**2,902**	**273,446**	**419,646**
Dividends to shareholders *(Note 21)*						(20,000)	(20,000)
Share repurchase	(2)	(2)	-	-	-	-	(4)
Share based payments to employees *(Note 9 and Note 21)*	889	733	-	-	673	109	2,404
Total comprehensive income	**-**	**-**	***7,812***	***1,750***	**-**	***103,787***	***113,349***
Net result for the period	-	-	-	-	-	103,787	103,787
Other comprehensive income / (loss) for the period	-	-	7,812	1,750	-	-	9,562
Balance as of 31/12/2023	**158,145**	**1,175**	**(12,531)**	**7,689**	**3,575**	**357,342**	**515,395**
Dividends to shareholders *(Note 21)*	-	-	-	-	-	(50,617)	(50,617)
Share repurchase	-	-	-	-	-	-	-
Share based payments to employees *(Note 9 and Note 21)*	668	1,038	-	-	(475)	-	1,231
Total comprehensive income	**-**	**-**	***7,211***	***(294)***	**-**	***89,756***	***96,673***
Net profit for the period	-	-	-	-	-	89,756	89,756
Other comprehensive income / (loss) for the period	-	-	7,211	(294)	-	-	6,917
Balance as of 31/12/2024	**158,813**	**2,213**	**(5,320)**	**7,395**	**3,100**	**396,481**	**562,682**

	Bank, EUR thousands					
	Issued share capital	Share premium	Securities fair value revaluation reserve *(Note 13)*	Share based payments	Retained earnings	Total equity
Balance as of 31/12/2022	**157,258**	**444**	**(16,297)**	**2,902**	**228,898**	**373,205**
Dividends to shareholders *(Note 21)*	-	-	-	-	(20,000)	(20,000)
Share repurchase	(2)	(2)	-	-	-	(4)
Share based payments to employees *(Note 9 and Note 21)*	889	733	-	673	109	2,404
Total comprehensive income	**-**	**-**	***5,648***	**-**	***91,700***	***97,348***
Net result for the period	-	-	-	-	91,700	91,700
Other comprehensive income / (loss) for the period	-	-	5,648	-	-	5,648
Balance as of 31/12/2023	**158,145**	**1,175**	**(10,649)**	**3,575**	**300,707**	**452,953**
Dividends to shareholders *(Note 21)*	-	-	-	-	(50,617)	(50,617)
Share repurchase	-	-	-	-	-	-
Share based payments to employees *(Note 9 and Note 21)*	668	1,038	-	(475)	-	1,231
Total comprehensive income	**-**	**-**	***6,053***	**-**	***70,656***	***76,709***
Net result for the period	-	-	-	-	70,656	70,656
Other comprehensive income / (loss) for the period	-	-	6,053	-	-	6,053
Balance as of 31/12/2024	**158,813**	**2,213**	**(4,596)**	**3,100**	**320,746**	**480,276**

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

CONDENSED STATEMENT OF CASH FLOWS

	Note	2024 Group	2023 Group	2024 Bank	2023 Bank
		EUR thousands			
Operating activities					
Operating profit before tax (discontinued net of tax and continuing)		107,484	126,905	86,190	113,537
Tax expense from discontinued operations	17	(6)	28	-	-
Interest income	5	(256,805)	(233,962)	(228,510)	(205,023)
Interest expense	5	60,995	41,907	62,630	42,263
Dividends income		(20)	(21)	(4,952)	(21)
Depreciation and amortisation		11,193	9,702	9,637	8,416
Impairment allowances and provisions		290	(3,884)	12,530	1,763
Currency translation and other non-cash items		(957)	1,455	(1,950)	2,989
Cash flows from the income statement		**(77,826)**	**(57,870)**	**(64,425)**	**(36,076)**
(Increase) / decrease in loans to public		(413,473)	100,453	(403,071)	117,509
Increase / (decrease) in deposits and borrowings from customers		203,580	(242,507)	202,423	(182,214)
(Increase) / decrease in loans to credit institutions		20,983	(2,646)	28,465	(21,559)
Increase / (decrease) in deposits from central banks and credit institutions		(39,000)	(430,000)	(7,632)	(414,209)
(Increase) / decrease in other items at fair value through profit or loss		(3,994)	(4,053)	(3,994)	(4,053)
(Increase) / decrease in other assets		10,632	27,450	(16,815)	(11,739)
Increase / (decrease) in other liabilities		(20,308)	(23,465)	(4,636)	7,068
Cash flows from operating activities before interest and corporate income tax		**(319,406)**	**(632,638)**	**(269,685)**	**(545,273)**
Interest received		257,517	230,836	228,459	202,732
Interest paid		(52,124)	(20,740)	(53,672)	(20,967)
Corporate income tax paid		(21,437)	(3,925)	(20,480)	(2,656)
Cash flows from operating activities		**(135,450)**	**(426,467)**	**(115,378)**	**(366,164)**
Investing activities					
Acquisition of tangible and intangible assets		(7,929)	(6,898)	(4,574)	(5,699)
Disposal of tangible and intangible assets		3,385	2,868	668	397
Investments in debt securities and other financial instruments		(198,998)	(131,868)	(193,053)	(127,922)
Proceeds from debt securities and other financial instruments		165,996	556,514	145,923	505,266
Dividends received		20	21	4,952	21
Sale or investments in subsidiaries and associates		844	-	844	-
Cash flows from investing activities		**(36,682)**	**420,637**	**(45,240)**	**372,063**
Financing activities					
Dividends paid		(50,617)	(19,861)	(50,617)	(19,861)
Proceeds from issue of debt securities		54,734	-	54,734	-
Interest paid on debt securities issued		(7,510)	(6,687)	(7,510)	(6,687)
Share repurchase		-	(4)	-	(4)
Repayment of lease liabilities		(3,758)	(3,608)	(3,392)	(3,498)
Cash flows from financing activities		**(7,151)**	**(30,160)**	**(6,785)**	**(30,050)**
Cash flows for the period		**(179,283)**	**(35,990)**	**(167,403)**	**(24,151)**
Cash and cash equivalents at the beginning of the period		**545,654**	**581,644**	**520,844**	**544,995**
Cash and cash equivalents at the end of the period	24	**366,371**	**545,654**	**353,441**	**520,844**

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

If not mentioned otherwise, referral to the Group's policies and procedures should be also considered as referral to the respective Bank's policies and procedures. Figures in parenthesis represent amounts as of 31 December 2023 or for the twelve months period ended 31 December 2023.

NOTE 1. AUTHORISATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

NOTE 2. GENERAL INFORMATION

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

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

As of 31 December 2024, the Group had 1,342 (2023: 1,329) and the Bank had 1,112 (2023: 1,097) full time equivalent active employees. From total Group's full time equivalent active employees 26 (2023: 28) were with discontinued operations.

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

NOTE 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

These interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by European Union (EU) on a going concern basis. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in financial position and performance of the Group and the Bank since the last annual consolidated and Bank financial statements. These interim condensed financial statements do not include all information required for a complete set of financial statements prepared in accordance with IFRS accounting standards as adopted by the European Union. This interim financial information should be read in conjunction with the 2023 annual financial statements for the Group and the Bank. Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's and the Bank's financial statements as at and for the year ended 31 December 2023.

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

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

b) New standards and amendments

New standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Some of the standards become effective in 2024, others become effective for later reporting periods. In this section those relevant for the Group are summarised. Where the implementation impact was or is expected to be reasonably material it is disclosed.

New requirements effective for 2024 which did not have a significant effect to the Group

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

Upcoming requirements not in force for current reporting period

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2024 or are not yet effective in the EU. These standards have not been applied in preparing these interim condensed financial statements. The Group does not plan to adopt any of these standards early. The Group is in the process of evaluating the potential effect if any of changes arise from these new standards and interpretations.

Amendments to IAS 21 – Lack of Exchangeability
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity
IFRS 18 – Presentation and Disclosure in Financial Statements
IFRS 19 – Subsidiaries without Public Accountability: Disclosures
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRS Accounting Standards. Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash flows.

European Sustainability Reporting Standards (ESRS)

With the implementation of the Corporate Sustainability Reporting Directive (CSRD), the adoption of ESRS standards has become mandatory starting from 2024 annual reporting cycle. The new directive updates the rules on the social, environmental and governance information that has to be reported, including introducing a double materiality perspective acknowledging risks and opportunities from both financial and nonfinancial perspectives, how these affect Citadele and how operations of Citadele affect the environment and the society.

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

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

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

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

Changes in net present value of estimated future cash flows, except for changes in cash flows from collateral, by +/-5% for loans to public for which expected credit losses are individually assessed would change insignificantly – by EUR +/- 0.24 million in impairment allowance for the Bank (2023: EUR 0.00 million) as recovery estimates mostly happen to be based solely on collateral disposal income and EUR +/-0.45 million for the Group (2023: EUR +/-0.10 million). Change in estimated value of collateral by +/-5% for loans to public for which expected credit losses are individually assessed would result in EUR +/-0.35 million change in impairment allowance for the Bank (2023: EUR +/-0.20 million) and EUR +/-0.50 million for the Group (2023: EUR +/-0.40 million).

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

In the reporting period the management continued to recognize impairment overlay. Impairment overlay continued amortizing within existing framework with the exposures being repaid or moving to different stages where ECL models capture credit risk. The Group and the Bank has recognised an unbiased impairment overlay for Stage 1 classified loans to public exposures, including extra overlay for Stage 1 agriculture sector exposures which have been negatively affected by external factors and an individual overlay for certain other Stage 2 classified exposures. The impairment overlay represents an additional loss reserve over the modelled ECL amounts to account for other economic uncertainties and addresses uncertainty regarding the forward-looking economic conditions and possible disruptions to the Baltic economies and customers of the Group. The impairment overlay accounted for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing in the current unusual environment. As of the period end, impairment overlay (which continued amortizing within existing framework) of EUR 7.0 million for the Bank (2023: EUR 11.3 million) and EUR 9.9 million for the Group has been recognised to address these modelling uncertainties (2023: EUR 17.5 million).

Changes in all applied LGD rates by 500 basis points would result in change in collectively estimated impairment allowance and provisions by EUR +4.5/-4.5 million for the Bank and EUR +6.6/-6.6 million for the Group (2023: EUR +5.1/-5.2 million for the Bank and EUR +7.5/-7.6 million for the Group). Sensitivity to changes in LGD rates has decreased largely due to updates in methodology and models. Changes in the 12-month PD rates by 100 basis points would result in change in collectively estimated impairment allowance and provisions for off-balance sheet commitments and guarantees by EUR +6.1/-6.1 million for the Bank and EUR +9.4/-9.4 million for the Group (2023: EUR +6.3/-6.3 million for the Bank and EUR +9.0/-9.0 million).

The Group includes forward-looking information in the measurement of expected credit losses. The forward-looking adjustment incorporates three economic scenarios with distinct economic consequences: a base case scenario which comprises most likely future economic development, a less likely adverse scenario and positive scenario.

Key forward-looking information variables for measurement of expected credit losses as of 31 December 2024

	Baseline scenario			Adverse scenario			Positive scenario		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Latvia									
GDP (annual change)	2.2%	2.5%	2.5%	(5.3%)	2.1%	2.1%	5.9%	2.9%	2.9%
Unemployment rate	6.6%	6.3%	6.3%	11.2%	6.7%	6.7%	6.7%	4.3%	4.1%
Average gross wage (annual change)	7.0%	6.1%	6.1%	(0.5%)	5.7%	5.7%	10.9%	6.5%	6.5%
Interest rate	2.1%	2.0%	2.1%	3.2%	3.1%	3.2%	1.0%	0.9%	1.0%
Lithuania									
GDP (annual change)	2,9%	2.8%	2.7%	(3.5%)	2.4%	2.3%	6.1%	3.0%	2.9%
Unemployment rate	6.9%	6.4%	5.8%	9.4%	6.8%	6.2%	5.7%	6.0%	5.4%
Average gross wage (annual change)	8.0%	7.0%	6.5%	1.6%	6.6%	6.1%	11.2%	7.2%	6.7%
Interest rate	2.1%	2.0%	2.1%	3.2%	3.1%	3.2%	1.0%	0.9%	1.0%
Estonia									
GDP (annual change)	2.4%	2.8%	2.8%	(2.9%)	2,4%	2.4%	5.0%	3.2%	3.2%
Unemployment rate	7.1%	6.7%	6.7%	11.1%	7.1%	7.1%	5.2%	6.3%	6.3%
Average gross wage (annual change)	5.3%	5.5%	5.5%	0.0%	5.2%	5.2%	8.0%	5.9%	5.9%
Interest rate	2.1%	2.0%	2.1%	3.2%	3.1%	3.2%	1.0%	0.9%	1.0%

Key forward-looking information variables for measurement of expected credit losses as of 31 December 2023

	Baseline scenario			Adverse scenario			Positive scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
Latvia									
GDP (annual change)	2.0%	2.8%	2.7%	(0.9%)	2.8%	3.0%	4.1%	2.8%	2.5%
Unemployment rate	6.5%	5.6%	5.1%	8.4%	6.9%	6.2%	5.1%	4.7%	4.4%
Average gross wage (annual change)	7.0%	5.2%	5.2%	4.8%	5.0%	5.2%	8.6%	5.4%	5.2%
Interest rate	3.1%	2.4%	2.3%	4.2%	3.7%	3.5%	2.7%	1.9%	1.8%
Lithuania									
GDP (annual change)	2.0%	3.0%	2.8%	(0.9%)	3.0%	3.0%	4.1%	3.0%	2.6%
Unemployment rate	6.0%	5.2%	4.8%	7.9%	6.6%	5.8%	4.6%	4.3%	4.1%
Average gross wage (annual change)	7.0%	5.4%	5.3%	4.7%	5.2%	5.3%	8.5%	5.6%	5.3%
Interest rate	3.1%	2.4%	2.3%	4.2%	3.7%	3.5%	2.7%	1.9%	1.8%
Estonia									
GDP (annual change)	2.3%	3.0%	2.8%	(0.6%)	3.0%	3.0%	4.4%	3.0%	2.6%
Unemployment rate	6.7%	5.6%	5.0%	8.6%	6.9%	6.1%	5.3%	4.7%	4.3%
Average gross wage (annual change)	6.1%	5.7%	5.4%	3.9%	5.4%	5.4%	7.6%	5.8%	5.3%
Interest rate	3.1%	2.4%	2.3%	4.2%	3.7%	3.5%	2.7%	1.9%	1.8%

The current forward-looking adjustment, weights baseline scenario with 50% likelihood, the adverse scenario at 45% likelihood and positive scenario at 5% likelihood (2023: 50% base case scenario, 45% adverse scenario and 5% positive scenario). The 50% vs. 45% vs. 5% weighted augmented scenario is used for forward-looking adjustment. If the weighting of the baseline scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 15.6 million and for the Group by EUR 21.4 million as of the period end (2023: EUR 6.5 million for the Bank and EUR 8.6 million for the Group). If the weighting of the adverse scenario was to increase to 100%, the expected credit loss allowance of the Bank would increase by EUR 24.4 million and for the Group by EUR 33.9 million as of the period end (2023: EUR 8.7 million for the Bank and EUR 11.6 million for the Group). If the weighting of the positive scenario was to increase to 100%, the expected credit loss allowance of the Bank would decrease by EUR 34.1 million and for the Group by EUR 46.9 million as of the period end (2023: EUR 11.6 million for the Bank and EUR 16.4 million for the Group).

