

"Citadele Leasing" SIA

**Annual Report for 2022,
Prepared in Accordance with
Latvian Statutory Requirements**

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

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CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Information about the Company

Name of the Company	Citadele Leasing
Legal status of the Company	Limited liability company
Number, place and date of registration	40003423085 Riga, 14 December 1998 Re-registered in Commercial Register 9 August 2004
Legal and business address	Republikas laukums 2A Riga, LV-1010 Latvia
Name and address of shareholder	AS Citadele Banka (100%) (from 04.01.2021) Republikas laukums 2A Riga Latvia

Names and positions of members of the Management Board

Girts Glāzers - Chairman of the Management Board (from 07.01.2022)
Girts Glāzers - Member of the Management Board (from 07.01.2021 till 07.01.2022)
Vaidas Zagunis - Member of the Management Board (from 07.01.2022)

Financial year	1 January – 31 December 2022
Previous financial year	1 January – 31 December 2021
The Company's NACE code	6491 "Financial leasing"
Name and address of the auditors	KPMG Baltics AS Roberta Hirša str. 1 Riga, LV -1045 Latvia

Report of the Management Board

Principal activities

SIA Citadele Leasing (hereinafter - the "Company") is a company of the Citadele Group with branches in Estonia and Lithuania, which has been offering a full range of leasing services to individuals and companies in the Baltic States for more than 20 years. In recent years, the company has become one of the leading players in the movable asset leasing business. Funding is provided to both individuals and legal entities.

Performance of the Company during the reporting year

In 2022, the Company continued to work on the development of leasing products in order to promote better customer and Company partner satisfaction with the service. Regular surveys of both partners and customers were introduced in order to ensure prompt assessment of service quality. In 2022, digital solutions were improved, and now private individuals have the opportunity to visit the portal, where they can find out the current amount of leasing obligations, make a payment, and also find out how big a CO2 footprint they make every year, taking into account the car's technical data. In 2022, the Company significantly increased the new volume of financing compared to 2021. The increase in volume is due to the fact that, in general, the market situation with asset supplies improved, as a result of which both companies and individuals had the opportunity to purchase more assets, which were also financed through leasing companies. The company continued to support private individuals and companies that want to use environmentally friendly solutions, the transition to "green assets", offering more favorable financing conditions. Also, the Company continued to work on more efficient use of resources. The total assets of the company reached EUR 1026.1 million. The profitability of the company worsened, which is due to the fact that the financing costs increased, including contributed by a sharp rise in the EURIBOR rate. The Company's net profit was around EUR 4.74 million.

Financial risk management

The main financial risks related to the Company's financial risk are liquidity risk and credit risk. The Company adheres to prudent liquidity risk management, ensuring that adequate financing is available for the execution of leasing transactions, as well as for the fulfillment of liabilities within agreed payment schedules.

The Company is exposed to credit risk related to its customers debts. The Company controls its credit risk by constantly assessing the customers' solvency and granting financing based on the customer risk profile. The Company continuously monitors changes in the quality of the leasing portfolio to reduce the possibility of bad debts. The Company applies a conservative and prudent credit policy, which is based on the developed credit policy and guidelines for credit risk management.

Regulatory requirements

Company regularly improves its AML/compliance and risk management methodologies, and Company's management and responsible unit heads regularly communicate to its employees about credit risk appetite level and "zero tolerance" policy towards any potential money-laundering and terrorist financing cases, thus setting "tone from the top".

The future development of the Company and operations of branches

The Company plans to further strengthen its position and significantly increase its market share in the Baltic leasing market, continuing the successful development of the leasing product and ensuring the best customer and partner service in the Baltics. The company will continue to expand the range of digital solutions available to its customers.

Distribution of profit proposed by the Management Board

The Board encourages its shareholders to approve the financial statements for the reporting year, according to which the Company's total assets are EUR 1 026 120 580 and net profit is EUR 4 737 185, respectively. The Board recommends leaving the profit for the year undistributed.

Girts Glāzers
Chairman of the Management Board

Vaidas Žagūnis
Member of the Management Board

The financial statement has been signed with a secure electronical signature which contains a timestamp.

Riga, 28 March 2023

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

COMPANY'S INCOME STATEMENT FOR THE YEAR ENDED

	Notes	Company 2022 EUR	Company 2021 EUR
Interest, fee and rental income	1	37 526 387	33 973 192
Interest expense	2	(21 587 090)	(13 673 854)
Depreciation of fixed assets under operating lease	9	(1 343 446)	(1 577 457)
Gross profit		14 595 851	18 721 881
Change in allowance for doubtful receivables	14	1 566 917	5 307 455
Personnel expenses	3	(6 586 138)	(6 715 739)
Other operating income	4	1 301 664	1 311 833
Other operating expense	5	(969 378)	(1 183 601)
General administrative expenses	6	(3 833 377)	(2 766 222)
Net loss on foreign exchange		(1 237)	(296)
Profit before tax		6 074 302	14 675 311
Income tax expense	7	(1 386 353)	(575 798)
Profit after corporate income tax		4 687 949	14 099 513
Deferred income tax expense	7,23	49 236	(116 577)
Profit for the year		4 737 185	13 982 936

The accompanying notes on pages 10 to 35 are an integral part of the financial statements.

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The financial statements on pages 5 to 35 has been authorized for issue by the Management Board on 28 March 2023 and signed on their behalf by:

 Ģirts Glāzers
 Chairman of the Management Board

 Vaidas Žagūnis
 Member of the Management Board

Prepared by:

 Artjoms Nurmuhamatovs
 Chief Accountant

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

COMPANY'S BALANCE SHEET

	Notes	Company 2022 EUR	Company 2021 EUR
Assets			
Non-current assets			
Intangible assets	8	1 664 148	1 601 252
Fixed assets:			
Fixed assets for own use	8	172 496	237 080
Rights of use assets	8	219 097	293 092
Fixed assets under operating lease terms	9	5 065 362	7 595 308
Total fixed assets		5 456 955	8 125 480
Non-current financial investments			
Investment in subsidiary	11	15 080	15 080
Non-current investment in finance leases	12	703 108 895	599 725 817
Non-current loans	12, 13	14 309 898	13 183 750
Total long-term financial investments		717 433 873	612 924 647
Deferred tax asset	23	49 236	-
Total non-current assets		724 604 212	622 651 379
Current assets			
Debtors			
Trade receivables	12	7 790 613	7 972 576
Other receivables from affiliated companies	16	3 280	2 947
Other receivables	17	1 883 676	2 878 490
Tax assets	18	2 950 639	1 124 289
Prepaid expenses	19	135 052	69 009
Short-term investments in finance leases	12	280 488 227	250 468 887
Short-term loans	12, 13	8 232 341	5 883 011
Total debtors		301 483 828	268 399 209
Cash and bank	20	32 540	495 853
Total current assets		301 516 368	268 895 062
Total assets		1 026 120 580	891 546 441

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CITADELE LEASING SIA ANNUAL REPORT FOR 2022

COMPANY'S BALANCE SHEET

	Notes	Company 2022 EUR	Company 2021 EUR
Liabilities and shareholders' equity			
Equity			
Share capital	21	15 569 120	15 569 120
Reserves	21	637 447	637 447
Accumulated profit		36 351 200	40 297 991
Total equity		52 557 767	56 504 558
Provisions			
Total provisions	22	958 688	640 342
Liabilities			
Non-current liabilities			
Lease liabilities	25	131 461	209 352
Deferred income	27	370 668	695 811
Total non-current liabilities		502 129	905 163
Current liabilities			
Trade payables	24	13 069 882	19 276 730
Short term lease liabilities	25	87 639	83 741
Short-term loans and accounts payable to affiliated companies	26	954 283 169	810 190 924
Taxes and social insurance contributions	28	1 369 667	320 024
Other payables		113 464	117 112
Accrued liabilities	29	829 075	773 098
Deferred income	27	249 012	329 882
Customer advances received		2 100 088	2 404 867
Total current liabilities		972 101 996	833 496 378
Total liabilities		972 604 125	834 401 541
Total provisions, liabilities and shareholders' equity		1 026 120 580	891 546 441

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CITADELE LEASING SIA ANNUAL REPORT FOR 2022

