

The logo for Citadele, featuring the word "Citadele" in white, bold, sans-serif font, centered within a solid red rectangular background.

**Akciju sabiedrība "Citadele banka"**  
(incorporated with limited liability in the Republic of Latvia)  
**EUR 300,000,000 Fixed / Floating Rate Notes due 2029**

The issue price of the EUR 300,000,000 Fixed / Floating Rate Notes due 2029 (the "**Notes**") of Akciju sabiedrība "Citadele banka" (the "**Issuer**" or "**Citadele**") is 99.858 per cent. of their principal amount.

Unless previously redeemed, purchased or cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date (as defined in "*Terms and Conditions of the Notes—Interest*") falling on or nearest to 23 December 2029. The Notes are subject to redemption in whole, but not in part, at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Latvia. The Notes may also be redeemed at the option of the Issuer (subject to Condition 4(i) (*Conditions to Redemption or Repurchase*), in whole, but not in part, on the Interest Payment Date falling on 23 December 2028 (the "**Reset Date**") at their principal amount (together with accrued interest). Subject to Condition 4(i) (*Conditions to Redemption or Repurchase*), the Issuer may, at its option, redeem all (but not some only) of the Notes in the event of a change in certain Latvian regulatory capital requirements, at their outstanding aggregate principal amount together with interest (accrued to but excluding the date of redemption). See "*Terms and Conditions of the Notes—Redemption and Purchase*".

The Notes will bear interest on their principal amount from and including 23 September 2025 (the "**Issue Date**") to but excluding the Reset Date at a fixed rate of 3.875 per cent. per annum and thereafter at a rate of interest equal to EURIBOR plus the applicable Margin as provided in Condition 3 (*Interest*). Interest will be payable annually in arrear on 23 December in each year from and including 23 December 2025 to and including the Reset Date. Thereafter interest will be payable quarterly in arrear on 23 March, 23 June, 23 September and 23 December in each year at the Floating Rate of Interest (as defined in "*Terms and Conditions of the Notes—Interest*"), as more fully described herein. There will be a short first Interest Period (as defined in Condition 3(a)) and the first Fixed Interest Payment Date will be 23 December 2025.

Payments on the Notes will be made in euros without deduction for or on account of taxes imposed or levied by the Republic of Latvia to the extent described under "*Terms and Conditions of the Notes—Taxation*".

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") for the purpose of giving information with regard to the issue of the Notes. The Central Bank has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**"). Such approval should not be considered as an endorsement of the Issuer or the quality of any Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to Euronext Dublin for the Notes to be admitted to the official list and trading on its regulated market (the "**Regulated Market**") on or around the Issue Date (as defined below). The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and the Council on markets in financial instruments (as amended, "**MiFID II**"). There can be no assurance that any such admission to trading will be obtained. The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit

of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other state securities laws.

The Notes will be in bearer form and in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000 each and with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes are expected on issue to be rated Baa2 by Moody's Investors Service (Nordics) AB ("**Moody's**"). The Issuer has been assigned long term deposit rating of Baa1 (stable) by Moody's. Moody's is established in the European Economic Area (the "**EEA**") and registered under Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**EU CRA Regulation**"). Moody's is not established in the United Kingdom (the "**UK**") but ratings issued by Moody's will be endorsed by Moody's Investors Service Limited in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). As such, ratings issued by Moody's may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

From and including the Reset Date, amounts payable under the Notes are calculated by reference to the Euro Inter-bank Offered Rate ("**EURIBOR**"), which is provided by the European Money Markets Institute (the "**Administrator**"). As at the date of this Prospectus, the Administrator appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmark Regulation**").

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

**Joint Lead Managers**

**Citigroup**

**Morgan Stanley**

**UniCredit**

**Co-Manager in the Baltics**

**Citadele**

**19 September 2025**

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## IMPORTANT NOTICES

### Responsibility for this Prospectus

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

### Other relevant information

The Issuer confirms that any information sourced from third parties contained in this Prospectus has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has confirmed to the Managers named under "*Subscription and Sale*" below (the "**Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue of the Notes) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

### Unauthorised information

Neither the Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Manager) in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

### Restrictions on distribution

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes and should not be considered as a recommendation by the Issuer, the Managers or any of them that any recipient of this Prospectus should subscribe for or purchase any Notes. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. The Managers have not provided any financial or taxation advice in connection with the Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended), "**MiFID**

II") or; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

#### **Certain definitions**

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area.