In the reporting period changes to ECL models were introduced. For more details on these, refer to note *Net Credit Losses.*

Impairment of non-financial assets and recoverability of non-current assets held for sale

Citadele at the end of each reporting period assesses whether there is any indication that Bank's investments in subsidiaries may be impaired; this also includes an investment in subsidiary classified as held for sale and non-financial assets of discontinued operations. For investments, where such indication exists, the recoverable amount of the particular asset or cash generating unit is estimate. Recoverable amount estimates depend on uncertainties in future free cash flow estimates and discount rates applied or estimated sales proceeds. For more details on the approach and key assumptions in recoverable amount estimates of the Bank's investments in subsidiaries refer to note *Investments in Related Entities*. For assessment of fair value less cost to sell for these items classified as held for sale refer to note *Discontinued Operations and Non-current assets held for sale*.

Consolidation group

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

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

Presentation of Kaleido Privatbank AG as discontinued operations held for sale

AS Citadele banka is selling its Swiss subsidiary Kaleido Privatbank AG under market standard terms and conditions. The Group is working with a reputable M&A advisor on a sales transaction. Citadele has received several offers and is working with a buyer on a transaction and has taken steps to improve certainty that regulatory approval for potential sale will be obtained. As the conditions indicate that the investment will be recovered principally through a sale transaction in a foreseeable future rather than through continuing operations, Kaleido Privatbank AG is presented as discontinued operations as of period end.

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 2023 and for the twelve months ended 31 December 2023 has been restated for comparability by applying the most recent segmentation methodology. Changes mostly relate to redistribution of exposures and related income and expense among segments as a result of reallocation of clients among operating 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.

SME

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

Corporate

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

Asset management

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

Other

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

Segments of the Group

	Group 2024, EUR thousands						
	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Interest income	93,940	3,322	75,419	54,017	868	25,728	253,294
Interest expense	(17,868)	(4,575)	(9,118)	(27,355)	(524)	(1,331)	(60,771)
Net interest income	**76,072**	**(1,253)**	**66,301**	**26,662**	**344**	**24,397**	**192,523**
Fee and commission income	26,785	3,990	20,627	10,335	9,540	1,694	72,971
Fee and commission expense	(15,513)	(1,235)	(10,608)	(7,666)	(266)	(1,420)	(36,708)
Net fee and commission income	**11,272**	**2,755**	**10,019**	**2,669**	**9,274**	**274**	**36,263**
Net financial income	152	422	2,771	22	364	5,923	9,654
Net other income / (expense)	(2,678)	(186)	(90)	(896)	48	122	(3,680)
Operating income	**84,818**	**1,738**	**79,001**	**28,457**	**10,030**	**30,716**	**234,760**
Net funding allocation	(1,158)	9,748	(13,479)	4,096	778	15	-
FTP adjusted operating income	**83,660**	**11,486**	**65,522**	**32,553**	**10,808**	**30,731**	**234,760**
Operating expense adjusted for indirect costs	(46,420)	(3,292)	(30,792)	(23,205)	(6,683)	(3,158)	(113,550)
Net credit losses	(3,807)	187	(1,239)	5,133	10	182	466
Other impairment losses and other provisions	23	(3)	(17)	(12)	-	100	91
Mortgage loan levy and bank tax	-	-	-	-	-	(9,647)	(9,647)
Result from non-current assets held for sale *(Note 17)*	-	-	(22)	-	-	145	123
Operating profit from continuous operations, before tax	**33,456**	**8,378**	**33,452**	**14,469**	**4,135**	**18,353**	**112,243**
Discontinued operations *(Note 17)*	-	-	-	-	-	(4,759)	(4,759)
Operating profit, before tax							**107,484**

	Group 2023, EUR thousands *(Restated for comparability)*						
	Reportable segments						
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment	Other	Total
Interest income	82,945	3,142	68,325	51,754	891	22,557	229,614
Interest expense	(9,874)	(2,425)	(5,497)	(17,819)	(232)	(5,831)	(41,678)
Net interest income	**73,071**	**717**	**62,828**	**33,935**	**659**	**16,726**	**187,936**
Fee and commission income	28,387	3,714	20,648	10,629	6,362	1,844	71,584
Fee and commission expense	(14,845)	(1,118)	(9,823)	(6,685)	(274)	(1,042)	(33,787)
Net fee and commission income	**13,542**	**2,596**	**10,825**	**3,944**	**6,088**	**802**	**37,797**
Net financial income	638	674	3,012	1,401	758	4,185	10,668
Net other income / (expense)	(1,722)	(190)	(341)	(462)	(242)	450	(2,507)
Operating income	**85,529**	**3,797**	**76,324**	**38,818**	**7,263**	**22,163**	**233,894**
Net funding allocation	(1,587)	9,203	(9,204)	(24)	610	1,002	-
FTP adjusted operating income	**83,942**	**13,000**	**67,120**	**38,794**	**7,873**	**23,165**	**233,894**
Operating expense adjusted for indirect costs	(42,234)	(3,031)	(27,955)	(22,333)	(6,050)	(2,920)	(104,523)
Net credit losses	(3,420)	(57)	1,181	6,376	(3)	540	4,617
Other impairment losses and other provisions	(1)	(1)	(31)	(65)	-	27	(71)
Mortgage loan levy and bank tax	-	-	-	-	-	(895)	(895)
Result from non-current assets held for sale *(Note 17)*	-	-	-	(2)	-	483	481
Operating profit from continuous operations, before tax	**38,287**	**9,911**	**40,315**	**22,770**	**1,820**	**20,400**	**133,503**
Discontinued operations *(Note 17)*	-	-	-	-	-	(6,598)	(6,598)
Operating profit, before tax							**126,905**

	Group as of 31/12/2024, EUR thousands						
	Reportable segments					Other (including discontinued operations)	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Assets							
Cash, balances at central banks	-	-	-	-	-	349,940	349,940
Loans to credit institutions	-	-	-	-	821	12,123	12,944
Debt securities	-	-	-	38,367	41,131	1,196,460	1,275,958
Loans to public	1,352,286	53,559	1,053,797	804,437	-	10,502	3,274,581
Equity instruments	-	-	-	-	-	835	835
Other financial instruments	-	-	-	-	24,270	838	25,108
All other assets	-	-	38	32	11,228	185,933	197,231
Total segmented assets	**1,352,286**	**53,559**	**1,053,835**	**842,836**	**77,450**	**1,756,631**	**5,136,597**
Liabilities							
Deposits from banks	-	-	-	-	-	3,228	3,228
Deposits from customers	1,629,147	403,656	892,864	993,296	80,288	24,229	4,023,480
Debt securities issued	-	-	-	-	-	315,422	315,422
All other liabilities	-	-	-	-	23,049	208,736	231,785
Total segmented liabilities	**1,629,147**	**403,656**	**892,864**	**993,296**	**103,337**	**551,615**	**4,573,915**

	Group as of 31/12/2023, EUR thousands *(Restated for comparability)*						
	Reportable segments					Other (including discontinued operations)	Total
	Retail Private	Private affluent	SME	Corporate	Asset Manage-ment		
Assets							
Cash, balances at central banks	-	-	-	-	-	520,569	520,569
Loans to credit institutions	-	-	-	88	623	33,929	34,640
Debt securities	-	-	-	35,501	41,096	1,143,435	1,220,032
Loans to public	1,203,749	50,391	900,284	697,645	720	9,169	2,861,958
Equity instruments	-	-	-	-	-	1,239	1,239
Other financial instruments	-	-	-	-	25,137	1,235	26,372
All other assets	-	-	12	51	3,962	194,501	198,526
Total segmented assets	**1,203,749**	**50,391**	**900,296**	**733,285**	**71,538**	**1,904,077**	**4,863,336**
Liabilities							
Deposits from banks	-	-	-	-	-	47,434	47,434
Deposits from customers	1,536,846	374,726	870,795	924,899	95,706	26,610	3,829,582
Debt securities issued	-	-	-	-	-	259,560	259,560
All other liabilities	-	-	9	8	16,769	194,579	211,365
Total segmented liabilities	**1,536,846**	**374,726**	**870,804**	**924,907**	**112,475**	**528,183**	**4,347,941**

NOTE 5. INTEREST INCOME AND EXPENSE

	EUR thousands							
	Group				**Bank**			
	2024	**2023**	**Q4 2024**	**Q4 2023**	**2024**	**2023**	**Q4 2024**	**Q4 2023**
Interest income calculated using the effective interest method:								
Financial instruments at amortised cost:								
Loans to public	142,745	127,733	36,490	33,582	200,669	180,932	50,283	48,508
Balances from central banks and credit institutions	13,483	14,418	3,021	4,027	14,424	14,606	3,179	4,216
Debt securities	9,828	8,562	2,617	2,247	9,703	8,504	2,586	2,225
Deposits from public at negative interest rates	527	693	108	172	47	75	12	14
Debt securities at fair value through profit or loss	3,176	164	1,176	162	3,109	164	1,140	162
Debt securities at fair value through other comprehensive income	749	956	164	211	558	742	119	160
Interest income on finance leases (part of loans to public)	82,786	77,088	20,299	21,472	-	-	-	-
Total interest income	**253,294**	**229,614**	**63,875**	**61,873**	**228,510**	**205,023**	**57,319**	**55,285**
			-	-			-	-
Interest expense on:								
Financial instruments at amortised cost:								
Deposits and borrowing from public	(50,206)	(27,445)	(13,058)	(10,378)	(50,934)	(27,918)	(13,257)	(10,554)
Debt securities issued	(8,278)	(6,685)	(2,476)	(1,683)	(8,278)	(6,685)	(2,476)	(1,683)
Deposits from credit institutions and central banks (including TLTRO-III)	(776)	(5,073)	(3)	(403)	(1,992)	(5,277)	(377)	(540)
Other assets at negative interest rates	(316)	(505)	(87)	(90)	(254)	(431)	(73)	(71)
Financial liabilities at fair value through profit or loss								
Deposits and borrowing from public	(20)	(16)	(5)	(6)	-	-	-	-
Lease liabilities	(134)	(102)	(63)	(28)	(131)	(99)	(62)	(27)
Other interest expense	(1,041)	(1,852)	(477)	(99)	(1,041)	(1,853)	(477)	(100)
Total interest expense	**(60,771)**	**(41,678)**	**(16,169)**	**(12,687)**	**(62,630)**	**(42,263)**	**(16,722)**	**(12,975)**
			-	-			-	-
Net interest income	**192,523**	**187,936**	**47,706**	**49,186**	**165,880**	**162,760**	**40,597**	**42,310**

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 is presented as interest income.

NOTE 6. FEE AND COMMISSION INCOME AND EXPENSE

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Fee and commission income:								
Cards	46,079	48,599	11,609	10,946	46,079	48,599	11,609	10,946
Payments and transactions	11,342	11,381	2,969	2,857	11,368	11,405	2,976	2,863
Asset management and custody	10,185	6,768	4,690	1,826	2,073	1,705	511	436
Securities brokerage	589	551	149	146	596	557	152	148
Other fees	2,042	1,994	498	467	1,982	1,851	504	394
Total fee and commission income from contracts with customers	**70,237**	**69,293**	**19,915**	**16,242**	**62,098**	**64,117**	**15,752**	**14,787**
Guarantees letters of credit and loans	2,734	2,291	1,019	663	2,501	2,203	845	585
Total fee and commission income	**72,971**	**71,584**	**20,934**	**16,905**	**64,599**	**66,320**	**16,597**	**15,372**
Fee and commission expense on:								
Cards	(27,147)	(25,973)	(7,425)	(6,539)	(27,145)	(25,971)	(7,424)	(6,538)
Payments and transactions	(4,094)	(3,431)	(1,029)	(917)	(4,094)	(3,428)	(1,029)	(914)
Securitisation	(2,680)	(3,120)	(720)	(359)	(747)	(733)	(154)	69
Asset management custody and securities brokerage	(943)	(813)	(265)	(270)	(941)	(811)	(265)	(271)
Other fees	(1,844)	(450)	(582)	(57)	(1,688)	(221)	(546)	15
Total fee and commission expense	**(36,708)**	**(33,787)**	**(10,021)**	**(8,142)**	**(34,615)**	**(31,164)**	**(9,418)**	**(7,639)**
Net fee and commission income	**36,263**	**37,797**	**10,913**	**8,763**	**29,984**	**35,156**	**7,179**	**7,733**

Fee and commission expense for securitisation represents an expense on a multi-year financial guarantee contract issued by the EIB Group, consisting of the European Investment Bank (EIB) and the European Investment Fund (EIF), to Citadele in December 2022. The guarantee contract secures probable Citadele's future losses allocated to the relevant tranche of the reference loan portfolio for a pre-agreed fee to the EIB Group. The guarantee contract provides capital relief for Citadele by mitigating specific credit risks and enables Citadele to grant at least EUR 460 million in additional loans and leases to businesses in the Baltics over a three year period.

NOTE 7. NET FINANCIAL INCOME

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Foreign exchange trading, revaluation and related derivatives	9,076	10,509	2,441	2,028	9,061	10,599	2,418	2,052
Non-trading assets and liabilities at fair value through profit or loss	2,344	608	55	286	2,149	(80)	297	(180)
Assets at amortised cost	367	106	98	106	367	106	98	106
Assets at fair value through other comprehensive income	72	-	83	-	72	-	83	-
Modifications in cash flows which do not result in derecognition	(2,205)	(555)	(605)	(358)	(2,205)	(555)	(605)	(358)
Total net financial income	**9,654**	**10,668**	**2,072**	**2,062**	**9,444**	**10,070**	**2,291**	**1,620**

When modification or renegotiation of contractual cash flows of a financial asset does not result in de-recognition of financial asset, the Group recognise a modification gain or loss in profit or loss. The beginning of 2024 was characterised by competitive market environment, where more interest rates for existing loans were renegotiated down than up, resulting in higher negative loan modification loss than in the prior year. Loan modification result is amortised back to the interest income over the remaining maturity of the loan.