COMPANY'S STATEMENT OF CASH FLOWS

	Notes	Company 2022 EUR	Company 2021 EUR
Cash flows from operating activities			
Profit before taxation		6 074 302	14 675 311
<u>Adjustments for:</u>			
Depreciation of fixed assets for own use and equipment under operating lease terms and amortisation of intangible assets	8,9	2 116 245	2 238 637
Depreciation of right-of-use assets	8	87 639	227 513
Increase (decrease) of other provisions	23	318 346	(289 692)
Interest and similar expenses	2	21 587 090	13 673 854
Loss/(profit) from write offs of fixed assets for own use		237 447	121 118
Expenses from sale of fixed assets of operating leasing agreements		251 468	507 433
Loss/(profit) from write offs of rights to use leased assets		7 337	653 881
Cash from operating activities before changes in working capital		30 679 874	31 808 055
<u>Adjustments for:</u>			
Decrease / (increase) in trade receivables		(715 953)	(1 114 456)
Increase / (decrease) in trade and other payables		(6 841 588)	8 462 933
(Increase) in net investment in finance leases and loans		(136 877 894)	(62 472 759)
Total cash used in operating activities		(113 755 561)	(23 316 227)
Corporate income tax paid		(384 761)	(873 407)
Net cash used in operating activities		(114 140 322)	(24 189 634)
Cash flows (used in)/from investing activities			
Purchase of fixed assets for own use and leasehold improvements	8	(75 475)	(367 377)
Purchase of intangible assets	8	(954 064)	(785 231)
Purchase of fixed assets under operating lease	9	(146 429)	(1 107 505)
Proceeds from sale of fixed assets for own use and leased out under operating lease		1 081 461	625 987
Net cash flow (used in) investing activities		(94 507)	(1 634 126)
Cash flows from financing activities			
Repayment of lease liabilities		(88 486)	(219 644)
Loans received	25	144 131 068	810 152 101
Loans repaid		-	(793 267 059)
Profit distribution	21	(8 683 976)	-
Interest paid		(21 587 090)	(13 692 807)
Net cash from financing activities		113 771 516	2 972 591
Net increase in cash and cash equivalents		(463 313)	(22 851 169)
Cash and cash equivalents at the beginning of reporting year	20	495 853	23 347 022
Cash and cash equivalents at the end of reporting year	20	32 540	495 853

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CITADELE LEASING SIA ANNUAL REPORT FOR 2022

COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Share capital EUR	Reserves EUR	Retained earnings EUR	Company Total EUR
Balance as at 31 December 2020	15 569 120	637 447	26 315 055	42 521 622
Net profit for the year	-	-	13 982 936	13 982 936
Balance as at 31 December 2021	15 569 120	637 447	40 297 991	56 504 558
Payment of dividends	-	-	(8 683 976)	47 820 582
Net profit for the year	-	-	4 737 185	52 557 767
Balance as at 31 December 2022	15 569 120	637 447	36 351 200	52 557 767

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Artjoms Nurmuhamatovs
Chief Accountant

Notes to the Financial Statement

GENERAL INFORMATION

SIA Citadele Leasing (hereinafter - the Company), registered in Republikas laukums 2A, Riga, LV-1010, Latvia. The Company was registered in the Register of Enterprises of the Republic of Latvia on December 14, 1998 under No. 40003423085 and re-registered in the Commercial Register on August 9, 2004. On February 4, 2021, the legal name of SIA UniCredit Leasing was changed to SIA Citadele Leasing. The main activity of the Company is the provision of leasing services. According to NACE RED.2 classification 64.91 financial leasing.

The sole shareholder of the Company is AS Citadele banka, which owns 100% of the Company's share capital. AS „Citadele banka”, registered in Republikas laukums 2A, Riga, LV-1010, Latvia, prepares the consolidated annual report, where the Company is included as its subsidiary.

A copy of the Citadele consolidated annual report, on condition that it is available, can be obtained from the Register of Enterprises of the Republic of Latvia or on the Internet, where it is publicly available at <https://www.cblgroup.com/lv/investors/financial-reports/>.

As at 31 December 2022, the Company is a Citadele Group company that has been operating in the Latvian market since 1998 and offers asset financing products (financial and operating leases) to customers in Latvia, Estonia and Lithuania.

On January 4, 2021, following the transaction between AS Citadele banka and UniCredit SpA, AS Citadele banka became the owner of 100% of SIA Citadele Leasing in the Baltics, including its subsidiary SIA CL Insurance Broker, upon completion of the acquisition process initiated in December 2019. As at 31 December 2022, 100% control of the Company over the Company belongs to AS Citadele banka.

BASIS OF PREPARATION

Statement of compliance

The financial statement has been prepared in accordance with the Laws of the Republic of Latvia On Accounting and On the Annual Financial Statements and Consolidated Financial Statements.

In 2022 and 2021 the Company applied the derogation provided in the Law On the Annual Financial Statements and Consolidated Financial Statements allowing to apply certain IFRS/IAS, if that results in improved reporting. The Company has applied IAS 12, IFRS 9, IFRS 16.

The financial statements were authorized for issue by the Board of Management on 28 March 2023. The shareholders have the power to reject the financial statements prepared and presented by the management and the right to request that new financial statements be prepared.

Accounting principles applied

Items in the financial statement have been valued in accordance with the following accounting principles:

- a) It is assumed that the Company will continue as a going concern.
- b) The same valuation methods were used as in the previous year.
- c) The assessment has been carried out with due care:
 - only the profit earned up to the balance sheet date is included in the report;
 - all expected risk amounts and losses incurred in the reporting year or previous years have been taken into account, even if they became known in the period between the balance sheet date and the date of preparation of the financial statements;
 - All impairment and depreciation amounts have been calculated and taken into account, regardless of whether they are accounted for year is closed with a profit or loss.
- d) Revenues and expenses related to the reporting year are taken into account regardless of the date of payment and the date of receipt or issue of the invoice. Costs are reconciled with revenues during the reporting period.
- e) The components of assets and liabilities are valued separately.
- f) The opening balance sheet of the reporting year coincides with the closing balance sheet of the previous year.
- (g) All items that have a material effect on the assessment or decision-making of users of the financial statements are disclosed, insignificant items are aggregated and detailed in the notes.
- (h) Economic transactions are accounted for by reference to their economic substance rather than their legal form.

Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis. The Company does not have financial instruments at fair value through profit or loss and fair value through other comprehensive income as at 31 December 2022 and 2021.

Use of estimates and judgments

The preparation of financial statement in conformity with the Laws of the Republic of Latvia requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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Key sources of estimation uncertainty and key areas of judgment include:

(i) Impairment of investments in finance lease, loans issued and trade receivables

Investments in finance leases, loans and receivables classified as financial assets carried at amortized cost are assessed for impairment in accordance with IFRS 9 and are determined based on expected credit losses. By way of derogation from the Law on Annual Accounts and Consolidated Annual Accounts, receivables are recognized, measured and disclosed in accordance with International Financial Reporting Standard No. 9 "Financial Instruments" requirements. Expected credit losses are determined by reference to the stage at which each financial asset is located at the reporting date. Stages are classified as stage 1, 2 or 3 on the basis of the absolute or relative quality of the assets at the time of initial recognition. In particular:

- Stage 1: includes (i) newly issued or acquired credit exposures, (ii) exposures for which credit risk has not significantly deteriorated since initial recognition;
- Stage 2: includes credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition;
- Stage 3: includes impaired credit exposures.

For exposures in stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year. For exposures in stages 2 or 3, impairment is equal to the expected loss calculated over a time horizon corresponding to the entire life of the exposure.

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Parameters and risk definitions used in determining impairment

To comply with IFRS 9, the Company has developed specific models to calculate expected credit losses based on Probability of Default, Loss Given Default and Exposure at Default. Parameters used for regulatory purposes and adjusted to comply with accounting requirements. In this context, "forward-looking" information is included in the development of specific scenarios, and in particular:

- PD (probability of default) represents the probability of occurrence of an event of default of the credit exposure, in a defined time lag (i.e., 1 year);
- LGD (losses due to default) is the percentage of estimated loss and therefore the expected recoverable amount in the event of a credit exposure default;
- EAD (exposure value in the event of default) is the exposure value at the time of default.

The risk parameters PD (probability of default) and LGD (loss given default) have been adjusted using forward-looking macroeconomic assessment information. Future macroeconomic forecasts are management's best estimates, so actual credit losses may differ from expected credit losses. Uncertainties include factors such as international and domestic economic conditions, borrower-specific factors, industry and market trends, interest rates, unemployment rates and other external factors.