References to "**U.S.**", "**U.S. dollars**" or "**dollars**" are to United States dollars, "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

#### **Language**

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

#### **Stabilisation**

In connection with the issue of the Notes, Morgan Stanley Europe SE (the "**Stabilisation Manager**") (or person(s) acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted

by the Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### PRESENTATION OF FINANCIAL INFORMATION

#### Historical financial statements

The financial statements relating to the Issuer and its consolidated subsidiaries (the “**Group**”) and incorporated by reference in this Prospectus are:

- the unaudited reviewed condensed consolidated interim financial statements as of and for the six months ended 30 June 2025 (the “**Interim Financial Statements**”);
- the audited consolidated financial statements as of and for the year ended 31 December 2024 (the “**2024 Financial Statements**”); and
- the audited consolidated financial statements as of and for the year ended 31 December 2023 (the “**2023 Financial Statements**” and, together with the 2024 Financial Statements, the “**Annual Financial Statements**”).

The Annual Financial Statements and the Interim Financial Statements are together referred to as the “**Financial Statements**”. The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards (“**IFRS**”) as adopted by the European Union (the “**EU**”). The Interim Financial Statements have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”, as adopted in the EU.

The Issuer's financial year ends on 31 December and references in this Prospectus to “**2024**” and “**2023**” are to the 12 month period ending on 31 December in each such year.

#### Auditors and unaudited information

Each of the Annual Financial Statements have been audited by “KPMG Baltics SIA” (“**KPMG**”), independent auditors, in accordance with International Standards on Auditing, who have issued an unqualified report on each of the Annual Financial Statements. The Interim Financial Statements have been reviewed by KPMG.

Certain other financial information in this Prospectus identified as such is unaudited financial information which has been extracted without material adjustment from the accounting records of the Group which form the underlying basis of the Financial Statements.

#### Certain non-IFRS financial information

This Prospectus includes references to capital, leverage and certain other ratios. Although these ratios are not IFRS measures, the Group believes that the capital and leverage ratios in particular are important to understanding its capital and leverage position, particularly in light of current or planned future regulatory requirements to maintain these ratios above prescribed minimum levels. Certain of these ratios also constitute Alternative Performance Measures (“**APMs**”), as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. See “*Selected Financial Information—Ratios*”. None of this financial information is subject to any audit or review by independent auditors.

The ratios referred to above should not be used instead of, or considered as alternatives to, the Group's historical financial results based on IFRS. The non-IFRS measures relate to the reporting periods presented in this Prospectus and are not meant to be predictive of future results. They are not defined under, or presented in accordance with, IFRS. Management uses APMs because the Issuer believes that these measures are commonly used by lenders, investors and analysts. The Issuer's use of the APMs and its method of calculating APMs may vary from other companies' use and calculation of such terms. These measures are presented for purposes of providing investors with a better understanding of the Group's

financial performance, cash flows or financial position as they are used by the Issuer when managing its business.

## **PRESENTATION OF OTHER INFORMATION**

### **Currencies**

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in euro. The Group's functional currency is euro and the Group prepares its financial statements in euro.

### **No incorporation of website information**

The Issuer's website is [www.cblgroup.com](http://www.cblgroup.com). Unless specifically incorporated by reference into this Prospectus, information on this website or any other website mentioned in this Prospectus or any website directly or indirectly linked to these websites has not been verified, is not incorporated by reference into, and does not form part of, this Prospectus, and investors should not rely on it.

### **Rounding**

Certain data in this Prospectus has been rounded. As a result of such rounding, the totals of data presented in tables in this Prospectus may vary slightly from the arithmetic totals of such data. Where used in tables, the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "—" means that there is no data in respect of the relevant item.



## OVERVIEW

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.*

<b>The Issuer:</b>	Akciju sabiedrība "Citadele banka"
<b>Joint Lead Managers:</b>	Citigroup Global Markets Europe AG Morgan Stanley Europe SE UniCredit Bank GmbH
<b>Co-Manager in the Baltics:</b>	Akciju sabiedrība "Citadele banka"
<b>The Notes:</b>	EUR 300,000,000 Fixed / Floating Rate Notes due 2029
<b>Issue Price:</b>	99.858 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	23 September 2025.
<b>Interest:</b>	The Notes will bear interest on their principal amount from and including the Issue Date to but excluding the Reset Date at a fixed rate of 3.875 per cent. per annum and thereafter at a rate of interest equal to EURIBOR plus the applicable Margin as provided in Condition 3 ( <i>Interest</i> ).
<b>Interest Payment Dates:</b>	Interest will be payable annually in arrear on 23 December in each year from and including 23 December 2025 to and including the Reset Date. Thereafter interest will be payable quarterly in arrear on 23 March, 23 June, 23 September and 23 December in each year. There will be a short first Interest Period (as defined in Condition 3(a)) and the first Fixed Interest Payment Date will be 23 December 2025.
<b>Status:</b>	<p>The Notes are senior, unsecured, unsubordinated, direct and unconditional obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and</p> <ul style="list-style-type: none"><li>(i) equally with all present and future claims against the Issuer arising from debt instruments where the principal amount of the liabilities under the provisions governing such debt instruments are wholly subordinated to claims arising from the excluded liabilities referred to in Article 72a(2) of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 ("CRR") (as provided for in paragraph 3<sup>1</sup> of Article 139<sup>3</sup> of the Credit Institutions Law (in Latvian – <i>Kreditīestāžu likums</i>) (the "CIL")) but not otherwise subordinated;</li><li>(ii) junior to:<ul style="list-style-type: none"><li>(A) all present and future claims referred to in Article 139<sup>2</sup> and paragraphs 1 and 3 of Article 139<sup>3</sup> of the CIL;</li></ul></li></ul>