NOTE 8. NET OTHER INCOME

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Operating lease income	1,359	1,554	331	359	-	-	-	-
Dividend income	20	21	3	6	4,952	21	4,935	6
Other income	1,697	1,242	675	387	2,583	2,793	657	930
Total other income	**3,076**	**2,817**	**1,009**	**752**	**7,535**	**2,814**	**5,592**	**936**
Insurance contracts:								
Insurance revenue	1,351	793	450	252	-	-	-	-
Insurance expense	(375)	(193)	(167)	(78)	-	-	-	-
Financing	(440)	(355)	(240)	(322)	-	-	-	-
Reinsurance contracts:								
Net income / (expenses)	(188)	(65)	(87)	(29)	-	-	-	-
Financing	130	(52)	166	(80)	-	-	-	-
Net insurance result	**478**	**128**	**122**	**(257)**	**-**	**-**	**-**	**-**
Supervisory fees	(1,945)	(1,707)	(548)	35	(1,872)	(1,660)	(533)	45
Loan acquisition expenses	(1,328)	-	(97)	-	(1,328)	-	(97)	-
Depreciation of assets under operating lease	(1,068)	(1,158)	(270)	(260)	-	-	-	-
Other expenses	(2,893)	(2,587)	(895)	(699)	(1,844)	(1,676)	(488)	(484)
Total other expense	**(7,234)**	**(5,452)**	**(1,810)**	**(924)**	**(5,044)**	**(3,336)**	**(1,118)**	**(439)**
Total net other income / (expense)	**(3,680)**	**(2,507)**	**(679)**	**(429)**	**2,491**	**(522)**	**4,474**	**497**

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

NOTE 9. STAFF COSTS

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

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Remuneration:								
- management	(3,392)	(5,134)	(974)	(1,286)	(2,778)	(4,321)	(793)	(1,103)
- other personnel	(53,636)	(49,007)	(12,019)	(12,236)	(45,324)	(41,681)	(9,950)	(10,441)
Total remuneration for work	**(57,028)**	**(54,141)**	**(12,993)**	**(13,522)**	**(48,102)**	**(46,002)**	**(10,743)**	**(11,544)**
Social security and solidarity tax contributions:								
- management	(721)	(788)	(183)	(189)	(613)	(623)	(146)	(155)
- other personnel	(10,494)	(9,410)	(2,334)	(2,238)	(8,811)	(7,952)	(1,912)	(1,874)
Total social security and solidarity tax contributions	**(11,215)**	**(10,198)**	**(2,517)**	**(2,427)**	**(9,424)**	**(8,575)**	**(2,058)**	**(2,029)**
Other personnel expense, net of insurance acquisition cash flow adjustment	**(1,139)**	**(1,042)**	**(156)**	**(370)**	**(1,155)**	**(892)**	**(311)**	**(319)**
Total personnel expense	**(69,382)**	**(65,381)**	**(15,666)**	**(16,319)**	**(58,681)**	**(55,469)**	**(13,112)**	**(13,892)**

Non-share-based remuneration with deferred pay-out

Part of the remuneration for work is deferred up to a one-year period and subsequent pay-outs may be conditional.

Share-based long-term incentive plans

Citadele has opened several share-based long-term incentive plans for its employees comprising share options. The expense for share-based incentive plans is recognised on a straight-line basis over the period of the remuneration program as intention is to receive services from employees over the whole period. In 2024 management's remuneration expense decreased as a result of revised estimate of the number of share options expected to vest. Revision of estimates is mainly related to changes in the Bank's management.

Number of full-time equivalent employees at the period end

	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Continuous operations	1,316	1,301	1,112	1,097
Discontinued operations	26	28	-	-
Total full-time equivalent employees	**1,342**	**1,329**	**1,112**	**1,097**

NOTE 10. OTHER OPERATING EXPENSES

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Consulting and other services	(10,730)	(10,496)	(5,500)	(5,993)	(10,345)	(9,993)	(5,394)	(5,916)
Information technologies and communications	(9,177)	(8,410)	(2,722)	(2,329)	(8,140)	(7,413)	(2,423)	(2,060)
Advertising and marketing	(3,878)	(3,520)	(1,443)	(1,624)	(3,701)	(3,316)	(1,398)	(1,565)
Rent, premises and real estate	(2,932)	(2,691)	(939)	(782)	(2,805)	(2,556)	(908)	(747)
Non-refundable value added tax	(4,589)	(3,023)	(1,567)	(1,114)	(4,438)	(2,859)	(1,535)	(1,043)
Other	(2,109)	(1,999)	(684)	(633)	(1,851)	(1,728)	(638)	(541)
Total other expenses	**(33,415)**	**(30,139)**	**(12,855)**	**(12,475)**	**(31,280)**	**(27,865)**	**(12,296)**	**(11,872)**

Largest contributors to the consulting and other services expenses in the reporting period were the internal ratings based approach feasibility project amounting to EUR 2.9 million and EUR 3.3 million expense related to a project exploring strategic alternatives to maximize value for Citadele's shareholders which included an initial public offering of its shares and other possible strategic transactions. Citadele had hired financial advisors and lawyers to assist in its review of the strategic alternatives and prepare for these.

NOTE 11. NET CREDIT LOSSES

Total net impairment allowance charged to the income statement

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Loans to credit institutions	1	377	-	(2)	16	346	(1)	(33)
Debt securities	198	125	20	14	189	128	19	14
Loans to public	(3,869)	1,833	(3,172)	(1,814)	(2,819)	1,646	(4,891)	1,850
Loan commitments, guarantees and letters of credit	2,070	1	389	(691)	2,066	(3)	431	(597)
Recovered written-off assets	2,066	2,281	795	577	1,947	2,174	748	537
Total net losses on financial instruments	**466**	**4,617**	**(1,968)**	**(1,916)**	**1,399**	**4,291**	**(3,694)**	**1,771**

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

The Group and the Bank has recognised an impairment overlay for Stage 1 and Stage 2 classified loans to public exposures. The impairment overlay addresses uncertainty regarding the forward-looking economic conditions in the environment where severity of future economic uncertainties and associated possible disruptions to the Baltic economies and customers of the Group is undefined. The impairment overlay accounts for economic risks which point in time ECL models calibrated on historical data, despite being adjusted with forward-looking information, might not be fully capturing. See also section *Use of estimates and judgements in the preparation of financial statements* of the note *Summary of material accounting policies*.

In the reporting period several adjustments were introduced in the collective provisioning models, ranging from updates in methodology incorporating forward-looking information to improvements in LGD modelling. The updates in the methodology incorporating forward-looking information include input of the recent representative statistics and updates in historical data periods used which resulted in decreasing PDs most notably in the retail segment. LGD segments have been consolidated into broader groups. Updates aim to keep ECL models up-to-date and to deliver robust results, based on qualitative data and transparent methodological choices. Portfolio-wide (inflation) and industry-specific (agriculture) overlays continued amortizing within the existing framework with the exposures being repaid or moving to different stages where ECL models capture credit risk. Overlays created for individually assessed groups also have decreased in the reporting period as exposures with individual overlays have moved to lower or higher stages resulting in the individually assessed overlay removal.

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

Changes in the allowances for credit losses and provisions

	Group, EUR thousands						
	Opening balance 01/01/2024	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2024
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	3	171	(187)	15	-	-	2
Debt securities	583	25	(20)	(203)	-	-	385
Loans to public	52,173	15,511	(3,841)	(19,007)	-	45	44,881
Including impairment overlay	*11,262*						*8,579*
Loan commitments, guarantees and letters of credit	4,502	2,108	(895)	(3,196)	-	4	2,523
Total stage 1 credit losses and provisions	**57,261**	**17,815**	**(4,943)**	**(22,391)**	**-**	**49**	**47,791**
Stage 2							
Loans to public	15,652	417	(1,634)	(2,981)	-	21	11,475
Including impairment overlay	*6,215*						*1,286*
Loan commitments, guarantees and letters of credit	157	5	(297)	214	-	-	79
Total stage 2 credit losses and provisions	**15,809**	**422**	**(1,931)**	**(2,767)**	**-**	**21**	**11,554**
Stage 3 and POCI							
Loans to public	31,148	-	(6,221)	21,625	(11,315)	3,572	38,809
Loan commitments, guarantees and letters of credit	140	-	(481)	472	-	-	131
Total stage 3 credit losses and provisions	**31,288**	**-**	**(6,702)**	**22,097**	**(11,315)**	**3,572**	**38,940**
Total allowances for credit losses and provisions	**104,358**	**18,237**	**(13,576)**	**(3,061)**	**(11,315)**	**3,642**	**98,285**
Including for debt securities classified at fair value through other comprehensive income	*101*						*39*

For additional information on *Write-offs of allowances* please refer to note *Loans to Public*.

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.

	Group, EUR thousands						
	Opening balance 01/01/2023	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2023
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	385	17	-	(394)	-	(5)	3
Debt securities	708	29	(18)	(136)	-	-	583
Loans to public	53,284	11,336	(4,449)	(8,002)	-	4	52,173
Including impairment overlay	*10,897*						*11,262*
Loan commitments, guarantees and letters of credit	4,528	2,270	(1,069)	(1,207)	-	(20)	4,502
Total stage 1 credit losses and provisions	**58,905**	**13,652**	**(5,536)**	**(9,739)**	**-**	**(21)**	**57,261**
Stage 2							
Loans to public	16,746	340	(783)	(665)	-	14	15,652
Including impairment overlay	*6,196*						*6,215*
Loan commitments, guarantees and letters of credit	158	112	(176)	63	-	-	157
Total stage 2 credit losses and provisions	**16,904**	**452**	**(959)**	**(602)**	**-**	**14**	**15,809**
Stage 3 and POCI							
Loans to public	36,479	381	(8,248)	8,257	(6,394)	673	31,148
Loan commitments, guarantees and letters of credit	134	13	(59)	52	-	-	140
Total stage 3 credit losses and provisions	**36,613**	**394**	**(8,307)**	**8,309**	**(6,394)**	**673**	**31,288**
Total allowances for credit losses and provisions	**112,422**	**14,498**	**(14,802)**	**(2,032)**	**(6,394)**	**666**	**104,358**
Including for debt securities classified at fair value through other comprehensive income	*94*						*101*

	Bank, EUR thousands						
	Opening balance 01/01/2024	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2024
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	33	170	(186)	-	-	1	18
Debt securities	558	25	(18)	(196)	-	-	369
Loans to public	40,719	10,228	(2,360)	(14,599)	-	16	34,004
Including impairment overlay	*7,002*						*5,795*
Loan commitments, guarantees and letters of credit	4,455	2,008	(916)	(3,082)	-	1	2,466
Total stage 1 credit losses and provisions	**45,765**	**12,431**	**(3,480)**	**(17,877)**	**-**	**18**	**36,857**
Stage 2							
Loans to public	9,942	216	(396)	(3,394)	-	-	6,368
Including impairment overlay	*4,303*						*1,236*
Loan commitments, guarantees and letters of credit	144	5	(297)	225	-	-	77
Total stage 2 credit losses and provisions	**10,086**	**221**	**(693)**	**(3,169)**	**-**	**-**	**6,445**
Stage 3 and POCI							
Loans to public	28,827	-	(2,226)	15,350	(10,504)	1,164	32,611
Loan commitments, guarantees and letters of credit	141	-	(481)	472	-	-	132
Total stage 3 credit losses and provisions	**28,968**	**-**	**(2,707)**	**15,822**	**(10,504)**	**1,164**	**32,743**
Total allowances for credit losses and provisions	**84,819**	**12,652**	**(6,880)**	**(5,224)**	**(10,504)**	**1,182**	**76,045**
Including for debt securities classified at fair value through other comprehensive income	*82*						*27*

	Bank, EUR thousands						
	Opening balance 01/01/2023	Charged to statement of income			Write-offs of allowances	Other adjust-ments	Closing balance 31/12/2023
		Origination	Repayment disposal	Credit risk, net*			
Stage 1							
Loans to credit institutions	385	16	-	(362)	-	(6)	33
Debt securities	686	27	(15)	(140)	-	-	558
Loans to public	41,130	6,879	(2,885)	(4,403)	-	(2)	40,719
Including impairment overlay	*7,705*						*7,002*
Loan commitments, guarantees and letters of credit	4,498	2,383	(1,086)	(1,339)	-	(1)	4,455
Total stage 1 credit losses and provisions	**46,699**	**9,305**	**(3,986)**	**(6,244)**	**-**	**(9)**	**45,765**
Stage 2							
Loans to public	13,421	158	(431)	(3,205)	-	(1)	9,942
Including impairment overlay	*6,189*						*4,303*
Loan commitments, guarantees and letters of credit	115	111	(176)	94	-	-	144
Total stage 2 credit losses and provisions	**13,536**	**269**	**(607)**	**(3,111)**	**-**	**(1)**	**10,086**
Stage 3 and POCI							
Loans to public	33,573	258	(6,744)	8,727	(6,202)	(785)	28,827
Loan commitments, guarantees and letters of credit	125	6	(59)	69	-	-	141
Total stage 3 credit losses and provisions	**33,698**	**264**	**(6,803)**	**8,796**	**(6,202)**	**(785)**	**28,968**
Total allowances for credit losses and provisions	**93,933**	**9,838**	**(11,396)**	**(559)**	**(6,202)**	**(795)**	**84,819**
Including for debt securities classified at fair value through other comprehensive income	*72*						*82*

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

Transfers of gross loans to customers between impairment stages

	Group, EUR thousands					
	Transfers between impairment stages of gross exposures (gross transfer basis)					
	from Stage 1 to Stage 2	from Stage 2 to Stage 1	from Stage 2 to Stage 3	from Stage 3 to Stage 2	from Stage 1 to Stage 3	from Stage 3 to Stage 1
Transfers during 2024						
Loans to public	141,208	63,426	23,359	2,247	16,000	430
Financial commitments, guarantees and letters of credit	3,659	2,737	226	22	397	29
Transfers during 2023						
Loans to public	154,437	73,369	16,980	4,283	8,922	2,274
Financial commitments, guarantees and letters of credit	7,565	1,611	60	26	944	153

NOTE 12. TAXATION

Corporate income tax expense

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Current corporate income tax	(17,876)	(21,354)	(4,357)	(17,902)	(15,378)	(20,237)	(2,730)	(17,220)
Deferred income tax	148	(1,764)	412	19	(156)	(1,600)	62	37
Total corporate income tax expense	**(17,728)**	**(23,118)**	**(3,945)**	**(17,883)**	**(15,534)**	**(21,837)**	**(2,668)**	**(17,183)**
Mortgage loan levy and bank tax	**(9,647)**	**(895)**	**(2,246)**	**1,356**	**(9,605)**	**(895)**	**(2,235)**	**1,356**

In Latvia an advance corporate income tax (CIT) is payable at 20% rate on unadjusted accounting profits earned in Latvia starting from 2023 on the Latvian banking and leasing operations, with the advance paid being eligible to fully offset dividend distribution tax with no expiry date. As these CIT advance payments may be offset only against tax due from future profit distribution, the amount of the CIT advances paid is expensed as profits are generated. Previously, until Q4 2023, for banking and leasing operations CIT in Latvia was payable when the profits were distributed, not when the profits were earned. For other Latvian operations, CIT is still payable only when the profits are distributed.

For distributions of Latvian profits, a theoretical 20% CIT rate apply and is calculated as 0.2/0.8 from net distributed dividend (effectively 25% tax rate), but the profit distribution tax payment is decreased by the already paid CIT advance in 2023 and later period profits. Thus, incremental profit distribution tax expense on 2023 and later period profits would arise only if the profit distribution tax exceeded the CIT advance already paid.

In Latvia, no incremental CIT expense arise on the Bank's dividend distribution from retained earnings generated under the tax regime that was effective before 2018. Such Bank's retained earnings as of the period end amount to EUR 11.2 million (2023: EUR 61.8 million). EUR 50.6 million dividend distribution in 2024 decreased this amount. Similarly, for the Bank as of the period end no incremental CIT expense arises on distribution of additional EUR 27.9 million (2023: EUR 17.2 million) profits for which tax has been paid when these were distributed from subsidiaries and branches. Currently there is no expiry date for these distribution rights.

The Latvian government had introduced a mortgage loan levy effective for 2024 (one year) with a purpose to reimburse mortgage borrowers for some of the impact of the higher interest rate environment experienced from mid-2023. The mortgage loan levy is calculated as 0.5% on the Latvian gross mortgage loan portfolio as of 31 October 2023. The levy is payable on the first month of each calendar quarter in 2024 in the amount of EUR 2.2 million quarterly. The Group has concluded that the levy is an expense for 2024 and should be expensed based on the calculated amounts in the respective quarters in 2024 as the obligation for the Group to pay arises only if it is liable to declare on the respective dates in 2024.