The Company has introduced the use of future information in estimating expected credit losses. The assessment of credit losses includes two economic scenarios with different economic consequences: a baseline scenario that includes a possible future economic development and a less likely adverse scenario. Both scenarios are weighted based on expert judgment and management's best estimates of future developments. Macroeconomic indicators, combining internal and external macroeconomic forecasts, are summarized below:

Latvia	Base case scenario		Adverse scenario		Positive scenario	
	2023	2024	2023	2024	2023	2024
GDP (annual change)	-1.5	3.4	-4.4	3.8	2.1	3.4
Unemployment rate	7.2	6.3	8.5	7.7	6.7	5.9
Inflation (annual rate)	8.4	2.1	8.7	2.5	6.8	2.1
Average gross wage (annual change)	6.2	5.5	5.0	5.0	7.0	6.3

Lithuania	Base case scenario		Adverse scenario		Positive scenario	
	2023	2024	2023	2024	2023	2024
GDP (annual change)	-0.9	3.3	-4.7	3.7	2	3.3
Unemployment rate	6.5	6.2	8.5	7.6	6.2	5.8
Inflation (annual rate)	7.8	2.8	6.9	2.9	5.2	2.8
Average gross wage (annual change)	6.4	4.4	4.3	4.5	6.7	5.2

Estonia	Base case scenario		Adverse scenario		Positive scenario	
	2023	2024	2023	2024	2023	2024
GDP (annual change)	-0.9	4	-4.8	3.7	1.7	4
Unemployment rate	6.6	5.6	8	7.4	5.9	5.2
Inflation (annual rate)	9.4	2.8	7.8	2.9	6.8	2.8
Average gross wage (annual change)	4.9	4.6	3.7	4.7	5.4	5.4

6m Euribor	Base case scenario		Adverse scenario		Positive scenario	
	2023	2024	2023	2024	2023	2024
	3.0	2.6	3.2	3.2	3.0	2.8

A weighted combined scenario is used for forward-looking adjustments: 55% weight for base case scenario, 35% weight for adverse scenario, 10% weight for positive scenario (in 2021: 60% weight for base case scenario versus 40% weight for adverse scenario was used). If the probability of fulfilment of the adverse scenario increased to 40%, the Company's expected loan loss provisions as at 31 December 2022 would increase by 0.15 million euros. If the probability of fulfilment of the baseline scenario increased to 100%, the Company's expected loan loss provisions as at 31 December 2022 would decrease by 0.9 million euros. If the probability of fulfilment of the positive scenario increased to 15%, the Company's expected loan loss provisions as at 31 December 2022 would decrease by 0.08 million euros.

The main factor that led to a decrease in allowance for impairment losses in 2022 was the Company's active work with customers in Stage 3, which resulted in a significant reduction in financial assets in stage 3 during 2022.

In 2022 in response to the significant uncertainty regarding economic risks, like the Russia's invasion into Ukraine, which has pushed commodity and energy prices higher, accelerating global inflation and supply chain disruptions, as a precautionary measure additional provisions for impairment were created, which is an additional provision for modelled expected credit losses to account for other economic uncertainties and addresses increased uncertainty regarding the forward-looking economic conditions in the unusual environment where duration and severity of future economic uncertainties and associated possible disruptions to the Baltic economies and customers of the Company is uncertain. These additional impairment losses for the entire portfolio amounted to EUR 2.8 million as of December 2022.

The Stage Allocation model differentiates between three stages depending on severity of credit risk deterioration since the time of origination. Stage 1 comprises all new contacts and contracts with no significant increase in credit risk at the reporting date compared to inception date. Stage 2 comprises all contracts with significantly increased credit risk since the date of origination. Finally, Stage 3 comprises all credit impaired contracts (equivalent to non-performing exposures).

In the Company, the following transfer criteria are defined for the migrations between Stage 1 and Stage 2:

- overdue days more than 25 days
- PD has increased significantly since initial recognition
- forbore performing classification;
- result of individual screening for corporate exposures, where significantly increased credit risk since the date of origination. Increased credit risk is captured through analysis of available information in terms of early warning signals' review at client level. Early warning signals include external factors, which may impact the client's payment capability, existing credit standing of the client, list of internally observed clients' behavioural triggers.

During 2022, the Company introduced a number of improvements to its credit loss methodology, including the redevelopment of through the cycle (TTC) PD calculation model and redevelopment of the macroeconomic model.

Allowances for impairment of loans and receivables are based on the present value of expected cash flows of principal and interest. In determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the discount rate used.

The amount of the loss on impaired exposures is the difference between the carrying amount and the present value of estimated cash flows discounted at the original interest rate of the financial asset.

For all fixed rate positions, the interest rate thus determined is kept constant in subsequent financial years, while for floating rate positions the interest rate is updated according to contractual terms.

Significant increase in credit risk

Expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable information.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information in IFRS 9 PD and LDG that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Companies' debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Companies' core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Stage 1 applies to all items (since initial recognition) as long as there is no significant deterioration in credit quality, i.e. includes all performing customers with overdue days up to 25 days and without active performing forbearance mark (or with active forbearance mark after the 12 months staying in Stage 2);
- Stage 2 applies to all performing customers with overdue days more than 25 days, with Performing Forbearance mark or as a result of individual review for corporate exposures;
- Stage 3 includes all financial asset for which a credit-impaired trigger has occurred and is harmonized with Default Methodology of the Company. Probation period in stage 3 starts after closure of Default event and foresees 3 months probation period for events, which are not related to forbearance measures and 12 months to events, which are related to forbearance measures.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Calculation of recoverable amount

The recoverable amount of the Company's loans and finance lease and other receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset.

Impairment of assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Principles of accounting for operating leases, as well as accounting for other fixed assets are in details described in Accounting Procedure of the Company. However, if regular rental payment for an operating lease contract is overdue, the overdue amount is treated as a debt receivable and impairment for this part is measured in accordance with IFRS 9.

Recognition of provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. As at 31 December 2021 and 31 December 2020 the Company has created provisions for administrative and operating expenses.

SIGNIFICANT ACCOUNTING POLICIES

Leases

Classification of leases

Only risks and rewards incidental to ownership of the leased asset during the lease period should be considered when determining lease classification. Relevant risks include the possibility of losses from idle capacity or technological obsolescence and from a decrease in the value of the asset; relevant rewards may include the gain from the increase in value of the asset or realization of the residual value at the end of the lease. Conversely, risks associated with construction of the asset prior to lease commencement, financing such construction and the costs of providing services using the leased asset, are not incidental to ownership of the leased asset during the lease period and, in our view generally should be disregarded in evaluating the classification of the lease. The classification of a lease is determined at the inception of the lease and is not revised unless the lease agreement is modified.

Lessor

Lease contracts shall be classified by the lessor in finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

When assets are held subject to finance lease, the present value of the net minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

All other leases are classified as operating leases. Operating leases do not transfer all the risks and benefits of ownership of an asset to the lessee which are therefore retained by the lessor.

Assets that are leased under operating lease terms are recorded within property and equipment at historical cost less accumulated depreciation and impairment loss, if any. Depreciation of property and equipment leased out under operating lease is calculated on a straight-line basis to write down each asset to its residual value over the lease term.

The minimum lease payments consist of the aggregate amount of all payments, which the Company expects to receive during the lifetime of the leasing agreement as well as of the guaranteed amount of the residual value of the leased asset.

Lessee

The lessee recognises an asset representing the right of use of the underlying asset and, at the same time, a liability for the future payments requested by the lease contract. As allowed by the standard, the management has decided not to recognise any right of use nor lease liability with reference to the following lease contracts: leases of intangible assets; short term leases, lower than 12 months; low value assets leases.

For this purpose an asset is considered as "low value" when its fair value as new is equal to or lower than EUR 5 000.

Lease Liabilities

The lease liability is determined by discounting the future lease payments to be due over the lease term at the proper discount rate.

Future lease payments subject to discounting are determined based on contractual provisions and net of VAT. If the lease payments foreseen by the contracts include additional services beside the mere rental of the asset, the right of use and the associated lease liability are calculated considering also these components.

To perform the mentioned calculation, lease payments have to be discounted at the interest rate implicit in the contract or, if it is not available, at the incremental borrowing rate. The latter is determined on the basis of the cost of funding for liabilities of similar duration and similar security of those implicit in the lease contract.

In order to determine the lease term it is necessary to consider the non-cancellable period, established in the contract, in which the lessee is entitled to use the underlying asset. An option for the lessee to extend the contract or to terminate the contract also should be assessed.

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The amount of the lease liability is reassessed in case of changes in the lease term or in the lease payments, either coming from a change in an index or rate used to determine these payments or as a result of the amount expected to be payable under a residual value guarantees. In these cases, the carrying value of the lease liability is calculated by discounting lease payments over the lease term using the original or a revised discount rate as applicable.

Changes in the amount of the lease liability resulting from the reassessment are recognised as an adjustment of the right of use.

In case of modification of a lease contracts, the lessee recognises an additional separate lease if the modification increases the scope of the lease adding to the right of use one or more assets and the consideration to be paid for such increase is commensurate with the stand-alone price of the increase.

For other types of modifications the lease liability is recalculated by discounting the lease payments for the revised lease term using a revised discount rate.

Changes in the Lease liabilities also adjust the carrying value of the corresponding right of use with the exception of gains/losses relating to the partial or full termination of the lease that are recognised in the income statement.

Interests accrue on the lease liability at the interest rate implicit in the contract and are recognised in item "Interest expense".

Rights of use assets

The right of use is initially recognised in item "Property and equipment" on the basis of the initial recognition amount of the associated lease liability, adjusted to consider, if applicable, lease payments made at or before the commencement of the lease, initial direct costs and estimates of costs required to restore the assets to the conditions requested by the terms of the lease contract. The right of use is depreciated over the lease term.

Financial instruments

IFRS 9 highlights the following:

- significant changes to classification and measurement of loans based on the "business model" and on the characteristics of the cash flows of the financial instrument (SPPI - Solely Payments of Principal and Interests criteria) introduced;
- new accounting model for impairment, based on (i) expected losses approach substituting the current approach based on the incurred losses, and (ii) the concept of "lifetime" expected losses, and consequently an anticipation and a structural increase of the provisioning with particular reference to credit losses are introduced.