- (B) all excluded liabilities referred to in Article 72a (2) of CRR (as provided for in paragraph 3<sup>1</sup> of Article 139<sup>3</sup> of the CIL);
- (iii) senior to all present and future claims ranking or expressed to rank junior to the Notes (to the extent allowed under applicable law) or that have such lower ranking pursuant to applicable law, including, but not limited to, unsecured claims resulting from non-preferred debt instruments of the Issuer as provided for in paragraph 3<sup>2</sup> of Article 139<sup>3</sup> of the CIL and certain other unsecured claims as provided for in paragraphs 4, 5, 6 and 7 of Article 139<sup>3</sup> of the CIL.

**Form and Denomination:**

The Notes will be issued in bearer form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000, each with interest coupons attached.

The Notes will initially be in the form of a Temporary Global Note, without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Notes will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR 100,000 each and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000 and with interest coupons attached.

The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.

**Waiver of Set-Off:**

No Noteholder may at any time exercise or claim any Set-Off Rights against any right, claim or liability of the Issuer or that the Issuer may have or acquire against such Noteholder, directly or indirectly and howsoever arising (and including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any kind or any non-contractual obligation, whether or not relating to the Notes) and each Noteholder shall be deemed to have waived all Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any amount payable by the Issuer in respect of, or arising under or in connection with, any Note to any holder of such Note is discharged by set-off or any netting, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount discharged on behalf and for the benefit of the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

<b>Final Redemption:</b>	Unless previously redeemed, purchased or cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on or nearest to 23 December 2029.
<b>Optional Redemption:</b>	The Issuer may, at its option, redeem the Notes (subject to Condition 4(i) ( <i>Conditions to Redemption or Repurchase</i> )) in whole, but not in part, on the Reset Date (as defined in the Terms and Conditions) at their outstanding aggregate principal amount together with accrued interest, as described under Condition 4(c) ( <i>Redemption at the option of the Issuer</i> ).
<b>Early Redemption:</b>	<p>Upon the occurrence of a Withholding Tax Event, the Issuer (subject to Condition 4(i) (<i>Conditions to Redemption or Repurchase</i>))) may, at its option, redeem the Notes in whole but not in part at any time at their principal amount, together with interest accrued (if any) to the date fixed for redemption as described in Condition 4(b) (<i>Redemption for tax reasons</i>).</p> <p>Upon the occurrence of a MREL Disqualification Event, the Issuer (subject to Condition 4(i) (<i>Conditions to Redemption or Repurchase</i>))) may, at its option, redeem all (but not some only) of the Notes at their outstanding aggregate principal amount together with interest (accrued to but excluding the date of redemption) as described in Condition 4(d) (<i>Early Redemption as a result of an MREL Disqualification Event</i>).</p>
<b>Clean-up Call:</b>	If at any time the outstanding principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of Notes originally issued (which shall include, for these purposes, any further Notes issued pursuant to Condition 12 ( <i>Further Issues</i> ))), the Issuer may redeem all (but not some only) of the remaining outstanding Notes at any time at their principal amount together with interest accrued (if any) to (but excluding) the date fixed for redemption.
<b>Substitution and Variation:</b>	The Issuer may substitute or vary the terms of all (but not some only) of the Notes as provided in Condition 13 ( <i>Substitution and Variation</i> ) (including changing the governing law of Condition 16 ( <i>Acknowledgement of Bail-in and Loss Absorption Powers</i> ))) without any requirement for the consent or approval of Noteholders.
<b>Taxation:</b>	All payments of interest only in respect of the Notes and Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Latvia or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 6 ( <i>Taxation</i> ).
<b>Events of Default:</b>	The Notes provide for events of default in certain circumstances, but do not contain a cross-default or cross-acceleration provision.