The Latvian government has enacted Solidarity Contributions Law, which becomes effect from 2025. This law mandates that credit institutions pay an additional 60% tax on net interest income exceeding 50% of the average from 2018-2022, adjusted for certain items.

In Estonia similarly, as for Latvian operations, any CIT advance paid, is expensed in the reporting period as profits are generated. For banks in 2024 a 14% tax advance rate applies, increasing to 18% in 2025. On dividend disbursement in 2024 CIT is calculated based on proportion 20/80 (effectively 25% tax rate), in 2025 based on proportion 22/78 effectively approximately 28% tax rate). The calculated profit distribution tax payment is decreased by the already paid CIT advance.

Corporate income tax in Lithuania is calculated at 15% rate on taxable profits (increasing to 16% in 2025), an extra 5% corporate income tax for Bank is charged on taxable profits exceeding EUR 2.0 million. Bank tax (windfall tax) in Lithuania is calculated on certain increases in net interest income vs. reference period and is presented as levy in the income statement line Bank tax. Bank tax asset represents quarterly tax advance overpayment vs. calculated full year bank tax.

Income tax assets and liabilities

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Current income tax assets	22	81	-	-
Deferred income tax assets	1,636	714	1,572	579
Tax assets	**1,658**	**795**	**1,572**	**579**
Current income tax liabilities	(14,218)	(17,696)	(12,301)	(17,247)
Deferred income tax liabilities	-	(375)	-	-
Tax liabilities	**(14,218)**	**(18,071)**	**(12,301)**	**(17,247)**
Mortgage loan levy and bank tax	**180**	**1,777**	**180**	**1,777**

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

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
As at the beginning of the period	339	2,103	579	2,179
Charge to statement of income	148	(1,764)	(156)	(1,600)
Securities fair value revaluation reserve	1,149	-	1,149	-
Net deferred income tax asset at the period end	**1,636**	**339**	**1,572**	**579**

	Group, EUR thousands			
	Opening balance 01/01/2024	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2024
Securities fair value revaluation reserve	-	-	1,149	1,149
Deferred income and accrued expense	631	(160)	-	471
Fair value amortisation on the acquired loan portfolio	84	(69)	-	15
Expected distribution of retained earnings	(375)	375	-	-
Other items, net	(1)	2	-	1
Deferred income tax assets, net	**339**	**148**	**1,149**	**1,636**

	Group, EUR thousands			
	Opening balance 01/01/2023	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2023
Securities fair value revaluation reserve	337	294	-	631
Deferred income and accrued expense	1,921	(1,921)	-	-
Fair value amortisation on the acquired loan portfolio	221	(137)	-	84
Expected distribution of retained earnings	(375)	-	-	(375)
Other items, net	(1)	-	-	(1)
Deferred income tax assets, net	**2,103**	**(1,764)**	**-**	**339**

	Bank, EUR thousands			
	Opening balance 01/01/2024	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2024
Securities fair value revaluation reserve	-	-	1,149	1,149
Deferred income and accrued expense	579	(156)	-	423
Deferred income tax assets, net	**579**	**(156)**	**1,149**	**1,572**

	Bank, EUR thousands			
	Opening balance 01/01/2023	Recognised in statement of income	Recognised in statement of OCI	Closing balance 31/12/2023
Deferred income and accrued expense	258	321	-	579
Recognised unutilised tax loss carry-forward	1,921	(1,921)	-	-
Deferred income tax assets, net	**2,179**	**(1,600)**	**-**	**579**

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

	EUR thousands			
	2024 Group	2023 Group	2024 Bank	2023 Bank
Profit before corporate income tax from continuous operations before non-current assets held for sale	112,120	133,022	101,133	119,158
Corporate income tax (at 20%)	**22,424**	**26,604**	**20,227**	**23,832**
Effect of tax rates in foreign jurisdictions	(1,356)	(1,003)	(975)	(843)
Undistributed earnings taxable on distribution	(1,340)	(1,172)	-	-
Non-taxable income and impact from bank tax expense	(1,260)	(310)	(1,129)	(250)
Non-deductible expense	91	472	119	216
Distribution of retained earnings	858	-	-	-
Other tax differences, net*	(1,689)	(1,473)	(2,708)	(1,118)
Total effective corporate income tax from continuous operations	**17,728**	**23,118**	**15,534**	**21,837**

* Including eligible loss on discontinued operations and non-current assets held for sale of EUR -2,989 thousand for the Bank (2023: EUR -1,124 thousand).

NOTE 13. DEBT SECURITIES

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

Group, EUR thousands

	31/12/2024				31/12/2023			
	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	5,782	64,343	1,509	71,634	9,202	56,658	-	65,860
AA/Aa	16,375	154,726	4,435	175,536	17,920	269,033	-	286,953
A	115,084	690,554	162,003	967,641	125,281	617,625	42,815	785,721
BBB/Baa	8,657	13,875	-	22,532	9,887	31,158	-	41,045
Lower ratings or unrated	247	38,368	-	38,615	2,731	37,722	-	40,453
Total debt securities	**146,145**	**961,866**	**167,947**	**1,275,958**	**165,021**	**1,012,196**	**42,815**	**1,220,032**
Including general government	*119,261*	*683,492*	*166,438*	*969,191*	*123,603*	*691,645*	*42,815*	*858,063*
Including credit institutions	*8,015*	*101,028*	*-*	*109,043*	*10,873*	*111,809*	*-*	*122,682*
Including classified in stage 1	*146,145*	*961,866*	*n/a*	*n/a*	*165,021*	*1,012,196*	*n/a*	*n/a*

Bank, EUR thousands

	31/12/2024				31/12/2023			
	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total	At fair value through other comprehensive income	At amortised cost	Designated at fair value through profit or loss, non-trading	Total
Investment grade:								
AAA/Aaa	5,782	59,411	-	65,193	7,202	51,762	-	58,964
AA/Aa	16,375	154,726	-	171,101	17,920	269,033	-	286,953
A	100,295	683,985	162,003	946,283	107,857	611,054	42,815	761,726
BBB/Baa	1,517	12,365	-	13,882	1,422	29,649	-	31,071
Lower ratings or unrated	-	38,368	-	38,368	2,502	37,720	-	40,222
Total debt securities	**123,969**	**948,855**	**162,003**	**1,234,827**	**136,903**	**999,218**	**42,815**	**1,178,936**
Including general government	*110,738*	*677,433*	*162,003*	*950,174*	*112,367*	*685,585*	*42,815*	*840,767*
Including credit institutions	*1,721*	*101,028*	*-*	*102,749*	*3,741*	*111,809*	*-*	*115,550*
Including classified in stage 1	*123,969*	*948,855*	*n/a*	*n/a*	*136,903*	*999,218*	*n/a*	*n/a*

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					
	31/12/2024			31/12/2023		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Latvia	490,543	1,615	492,158	360,279	2,392	362,671
Lithuania	339,751	50,829	390,580	343,709	51,138	394,847
Estonia	81,374	18,077	99,451	76,440	23,045	99,485
Germany	-	88,377	88,377	-	91,214	91,214
United States	19,879	22,474	42,353	18,262	22,650	40,912
Canada	2,448	31,798	34,246	-	28,116	28,116
Sweden	-	25,224	25,224	-	25,485	25,485
Slovakia	18,798	5,663	24,461	20,974	6,291	27,265
Poland	798	5,181	5,979	22,229	5,164	27,393
Switzerland	-	3,860	3,860	-	24,509	24,509
Finland	-	4,424	4,424	-	12,446	12,446
Netherlands	2,129	-	2,129	6,209	11,138	17,347
Other countries	13,471	18,394	31,865	9,962	22,947	32,909
Multilateral development banks and international organisations	-	30,851	30,851	-	35,433	35,433
Total debt securities	**969,191**	**306,767**	**1,275,958**	**858,064**	**361,968**	**1,220,032**

	Bank, EUR thousands					
	31/12/2024			31/12/2023		
	Government bonds	Other securities	Total	Government bonds	Other securities	Total
Latvia	484,270	859	485,129	354,063	1,310	355,373
Lithuania	337,497	49,445	386,942	339,632	49,781	389,413
Estonia	81,374	17,144	98,518	76,440	21,910	98,350
Germany	-	88,377	88,377	-	91,214	91,214
United States	19,879	17,085	36,964	18,262	16,395	34,657
Canada	2,448	31,798	34,246	-	28,116	28,116
Sweden	-	25,224	25,224	-	25,485	25,485
Slovakia	17,704	5,153	22,857	19,887	5,780	25,667
Poland	-	3,027	3,027	21,448	3,043	24,491
Switzerland	-	3,860	3,860	-	24,509	24,509
Finland	-	4,424	4,424	-	12,446	12,446
Netherlands	2,129	-	2,129	6,209	11,138	17,347
Other countries	4,873	13,848	18,721	4,826	18,506	23,332
Multilateral development banks and international organisations	-	24,409	24,409	-	28,536	28,536
Total debt securities	**950,174**	**284,653**	**1,234,827**	**840,767**	**338,169**	**1,178,936**

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 14. LOANS TO PUBLIC

Loans to public by overdue days and impairment stage

Group, EUR thousands

	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3 and POCI			Stage 1	Stage 2	Stage 3 and POCI		
Loans to public										
Not past due	3,018,781	201,776	29,669	(53,509)	3,196,717	2,627,867	206,974	29,715	(62,554)	2,802,002
Past due <=30 days	32,353	14,019	3,991	(7,309)	43,054	26,175	8,829	1,591	(5,694)	30,901
Past due >30 and ≤90 days	-	23,533	14,404	(8,622)	29,315	-	23,294	1,960	(4,047)	21,207
Past due >90 days	-	-	31,220	(25,725)	5,495	-	-	34,541	(26,693)	7,848
Total loans to public	**3,051,134**	**239,328**	**79,284**	**(95,165)**	**3,274,581**	**2,654,042**	**239,097**	**67,807**	**(98,988)**	**2,861,958**
Guarantees and letters of credit	87,830	155	60	(259)	87,786	55,142	1,676	6	(288)	56,536
Financial commitments	336,437	6,162	689	(2,474)	340,814	318,412	7,744	1,056	(4,510)	322,702
Total credit exposure to public	**3,475,401**	**245,645**	**80,033**	**(97,898)**	**3,703,181**	**3,027,596**	**248,517**	**68,869**	**(103,786)**	**3,241,196**

As of the period end, the gross amount of Group's POCI loans to public is EUR 4.2 million (2023: EUR 9.7 million). The recognised expected credit loss allowance on POCI loans to public is EUR 0.5 million (2023: EUR 0.6 million). Off-balance sheet credit exposure comprises various committed financing facilities to the borrowers. For details refer to note *Off-balance Sheet Items*.

Bank, EUR thousands

	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Loans to public										
Not past due	3,067,620	72,401	14,671	(37,663)	3,117,029	2,669,492	88,240	20,268	(46,302)	2,731,698
Past due <=30 days	31,210	13,791	3,777	(7,185)	41,593	23,201	8,567	1,454	(5,554)	27,668
Past due >30 and ≤90 days	-	4,078	11,001	(5,205)	9,874	-	6,351	1,224	(2,255)	5,320
Past due >90 days	-	-	25,006	(22,930)	2,076	-	-	29,127	(25,377)	3,750
Total loans to public	**3,098,830**	**90,270**	**54,455**	**(72,983)**	**3,170,572**	**2,692,693**	**103,158**	**52,073**	**(79,488)**	**2,768,436**
Guarantees and letters of credit	96,818	155	60	(262)	96,771	63,222	1,676	5	(302)	64,601
Financial commitments	404,193	4,501	635	(2,413)	406,916	370,784	5,437	1,055	(4,437)	372,839
Total credit exposure to public	**3,599,841**	**94,926**	**55,150**	**(75,658)**	**3,674,259**	**3,126,699**	**110,271**	**53,133**	**(84,227)**	**3,205,876**

Stage 3 loans to public ratios

	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Stage 3 gross loans ratio	**2.3%**	**2.1%**	**1.7%**	**1.8%**
Stage 3 net loans ratio	**1.2%**	**1.1%**	**7.0%**	**0.8%**
Stage 3 impairment ratio	**50%**	**49%**	**60%**	**55%**

The stage 3 loans 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.

Expected credit loss allowance by customer profile and impairment stage

	Group, EUR thousands							
	31/12/2024				31/12/2023			
	Expected credit loss allowance			Total	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3 and POCI		Stage 1	Stage 2	Stage 3 and POCI	
Financial and non-financial corporations	(17,970)	(6,052)	(14,845)	(38,867)	(22,273)	(10,874)	(12,657)	(45,804)
Households	(26,451)	(5,422)	(23,964)	(55,837)	(29,462)	(4,771)	(18,506)	(52,739)
General government	(460)	(1)	-	(461)	(438)	(7)	-	(445)
Expected credit loss allowance	**(44,881)**	**(11,475)**	**(38,809)**	**(95,165)**	**(52,173)**	**(15,652)**	**(31,163)**	**(98,988)**

	Bank, EUR thousands							
	31/12/2024				31/12/2023			
	Expected credit loss allowance			Total	Expected credit loss allowance			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Financial and non-financial corporations	(10,712)	(2,161)	(9,794)	(22,667)	(14,318)	(6,429)	(10,765)	(31,512)
Households	(23,287)	(4,207)	(22,817)	(50,311)	(26,391)	(3,513)	(18,062)	(47,966)
General government	(5)	-	-	(5)	(10)	-	-	(10)
Expected credit loss allowance	**(34,004)**	**(6,368)**	**(32,611)**	**(72,983)**	**(40,719)**	**(9,942)**	**(28,827)**	**(79,488)**

Loans by customer profile and impairment stage

	Group, EUR thousands									
	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3 and POCI			Stage 1	Stage 2	Stage 3 and POCI		
Financial and non-financial corporations										
Real estate purchase and management	421,453	24,246	602	(4,249)	442,052	339,949	17,321	649	(5,500)	352,419
Trade	203,149	20,479	8,328	(6,007)	225,949	169,050	13,150	3,676	(4,817)	181,059
Manufacturing	188,741	26,968	5,217	(5,749)	215,177	145,979	46,079	17,699	(9,423)	200,334
Agriculture and forestry	141,530	29,804	23,109	(11,835)	182,608	137,690	39,260	2,249	(6,507)	172,692
Transport and communications	144,344	36,259	3,758	(3,231)	181,130	171,095	40,126	9,075	(11,385)	208,911
Construction	135,347	12,402	1,919	(3,211)	146,457	94,884	13,435	3,256	(3,122)	108,453
Electricity, gas and water supply	131,462	3,537	2,347	(1,076)	136,270	96,898	1,742	1,993	(1,015)	99,618
Financial intermediation	35,138	509	49	(237)	35,459	33,496	605	20	(436)	33,685
Hotels, restaurants	29,186	2,969	59	(427)	31,787	24,546	790	1,618	(605)	26,349
Other industries	148,450	19,957	4,187	(2,845)	169,749	134,161	20,216	3,343	(2,992)	154,728
Total financial and non-financial corporations	**1,578,800**	**177,130**	**49,575**	**(38,867)**	**1,766,638**	**1,347,748**	**192,724**	**43,578**	**(45,802)**	**1,538,248**
Households										
Mortgage loans	865,060	16,504	23,557	(31,103)	874,018	780,517	12,908	21,539	(31,394)	783,570
Finance leases	347,770	31,603	2,195	(5,136)	376,432	323,242	24,146	926	(4,291)	344,023
Credit for consumption	130,735	6,547	1,118	(8,828)	129,572	103,497	4,811	546	(7,306)	101,548
Card lending	56,008	3,999	849	(6,836)	54,020	56,867	2,526	579	(8,398)	51,574
Other lending	50,093	3,498	1,990	(3,934)	51,647	18,955	1,782	637	(1,351)	20,023
Total households	**1,449,666**	**62,151**	**29,709**	**(55,837)**	**1,485,689**	**1,283,078**	**46,173**	**24,227**	**(52,740)**	**1,300,738**
General government	**22,668**	**47**	**-**	**(461)**	**22,254**	**23,217**	**201**	**-**	**(446)**	**22,972**
Total loans to public	**3,051,134**	**239,328**	**79,284**	**(95,165)**	**3,274,581**	**2,654,043**	**239,098**	**67,805**	**(98,988)**	**2,861,958**