Classification

The analysis of the business model has been performed by mapping the business areas composing the Company and by attributing them a specific business model. In this regard, a "held to collect" business model has been attributed to the business areas composing the Company's portfolio in relation to the reasons why the instrument has been acquired or originated and to the expected turnover of financial instruments.

In this context, possible sales of financial instruments are considered as compliant with a "held to collect" business model in case of (i) securitization transactions that do not achieve the derecognition of the underlying loans, (ii) sales determined by adverse change in the credit risk of the counterparty, (iii) sales that are infrequent or not significant to be evaluated case by case.

For the classification of financial assets in the new IFRS 9 categories, the analysis of the business model is complemented by the analysis of the contractual cash flows ("SPPI Test").

In this regard, the Company has established processes aimed at analyzing the portfolio so to assess whether the features of their contractual cash flows allows their measurement at amortized cost ("held to collect" portfolio) or at fair value through profit and loss statement.

This analysis is performed either contract by contract or by clusters, defined on the basis of the features of the asset in order to analyze the feature of the contracts in comparison with IFRS 9 requirements.

As a result of SPPI Test the Company's financial assets and liabilities have been classified as follows:

Financial assets measured at amortized cost include leases, loans and receivables:

A financial asset is classified as financial asset measured at amortised cost if:

- its business model is held to collect;
- its cash flows are solely the payment of principal and interest.

These items also include the net value of finance leases of assets under construction or awaiting lease, provided the leases have the characteristics of contracts entailing the transfer of risk.

Financial liabilities measured at amortised cost include loans and balances to banks.

These financial liabilities are recognised at settlement date initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method.

During 2022 and 2021, the Company did not apply hedge accounting.

Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

Measurement

A financial asset or liability is initially measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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Fees and commission income and expenses that are integral part to the effective interest rate on financial assets and liabilities are included in the measurement of the effective interest rate.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Company transfer substantially all of the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognised separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

The Company also derecognise certain assets when they write off balances pertaining to the assets deemed to be uncollectible.

Offsetting

Financial assets and liabilities are offset and the net amount reported in in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Recognition of income and expenses

Net revenue represents interest income from finance leases, rental income from operating leases and income recognised in the reporting year out of administration fees and down payments.

Fees and commission income is recognised as the related services are performed.

Rental income from operating leases and advance payments received on operating leases are recognised on a straight-line basis over the lease term.

All interest income and expenses are recognised on an accrual basis.

Penalties are recognised when the cash has been received. Other income and expense items are recognized when the corresponding service has been provided.

Foreign currency

The financial statement is presented in Euro (EUR) being the functional currency of the Company, unless otherwise stated. Functional currency for branches in Lithuania and Estonia are Euro.

Transactions in foreign currencies are translated into the respective functional currency of the operation at the exchange rate set by Central banks at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value is determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exs. de external factors, which may impac

All transactions denominated in foreign currencies are translated into the EUR at the European Central Bank rate of exchange prevailing on the transaction day. At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the European Central Bank rate of exchange prevailing on 31 December. The exchange rates established by the European Central Bank are as follows:

	31 December 2022	31 December 2021
	EUR	EUR
1 USD	1.0666	1.1326
1 JPY	140.66	130.38

Accruals for vacations

Accruals for unused vacations are calculated at the end of each reporting year based on actual unused vacation days for each employee at the balance sheet date and average salary for the previous 6 months in Latvia and Estonia and average salary for the previous 3 months in Lithuania. Accruals for unused vacations includes social security contributions and unemployment insurance.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus of profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Intangible assets

Intangible assets, which are acquired by the Company, are stated at cost less accumulated amortisation and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated on a straight-line basis over its useful life, applying the following rates set by the management:

	% per annum
Licences	20-33
Software	20-35

Fixed assets

Fixed assets are recorded at historical cost net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life using following rates set by management:

	% per annum
Office equipment	20-35
Computers	35
Vehicles	20
Others	20

Depreciation of fixed assets leased out under operation lease is calculate on a straight-line basis to write down each asset to its residual value over the lease term.

Repairs and maintenance are charged to the profit and loss during the period in which they are incurred. The cost of major renovation is included in the carrying amount of the asset and is depreciated over the remaining useful life of the related asset.

Gains or losses on disposals are determined by comparing carrying amounts with proceeds and are charged to the profit and loss account during the period in which they are incurred/ earned.

The useful lives, depreciation rates and method of depreciation are reviewed at each financial reporting date.

Investments in subsidiaries

Investments in subsidiaries are initially recognized at cost. If the carrying amount of an interest at the balance sheet date is less than its cost or measurement in the previous year's balance sheet and the impairment is expected to be permanent, it is measured at the lower of cost. If the value of an interest at the balance sheet date is significantly higher than its acquisition cost or its valuation in the previous year's balance sheet, it is revalued to the higher value if the increase in value can be assumed to be lasting.

The Company holds an investment in its subsidiary "CL Insurance broker" SIA carried at cost of EUR 15 080.

Exemption from the obligation to draw up the consolidated financial report

In accordance with the provisions of the Law on Consolidated Annual Accounts, the Company is released from the obligation to prepare consolidated financial statements, which at the same time is a subsidiary of another group, and its parent company with a 100% participation is a company registered in the Republic of Latvia or another Member State of the European Union.

Dividends

Proposed dividends are recognised in the financial statement only when approved by the shareholders.

Reposessed assets

In the regular course of business the Company from time to time takes possession of assets that originally were leased out under finance lease terms. When the Company acquires an asset in this way, the asset is not accounted for separately; however the debt is offset or reduced by the value of the sold asset. The residual is impaired completely and the debt still exist legally.

Taxes

Income tax expense comprises current tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Corporate income tax at the rate of 15% is calculated in accordance with Lithuanian tax regulations and is based on the taxable profit reported for the taxation period. Corporate income tax on the profit gained in the Republic of Lithuania is calculated and paid in Lithuania.

In Estonia already for a number of years and in Latvia starting from 1 January 2018 – corporate income tax is calculated and paid based on cash-flow taxation model which provides that Corporate Income tax is payable at the moment of profit distribution decision and deemed profit distribution. In case of reinvestment of profit - tax shall not be applied. In respected of deemed distributions the tax is paid on monthly basis.

Based on International Accounting Standard No 12 "Income Taxes" requirements, which Company applies in accordance to Article 13 of the law "On the Annual Reports and Consolidated Annual Reports", income tax are payable at a higher or lower rate if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity then current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. In Latvia the applicable rate for undistributed profits is 0%. Therefore, in the financial statement the related deferred tax assets and liabilities for Latvia and Estonia are not recognised. There are no deferred taxes recognized in Lithuania from temporary differences.

Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term liabilities and commitments.

Related parties

Related parties are legal and private persons related to the Company, in accordance with the following provisions.

(a) A person or a close member of that person's family is related to the reporting entity if:

- i. that person has control or joint control over the reporting entity;
- ii. that person has significant influence over the reporting entity; or
- iii. that person is a member of the senior management of the reporting entity or its parent.

(b) An entity is related to a reporting entity if it meets the following conditions:

- i. the company and the reporting entity belong to the same group of companies (which means that the parent company, the subsidiary and the sister companies are related parties to each other);
- ii. one company is an associate or joint venture of the other company (or an associate or joint venture of a group company to which the other company belongs);
- iii. the two companies are joint ventures with the same third party;
- iv. one company is a joint venture of a third party and the other company is an associate of the same third party;
- v. the company is a post-employment benefit plan for the employees of the reporting company or the employees of the company related to the reporting company; If the reporting entity itself has such a plan, the related parties are also the sponsoring employers.
- vi. the company is controlled or jointly controlled by a person identified in point (a);
- vii. the person identified in (a) (i) has significant influence over the company or is a member of the senior management of the company (or its parent company);
- viii. the company, or any member of a group of which the company is a member, provides management personnel services to the company or to the company's parent company.

Related party transactions - transfers of resources, services or liabilities between the reporting entity and its related party, whether or not remunerated

Risk and risk management

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The Company's management seeks to minimize potential adverse effects of financial risk on the financial performance of the Company. The management of the Company's risks includes basic principles and provisions for the identification, evaluation, prevention and effective management of risks.

Currency risk

Currency risk is defined as a risk arising from the differences in the currency structure of the Company's assets and liabilities. Changes in currency exchange rates cause changes in the value of assets and liabilities as well as the amount of revenue and expenses calculated in local currency.

The Company take on exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Company seek to match assets, liabilities and memorandum items denominated in foreign currencies in order to avoid significant foreign currency exposures.

Interest rate risk

Interest rate risk ("IRR") is defined as a risk of sudden unfavourable changes in interest rates that might affect the revenue generated by the Company. The risk arises because of the differences in the maturity terms of the Company's assets and liabilities, or because of the adjustment of the interest rates thereof on a regular basis. Interest risk management includes analysis and management of the interest risk of all of the Company's assets and liabilities.