<b>Expected Rating:</b>	The Notes are expected on issue to be rated Baa2 by Moody's. Moody's is established in the EEA and registered under EU CRA Regulation. Moody's is not established in the United Kingdom but ratings issued by Moody's will be endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation. As such, ratings issued by Moody's may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.
<b>Governing Law:</b>	The Notes, the Agency Agreement and the Deed of Covenant and any non-contractual obligations arising out of or in connection with them will be governed by English law, except for Condition 2 ( <i>Status</i> ) and Condition 16 ( <i>Acknowledgement of Bail-in and Loss Absorption Powers</i> ) which shall be governed by Latvian law.
<b>Acknowledgement of Bail-in Powers:</b>	<p>Pursuant to Condition 16 (<i>Acknowledgement of Bail-in and Loss Absorption Powers</i>), notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for these purposes, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Resolution Authority, as further set out in such Condition.</p> <p>See Condition 16 (<i>Acknowledgment of Bail-in and Loss Absorption Powers</i>) for further information.</p>
<b>Listing and Trading:</b>	Application has been made to Euronext Dublin for the Notes to be admitted to the official list and to trading on the Regulated Market on or around the Issue Date.
<b>Clearing Systems:</b>	Euroclear and Clearstream, Luxembourg
<b>Selling Restrictions:</b>	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering materials in the United States of America, the European Economic Area, the United Kingdom and Singapore, see " <i>Subscription and Sale</i> ".
<b>Risk Factors:</b>	Investing in the Notes involves risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> " below.
<b>Financial Information:</b>	See " <i>Description of the Issuer—Selected Financial Information</i> ".
<b>Use of Proceeds:</b>	The net proceeds of the issue will be used by the Issuer for general corporate purposes including, without limitation, to repurchase its outstanding EUR 200,000,000 Fixed / Floating Rate Notes due 2026 (ISIN: XS2393742122) (the " <b>Existing Notes</b> ") validly tendered pursuant to the Issuer's invitation to tender such Existing Notes for purchase by the Issuer for cash, on the terms contained in a tender offer memorandum dated 15 September 2025 (in the Issuer's sole and absolute discretion).

## **RISK FACTORS**

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industries in which it operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.*

### **RISKS RELATING TO THE GROUP**

#### **Economic and Market Environment Risks**

##### ***The Group is exposed to risk arising from changes in the economic environment***

The Group's business is affected by European and global economic conditions and future economic prospects, particularly in Latvia and the other Baltic States in which the Group's revenue is predominantly generated. The Baltic States are currently all members of the Eurozone and are thus affected by economic and macroeconomic developments in the Eurozone.

External economic factors such as weak global macroeconomic conditions, domestic macroeconomic imbalances recessions, global financial market turmoil, volatility, high unemployment levels, reduced consumer and government spending levels, government monetary and fiscal policies, credit spreads, currency exchange rates, market indices, investor sentiment and confidence in the financial markets, reduced consumer confidence, the level and volatility of equity prices, demographic trends, commodity prices, interest rates, inflation rates, real estate prices, elevated energy prices, increased cost of living and related changes in customer behaviour and competitiveness in export sectors have affected and may continue to affect the Group's business, financial performance and the activity level of the Group's customers as well as the banking sectors in the Baltic States generally. For example, in 2022 and 2023, inflation in the Baltic States rose twice as fast as in the rest of Europe and exceeded 20 per cent. As a result, purchasing power in the Baltics has declined and growth of the gross domestic product ("GDP") in the Baltic States has stagnated since the beginning of 2022 and lagged behind other European countries. Furthermore, other factors or events may affect the Baltic, European and global economic conditions, including, but not limited to, heightened geopolitical tensions, trade barriers due to higher tariffs, war, acts of terrorism, disease, natural disasters or other similar events outside the Group's control such as the COVID-19 pandemic, the ongoing war between Russia and Ukraine or conflict in the Middle East. Economic conditions may also be affected by the changing demographics in the markets that the Group serves, increasing social and other inequalities, or rapid changes to the economic environment due to the adoption of technology, automation and artificial intelligence ("AI"), or due to climate change, environmental degradation, biodiversity loss and/or other sustainability risks. Most recently, uncertainty around the future development of global trade, including changing trade policies and the implementation of tariffs by the US with counter-measures having been taken by China and the possibility of counter-measures being taken by other countries has adversely affected the global economy and may further impact on the global economy and global trade if such measures remain in place, including the Baltic States where the Group operates. Consequently, these actions may lead to reduced economic activity and increased inflation in the Group's operating regions.