Loans by customer profile and impairment stage

	Bank, EUR thousands									
	31/12/2024					31/12/2023				
	Gross amount			Expected credit loss allowance	Net carrying amount	Gross amount			Expected credit loss allowance	Net carrying amount
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Financial and non-financial corporations										
Real estate purchase and management	405,589	22,251	561	(3,987)	424,414	326,710	15,875	444	(5,189)	337,840
Trade	67,844	6,383	4,061	(3,001)	75,287	61,424	2,847	2,956	(2,875)	64,352
Manufacturing	97,631	12,917	2,177	(3,283)	109,442	53,266	33,626	13,485	(7,168)	93,209
Agriculture and forestry	54,561	8,831	17,037	(6,492)	73,937	47,185	23,416	1,582	(3,253)	68,930
Transport and communications	12,157	3,473	600	(862)	15,368	22,934	2,752	7,059	(7,501)	25,244
Construction	50,774	1,585	637	(1,267)	51,729	26,846	2,528	1,084	(1,427)	29,031
Electricity, gas and water supply	120,502	2,586	1,517	(887)	123,718	85,570	-	676	(807)	85,439
Financial intermediation	1,142,962	0	27	(1,873)	1,141,116	1,064,940	-	20	(2,074)	1,062,886
Hotels, restaurants	20,818	1,931	34	(283)	22,500	18,978	415	1,592	(511)	20,474
Other industries	25,771	970	486	(732)	26,495	22,215	874	281	(708)	22,662
Total financial and non-financial corporations	**1,998,609**	**60,927**	**27,137**	**(22,667)**	**2,064,006**	**1,730,068**	**82,333**	**29,179**	**(31,513)**	**1,810,067**
Households										
Mortgage loans	863,817	16,310	23,408	(30,995)	872,540	779,284	12,286	21,238	(31,163)	781,645
Finance leases	-	-	-	-	-	-	-	-	-	-
Credit for consumption	124,568	5,537	1,100	(8,586)	122,619	99,396	4,234	524	(7,128)	97,026
Card lending	56,008	3,999	849	(6,836)	54,020	56,867	2,526	579	(8,398)	51,574
Other lending	48,623	3,497	1,961	(3,894)	50,187	16,695	1,779	553	(1,277)	17,750
Total households	**1,093,016**	**29,343**	**27,318**	**(50,311)**	**1,099,366**	**952,242**	**20,825**	**22,894**	**(47,966)**	**947,995**
General government	**7,205**	**-**	**-**	**(5)**	**7,200**	**10,384**	**-**	**-**	**(10)**	**10,374**
Total loans to public	**3,098,830**	**90,270**	**54,455**	**(72,983)**	**3,170,572**	**2,692,694**	**103,158**	**52,073**	**(79,489)**	**2,768,436**

NOTE 15. EQUITY AND OTHER FINANCIAL INSTRUMENTS

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

	Group, EUR thousands							
	31/12/2024				31/12/2023			
	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	25,108	709	-	25,817	26,372	1,117	-	27,489
Financial assets at fair value through other comprehensive income	-	105	21	126	-	101	21	122
Total non-fixed income securities, net	**25,108**	**814**	**21**	**25,943**	**26,372**	**1,218**	**21**	**27,611**
Including unit-linked insurance plan assets	*15,909*	-	-	*15,909*	*17,059*	-	-	*17,059*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management	*14,952*	-	-	*14,952*	*15,621*	-	-	*15,621*
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management and which relate to unit-linked contracts	*11,129*	-	-	*11,129*	*11,575*	-	-	*11,575*

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

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

	Bank, EUR thousands							
	31/12/2024				31/12/2023			
	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	838	709	-	1,547	1,235	1,117	-	2,352
Financial assets at fair value through other comprehensive income	-	105	21	126	-	101	21	122
Total non-fixed income securities, net	**838**	**814**	**21**	**1,673**	**1,235**	**1,218**	**21**	**2,474**
Including investments in mutual investment funds, which are managed by IPAS CBL Asset Management	*838*	-	-	*838*	*1,235*	-	-	*1,235*

NOTE 16. INVESTMENTS IN RELATED ENTITIES

Changes in investments in related entities of the Bank

	EUR thousands 2024	EUR thousands 2023
Balance at the beginning of the period, net	**47,939**	**47,770**
Associates accounted for using the equity method	-	58
Change in impairment allowance	1,068	111
Transfer to discontinued operations held for sale	(248)	-
Balance at the end of the period, net	**48,759**	**47,939**
Including associates accounted for using the equity method	*-*	*248*
Including gross investment in subsidiaries	*60,598*	*60,598*

Changes in investments in subsidiaries

In the reporting period investment in SIA Mobilly was transferred to discontinued operations held for sale, and in August 2024 the sale of SIA Mobilly was completed.

Valuation of investments in subsidiaries

In the reporting period valuation of SIA Citadele Factoring and SIA Hortus Residential was reassessed. In total EUR 1.1 million (net) impairment in the investments in these subsidiaries was released as operating profits have been accumulated and were not distributed to shareholders while valuation uncertainties as legacy lease portfolio continues to amortise decrease.

Carrying value of the investment in SIA Citadele Factoring is derived from present value of expected free equity distributable to the shareholders, after required equity allocation for capital adequacy compliance. The target capital adequacy ratio is set at 13.5% and includes allocated charges for all banking risks inherent in the business model of the leasing (2023: 13.0%). Other key inputs of the model are 13.8% (2023: 15.4%) discount rate and future profitability of the operations of the entity.

Consolidation Group subsidiaries and associated entities for accounting purposes

Company	Registration number	Registration address and country	Company type*	Basis for inclusion in the Group**	The Group's share (%)	% of total voting rights	Carrying value EUR thousands 31/12/2024	Carrying value EUR thousands 31/12/2023
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 Citadele Factoring	50003760921	Latvia, Riga, Republikas laukums 2A	LIZ	MS	100	100	9,388	8,266
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	1,112	1,076
AS CBL Atklātais Pensiju Fonds	40003397312	Latvia, Riga, Republikas laukums 2A	PFO	MS	100	100	556	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, held for sale)	40003654405	Latvia, Dzirnavu iela 91 k-3 - 20, Rīga, LV-1011	ENI	CT	12.5	12.5	-	248
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	-	-
Total net investments in subsidiaries and associated entities							**48,759**	**47,939**

*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.

Kaleido Privatbank AG is a 100% owned subsidiary classified as discontinued operations held for sale (for details refer to note *Discontinued Operations and Non-current Assets Held For Sale*). Registration number of Kaleido Privatbank AG is 130.0.007.738-0, it is registered in Switzerland with legal address in Bellerivestrasse 17, 8008, Zürich.

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

AS Citadele banka is selling its Swiss subsidiary Kaleido Privatbank AG under market standard terms and conditions. AS Citadele banka had entered into a binding agreement regarding the sale of its Swiss subsidiary – Kaleido Privatbank AG. The closing was subject to regulatory approvals and took longer than expected. In 2023 it was concluded that successful execution of this sales-purchase agreement was no longer feasible and was decided to terminate the previous contract.

The Group is working with a reputable M&A advisor on an alternative sales transaction. As the conditions indicate that the investment will be recovered principally through a sale transaction in a foreseeable future rather than through continuing operations, Kaleido Privatbank AG is presented as discontinued operations as of period end. Citadele has received several offers and is working with a buyer on transaction, and has taken steps to improve certainty that regulatory approval for potential sale will be obtained. The Management has a strong commitment to sell Kaleido Privatbank AG and this 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.

In the beginning of 2024 the management of the Bank increased share capital of Swiss subsidiary Kaleido Privatbank AG by CHF 3.0 million. The capital increase supports operations of the subsidiary. The subsidiary is classified as discontinued operations held for sale.

Write-down of investment in Kaleido Privatbank AG

In the reporting period the Bank recognised EUR 15.1 million write-down on the investment in Kaleido Privatbank AG equal to the lower of the carrying amount and fair value less cost to sell (2023: EUR 6.1 million). The write-down relates to the loss of the operations in the respective period and the re-estimated net sales proceeds, including cost to sell. The fair value less cost to sell of the investment, represents the most recent estimate of the net sales proceeds. The write-down is presented in the statement of income as net result from non-current assets held for sale and discontinued operations. On the consolidated level EUR 0.8 million write-off of non-financial assets has been recognized as previous carrying value of these is deemed unrecoverable in the expected sales transaction.

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

	EUR thousands							
	Group				Bank			
	2024	2023	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023
Net interest income	3,287	4,119	748	1,051	-	-	-	-
Net fee and commission income	4,069	3,123	1,481	989	-	-	-	-
Other operating income / (expense)	873	(796)	298	(466)	-	-	-	-
Staff costs, other operating expenses, depreciation and amortisation	(12,383)	(12,354)	(2,877)	(3,659)	-	-	-	-
Net credit losses and other impairment losses	236	(662)	31	647	-	-	-	-
Impairment of non-financial assets	(847)	-	(104)	-	-	-	-	-
Income tax	6	(28)	3	-	-	-	-	-
Net result from discontinued operations	**(4,759)**	**(6,598)**	**(420)**	**(1,438)**	**-**	**-**	**-**	**-**
Result from non-current assets held for sale	123	481	(367)	71	(14,943)	(5,621)	(366)	(921)
Net result from non-current assets held for sale and discontinued operations	**(4,636)**	**(6,117)**	**(787)**	**(1,367)**	**(14,943)**	**(5,621)**	**(366)**	**(921)**

Assets and liabilities constituting discontinued operations and non-current assets held for sale

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Assets				
Cash, cash balances at central banks	7,140	11,867	-	-
Loans to credit institutions	4,985	12,607	-	-
Debt securities (Classified in stage 1)	37,663	51,762	-	-
Including:				
AAA/Aaa rated	*15,930*	*21,421*	-	-
AA/Aa rated	*12,754*	*18,758*	-	-
A rated	*8,979*	*8,926*	-	-
BBB/Baa rated	-	*2,657*	-	-
General government	*15,867*	*17,019*	-	-
Credit institutions	*9,214*	*15,575*	-	-
Loans to public	52,516	55,033	-	-
Other assets	1,332	1,305	-	-
Discontinued operations	**103,636**	**132,574**	**-**	**-**
Net investment in Kaleido Privatbank AG (subsidiary)	-	-	779	12,788
Other non-current assets held for sale	-	-	-	-
Discontinued operations and non-current assets held for sale	**103,636**	**132,574**	**779**	**12,788**
Liabilities				
Deposits from credit institutions and central banks	140	460	-	-
Deposits and borrowings from customers	129,601	118,229	-	-
Other liabilities	3,390	2,971	-	-
Discontinued operations	**133,131**	**121,660**	**-**	**-**
Off-balance sheet items				
Guarantees and letters of credit	353	261	-	-
Financial commitments	8,624	32,148	-	-
Discontinued operations	**8,977**	**32,409**	**-**	**-**

Cash flows from discontinued operations of the Group

	EUR thousands	
	2024	2023
Cash flows from operating activities	(20,591)	(44,502)
Cash flows from investing activities	8,852	38,598
Cash flows from financing activities	(288)	(255)
Cash flows for the period	**(12,027)**	**(6,159)**
Cash and cash equivalents at the beginning of the period	**24,013**	**30,172**
Cash and cash equivalents at the end of the period	**11,986**	**24,013**

NOTE 18. DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Bank deposits and borrowings by type

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Credit institution deposits and collateral accounts	3,027	6,121	3,027	6,121
Central bank deposits and accounts	201	1,214	202	1,214
Deposits from Citadele Group banks	-	-	50,867	19,560
ECB's targeted longer-term refinancing operations	-	40,099	-	40,099
Total deposits from credit institutions and central banks	**3,228**	**47,434**	**54,096**	**66,994**

In June 2024 EUR 40 million ECB's targeted longer-term refinancing operations (TLTRO-III) financing was repaid. In the statement of cash flows the repayment of the TLTRO-III borrowing is presented within operating cash flows as the primary objective for the borrowing was not a need for financing, but the attractive borrowing rate.

NOTE 19. DEPOSITS AND BORROWINGS FROM CUSTOMERS

Deposits and borrowings by profile of the customer

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Households	2,091,336	1,986,684	2,042,315	1,926,620
Non-financial corporations	1,621,908	1,550,606	1,622,326	1,550,895
Financial corporations	223,496	180,144	252,231	209,742
General government	64,346	89,620	64,346	89,620
Other	22,394	22,528	22,393	22,529
Total deposits from customers	**4,023,480**	**3,829,582**	**4,003,611**	**3,799,406**

Deposits and borrowings from customers by contractual maturity

	EUR thousands			
	31/12/2024 Koncerns	31/12/2023 Koncerns	31/12/2024 Banka	31/12/2023 Banka
Demand deposits	2,929,370	2,822,542	2,935,832	2,835,084
Term deposits due within:				
less than 1 month	323,165	137,931	340,715	147,876
more than 1 month and less than 3 months	264,492	269,128	263,332	269,107
more than 3 months and less than 6 months	248,853	243,074	246,377	241,123
more than 6 months and less than 12 months	179,960	249,100	172,160	243,651
more than 1 year and less than 5 years	73,459	100,698	44,823	61,415
more than 5 years	4,181	7,109	372	1,150
Total term deposits	1,094,110	1,007,040	1,067,779	964,322
Total deposits from customers	**4,023,480**	**3,829,582**	**4,003,611**	**3,799,406**

Deposits and borrowings from customers by categories

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
At amortised cost	4,006,153	3,810,183	4,003,611	3,799,406
At fair value through profit or loss	17,327	19,399	-	-
Total deposits from customers	**4,023,480**	**3,829,582**	**4,003,611**	**3,799,406**
Including unit-linked insurance plan liabilities	*15,630*	*17,153*	-	-

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

NOTE 20. DEBT SECURITIES ISSUED

Publicly listed debt securities

ISIN code of the issued bond	Eligibility	Currency	Interest rate	Initial maturity date	Principal, EUR thousands	Amortised cost, EUR thousands	
						31/12/2024	31/12/2023
XS2393742122	MREL eligible	EUR	1.625%	22/11/2026	200,000	199,705	199,366
LV0000880102	Subordinated	EUR	5.00%	13/12/2031	40,000	40,104	40,104
LV0000880011	Subordinated	EUR	5.50%	24/11/2027	20,000	20,098	20,090
LV0000803054	Subordinated	EUR	8.00%	05/04/2034	20,000	20,162	-
LV0000804334	MREL eligible	EUR	5.00%*	14/10/2026	35,000	35,353	-
						315,422	**259,560**

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.