Credit risk

The Company take on exposure to credit risk, which is the risk that the counterparty will be unable to pay amounts when due. The Company structure the levels of credit risk undertaken by placing limits on the amount of risk accepted in relation to one borrower, or groups of related borrowers, and to industry segments. Such risks are monitored on a regular basis and are subject to monthly, quarterly and annual reviews. The Company have strict limits set in respect of different levels of authorisation for lease approvals together with approvals of any changes in the existing lease contracts.

Credit risk exposures are monitored through regular assessments of the borrowers' ability to meet interest payments and principal repayments and changing the limits set as appropriate.

For the proper risk mitigation techniques implementation, the Company have developed a set of credit policies and guidelines for the management of credit exposures and the Company's credit policy establishes:

- Procedures for review and approval of loan/ credit applications;
- Methodology for the credit assessment of borrowers;
- Methodology for the assessment of counterparties, appraisal and insurance companies;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing monitoring of loans and other credit exposures.

These policies include the provisions of necessity to pay attention to such important factors when analyzing the lessee as external ratings, if available, bank references and similar. In order to satisfy the credit process successfully, each particular deal has to be in compliance with the benchmarks set by the credit policies and other methodological documentation.

Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Company adheres to prudent liquidity risk management, ensuring that adequate resources are available to settle liabilities within the set deadlines. At the end of the reporting year, the Company's working capital was negative in the amount of EUR 671 087 757, however, current liabilities mainly consist of liabilities to related companies in the amount of EUR 954 283 169 as at 31 December 2022 (EUR 810 190 924 as at 31 December 2021). Consequently, the Company's management believes that negative working capital does not pose a risk to the Company's operations.

Capital management

There are no capital regulatory requirements for leasing companies in Latvia; however, capital adequacy and the use of capital are monitored by the Company's shareholders management centrally.

The Company's policy is to operate on a going concern basis so that it can provide return of shareholders, to maintain the strong capital base to support the development of its business.

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Notes (continued)

(1) INTEREST, FEE AND RENTAL INCOME

	Company	Company
	2022	2021
	EUR	EUR
Interest income from finance leases	32 811 763	29 340 948
Administration fee income	3 050 291	1 882 711
Rental income from operating leases	1 664 333	2 749 533
Total interest, fee and rental income	37 526 387	33 973 192

(2) INTEREST EXPENSE

	Company	Company
	2022	2021
	EUR	EUR
Interest charges on loan from Citadele banka AS	21 586 268	13 435 701
Interest charges on loans from other credit institutions	-	209 000
Interest charges on loans from UniCredit S.p.A	-	20 528
Interest charges for rights to use leased assets	822	8 625
Total interest expense	21 587 090	13 673 854

(3) PERSONNEL EXPENSES

	Company	Company
	2022	2021
	EUR	EUR
Salary expenses	4 917 909	4 746 465
Bonuses	691 451	671 602
Social insurance	863 198	814 274
Leased personnel costs	-	221 426
Other personnel expenses	103 258	236 033
Unused annual leave	10 322	25 939
Total personnel expenses	6 586 138	6 715 739

(4) OTHER OPERATING INCOME

	Company	Company
	2022	2021
	EUR	EUR
Penalties received	927 375	780 670
Other income	374 289	531 163
Total other operating income	1 301 664	1 311 833

(5) OTHER OPERATING EXPENSE

	Company	Company
	2022	2021
	EUR	EUR
Net loss on disposal of leased assets	87 728	49 999
Net loss on disposal of fixed assets held under operating leases and own property	111 861	91 789
Commission expense for received guarantees	281 262	353 182
Commission expense for servicing funding	-	473 718
Other expenses*	488 527	214 913
Total other operating expenses	969 378	1 183 601

* - this position mainly includes various commissions and fees for informational services for leasing contracts

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(6) GENERAL ADMINISTRATIVE EXPENSES

	Company	Company
	2022	2021
	EUR	EUR
Depreciation of fixed assets for own use (rights to use assets) (Note 8)	87 639	227 513
IT services	343 371	549 644
Professional fees*	2 001 212	491 093
Communication expenses	66 605	91 311
Amortization of intangible assets (Note 8)	655 374	504 880
Office maintenance costs	34 416	216 473
Transport expenses	11 345	89 479
Depreciation of fixed assets for own use and leasehold improvements (Note 8)	117 425	156 300
VAT expensed	56 344	59 814
Advertising	124 732	65 090
Bank charges	15 714	38 892
Other expenses	319 200	275 733
Total other administrative expenses	3 833 377	2 766 222

* - significant increase in 2022 is due to the fact that an outsource was engaged in the development of new services.

(7) INCOME TAX

	Company	Company
	2022	2021
	EUR	EUR
Current tax charge	(1 386 353)	(575 798)
Deferred income tax (expense) (Note 23)	49 236	(116 577)
Corporate tax expense	(1 337 117)	(692 375)

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Notes (continued)

(8) INTANGIBLE ASSETS AND PROPERTY AND EQUIPMENT FOR OWN USE

As at 31 December 2022, the right to use the leased assets includes the lease agreement for the Lithuanian branch office. The term of the agreement is 3 years (2021: 4).

Company 2022	Software and licenses/ Total intangible assets EUR	Property and equipment for own use EUR	Rights of use leased assets EUR	Total EUR
Cost				
31 December 2021	2 750 990	1 128 575	321 006	4 200 571
Additions	954 064	54 494	20 981	1 029 539
Disposal	(592 272)	(36 760)	(7 337)	(636 369)
31 December 2022	3 112 782	1 146 309	334 650	4 593 741
Depreciation				
31 December 2021	1 149 738	891 495	27 914	2 069 147
Charge for 2022	655 374	117 425	87 639	860 438
Disposal	(356 478)	(35 107)	-	(391 585)
31 December 2022	1 448 634	973 813	115 553	2 538 000
Net book value				
31 December 2021	1 601 252	237 080	293 092	2 131 424
31 December 2022	1 664 148	172 496	219 097	2 055 741

AS "Citadele banka" has subleased furnished workplaces in Estonian and Latvian offices. Thereby, the Company terminated the existing lease agreements in Estonia and Latvia, as a result the right to use the leased asset and lease obligations was derecognized.

Company 2021	Software and licenses/ Total intangible assets EUR	Property and equipment for own use EUR	Rights of use leased assets EUR	Total EUR
Cost				
31 December 2020	2 097 637	1 599 818	1 704 245	5 401 700
Additions	785 232	46 371	321 006	1 152 609
Disposal	(131 879)	(517 614)	(1 704 245)	(2 353 738)
31 December 2021	2 750 990	1 128 575	321 006	4 200 571
Depreciation				
31 December 2020	776 737	1 131 691	850 765	2 759 193
Charge for 2021	504 880	156 300	227 513	888 693
Disposal	(131 879)	(396 496)	(1 050 364)	(1 578 739)
31 December 2021	1 149 738	891 495	27 914	2 069 147
Net book value				
31 December 2020	1 320 900	468 127	853 480	2 642 507
31 December 2021	1 601 252	237 080	293 092	2 131 424

(9) PROPERTY AND EQUIPMENT LEASED OUT UNDER OPERATING LEASE TERMS

Company 2022	Total property and equipment under operating lease terms EUR
Cost	
31 December 2021	10 076 981
Additions	146 429
Disposal	(2 272 723)
31 December 2022	7 950 687
Depreciation	
31 December 2021	2 481 673
Charge for 2022	1 343 446
Disposal	(939 794)
31 December 2022	2 885 325
Net book value	
31 December 2021	7 595 308
31 December 2022	5 065 362

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Notes (continued)

(9) PROPERTY AND EQUIPMENT LEASED OUT UNDER OPERATING LEASE TERMS (continued)

Company 2021	Total property and equipment under operating lease terms EUR
Cost	
31 December 2020	10 407 874
Additions	1 107 505
Disposal	(1 438 398)
31 December 2021	10 076 981
Depreciation	
31 December 2020	1 209 193
Charge for 2021	1 577 457
Disposal	(304 977)
31 December 2021	2 481 673
Net book value	
31 December 2020	9 198 681
31 December 2021	7 595 308

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(10) FUTURE MINIMUM LEASE PAYMENTS FOR FIXED ASSETS LEASED OUT UNDER OPERATING LEASE TERM

	Company 2022 EUR	Company 2021 EUR
Minimum lease payments up to 1 year	1 078 011	1 643 584
Minimum lease payments 1 to 5 years	3 330 914	4 908 083
Minimum lease payments over 5 years	10 675	106 460
Total minimum lease payments	4 419 600	6 658 127

(11) INVESTMENT IN SUBSIDIARY

The participation in the capital of the subsidiary in the amount of EUR 15 080 reflects the investment in the share capital of SIA CL Insurance Broker. The share capital of the subsidiary SIA CL Insurance Broker consists of 754 (seven hundred and fifty four) shares. The nominal value of one share is equivalent to EUR 20.00. The number of shares in the subsidiary as at 31 December 2022 and 2021 is 100%.