The Group has no control over economic or macroeconomic events and changing market conditions and may be unable to foresee, predict or adequately manage their effects. Weaker macroeconomic conditions such as the factors described above may, among other things, lead to a decline in the Group's quality and loan portfolio growth, the ability of the Group's customers to meet financial obligations (and result in a greater number of customers defaulting on their loans, increasing the Group's credit losses). Similarly,

market volatility may result in increased cost of funding and/or reduced availability of funding to the Group, deterioration in the value and liquidity of assets (including collateral), uncertainty in pricing certain assets or products, higher provisioning for certain liabilities, including increased loan impairment charges, and overall slower growth and earnings. Customer behaviour, including demand for the Group's product offerings and services, price sensitivity, adoption of digital products and more, may change in unpredictable ways as a result of macroeconomic conditions. Consequently, a market downturn or a worsening of the situation in the Baltic States, European or global economies may negatively impact or have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows, and limit the Group's ability to implement its business strategy.

***Russia's invasion of Ukraine poses regional geopolitical risk and any escalation of the ongoing war (or emergence of other international conflicts or hostilities) may disrupt and/or otherwise negatively impact the operations of the Group and/or its customers***

The ongoing war between Russia and Ukraine has caused disruption in the economies of the Baltic States and may continue to cause disruption going forward. Whilst sanctions against Russia and other retaliatory measures have already reduced trade and other economic links between the Baltics and Russia, the Baltics remain vulnerable to spillover effects from the ongoing war between Russia and Ukraine, particularly if the war were to escalate to the rest of Eastern Europe or the rest of Europe or if investors' threat perception regarding any potential conflict with Russia were to change materially. Sovereign credit spreads in the Baltics have temporarily widened relative to other European countries since the war between Russia and Ukraine began. The loss of investor confidence as a result of any escalation in the war could widen the sovereign credit spreads further, increase borrowing costs in the Baltics and thereby reduce government ability to offset future shocks, and lead to investment outflows. Further escalation of geopolitical tensions or international conflict or hostilities in the Middle East or other regions (such as the Israel-Hamas war and related attacks by the Houthi terrorist group on maritime shipping routes in the Red Sea) could impact global commodity prices, inflation trends and growth prospects globally, in the Baltics and in the Eurozone. The Group has no control over the possible events related to the Russia-Ukraine war or other international conflict or hostilities that may cause disruption or other negative impact on the Group (including the ongoing war between Israel and Hamas and related unrest across the Middle East) and may be unable to foresee, predict or adequately manage their effects. Consequently, a worsening of the ongoing war between Russia and Ukraine (or other international conflict or hostilities, including the Israel-Hamas war or other unrest in the Middle East) and any increased regional impact, may negatively impact or have a material adverse effect on the Group's business, business continuity, prospects, financial condition, results of operations or cash flows, and limit the Group's ability to implement its business strategy.

In addition, such events may result in an increased cost of funding and/or reduced availability of funding to the Group and may have a material adverse effect on the Group's counterparties and/or customers, which could result in increased default risk in the performance of the obligations of the Group's counterparties and/or customers and ultimately expose the Group to an increased number of defaults and insolvencies amongst its counterparties and/or customers, further resulting in increased provisioning requirements of the Group. This may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows, and may limit the Group's ability to implement its business strategy.

***Europe's energy crisis has negatively affected the economies of the Baltic States and may disrupt and/or otherwise negatively impact the operations of the Group and/or its customers***

The energy crisis in Europe caused, at least in part, by the ongoing war between Russia and Ukraine, has resulted in disruption in the economies of the Baltic States and may continue to cause disruption going forward. The Baltic States' governments have adopted significant fiscal measures to mitigate the impact of the energy crisis, devoting resources in amounts comprising 2-5 per cent. of the GDP of each Baltic State. In addition, whilst the Baltic States have replaced energy imports from Russia with energy imports from other sources such as the U.S., Norway and Qatar, and natural gas prices in the EU have returned to the levels observed prior to the Russia-Ukraine war, the EU still receives just over 10 per cent. of the natural gas it needs from Russia and the Baltics remain vulnerable to further increases in energy prices. New geopolitical shocks, wars, unexpected increase in global energy demand, failed energy transition or other disruptions in the global energy markets could result in an increase in global energy prices. In addition, physical damage to infrastructure in the Baltic region, such as damage to the Finnish-Estonian natural gas connection, Baltconnector, or damage to Liquefied Natural Gas or natural gas export and import infrastructure could also result in an increase energy prices across the EU or in the Baltics.

In addition, another escalation of the energy crisis may have a material adverse effect on the Group's counterparties and/or customers, which could result in increased default risk in the performance of the obligations of the Group's counterparties and/or customers and ultimately expose the Group to an increased number of defaults and insolvencies amongst its counterparties and/or customers, further resulting in increased provisioning requirements of the Group. Any of the foregoing could have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows, and may limit the Group's ability to implement its business strategy.