EUR 35 million senior unsecured preferred bonds (LV0000804334) has a two-years maturity and a fixed interest rate of 5% per annum, resetting on 14 October 2025 to the floating interest rate of euribor 3 months plus 2.3% per annum. The purpose of the issuance is to meet Minimum Requirement for own funds and Eligible Liabilities (MREL).

EUR 40 million (LV0000880102), EUR 20 million (LV0000880011) and EUR 20 million (LV0000803054) unsecured subordinated bonds were issued in the local Baltic capital markets with ten years maturity and issuer's optional early redemption rights. 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.

Subsequent to the period end, on 13 January 2025, an early redemption of EUR 20 million unsecured subordinated bonds (LV0000880011) took place.

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 *Risk Management*.

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	December 2024	163	54	26,850	67%	109	13,150	33%
LV0000880011	November 2024	77	42	17,020	85%	35	2,980	15%
LV0000803054	September 2024	508	196	11,050	55%	312	8,950	45%

NOTE 21. SHARE CAPITAL

The Bank has one class dematerialised shares, i.e. recorded in the depositary (Nasdaq CSD SE). On 19 July 2024 the Bank's total paid capital was increased from EUR 158,240,718 to EUR 158,453,678 and conditional capital was decreased from EUR 3,807,496 to EUR 3,594,536 (2023: EUR 2,907,496). On 20 December 2024 the Bank's total paid capital was increased to EUR 158,902,560 and conditional capital was decreased to EUR 3,145,654. In the reporting period 662 thousand employee options vested and were converted to shares. The conditional capital represents the maximum number of shares that may be allocated for awarding to employees as share options. As of the period end the Bank owns EUR 90,009 (2023: EUR 95,476) of its own shares. Each dematerialised share carries one vote, a share in profits and is eligible for dividends (except for shares owned by the Bank itself). On 28 March 2024 a dividend of EUR 0.32 per share, which is EUR 50.6 million in total, was approved (2023: EUR 20.0 million total dividends which is c.a. EUR 0.127 per share). Dividends were disbursed to the shareholders on 7 May 2024.

Shareholders of the Bank

	31/12/2024		31/12/2023	
	Paid-in share capital (EUR)	Total shares with voting rights	Paid-in share capital (EUR)	Total shares with voting rights
RA Citadele Holdings LLC[1]	51,549,212	51,549,212	51,549,212	51,549,212
European Bank for Reconstruction and Development	39,138,948	39,138,948	39,138,948	39,138,948
EMS LB LLC[3]	17,635,133	17,635,133	17,635,133	17,635,133
Amolino Holdings Inc.[4]	13,490,578	13,490,578	13,490,578	13,490,578
Delan S.à.r.l.[2]	12,477,728	12,477,728	12,477,728	12,477,728
Shuco LLC[5]	9,838,158	9,838,158	9,838,158	9,838,158
Members of the Management Board of the Bank and parties related to them	920,712	920,712	1,353,823	1,353,823
Other shareholders	13,762,082	13,762,082	12,661,662	12,661,662
Total	**158,812,551**	**158,812,551**	**158,145,242**	**158,145,242**
Own shares	90,009		95,476	
Total paid capital	**158,902,560**		**158,240,718**	

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

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

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

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

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

Earnings per share

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

	2024 Group	2023 Group	2024 Bank	2023 Bank
Profit for the period, EUR thousands	89,756	103,787	70,656	91,700
Weighted average number of the shares outstanding in thousands	158,479	157,701	158,479	157,701
Basic earnings per share in EUR	**0.57**	**0.66**	**0.45**	**0.58**
Weighted average number of the shares (basic) outstanding in thousands	158,479	157,701	158,479	157,701
Effect of share options in issue in thousands	1,195	1,341	1,195	1,341
Weighted average number of the shares (diluted) outstanding during the period in thousands	**159,674**	**159,042**	**159,674**	**159,042**
Profit for the period, EUR thousands	89,756	103,787	70,656	91,700
Weighted average number of the shares (diluted) outstanding in thousands	159,674	159,042	159,674	159,042
Diluted earnings per share in EUR	**0.56**	**0.65**	**0.44**	**0.58**
Net loss from discontinued operations (Note 17)	(4,759)	(6,598)	-	-
Profit for the period from continuing operations, EUR thousands	94,515	110,385	70,656	91,700
Basic earnings / (loss) per share in EUR	0.57	0.66	0.45	0.58
from continuing operations	*0.60*	*0.70*	*0.45*	*0.58*
from discontinued operations	*(0.03)*	*(0.04)*	-	-
Diluted earnings / (loss) per share in EUR	0.56	0.65	0.44	0.58
from continuing operations	*0.59*	*0.69*	*0.44*	*0.58*
from discontinued operations	*(0.03)*	*(0.04)*	-	-

NOTE 22. OFF-BALANCE SHEET ITEMS

Contingent liabilities and financial commitments outstanding

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Contingent liabilities:				
Outstanding guarantees	87,705	52,174	96,692	60,254
Outstanding letters of credit	340	4,650	341	4,649
Total contingent liabilities	**88,045**	**56,824**	**97,033**	**64,903**
Provisions for credit risk	(259)	(288)	(262)	(302)
Net credit risk exposure for guarantees and letters of credit	**87,786**	**56,536**	**96,771**	**64,601**
Financial commitments:				
Unutilised credit lines and loans granted, not fully drawn down	159,974	138,784	281,821	251,791
Card commitments	113,090	112,136	113,111	112,161
Factoring commitments	55,827	62,968	-	-
Performance commitments (guarantees)	14,397	13,324	14,397	13,324
Total financial commitments	**343,288**	**327,212**	**409,329**	**377,276**
Provisions for financial commitments	(2,474)	(4,510)	(2,413)	(4,437)
Net credit risk exposure for financial commitments	**340,814**	**322,702**	**406,916**	**372,839**
Discontinued operations:				
Contingent liabilities	353	261	-	-
Financial commitments	8,624	32,148	-	-

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.

In the reporting period several adjustments were introduced in the collective provisioning models which resulted in decreasing PDs, thus positively affecting provisions for financial commitments, guarantees and letters of credit. For details on the methodology changes refer to note *Net Credit Losses*. Besides methodology changes, provisions in the reporting period were released due to improvements in the risk profile of several large committed exposures as new collaterals were registered resulting in an uplift in the LGDs for these exposures.

NOTE 23. ASSETS UNDER MANAGEMENT

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

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Fixed income securities:				
Corporate bonds	138,819	163,802	-	-
Government bonds	115,670	97,129	-	-
Credit institution bonds	59,766	55,588	-	-
Loans	557	583	557	583
Other financial institution bonds	26,954	21,409	-	-
Total investments in fixed income securities	**341,766**	**338,511**	**557**	**583**
Other investments:				
Investment funds	686,306	586,190	-	-
Shares	134,917	111,583	-	-
Compensations for distribution on behalf of deposit guarantee fund	24,298	28,274	24,298	28,274
Real estate	4,920	5,100	-	-
Deposits with credit institutions	1,117	2,619	-	-
Other	24,919	36,784	-	-
Total other investments	**876,477**	**770,550**	**24,298**	**28,274**
Total assets under management	**1,218,243**	**1,109,061**	**24,855**	**28,857**

Customer profile on whose behalf the funds are managed

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Pension plans	908,626	815,945	-	-
Insurance companies, investment and pension funds	158,424	145,099	-	-
Private individuals	125,222	83,478	-	-
Other companies and government	25,971	64,539	24,855	28,857
Total liabilities under management	**1,218,243**	**1,109,061**	**24,855**	**28,857**

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

NOTE 24. CASH AND CASH EQUIVALENTS

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Cash and cash balances with central banks	349,940	520,569	349,940	520,569
Loans on demand to credit institutions (excluding encumbered)	7,673	8,407	6,851	7,788
Demand deposits from central banks and credit institutions	(3,228)	(7,335)	(3,350)	(7,513)
Cash equivalents in discontinued operations	11,986	24,013	-	-
Total cash and cash equivalents	**366,371**	**545,654**	**353,441**	**520,844**

NOTE 25. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

Fair value hierarchy

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

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

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

Fair values of financial assets and liabilities of the Group on 31 December 2024

			Fair value hierarchy (where applicable)		
	Carrying value	Total fair value	Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	146,145	146,145	141,848	4,297	-
Equity instruments	126	126	-	-	126
Non-trading financial assets at fair value through profit or loss:					
Debt securities	167,947	167,947	160,698	7,249	-
Equity instruments	709	709	-	-	709
Other financial instruments	25,108	25,108	25,108	-	-
Other financial assets at fair value through profit or loss					
Derivatives	5,690	5,690	-	5,690	-
Financial assets not measured at fair value:					
Cash and balances at central banks	349,940	349,940	-	-	-
Loans to credit institutions	12,944	12,944	-	-	-
Debt securities	961,866	907,564	803,939	103,625	-
Loans to public	3,274,581	3,325,428	-	-	3,325,428
Total assets	**4,945,056**	**4,941,601**	**1,131,593**	**120,861**	**3,326,263**
Financial liabilities measured at fair value:					
Derivatives	4,008	4,008	-	4,008	-
Deposits and borrowings from customers	17,327	17,327	15,630	-	1,697
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	3,228	3,228	-	-	-
Deposits and borrowings from customers	4,006,153	4,006,854	-	-	4,006,854
Debt securities issued	315,422	309,463	-	309,463	-
Total liabilities	**4,346,138**	**4,340,880**	**15,630**	**313,471**	**4,008,551**

Fair values of financial assets and liabilities of the Group on 31 December 2023

	Carrying value	Total fair value	Fair value hierarchy (where applicable)		
			Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	165,021	165,021	126,926	38,095	-
Equity instruments	122	122	-	-	122
Non-trading financial assets at fair value through profit or loss:					
Debt securities	42,815	42,815	10,868	31,947	-
Equity instruments	1,117	1,117	-	-	1,117
Other financial instruments	26,372	26,372	26,372	-	-
Other financial assets at fair value through profit or loss					
Derivatives	1,019	1,019	-	1,019	-
Financial assets not measured at fair value:					
Cash and balances at central banks	520,569	520,569	-	-	-
Loans to credit institutions	34,640	34,640	-	-	-
Debt securities	1,012,196	932,027	634,306	297,721	-
Loans to public	2,861,958	2,874,351	-	-	2,874,351
Total assets	**4,665,829**	**4,598,053**	**798,472**	**368,782**	**2,875,590**
Financial liabilities measured at fair value:					
Derivatives	3,331	3,331	-	3,331	-
Deposits and borrowings from customers	19,399	19,399	17,153	-	2,246
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	47,434	47,434	-	-	-
Deposits and borrowings from customers	3,810,183	3,808,271	-	-	3,808,271
Debt securities issued	259,560	239,687	-	239,687	-
Total liabilities	**4,139,907**	**4,118,122**	**17,153**	**243,018**	**3,810,517**

Fair values of financial assets and liabilities of the Bank on 31 December 2024

			Fair value hierarchy (where applicable)		
	Carrying value	Total fair value	Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	123,969	123,969	120,933	3,036	-
Equity instruments	126	126	-	-	126
Non-trading financial assets at fair value through profit or loss:					
Debt securities	162,003	162,003	154,753	7,250	-
Equity instruments	709	709	-	-	709
Other financial instruments	838	838	838	-	-
Other financial assets at fair value through profit or loss					
Derivatives	5,690	5,690	-	5,690	-
Financial assets not measured at fair value:					
Cash and balances at central banks	349,940	349,940	-	-	-
Loans to credit institutions	23,748	23,748	-	-	-
Debt securities	948,855	894,921	793,274	101,647	-
Loans to public	3,170,572	3,221,419	-	-	3,221,419
Total assets	**4,786,450**	**4,783,363**	**1,069,798**	**117,623**	**3,222,254**
Financial liabilities measured at fair value:					
Derivatives	4,008	4,008	-	4,008	-
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	54,096	54,096	-	-	-
Deposits and borrowings from customers	4,003,611	4,005,743	-	-	4,005,743
Debt securities issued	315,422	309,463	-	309,463	-
Total liabilities	**4,377,137**	**4,373,310**	**-**	**313,471**	**4,005,743**

Fair values of financial assets and liabilities of the Bank on 31 December 2023

	Carrying value	Total fair value	Fair value hierarchy (where applicable) Quoted market prices	Valuation technique - observable inputs	Valuation technique – non-market observable inputs
Financial assets measured at fair value through other comprehensive income:					
Debt securities	136,903	136,903	102,416	34,487	-
Equity instruments	122	122	-	-	122
Non-trading financial assets at fair value through profit or loss:					
Debt securities	42,815	42,815	10,868	31,947	-
Equity instruments	1,117	1,117	-	-	1,117
Other financial instruments	1,235	1,235	1,235	-	-
Other financial assets at fair value through profit or loss					
Derivatives	1,019	1,019	-	1,019	-
Financial assets not measured at fair value:					
Cash and balances at central banks	520,569	520,569	-	-	-
Loans to credit institutions	53,019	53,019	-	-	-
Debt securities	999,218	919,797	625,720	294,077	-
Loans to public	2,768,436	2,780,829	-	-	2,780,829
Total assets	**4,524,453**	**4,457,425**	**740,239**	**361,530**	**2,782,068**
Financial liabilities measured at fair value:					
Derivatives	3,331	3,331	-	3,331	-
Financial liabilities not measured at fair value:					
Deposits from credit institutions and central banks	66,994	66,994	-	-	-
Deposits and borrowings from customers	3,799,406	3,800,395	-	-	3,800,395
Debt securities issued	259,560	239,687	-	239,687	-
Total liabilities	**4,129,291**	**4,110,407**	**-**	**243,018**	**3,800,395**

Reclassifications of debt securities accounted for at fair value

	EUR thousands 2024 Group	2023 Group	2024 Bank	2023 Bank
Debt securities at fair value through other comprehensive income				
Presented as Level 1, reclassified from Level 2	32,649	66,833	30,765	59,187
Presented as Level 2, reclassified from Level 1	-	1,082	-	-
Debt securities at fair value through profit or loss				
Presented as Level 1, reclassified from Level 2	25,642	-	25,642	-
Presented as Level 2, reclassified from Level 1	-	-	-	-

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

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

	EUR thousands 2024 Group	2023 Group	2024 Bank	2023 Bank
As of the beginning of the period, net	**1,239**	**1,029**	**1,239**	**1,029**
Total comprehensive income				
Settlement on sale	*(893)*	*-*	*(893)*	*-*
Revaluation gain recognised in statement of income	*485*	*188*	*485*	*188*
Revaluation gain recognised in other comprehensive income	*4*	*22*	*4*	*22*
As of the end of the period, net	**835**	**1,239**	**835**	**1,239**

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

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

	EUR thousands	
	2024 Group	2023 Group
Balance as at the beginning of the period	**2,246**	**3,285**
Premiums received	367	443
Commissions and risk charges	(15)	(76)
Paid to policyholders	(1,031)	(1,278)
Other	114	(123)
Currency revaluation result	15	(5)
Balance as at the end of the period	**1,696**	**2,246**

In the reporting period from financial liabilities designated at fair value through profit or loss which are not unit-linked the Group has recognised net revaluation result of EUR -95 thousand in the net financial income line of the statement of income (2023: EUR 154 thousand). Deposits and borrowings from customers measured at fair value and categorised as Level 3 relates to investment contracts of the Group's life insurance business. For such contracts premiums received are recognised as liabilities of the Group since settlement with small variation in due term is expected. For more details on insurance liabilities refer to *Insurance reserves* section of the note *Risk Management*.