(12) NET INVESTMENT IN FINANCE LEASES, LOANS AND TRADE RECEIVABLES

Amounts below represent the maximum credit exposure of finance lease contracts.

Company 2022	Individuals			Total EUR
	1.stage	2.stage	3.stage	
Gross investment in finance lease	289 820 655	18 424 589	828 005	309 073 249
Unearned finance income up to 1 year	(11 353 304)	(736 189)	(23 008)	(12 112 501)
Unearned finance income up to 2 years	(8 463 600)	(543 745)	(14 948)	(9 022 293)
Unearned finance income up to 3 years	(5 715 813)	(366 970)	(9 853)	(6 092 636)
Unearned finance income up to 4 years	(3 375 236)	(230 164)	(6 374)	(3 611 774)
Unearned finance income up to 5 years	(1 293 754)	(103 584)	(2 897)	(1 400 235)
Unearned finance income over 5 years	(283 416)	(22 725)	(2 292)	(308 433)
Net investment in finance leases before allowances	259 335 532	16 421 212	768 633	276 525 377
Not past due	259 288 178	13 601 016	240 184	273 129 378
Past due <=30 days	47 354	3 476	-	50 830
Past due >30 and <=90 days	-	2 816 720	40 631	2 857 351
Past due >90 days	-	-	487 818	487 818
Impairment allowance	(2 265 375)	(734 518)	(388 466)	(3 388 359)
Net investment in finance lease	257 070 157	15 686 694	380 167	273 137 018
Gross loans	1 955 283	766 017	317 475	3 038 775
Not past due	1 613 402	599 633	145 944	2 358 979
Past due <=30 days	341 881	166 384	66 320	574 585
Past due >30 and <=90 days	-	-	67 288	67 288
Past due >90 days	-	-	37 923	37 923
Impairment allowance	(35 090)	(50 566)	(168 760)	(254 416)
Net loans	1 920 193	715 451	148 715	2 784 359
Gross trade receivables	1 229 320	399 428	503 461	2 132 209
Not past due	1 203 648	249 412	26 336	1 479 396
Past due <=30 days	25 672	4 678	824	31 174
Past due >30 and <=90 days	-	145 338	18 590	163 928
Past due >90 days	-	-	457 711	457 711
Impairment allowance	(11 522)	(24 482)	(331 070)	(367 074)
Net trade receivables	1 217 798	374 946	172 391	1 765 135
Total portfolio	260 208 148	16 777 091	701 273	277 686 512

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

Company 2022	Corporate entities			Total EUR
	1.stage	2.stage	3.stage	
Gross investment in finance lease	693 139 679	85 135 174	19 517 697	797 792 550
Unearned finance income up to 1 year	(26 513 151)	(3 418 241)	(681 629)	(30 613 021)
Unearned finance income up to 2 years	(17 873 591)	(2 164 638)	(294 770)	(20 332 999)
Unearned finance income up to 3 years	(10 918 157)	(1 269 384)	(117 995)	(12 305 536)
Unearned finance income up to 4 years	(5 628 952)	(632 003)	(19 355)	(6 280 310)
Unearned finance income up to 5 years	(1 786 239)	(222 136)	(3 887)	(2 012 262)
Unearned finance income over 5 years	(444 270)	(36 467)	(743)	(481 480)
Net investment in finance leases before allowances	629 975 319	77 392 305	18 399 318	725 766 942
Not past due	629 786 495	71 473 821	14 119 816	715 380 132
Past due ≤30 days	188 824	8 550	-	197 374
Past due >30 and ≤90 days	-	5 909 934	1 329 843	7 239 777
Past due >90 days	-	-	2 949 659	2 949 659
Impairment allowance	(9 171 936)	(2 142 294)	(3 992 608)	(15 306 838)
Net investment in finance lease	620 803 383	75 250 011	14 406 710	710 460 104
Gross loans	16 273 330	1 679 940	4 968 068	22 921 338
Not past due	16 273 330	1 163 048	4 912 554	22 348 932
Past due ≤30 days	-	-	-	-
Past due >30 and ≤90 days	-	516 892	-	516 892
Past due >90 days	-	-	55 514	55 514
Impairment allowance	(490 928)	(194 738)	(2 477 792)	(3 163 458)
Net loans	15 782 402	1 485 202	2 490 276	19 757 880
Gross trade receivables	3 887 278	1 672 298	1 796 191	7 355 767
Not past due	3 879 356	1 032 929	385 669	5 297 954
Past due ≤30 days	7 922	1 064	-	8 986
Past due >30 and ≤90 days	-	638 305	244 131	882 436
Past due >90 days	-	-	1 166 391	1 166 391
Impairment allowance	(53 248)	(71 546)	(1 205 495)	(1 330 289)
Net trade receivables	3 834 030	1 600 752	590 696	6 025 478
Total portfolio	640 419 815	78 335 965	17 487 682	736 243 462

Company 2021	Individuals			Total EUR
	1.stage	2.stage	3.stage	
Gross investment in finance lease	235 451 684	12 150 180	842 101	248 443 965
Unearned finance income up to 1 year	(5 932 036)	(338 696)	(17 110)	(6 287 842)
Unearned finance income up to 2 years	(4 794 002)	(223 365)	(7 418)	(5 024 785)
Unearned finance income up to 3 years	(3 007 738)	(140 138)	(4 654)	(3 152 530)
Unearned finance income up to 4 years	(1 617 160)	(75 348)	(2 502)	(1 695 010)
Unearned finance income up to 5 years	(557 876)	(25 993)	(863)	(584 732)
Unearned finance income over 5 years	(153 696)	(7 003)	-	(160 699)
Net investment in finance leases before allowances	219 389 176	11 339 637	809 554	231 538 367
Not past due	218 899 142	9 410 710	272 314	228 582 166
Past due ≤30 days	490 034	5 534	-	495 568
Past due >30 and ≤90 days	-	1 923 393	177 203	2 100 596
Past due >90 days	-	-	360 037	360 037
Impairment allowance	(1 497 828)	(207 160)	(435 655)	(2 140 643)
Net investment in finance lease	217 891 348	11 132 477	373 899	229 397 724
Gross loans	3 023 756	411 254	318 212	3 753 222
Not past due	2 893 369	153 229	277 453	3 324 051
Past due ≤30 days	130 387	-	17 029	147 416
Past due >30 and ≤90 days	-	258 025	17 029	275 054
Past due >90 days	-	-	6 701	6 701
Impairment allowance	(36 637)	(16 438)	(171 985)	(225 060)
Net loans	2 987 119	394 816	146 227	3 528 162
Gross trade receivables	1 217 519	329 536	501 446	2 048 501
Not past due	1 210 336	211 069	43 601	1 465 006
Past due ≤30 days	430	415	2 605	3 450
Past due >30 and ≤90 days	6 753	118 052	19 294	144 099
Past due >90 days	-	-	435 946	435 946
Impairment allowance	(5 053)	(9 731)	(347 910)	(362 694)
Net trade receivables	1 212 466	319 805	153 536	1 685 807

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Total portfolio	222 090 933	11 847 098	673 662	234 611 693
Notes (continued)				
Company 2021	Corporate entities			Total EUR
	1.stage	2.stage	3.stage	
Gross investment in finance lease	557 749 225	88 584 271	30 190 582	676 524 078
Unearned finance income up to 1 year	(13 730 434)	(2 485 672)	(815 454)	(17 031 560)
Unearned finance income up to 2 years	(8 730 528)	(1 068 514)	(365 145)	(10 164 187)
Unearned finance income up to 3 years	(5 469 365)	(670 382)	(229 090)	(6 368 837)
Unearned finance income up to 4 years	(2 940 695)	(360 442)	(123 174)	(3 424 311)
Unearned finance income up to 5 years	(1 014 459)	(124 343)	(42 492)	(1 181 294)
Unearned finance income over 5 years	(236 410)	(19 147)	(1 420)	(256 977)
Net investment in finance leases before allowances	525 627 334	83 855 771	28 613 807	638 096 912
Not past due	525 302 025	75 953 821	17 874 600	619 130 446
Past due ≤30 days	325 309	42 308	-	367 617
Past due >30 and ≤90 days	-	7 859 642	5 822 662	13 682 304
Past due >90 days	-	-	4 916 545	4 916 545
Impairment allowance	(8 783 457)	(1 681 004)	(6 835 471)	(17 299 932)
Net investment in finance lease	516 843 877	82 174 767	21 778 336	620 796 980
Gross loans	12 101 903	888 832	6 277 183	19 267 918
Not past due	12 101 903	798 697	5 847 019	18 747 619
Past due ≤30 days	-	-	-	-
Past due >30 and ≤90 days	-	90 135	131 128	221 263
Past due >90 days	-	-	299 036	299 036
Impairment allowance	(450 962)	(49 030)	(3 229 327)	(3 729 319)
Net loans	11 650 941	839 802	3 047 856	15 538 599
Gross trade receivables	3 607 214	1 861 501	2 492 683	7 961 398
Not past due	3 589 132	890 406	312 680	4 792 218
Past due ≤30 days	363	5 656	-	6 019
Past due >30 and ≤90 days	17 719	965 439	642 238	1 625 396
Past due >90 days	-	-	1 537 765	1 537 765
Impairment allowance	(57 500)	(64 793)	(1 552 336)	(1 674 629)
Net trade receivables	3 549 714	1 796 708	940 347	6 286 769
Total portfolio	532 044 532	84 811 277	25 766 539	642 622 348