***Increasing competition and technology disruption in the banking sectors of the Baltic States could have a material adverse effect on the Group***

The markets within which the Group operates are highly competitive, and the Group expects such competition to continue and intensify in response to various market changes. These changes include evolving customer behaviour, technological changes (including digital currencies and other instruments, stablecoins and the growth of digital banking, such as from FinTech entrants), competitor behaviour, new market entrants, industry trends resulting in increased disaggregation or unbundling of financial services, the impact of regulatory actions and other factors. Innovations such as biometrics, AI, automation, the cloud, blockchain, cryptocurrencies and quantum computing may rapidly facilitate industry transformation.

The Group faces significant competition from both foreign and domestic banks in all Baltic States. According to data published by the respective regulatory bodies across the Baltics, as of 31 December 2024, there were 10 banks and 4 branches of foreign credit institutions operating in Latvia, there were 13 banks and 5 branches of foreign credit institutions in Lithuania and 9 banks and 5 branches of foreign credit institutions in Estonia. In December 2024, Germany's Commerzbank opened a representative office in Lithuania for serving as a hub for its Baltic operations. High levels of competition in Latvia, Lithuania or Estonia may have a material adverse effect on the Group's market share in the Baltic States and may limit its ability to expand its operations and product offerings to customers. As there is only a limited pool of high-quality borrowers in the Baltic States, the Group may lose market share if its competitors seek to expand and it is unable to effectively compete. The Group may be unable to offer new products or services at the same rate or level of profitability as its competitors, and the Group may be unable to enhance its existing products or services before or in line with its competitors. The Group does not actively target customers in the low-interest rate segment of these markets and does not engage in so-called "interest rate wars" with other banks. Accordingly, should a competitor lower its interest rates on loans or increase interest rates on savings products, the Group's ability or desire to match such rates, particularly in relation to its corporate loan products, would be limited. Certain of the Group's current or future competitors may be more successful in implementing innovative technologies for delivering products or services to their customers. These competitors may be better able to attract and retain customers and key employees, may have more advanced IT systems and may have access to lower-cost funding and/or be able to attract deposits or provide investment-banking services on more favourable terms than the Group. If the Group is unable to offer competitive, attractive and innovative products that are also profitable and timely, it will lose market share, incur losses on some or all of its initiatives and lose opportunities for growth.

In addition to the competitive threat posed by traditional banks, the Group also faces competition from a number of small, independent financial technology companies from the Baltic States and elsewhere. The number of "FinTech" companies has expanded significantly in recent years, as has their product offering, and their aim is to disrupt the incumbent financial system by offering lower-cost, software-focused financial services, particularly in relation to the consumer loans, credit cards, payment transfers and foreign exchange segments of the banking sector. In addition, many of the products and services offered by the Group are, and are expected to become, more technology intensive, including through digitalisation, automation and the use of AI. The Group's ability to develop or acquire such services (which also comply with applicable and evolving regulations) has become increasingly important to retaining and growing the Group's businesses across the Baltic States. There can be no certainty that the Group's innovation strategy (which includes investment in its IT capabilities, intended to improve core infrastructure and customer interface capabilities as well as investments and partnerships with third-party technology providers) will be successful or that it will allow the Group to continue to maintain or grow such services in the future.

Any failure by the Group to successfully compete in the Baltic States may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows, and may limit the Group's ability to implement its business strategy.

### ***The Group may be adversely affected by changes in market interest rates***

Market interest rates steadily increased since July 2022 in the Eurozone and in the Baltic States, peaking in 2024. The European Central Bank (“**ECB**”) has most recently reduced interest rates in June 2025, with the rate payable on the ECB bank overnight deposit facility rate decreasing by 25 basis points from 2.25 per cent. to 2.00 per cent. and signalled to the markets that further policy rate reductions are likely, yet will be dependent on the progress in bringing the inflation in the Eurozone back to the ECB target range. Eurozone overnight index swaps data shows that market participants are expecting one more final rate cut from the ECB until the end of 2025. The ECB’s interest rate policy remains uncertain and will strongly depend on the impact of tariffs on the Eurozone economy as well as inflation dynamics. Changes in the market interest rates are influenced by a number of factors outside of the Group’s control, including the fiscal and monetary policies of governments and central banks, such as the ECB, and international political and economic conditions. Market interest rates may continue increasing, remain steady at current levels, decline further than currently reflected in the markets, indicated by the ECB or otherwise be subject to changes in ways that the Group is unable to foresee, predict or adequately manage, and may have a disproportionate or different effect on the Group relative to its competitors. Market interest rates, particularly in the Eurozone, and the trend in the change of such rates have a material impact on the Group’s interest income from its loan and securities portfolios. As of 30 June 2025, the vast majority of the Group’s loan portfolio consisted of floating rate loans, whereas the majority of the Group’s securities portfolio consisted of fixed rate instruments. Changes in market interest rates also have a material impact on the Group’s interest expense, particularly with respect to the interest rates it pays on its customer deposit base. As the Group derives the majority of its total income from net interest income, changes in market interest rates may have a material adverse effect on the Group’s business, prospects, financial condition, results of operations or cash flows.