NOTE 26. GEOGRAPHICAL DISTRIBUTION OF REVENUE

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

	2024				2023			
	EUR thousands				EUR thousands			
	Operating income	Operating profit before bank and income tax	Income and bank tax, mortgage loan levy	FTE equivalent employees at the period end	Operating income	Operating profit before tax	Income and bank tax, mortgage loan levy	FTE equivalent employees at the period end
Latvia	164,557	78,025	(18,508)	969	163,606	85,366	(13,960)	967
Lithuania	46,119	29,713	(5,839)	248	49,432	34,371	(7,146)	242
Estonia	24,084	14,029	(3,028)	99	20,856	14,180	(2,907)	92
Total continuing operations before non-current assets held for sale	**234,760**	**121,767**	**(27,375)**	**1,316**	**233,894**	**133,917**	**(24,013)**	**1,301**
Latvia (result from non-current assets held for sale)	-	123	-	-	-	481	-	-
Switzerland (discontinued operations)	8,229	(4,765)	6	26	6,446	(6,570)	(28)	28
Total operations	**242,989**	**117,125**	**(27,369)**	**1,342**	**240,340**	**127,828**	**(24,041)**	**1,329**

During the reporting period no direct public subsidies were received from the public sector of the respective countries where the Group operates (2023: EUR 0.0 million).

NOTE 27. RISK MANAGEMENT

Risk management policies

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

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

- The Group aims to ensure that it maintains low overall risk exposure, diversified asset portfolio, limited risks in financial markets and low levels of operational risk;
- The Group aims to ensure an acceptable risk level in all operations. Risks are always assessed in relation to their expected return. Risk exposures that are not acceptable are avoided, limited or hedged;
- The Group does not assume high or uncontrollable risks irrespective of the return they provide and assumes risks only in economic fields and geographical regions in relation to which it believes it has sufficient knowledge and expertise;
- Risk management is based on each Group's employee's responsibility for the transactions carried out by him/her and awareness of the related risks;
- 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 Chief Risk Officer (CRO) who serves as a member of the Management Board. Importantly, the CRO's role is distinct and independent from operational activities to ensure unbiased risk oversight. To facilitate effective governance, the CRO maintains direct access to the Bank's Supervisory Board. The 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 and environmental and climate-related risk. For each of these risks the Group has approved risk management policies and other internal regulations defining key risk management principles and processes, functions and responsibilities of units, risk concentration limits, as well as control and reporting system. The Bank's Supervisory Board approves risk management policies and ensures the control of efficiency of the risk management system. The Bank's Management Board and CRO ensure implementation of the risk management policies and development of internal regulations for the management of each material risk within the Group. In order to assess and monitor material and complex risk exposures, the Bank's Management Board establishes risk committees. Members of risk committees represent various units of the Group to ensure the balance between the units responsible for risk monitoring and control and the units with business orientation.

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

Insurance reserves

	EUR thousands			
	31/12/2024 Group	**31/12/2023 Group**	**31/12/2024 Bank**	**31/12/2023 Bank**
Insurance reserves:				
Annuity pension products	17,088	10,059	-	-
Other life insurance reserves	2,744	2,199	-	-

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

If future expected attributabe expenses were to change by +/-15%, the CSM part of the annuity pension products would change by EUR -/+19 thousands (2023: EUR -12/+30 thousands). If discount rates, which were used in the period-end calculation of the annuity pension product reserve, were to change by +/-1.0 percentage point, the Group's net result would change by EUR +1.1/-1.3 million (2023: EUR +/-0.6 million).

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

	Group as of 31/12/2024, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	333,214	14,906	1,820	-	-	349,940
Loans to credit institutions	821	-	-	9,192	2,931	12,944
Debt securities	492,158	390,580	99,451	206,797	86,972	1,275,958
Loans to public	1,431,648	1,212,763	616,631	7,040	6,499	3,274,581
Equity instruments	21	-	-	105	709	835
Other financial instruments	14,953	-	-	10,138	17	25,108
Derivatives	5,077	11.00	-	601	1	5,690
Discontinued operations	1,113	1,658	-	37,216	63,649	103,636
Other assets	78,328	4,513	5,020	32	12	87,905
Total assets	**2,357,333**	**1,624,431**	**722,922**	**271,121**	**160,790**	**5,136,597**
Liabilities						
Deposits from credit institutions and central banks	2,290	201	-	737	-	3,228
Deposits and borrowings from customers	3,075,457	808,901	81,047	16,873	41,202	4,023,480
Debt securities issued	315,422	-	-	-	-	315,422
Derivatives	604	-	-	3,404	-	4,008
Discontinued operations	4,419	-	2,406	23,351	102,955	133,131
Other liabilities	69,318	14,137	10,978	128	85	94,646
Total liabilities	**3,467,510**	**823,239**	**94,431**	**44,493**	**144,242**	**4,573,915**
Off-balance sheet items						
Contingent liabilities	4,264	49,633	32,384	1,487	630	88,398
Financial commitments	217,684	110,938	14,451	8,542	297	351,912

For additional information on geographical distribution of securities exposures please refer to note *Debt Securities*. Investments in mutual funds are classified by geographical profile of the issuer and not geographical profile of the ultimate exposure. From the Group’s loans to credit institutions presented as "Other countries" EUR 0.5 million is with United States registered credit institutions (2023: EUR 22.6 million). From the Group's discontinued operations presented as "Other countries" EUR 7.1 million is central banks balances with Swiss National Bank (2023: EUR 11.9 million) and EUR 4.4 million are with Swiss credit institutions (2023: EUR 4.3 million).

	Group as of 31/12/2023, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	507,175	12,008	1,386	-	-	520,569
Loans to credit institutions	623	88	-	8,188	25,741	34,640
Debt securities	362,671	394,848	99,485	259,972	103,056	1,220,032
Loans to public	1,285,109	1,039,164	524,304	6,447	6,934	2,861,958
Equity instruments	21	-	-	101	1,117	1,239
Other financial instruments	15,622	-	-	10,653	97	26,372
Derivatives	771	1	-	229	18	1,019
Discontinued operations	1,116	1,686	-	54,588	75,184	132,574
Other assets	53,144	7,899	2,884	225	781	64,933
Total assets	**2,226,252**	**1,455,694**	**628,059**	**340,403**	**212,928**	**4,863,336**
Liabilities						
Deposits from credit institutions and central banks	42,582	1,208	-	2,264	1,380	47,434
Deposits and borrowings from customers	2,991,346	726,364	49,254	11,489	51,129	3,829,582
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	1,628	5	-	1,693	5	3,331
Discontinued operations	2,671	-	569	24,661	93,759	121,660
Other liabilities	65,207	13,141	7,064	368	594	86,374
Total liabilities	**3,362,994**	**740,718**	**56,887**	**40,475**	**146,867**	**4,347,941**
Off-balance sheet items						
Contingent liabilities	8,326	45,408	1,021	880	1,450	57,085
Financial commitments	236,128	80,943	9,918	10,524	21,847	359,360

	Bank as of 31/12/2024, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	333,214	14,906	1,820	-	-	349,940
Loans to credit institutions	-	-	-	9,192	14,556	23,748
Debt securities	485,129	386,942	98,518	185,788	78,450	1,234,827
Loans to public	2,107,110	729,115	321,060	6,880	6,407	3,170,572
Equity instruments	21	-	-	105	709	835
Other financial instruments	838	-	-	-	-	838
Derivatives	5,077	11	-	601	1	5,690
Other assets	111,888	5,855	1,062	32	806	119,643
Total assets	**3,043,277**	**1,136,829**	**422,460**	**202,598**	**100,929**	**4,906,093**
Liabilities						
Deposits from credit institutions and central banks	2,290	201	-	737	50,868	54,096
Deposits and borrowings from customers	3,058,085	809,064	81,187	16,608	38,667	4,003,611
Debt securities issued	315,422	-	-	-	-	315,422
Derivatives	604	-	-	3,404	0	4,008
Other liabilities	39,299	6,945	2,260	128	48	48,680
Total liabilities	**3,415,700**	**816,210**	**83,447**	**20,877**	**89,583**	**4,425,817**
Off-balance sheet items						
Contingent liabilities	4,265	49,633	32,384	1,487	9,264	97,033
Financial commitments	269,737	94,889	20,050	153	24,500	409,329

For additional information on geographical distribution of securities exposures please refer to note *Debt Securities*. From the Bank's loans to credit institutions presented as "Other countries" EUR 0.5 million with United States registered credit institutions (2023: EUR 22.6 million).

	Bank as of 31/12/2023, EUR thousands					
	Latvia	Lithuania	Estonia	Other EU countries and development banks	Other countries	Total
Assets						
Cash and cash balances at central banks	507,175	12,008	1,386	-	-	520,569
Loans to credit institutions	-	-	-	8,188	44,831	53,019
Debt securities	355,372	389,413	98,351	242,090	93,710	1,178,936
Loans to public	1,909,515	583,022	262,721	6,356	6,822	2,768,436
Equity instruments	21	-	-	101	1,117	1,239
Other financial instruments	1,235	-	-	-	-	1,235
Derivatives	771	1	-	229	18	1,019
Other assets	88,335	8,424	1,207	224	13,581	111,771
Total assets	**2,862,424**	**992,868**	**363,665**	**257,188**	**160,079**	**4,636,224**
Liabilities						
Deposits from credit institutions and central banks	42,582	1,208	-	2,264	20,940	66,994
Deposits and borrowings from customers	2,962,245	726,526	51,318	11,197	48,120	3,799,406
Debt securities issued	259,560	-	-	-	-	259,560
Derivatives	1,628	5	-	1,693	5	3,331
Other liabilities	42,292	9,136	1,700	315	537	53,980
Total liabilities	**3,308,307**	**736,875**	**53,018**	**15,469**	**69,602**	**4,183,271**
Off-balance sheet items						
Contingent liabilities	8,318	45,408	1,021	880	9,276	64,903
Financial commitments	270,531	84,953	21,570	162	60	377,276

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			
		31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
1.	Liquidity buffer	1,373,288	1,383,267	1,338,651	1,350,295
2.	Net liquidity outflow	759,478	670,744	815,661	694,721
3.	**Liquidity coverage ratio**	**181%**	**206%**	**164%**	**194%**

Net stable funding ratio (including 50% of the net result for the period, i.e. decreased in line with dividend policy)

The net stable funding ratio (NSFR) is defined in the Regulation (EC) No 575/2013. NSFR is the ratio of the available amount of stable funding to the required amount of stable funding over one-year horizon. The minimum NSFR requirement is 100%. The minimum NSFR requirement is 100%. NSFR as of period end, if no Q4 2024 interim profits are included, for the Group is 142% and for the Bank is 201%.

		EUR thousands			
		31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
1.	Total available stable funding	3,952,418	3,687,365	3,809,705	3,590,223
2.	Total required stable funding	2,764,509	2,507,341	1,887,189	1,662,473
3.	**Net stable funding ratio**	**143%**	**147%**	**202%**	**215%**

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.

A regulation (EU) 2024/1623 amending the regulation (EU) 575/2013 becomes effective from 1 January 2025. The regulation amends requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.

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 these covered by the regulation (EU) 575/2013. TSCR is established in a supervisory review and evaluation process (SREP) carried out by the supervisory authority. The supervisory authority determines TSCR on a risk-by-risk basis, using supervisory judgement, the outcome of supervisory benchmarking, ICAAP calculations and other relevant inputs. 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).

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 repurchase, 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%.

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. Increases in countercyclical capital buffer norms, when announced by the respective country, become effective after prespecified delay. Decreases take effect immediately.

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.

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

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

Regulatory capital requirements of the Group on 31 December 2024

	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 (only for the Group)	1.50%	1.50%	1.50%
Systemic risk buffer	0.07%	0.07%	0.07%
Countercyclical capital buffer	0.84%	0.84%	0.84%
Capital requirement	**10.82%**	**12.79%**	**15.41%**
Pillar 2 Guidance (P2G)	1.50%	1.50%	1.50%
Capital requirement with non-legally binding Pillar 2 Guidance	**12.32%**	**14.29%**	**16.91%**

For the Bank as of period end Other systemically important institution buffer requirement is not applicable, Systemic risk buffer applies at 0.10% and institution specific Countercyclical capital buffer requirement is 0.82%. Thus, for the Bank as of period end Common equity Tier 1 capital ratio requirement is 9.33%, Tier 1 capital ratio requirement is 11.30% and Total capital adequacy ratio requirement is 13.92%. On top of the capital ratio requirements a 1.50% Pillar 2 Guidance applies.

Capital adequacy ratio (including 50% of the net result for the period, i.e. decreased by the expected dividends)

	EUR thousands			
	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Common equity Tier 1 capital				
Paid up capital instruments and share premium	161,026	159,321	161,026	159,321
Retained earnings	393,967	355,792	320,746	300,707
Proposed or estimated dividends	(44,396)	(50,606)	(35,328)	(50,606)
Regulatory deductions	(9,908)	(15,357)	(7,330)	(14,058)
Other capital components, net	5,821	3,574	3,100	3,574
Tier 2 capital				
Eligible part of subordinated liabilities	60,000	55,597	60,000	55,597
Total own funds	**566,510**	**508,321**	**502,214**	**454,535**
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,249,254	1,980,726	1,528,578	1,349,491
Total exposure amounts for position, foreign currency open position and commodities risk	4,392	3,803	3,954	3,518
Total exposure amounts for operational risk	377,626	326,786	345,200	286,311
Total exposure amounts for credit valuation adjustment	10,437	2,297	10,111	2,166
Total risk exposure amount	**2,641,709**	**2,313,612**	**1,887,843**	**1,641,486**
Common equity Tier 1 capital ratio	**19.2%**	**19.6%**	**23.4%**	**24.3%**
Total capital adequacy ratio	**21.4%**	**22.0%**	**26.6%**	**27.7%**

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.

As of period end, no transitional provisions were applied in capital adequacy calculation. Fully loaded capital adequacy ratio equals transitional capital adequacy ratio as of the period end.

Capital adequacy ratio (excluding the net result for the Q4 2024 period, decreased by the expected dividends)

Per regulations, Bank may include interim or year-end profits in the regulatory capital before taking a formal decision confirming the final audited profit for the year only with a prior permission of the competent authority. Any foreseeable charges or dividends must be deducted from those profits. Submission of documents for permission takes time and such permission is requested only after the publishing of the financial report for the respective period and completion of the auditor's verification. Such permission of the competent authority for inclusion of the 2024 interim profits, which have been decreased by foreseeable charges and dividends, has been received for nine months period end 30 September 2024. Below is presented a scenario, where no Q4 2024 interim profits are included. 2024 audited annual profits will become eligible for inclusion in the regulatory capital after the institution will take a formal decision confirming the final profit or loss for the year.