(13) LOANS BY THE TYPE OF BORROWER

Credit exposure of loans by industries:

	Company 2022 EUR	Company 2021 EUR
Manufacturing	6 243 039	8 222 872
Real estate activities	842 120	1 061 875
Agriculture	13 239 839	6 468 297
Loans to individuals	3 038 774	3 753 222
Electricity and gas supply	1 142 337	1 406 271
Trade	168 534	724 078
Construction	391 919	735 739
Administrative and support services	236 574	72 387
Professional, scientific and technical activities	361 936	458 017
Transport and storage	264 449	71 281
Other	30 590	47 102
Gross loans total	25 960 111	23 021 141
Specific impairment allowance	(2 646 551)	(3 401 312)
Collective assessment impairment allowance	(771 321)	(553 068)
Net loans total	22 542 239	19 066 761

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

Geographical analysis of the loan portfolio:

	Company 2022	Company 2021
	EUR	EUR
Latvia	12 785 633	10 791 674
Lithuania	10 046 279	9 198 659
Estonia	2 951 261	2 744 563
EU countries	1 041	67 937
Non EU countries	175 897	218 308
Gross loans total	25 960 111	23 021 141
Specific impairment allowance	(2 646 551)	(3 401 312)
Collective assessment impairment allowance	(771 321)	(553 068)
Net loans total	22 542 239	19 066 761

(14) ALLOWANCE FOR DOUBTFUL RECEIVABLES

Changes in specific and collective impairment are:

Company 2022	Stage 1	Stage 2	Stage 3	Total, EUR
Impairment allowance as at the beginning of the reporting year	10 831 437	2 028 156	12 572 684	25 432 277
Expected credit loss with banks as at the beginning of the reporting year	-	-	-	-
Total impairment allowance as at the beginning of the reporting year	10 831 437	2 028 156	12 572 684	25 432 277
Increase (decrease) in expected credit loss with customers	1 196 702	1 189 988	(3 953 607)	(1 566 917)
Change in allowance for doubtful receivables	1 196 702	1 189 988	(3 953 607)	(1 566 917)
Impairment allowance foreign currency fluctuation result*	(41)	-	(3 353)	(3 394)
Total	1 196 661	1 189 988	(3 956 960)	(1 570 311)
Write-off of lost loans	-	-	(51 533)	(51 533)
Changes in impairment allowance	1 196 661	(4 914 791)	(4 008 493)	(1 621 844)
Impairment allowance as at the end of the reporting year	12 028 098	3 218 144	8 564 191	23 810 433
Expected credit loss with banks as at the end of the reporting year	-	-	-	-
Total impairment allowance as at the end of the reporting year	12 028 098	3 218 144	8 564 191	23 810 433

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

Company 2021	Stage 1	Stage 2	Stage 3	Total, EUR
Impairment allowance as at the beginning of the reporting year	7 403 313	6 942 947	19 974 447	34 320 707
Expected credit loss with banks as at the beginning of the reporting year	9 166	-	-	9 166
Total impairment allowance as at the beginning of the reporting year	7 412 479	6 942 947	19 974 447	34 329 873
Increase (decrease) in expected credit loss with customers	3 428 174	(4 914 791)	(3 811 672)	(5 298 289)
Increase (decrease) in expected credit loss with banks	(9 166)	-	-	(9 166)
Change in allowance for doubtful receivables	3 419 008	(4 914 791)	(3 811 672)	(5 307 455)
Impairment allowance foreign currency fluctuation result*	(50)	-	(1 436)	(1 486)
Total	3 418 958	(4 914 791)	(3 813 108)	(5 308 941)
Write-off of lost loans	-	-	(3 588 655)	(3 588 655)
Changes in impairment allowance	3 418 958	(4 914 791)	(7 401 763)	(8 897 596)
Impairment allowance as at the end of the reporting year	10 831 437	2 028 156	12 572 684	25 432 277
Expected credit loss with banks as at the end of the reporting year	-	-	-	-
Total impairment allowance as at the end of the reporting year	10 831 437	2 028 156	12 572 684	25 432 277

*Foreign currency fluctuation result to income statement is due to the loans which are denominated in the USD, JPY currency.

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(15) ANALYSIS OF COLLATERALS

The Company hold collateral against leases in the form of items financed under lease agreement terms. The total net exposure of investments in financial leases and trade receivables are split by types of collaterals as shown below:

	Company 2022 EUR	Company 2021 EUR
Passenger cars	586 097 740	488 975 086
Commercial transport	163 531 938	155 308 427
Industrial machinery	185 669 131	158 734 489
Manufacturing equipment	39 392 518	44 266 701
Air, water transport	2 432 737	2 487 444
Other equipment	13 254 509	6 796 124
Rail transport	834 032	1 378 752
Other	175 129	220 258
Net portfolio	991 387 734	858 167 281

(16) OTHER RECEIVABLES WITH AFFILIATED COMPANIES

	Company 2022 EUR	Company 2021 EUR
Accounting receivables with CL Insurance Broker SIA	3 280	2 947
Total accounts receivables with affiliated companies	3 280	2 947

(17) OTHER RECEIVABLES

	Company 2022 EUR	Company 2021 EUR
VAT asset	1 639 459	2 526 421
Safety deposits	2 608	21 122
Advance payments for administrative services	106 418	7 967
Other receivables	135 191	322 980
Total other debtors	1 883 676	2 878 490

(18) TAX ASSETS

	Company 2022 EUR	Company 2021 EUR
CIT advance payments	1 791 067	737 588
Other advance paid taxes	1 159 572	386 701
Nodokļu aktīvi kopā	2 950 639	1 124 289

(19) PREPAID EXPENSES

	Company 2022 EUR	Company 2021 EUR
Insurance, subscription of periodicals, administrative expenses	132 218	67 609
Other	2 834	1 400
Total prepaid expenses	135 052	69 009

(20) CASH AND BANK

	Company 2022 EUR	Company 2021 EUR
Cash at bank	32 540	495 853
Total cash and bank	32 540	495 853

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(21) SHAREHOLDERS' EQUITY

Share capital of the Company as at 31 December 2022 amounts to EUR 15 569 120 (31.12.2021: EUR 15 569 120) and consists of 1 556 912 shares with a nominal value of 10 EUR each (31.12.2021: 1 556 912 shares with a nominal value of EUR 10 each).

All shares carry an equal right to vote at the shareholders' meeting, an equal right to receive dividends as declared from time to time and an equal right in the residual assets of the Company.

The sole shareholder as at 31 December 2022 was AS Citadele banka (31.12.2021: AS Citadele banka).

Reserve

The reserve of EUR 637 447 represents amounts which were received from the shareholder in 2002 as a subsidy with the purpose of increasing shareholders' equity. The shareholder has all rights to decide on reserves made in accordance with shareholder resolution.

Dividends

In 2022, dividends were paid from the profit generated by the Latvian structural unit in the amount of EUR 8,683,976, for which tax had to be paid at the reduced rate of EUR 1,085,497 for the transitional period. This was done in order to fully use the corporate income tax relief available in Latvia, the deadline of which was 2022.

(22) PROVISIONS

Items in other provisions for administrative costs amounted to EUR 203 685 (2021: EUR 72 241).

Company 2022	Provisions for bonuses EUR	Other provisions EUR	Total EUR
At the beginning of reporting year	568 101	72 241	640 342
Provisions made during the year	982 261	287 573	1 269 834
Provisions used during the year	(576 968)	32 623	609 591
Provisions reversed during the year	(218 391)	123 506	341 897
At the end of the reporting year	755 003	203 685	958 688

Company 2021	Provisions for bonuses EUR	Other provisions EUR	Total EUR
At the beginning of reporting year	805 106	124 928	930 034
Provisions made during the year	937 364	46 282	983 646
Provisions used during the year	(813 709)	(98 969)	(912 678)
Provisions reversed during the year	(360 660)	-	(360 660)
At the end of the reporting year	568 101	72 241	640 342

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(23) DEFERRED TAX ASSET

	Company	Company
	2022	2021
	EUR	EUR
Deferred tax at the beginning of the reporting year	-	116 577
Recognized deferred income tax (expense)/income on other items (Note 7)	49 236	(116 577)
Deferred income tax asset at year-end	49 236	-

	Company	Company
	2022	2021
	EUR	EUR
Provisions for bonuses and other provisions	49 236	-
Recognized deferred income tax asset	49 236	-

(24) TRADE PAYABLES

Trade payables as at 31 December 2022 for the Company amount to EUR 13 069 882 (2021: EUR 19 276 730). There are no overdue trade payables for the Company as at 31 December 2022 and 2021. Trade payables mainly represent balances due to lease object suppliers.