Changes in market interest rates impact the interest expense that the Group is required to pay in order to (i) preserve liquidity by holding cash at the Bank of Latvia (the “**BL**”) or other monetary financial institutions and (ii) maintain its customer deposit base, as well as in respect of payments on its liabilities to its other creditors. As interest rates have historically been low and significant increases in interest rates are relatively recent, and because the likely path of interest rates is uncertain, the Group is unable to foresee or predict customer behaviour in respect of changing market interest rates. If market interest rates decline further, the Group may not be able to reduce its interest expense to fully offset the decline in interest income from the Group’s floating loan portfolio, which would decline due to repricing period-driven delays in interest rate changes taking effect with respect to individual loans. In addition, an increase in market interest rates may negatively impact the Group’s shareholders’ equity due to the revaluation of the Group’s fair-valued securities portfolio, as well as a potential future negative impact on the Group’s income statement upon the sale of an affected security. If, instead, market interest rates rise further, there would be a greater risk that borrowers would be unable to remain current with their increased payments and that income from higher interest rates would be offset by increased default and impairment rates on the Group’s loan portfolio, including increased credit losses. As a result, this could ultimately reduce the Group’s Net Interest Margin (continuous operations). Movements in interest rates also influence and reflect the macroeconomic situation more broadly, affecting factors such as business and consumer confidence, property prices, default rates on loans and other indicators that may indirectly affect the Group, and may adversely affect its future results, financial condition and/or prospects. The volatility and unpredictability associated with market interest rates could materially impact the Group’s business, prospects, financial condition, results of operations or cash flows.

### **Risks relating to the Group's business**

#### ***The Group may not be able to successfully implement its business strategy***

The Group may not successfully implement its business strategy. According to its business strategy, the Group aims to become the modern banking platform of choice for the Baltics - an increasingly digital bank with a wide product suite and compelling offerings for its private, small and medium-sized enterprises (“**SME**”), and corporate customers. There is no guarantee that the Group will be successful in implementing its business strategy or any part of it, and the implementation of all or any part of the Group’s business strategy, and any such implementation may be less effective, less profitable or less rapid than the Group anticipates. The Group’s business strategy is subject to a number of challenges and risks, including that the Group may be unable to:

- evolve “Bank in the Pocket” as a digital mobile banking platform for private retail and private affluent customers by increasing new and existing customers that use Citadele as a primary bank



in the Baltic States, develop its current account product into a key tool to attract customers and expand its range of digital services via mobile and online channels, as well as due to the quality of its personalised customer service;

- successfully enhance its consumer lending and mortgage product offering to its retail customers via mobile and online channels in the Baltic States, in particular as a result of a failure by the Group to increase the use of card products among its existing and potential customer base, maintain its existing customer base, market share and revenue levels in the retail lending business, or leverage its information technology (“IT”) systems and increase automation in the underwriting process whilst maintaining existing risk levels;
- successfully develop its SME and corporate businesses in the Baltic States, which are focused on small and medium-sized enterprises, in particular, as a result of a failure by the Group to increase its product and service penetration in the SME business, retain customer relationships with SMEs that grow into larger, more complex businesses or maintain or grow its revenue levels in the SME and corporate businesses;
- drive revenue growth from its existing SME and corporate customer base, in particular as result of a failure by the Group to implement new product offerings, improve the effectiveness of its sales and distribution channels and enhance its relationship managers’ roles in its customer service process, or maintain its existing customer base, market share and revenue levels in the SME and corporate businesses;
- expand its leasing business in the Baltic States, in particular as a result of a failure by the Group to build a competitive “one click” leasing offering, become provider of choice for dealerships and partners, or to provide best in class customer service to customers, dealers and partners;
- successfully market and scale-up its Klix (e-commerce and payments) offering, in particular as a result of a failure by the Group to become go-to choice for consumers, merchants and lenders for their ecommerce payments and lending needs;
- expand its Insurance proposition, in particular as a result of a failure by the Group to penetrate existing insurance products and expand into new areas through digital and cross-sell;
- grow local wealth management, asset management and pension product offerings to individual customers inside the Baltic States, in particular, as a result of a failure by the Group to cross-sell its product offerings, asset management and pension operations, or maintain its market share and revenue levels in its wealth management business;
- maintain its prudent liquidity and funding profile and enhance its capital base whilst delivering strong medium-term returns on equity, in particular as a result of a failure by the Group to maintain adequate liquidity, grow its customer deposit base, manage costs associated with its funding base or secure additional sources of liquidity as necessary; and
- generate sufficient profits from its operations to enable it to meet all applicable prudential regulatory requirements including liquidity, capital and minimum requirements for own funds and eligible liabilities, as specified in the CRR, Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions, Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (“**BRRD**” or “**Bank Recovery and Resolution Directive**”), as amended *inter alia* by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (“**BRRD II**”) or as may be imposed from time to time by the BL, ECB or the Single Resolution Board (as defined below).