	EUR thousands	
	31/12/2024 Group	31/12/2024 Bank
Common equity Tier 1 capital	497,050	433,684
Tier 2 capital	60,000	60,000
Total own funds	**557,050**	**493,684**
Total risk exposure amount	**2,641,709**	**1,887,843**
Common equity Tier 1 capital ratio	**18.8%**	**23.0%**
Total capital adequacy ratio	**21.1%**	**26.2%**

Leverage ratio (including 50% of the net result for the period, i.e. decreased by the expected dividends)

Leverage ratio is calculated as Tier 1 capital versus the total exposure measure. As of period end Citadele is not applying transitional provisions. The minimum requirement is 3%. The exposure measure includes both non-risk based on-balance sheet and off-balance sheet items calculated in accordance with the capital requirements regulation. The leverage ratio and the risk-based capital adequacy ratio requirements are complementary, with the leverage ratio defining the minimum capital to total exposure requirement and the risk-based capital adequacy ratios limiting bank risk-taking. The fully loaded leverage ratio as of period end, if no Q4 2024 interim profits are included, for the Group is 9.6% and for the Bank is 8.6%.

	31/12/2024 Group	31/12/2023 Group	31/12/2024 Bank	31/12/2023 Bank
Leverage Ratio – fully phased-in definition of Tier 1 capital	9.8%	9.2%	8.8%	8.4%

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

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

MREL is required to be calculated based on both total risk exposure amount (TREA) and leverage ratio exposure (LRE) amount. Statutory subordination requirements may also be set depending on the Group's regulatory classification and are communicated individually in a MREL decision.

SRB as of the period end has determined the consolidated MREL target for the Group at the level of 24.13% of TREA, plus a combined buffer requirement, or 5.91% leverage ratio, whichever is higher. The Group must comply with MREL at all times on the basis of evolving amounts of TREA/LRE. As of the period end, the Group is in compliance with TREA and LRE based MREL requirements. As of the period end Group's MREL is 30.3% based on TREA criteria and 15.5% based on leverage ratio criteria. If Q4 2024 interim profits were excluded from the calculation, the ratios would be 30.0% and 15.3% respectively.

Starting from 16 July 2027, a proportion of the overall MREL requirement would have to be met by the Group with subordinated instruments, namely 14.04% of TREA, plus a combined buffer requirement, as well as a higher 7.82% leverage ratio. The Group is currently in the process of appealing the subordination requirement. The MREL target is determined by the SRB using financial and supervisory information and is re-calibrated by the SRB annually.

Managing Climate-related and environmental risk

Citadele recognizes that its operations and business model can be affected by climate-related and environmental (C&E) risks, both physical and transition risks, in several ways: as a direct risks to Citadele, and as risks to Citadele through its clients, partners and suppliers affected by C&E risks. Citadele is focused on integrating C&E risks into the broader risk management framework of the Bank. The Group views C&E risks as risk drivers affecting existing prudential risk categories such as Credit risk, Operational risk, Market risk, Liquidity risk and Strategic risk. Citadele's C&E risk management follows a general four step approach of risk identification, assessment, management and monitoring, that is embedded in the Bank's key processes. Work on integrating C&E risks in Citadele risk management framework is continuous and it is regularly reviewed and updated to align with scientific consensus and regulatory expectations. Within C&E risk management, integrating ECB expectations for safe and prudent management of C&E risks into the Bank's processes has continued to be the key focus. Some of the key steps being:

- Identification: identification of elevated transition risks at sector level, identification of physical risk at address level of collateralized real estate, identification of elevated C&E risks at exposure level for large exposures.
- Assessment: environmental and social risk assessment for new exposures exceeding EUR 1.0 million, quantification of physical and transition risk exposure on portfolio level.
- Managing risk: acceptable risk level thresholds in risk appetite, mitigating actions.
- Monitoring: risk appetite threshold monitoring, monitoring of environmental and social risk events.

C&E risk identification

Climate and environmental risks are identified both at portfolio level for transition and physical risks, and on exposure level for large new exposures. Climate risk drivers, representing climate-related changes that could materialize as financial risks through existing risk categories, are classified into one of two categories – physical and transition risks. Physical risks are further classified as acute or chronic, following general practice in the area. Because C&E risk as driver is manifesting through other risk categories, it is important to identify and understand the transmission channels through which these drivers are influencing overall risk. Potential effects of climate risk drivers have been identified for all key risk types of the Bank.

Materiality assessment

To understand Citadele Group's exposure and potential vulnerability to physical and transition risks, an annual Climate and Environmental Risk Materiality Assessment is performed. Focus of the latest materiality assessment was to incorporate ECB recommendations. The new approach ensures detailed analysis of transition and physical risk drivers, granular industry level analysis, assessment in the short (0-3 years), medium (3-5 years) and long-term (>5 years) horizon. It covers all major risk areas, such as Credit risk, Liquidity risk, Market risk, Operational risk and Strategic risk. Citadele continued working on reinforcing the Materiality assessment and integration.

The identified material C&E risk drivers are included into Risk Appetite and Risk Strategy within the individual risk areas in accordance with the Group's ESG Risk Policy. This process also includes appropriate risk limit setting, the development of Key Risk indicators, and regular monitoring and reporting. Further monitoring is performed for sectors with increased climate-related and environmental risk.

To facilitate identification of material climate-related risks within sectors and portfolios, work is ongoing to increase the granularity of assessment. Quantification of exposure to Climate & Environmental risks is part of stress testing procedures, with scenarios developed for Credit Risk (both Physical and Transition risk scenarios), Market risk (combined Physical and Transition risk scenario), Operational risk (Physical and Transition risk scenarios) and Strategic risk (Transition risk scenarios).

To assess linkage between financial and nonfinancial risks, transmission channel approach is used. Transmission channels are the causal chains that explain how climate risk drivers may impact Citadele either directly or indirectly through counterparties, assets, and the economy.

C&E risks may manifest as both financial and nonfinancial risks. Financial risks are the probability to experience financial losses due to Climate-related & environmental events. Nonfinancial risks are viewed as probability that certain climate related and environmental events will leave negative impact on the Bank's reputation. Nonfinancial risks lead to financial consequences.

Managing climate-related risks

Managing ESG-related risk is key to Citadele's long-term sustainability. Citadele defines ESG risk as the risk of negative financial impact that stems from the current or prospective impacts of ESG factors on its counterparties or assets. In the process of integrating climate-related risk aspects into the existing risk management framework, Citadele has defined acceptable C&E risk levels and portfolio concentration for high-risk industries in its Risk Appetite Framework. All C&E risks identified as material are considered in Risk Appetite and Risk Strategy within the individual risk areas in accordance with the Group's ESG Risk Policy. This process also includes appropriate risk limit setting, the development of Key Risk indicators, and regular monitoring and reporting. Follow-up actions in case of limit breaches are included in Risk Strategy.

The risk management framework for categories where the impact of climate-related risk factors is identified as material is reinforced to include the climate related risk factor identification and management. A process for Environmental, Social and Climate-related risk assessment on individual large exposure level has been introduced into the credit assessment process. Its outcomes serve as basis to including the estimation of C&E and social risk aspects into credit decisions.

As part of C&E risk mitigation while structuring transactions with higher C&E risk levels and financing thresholds, Citadele is considering the existence and maturity its counterpart's C&E risk management action plan. It may affect the length, pricing, or other structuring conditions. Citadele realizes that C&E risk management and ESG area in general may be new to many of customers and are determined to support customers in navigating the requirements.

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

Citadele manages C&E risk drivers through Operational risk management by considering the potential adverse impact of events related to climate, environmental and social risk events on its Business Continuity Plan and potential reputational and litigation risk. Social media, as an essential communication channel for ESG topics, is monitored by the Marketing and Communication Department, and information obtained from this monitoring is considered during the Reputational risk management process.

C&E risk factors are included in the Bank's standardised stress tests and ad-hoc stress test scenarios.

Managing social and governance risks

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

NOTE 28. EVENTS AFTER THE REPORTING DATE

Early redemption of EUR 20 million subordinated bonds

As announced in December 2024, on 13 January 2025 early redemption of the EUR 20 million unsecured subordinated bonds (LV0000880011) took place.

QUARTERLY STATEMENTS OF INCOME AND BALANCE SHEETS OF THE GROUP

	Group, EUR thousands				
	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Interest income	63,875	64,267	62,936	62,216	61,873
Interest expense	(16,169)	(15,022)	(14,353)	(15,227)	(12,687)
Net interest income	**47,706**	**49,245**	**48,583**	**46,989**	**49,186**
Fee and commission income	20,934	17,860	17,289	16,888	16,905
Fee and commission expense	(10,021)	(9,708)	(8,994)	(7,985)	(8,142)
Net fee and commission income	**10,913**	**8,152**	**8,295**	**8,903**	**8,763**
Net financial income	2,072	3,469	1,584	2,529	2,062
Net other income / (expense)	(679)	(2,189)	(211)	(601)	(429)
Operating income	**60,012**	**58,677**	**58,251**	**57,820**	**59,582**
Staff costs	(15,666)	(16,325)	(19,067)	(18,324)	(16,319)
Other operating expenses	(12,855)	(6,062)	(7,388)	(7,110)	(12,475)
Depreciation and amortisation	(3,562)	(2,462)	(2,421)	(2,308)	(2,204)
Operating expense	**(32,083)**	**(24,849)**	**(28,876)**	**(27,742)**	**(30,998)**
Profit from continuous operations before impairment, bank tax, mortgage loan levy and non-current assets held for sale	**27,929**	**33,828**	**29,375**	**30,078**	**28,584**
Net credit losses	(1,968)	(4,481)	4,129	2,786	(1,916)
Other impairment losses	26	(2)	(5)	72	(32)
Operating profit from continuous operations before bank tax, mortgage loan levy and non-current assets held for sale	**25,987**	**29,345**	**33,499**	**32,936**	**26,636**
Mortgage loan levy and bank tax	(2,246)	(2,246)	(2,909)	(2,246)	1,356
Result from non-current assets held for sale and discontinued operations, net of tax	(787)	172	(2,954)	(1,067)	(1,367)
Operating profit	**22,954**	**27,271**	**27,636**	**29,623**	**26,625**
Income tax	(3,945)	(3,393)	(5,169)	(5,221)	(17,883)
Net profit	**19,009**	**23,878**	**22,467**	**24,402**	**8,742**

	Group, EUR thousands				
	31/12/2024	30/09/2024	30/06/2024	31/03/2024	31/12/2023
Assets					
Cash and cash balances at central banks	349,940	418,897	157,349	380,396	520,569
Loans to credit institutions	12,944	12,820	31,028	35,496	34,640
Debt securities	1,275,958	1,234,390	1,234,624	1,244,517	1,220,032
Loans to public	3,274,581	3,133,130	3,048,684	2,910,501	2,861,958
Equity instruments	835	702	1,309	1,348	1,239
Other financial instruments	25,108	26,045	25,921	26,026	26,372
Derivatives	5,690	503	1,873	1,209	1,019
Investments in related entities	-	-	-	-	248
Tangible assets	17,993	9,466	10,649	10,295	11,183
Intangible assets	6,132	8,141	8,024	7,830	8,065
Current income tax assets	22	77	29	175	81
Bank tax assets	180	713	985	1,777	1,777
Deferred income tax assets	1,636	1,751	450	338	714
Discontinued operations and non-current assets held for sale	103,636	110,791	113,123	120,599	132,574
Other assets	61,942	47,241	50,237	42,706	42,865
Total assets	**5,136,597**	**5,004,667**	**4,684,285**	**4,783,213**	**4,863,336**
Liabilities					
Deposits from credit institutions and central banks	3,228	11,281	7,942	47,389	47,434
Deposits and borrowings from customers	4,023,480	3,928,264	3,693,732	3,736,933	3,829,582
Debt securities issued	315,422	283,576	281,488	261,226	259,560
Derivatives	4,008	3,791	1,066	1,294	3,331
Provisions	2,733	3,120	3,137	3,829	4,899
Current income tax liabilities	14,218	10,323	9,516	21,954	17,696
Deferred income tax liabilities	-	375	375	375	375
Discontinued operations	133,131	154,334	105,881	103,930	121,660
Other liabilities	77,695	66,806	66,315	65,524	63,404
Total liabilities	**4,573,915**	**4,461,870**	**4,169,452**	**4,242,454**	**4,347,941**
Equity					
Share capital	158,813	158,391	158,178	158,178	158,145
Reserves and other capital components	7,388	6,934	3,061	837	(92)
Retained earnings	396,481	377,472	353,594	381,744	357,342
Total equity	**562,682**	**542,797**	**514,833**	**540,759**	**515,395**
Total liabilities and equity	**5,136,597**	**5,004,667**	**4,684,285**	**4,783,213**	**4,863,336**

DEFINITIONS AND ABBREVIATIONS

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

ALCO – Assets and Liabilities Management Committee.

AML – anti-money laundering.

BRRD – the bank recovery and resolution directive.

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

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

CIR – cost to income ratio. Calculated as "Operating expense" divided by "Operating income". Operating expenses are calculated as the sum of staff costs, other operating expenses and depreciation and amortisation charge for the relevant period. Operating income is calculated as the sum of net interest income, net fee and commission income, net financial and other income for the relevant period. CIR is used to determine the profitability and administrative efficiency of a bank during the period.

COR – cost of risk ratio. "Net credit losses" divided by the average of gross loans at the beginning and the end of the period. COR is a measure of estimated exposure to credit risk of the lending operations in the respective period.

CTF – combating terrorist financing.

ECB - European Central Bank.

EU – the European Union.

FMCRC – Financial Market and Counterparty Risk Committee.

IAS – International accounting standards.

ICAAP – internal capital adequacy assessment process.

IFRS – international financial reporting standards.

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

Loan-to-deposit ratio. Carrying value of "Loans to public" divided by "Deposits and borrowings from customers" at the end of the relevant period. This ratio shows utilisation of the attracted customer funds in lending to public.

LR – leverage ratio is calculated as Tier 1 capital versus the total exposure measure. LR indicates regulatory compliance with specific minimum leverage requirements set by the regulatory authority.

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

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

MREL – minimum requirement for own funds and eligible liabilities.

NPL – non-performing loans. Stage 3 loans to public divided by total gross loans to public as of the end of the relevant period. NPL shows the proportion of credit impaired loans in the portfolio, a measure of the riskiness of the loans to customers portfolio.

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

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 total assets. ROA is a measure of profitability for the period generated by assets of the bank; indicating how efficiently assets are utilised in profit generation.

ROE – return on average equity. Annualised net profit for the relevant period divided by the average of opening and closing total equity. ROE is a measure of profitability for the period generated by equity of the bank; indicating how efficiently equity is utilised in profit generation.

RTS – regulatory technical standards.

SRB – the Single Resolution Board.

SREP – supervisory review and evaluation process.

Stage 3 impairment ratio – impairment allowance for stage 3 exposures divided by gross loans to public classified as stage 3. Indicates coverage of impairment allowance to cover credit impaired exposures as of period end. Measure of riskiness of the portfolio of loans to customers.

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. This ratio indicates the proportion of credit impaired loans in the total portfolio of loans to customers. Measure of riskiness of the portfolio of loans to customers.

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

TREA – total risk exposure amount.

TSCR – SREP capital requirement set by the regulator.