(25) LEASE LIABILITIES

The average lease term is 3 years (2021: 4). The movement of lease liabilities is as follows:

	Company	Company
	2022	2021
	EUR	EUR
At the beginning of reporting year	293 093	869 977
Lease payments	(88 486)	(219 644)
Lease interest payments	850	8 625
Lease liability increase, recognizing the lease asset	13 643	321 006
Lease liability decrease, excluding the leased asset	-	(686 871)
At the end of the reporting year	219 100	293 093

Lease liabilities are classified as short-term and long-term portions as follows:

	Company	Company
	2022	2021
	EUR	EUR
Up to 1 year	87 639	83740.56
1 to 5 years	131 461	209352.24
Total	219 100	293 093

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(26) SHORT TERM LOANS AND ACCOUNTS PAYABLE TO AFFILIATED COMPANIES

	Company	Company
	2022	2021
	EUR	EUR
Loan from AS Citadele banka	954 283 169	810 152 101
Total short-term-loans	954 283 169	810 152 101

	Company	Company
	2022	2021
	EUR	EUR
Accounts payable to AS Citadele banka	-	1 185
Accounts payable to AS Citadele banka Eesti filiaal	-	37 638
Total accounts payable	-	38 823

Total short term loans and accounts payable to affiliated companies	954 283 169	810 190 924
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(27) DEFERRED INCOME

	Company	Company
	2022	2021
	EUR	EUR
Long-term		
Deferred income from advance payments	370 668	695 811
Total	370 668	695 811
Short-term		
Deferred income from advance payments	249 012	329 882
Total	249 012	329 882
Total	619 680	1 025 693

(28) TAXES AND STATE SOCIAL INSURANCE CONTRIBUTIONS

	Company	Company
	2022	2021
	EUR	EUR
Settlements for corporate income tax	1 085 497	83 905
Settlements for VAT	123 843	99 497
Settlements for state social insurance contributions	84 336	65 867
Settlements for personal income tax	75 991	70 755
Total	1 369 667	320 024

(29) ACCRUED LIABILITIES

	Company	Company
	2022	2021
	EUR	EUR
Accrued liabilities for unused annual vacations	452 428	442 549
Other accrued liabilities	376 647	330 549
Total	829 075	773 098

Movement of accrued liabilities for unused annual vacations	Company	Company
	2022	2021
	EUR	EUR
At the beginning of reporting period	442 549	396 623
Increase	9 879	45 926
At the end of reporting period	452 428	442 549

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(30) AVERAGE NUMBER OF EMPLOYEES

	Company	Company
	2022	2021
	EUR	EUR
Average number of employees during the reporting year in Latvia	75	71
Average number of employees during the reporting year in Estonia	31	26
Average number of employees during the reporting year in Lithuania	53	46
Total	159	143

(31) RELATED PARTY TRANSACTIONS

Related parties are defined as shareholders who have significant influence over the Company, companies in which they have a controlling interest, members of the Council and Board of Directors, key management personnel, their close relatives and companies in which they have a controlling interest, as well as associated companies. Based on management's assessment, all related party transactions in year 2022 have been carried out in the normal course of business.

The loan balances outstanding as at 31 December 2022 and 2021 were as follows:

	Company	Company
	2022	2021
	EUR	EUR
Loan from Citadele banka	954 283 169	810 152 101
Total	954 283 169	810 152 101

The interest charges on the loans from affiliated companies for year 2022 and year 2021 were as follows:

	Company	Company
	2022	2021
	EUR	EUR
Interest charges on loans from UniCredit S.p.A.	-	20 528
Interest charges on loans from AS Citadele banka	21 586 268	13 435 701
Total	21 586 268	13 456 229

The Company's accounts payables to related parties consist of liabilities for services and goods. Accounts payable to affiliated companies as at 31 December 2022 and 2021 were as follows:

	Company	Company
	2022	2021
	EUR	EUR
Accounts payable to AS Citadele banka	-	1 185
Accounts payable to AS Citadele banka Eesti filiaal	-	37 638
Total	-	38 823

In 2022, the Company has issued a financial lease to a related party AS Citadele banka Lithuanian branch

	Company	Company
	2022	2021
	EUR	EUR
Short-term investments in finance leases	5 713	-
Long-term investments in finance leases	34 617	-
Total	40 330	-

Accounts receivables with affiliated companies are receivables for secondment and administrative cost reimbursement. Accounts receivables with affiliated companies as at 31 December 2022 and 2021 were as follows:

	Company	Company
	2022	2021
	EUR	EUR
Accounting receivables with CL Insurance Broker SIA	3 280	2 947
Total	3 280	2 947

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(31) RELATED PARTY TRANSACTIONS (continued)

Incomes and expenses with affiliated companies as at 31 December 2022 and 2021 were as follows:

	Company	Company
	2022	2021
	EUR	EUR
Expense:		
Purchases of goods or services from, AS Citadele banka	703 546	355 030
Fixed assets or Intangibles purchases from, AS Citadele banka	-	31 773
Other expenses, AS Citadele banka	-	3 835
Purchases of goods or services from, AS Citadele banka Eesti filiaal	298 982	125 058
Other expenses, AS Citadele banka Eesti filiaal	-	879
Purchases of goods or services from, SIA CL Insurance Broker	122	62
Purchases of goods or services from, AS Citadele banka Lithuanian branch	543 174	223 757
Fixed assets or Intangibles purchases from, AS Citadele banka Lithuanian branch	-	22 607
Other expenses, AS Citadele banka Lithuanian branch	-	2 686
Purchases of goods or services from, SIA Citadele Factoring	513 005	491 603
Fixed assets or Intangibles purchases from, SIA Citadele Factoring	-	4 960
Other expenses, SIA Citadele Factoring	-	175
Purchases of goods or services from, OÜ Citadele Factoring	18 671	-
Total	2 077 500	1 262 425
Income:		
Sales of goods or services to, CL Insurance Broker SIA	37 718	50 239
Sales of goods or services to, AS Citadele banka	638	7 869
Fixed assets or Intangibles sales to, AS Citadele banka	-	400
Sales of goods or services to, AS Citadele banka Eesti filiaal	-	564
Other income, SIA CL Insurance Broker	-	2 568
Sales of goods or services to, SIA Citadele Factoring	178 284	85 172
Other income, SIA Citadele Factoring	-	25
Sales of goods or services to, AS Citadele banka Lithuanian branch	11 444	-
Sales of goods or services to, OÜ Citadele Factoring	38 554	-
Sales of goods or services to, UAB Citadele Factoring	77 859	-
Total	344 497	146 837

Bank account balances as at 31 December 2022 and 2021:

	Company	Company
	2022	2021
	EUR	EUR
Bank account balances:		
AS Citadele banka	1 709	14 079
AS Citadele banka Lithuanian branch	5 399	19 155
AS Citadele banka Eesti filiaal	25 432	31 311
Total	32 540	64 545
Credit card account balances:		
AS Citadele banka	-	(3 768)
Total	-	(3 768)

CITADELE LEASING SIA ANNUAL REPORT FOR 2022

Notes (continued)

(31) RELATED PARTY TRANSACTIONS (continued)

According to management's assessment, related party transactions in 2022 were based on market prices.
Management remuneration amounts to the following:

	Company	Company
	2022	2021
	EUR	EUR
Salaries	102 954	438 186
Social insurance	24 287	60 008
Total	127 241	498 194

(32) COMMITMENTS AND CONTINGENCIES

Capital commitments represent lease agreements that have been concluded, but not delivered yet. The capital commitments based on underlying currency are as follows:

	Company	Company
	2022	2021
	EUR	EUR
EUR	4 500 890	10 965 530
Total	4 500 890	10 965 530

(33) SUBSEQUENT EVENTS

During the post-balance sheet period, there have been no significant events that would negatively affect the Company or create obstacles to its future operation.

The accompanying notes on pages 10 to 35 are an integral part of the financial statements.

The financial statement have been signed with a secure electronical signature which contains a timestamp.

The financial statements on pages 5 to 35 has been authorized for issue by the Management Board on 28 March 2023 and signed on their behalf by:

Girts Glāzers
Chairman of the Management Board

Vaidas Žagūnis
Member of the Management Board

Prepared by:

Artjoms Nurmuhmatovs
Chief Accountant

Aruande digitaalallkirjad

Aruande lõpetamise kuupäev on: 28.03.2023

SIA Citadele Leasing Eesti filiaal (registrikood: 11453650) 01.01.2022 - 31.12.2022 majandusaasta aruande andmete õigsust on elektrooniliselt kinnitanud:

Allkirjastaja nimi	Allkirjastaja roll	Allkirja andmise aeg
RAINER MOPPEL	Filiaali juhataja	09.06.2023

Sidevahendid

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