If the Group fails to implement its strategy in full or in part, it may be unable to further grow its business, and even if it is successful, there is no guarantee that the successful implementation of the Group's business strategy will improve the Group's profitability or operating efficiency to the extent that the Group desires or at all. Any of the foregoing risks may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group is reliant upon the success of its brand and reputation to differentiate itself from the wider banking industry which impacts its ability to acquire and retain customers***

The Group has sought to develop its brand and reputation in Latvia and the other Baltic States on the basis of high levels of customer service and innovative digital proposition, and Citadele believes that the strength of its brand is a key factor in allowing it to acquire and retain customers. The Group's ongoing commercial success has relied on a positive public perception of its brand in Latvia in order to grow its customer deposit base, as well as the growing recognition of its brand and products in Lithuania and Estonia. Any event that has a detrimental impact upon the public perception of Citadele's brand, including, for example, information circulating in the media or any overly forceful debt collection techniques employed by debt collection companies to whom the Group has sold certain of its non-performing loans, may, despite the Group's best efforts to limit such impact, lead to significant damage to the Group's business and reputation in the eyes of its customers, business partners, owners, employees, investors or supervisory authorities and may dissuade current and potential future customers from using the Group's products or services, which may in turn have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows and may limit or prevent the Group from successfully implementing its business strategy.

To protect the strength and value of its brand, the Group relies on enforcement of trademark and trade name rights, and failure to obtain or maintain adequate protection of such trademark or trade name rights could have a detrimental impact on the strength and value of the Group's brand. The Group's current and future trademark applications in Latvia and other foreign jurisdictions, including the EU and the other Baltic States, may not be allowed or may subsequently be opposed. Once filed and registered, the Group's trademarks or trade names may be challenged, infringed, circumvented or declared generic, or determined to be infringing on other marks. As a means to enforce its trademark rights and prevent infringement, the Group may be required to file trademark claims against third parties or initiate trademark opposition proceedings. This can be expensive and time-consuming. The Group may not be able to protect its rights to these trademarks and trade names, which the Group needs to build recognition of its brand and products among potential partners or customers in the Group's markets of interest. At times, competitors may adopt trade names or trademarks similar to those of the Group, thereby impeding the Group's ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the Group's registered or unregistered trademarks or trade names. Over the long term, if the Group is unable to establish brand recognition based on its trademarks and trade names, then it may not be able to compete effectively and its business may be adversely affected. The Group's efforts to enforce or protect its proprietary rights related to trademarks, domain names or other intellectual property ("IP") may be ineffective and could result in substantial costs and diversion of resources.

In developing and securing its current brand, the Group has entered into an IP coexistence agreement with a third party in relation to the use of the "Citadele" name in the Baltic States, which limits the Group's ability to use and expand the "Citadele" brand anywhere beyond the Baltic States. Notwithstanding this coexistence agreement, the Group may be required to rebrand itself or certain of its subsidiaries if the use of its brand in certain markets is successfully challenged by such third party or other third parties. The Group may also elect to rebrand itself or certain of its subsidiaries in order to avoid costly and time-consuming challenges to the use of its brand. For example, the Group has already rebranded its asset management business due to the IP coexistence agreement with the third party as IPAS "CBL Asset Management" in order to avoid potential challenges to its use of its brand in the Baltic States. In addition, use of the "Citadele" brand in the Baltic States by other companies may adversely affect the perception of the Group's brand by diverting potential partners or customers of the Group to such other companies or associating the Group's operations with any harmful actions or loss of reputation associated with such other companies.

If the Group rebrands its businesses in certain markets, it may not be able to transfer the public trust, reputation or goodwill that it has established under the "Citadele" brand to the new brand, which may limit the Group's ability to successfully compete in those markets and may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group's risk management strategies, techniques and policies may fail to adequately identify and manage the risks that Citadele faces and the losses that could result from them***

Although the Group takes steps and has systems in place to manage the risks to which it is exposed, such as implementing tail risk defensive measures in the form of acquiring certain option contracts in 2020 in light of then-existing regional and global uncertainty, there can be no assurance that the Group has adequately identified all of the risks that it faces or the losses that could result from them. In addition, there may be other risks that the Group has not yet identified, anticipated or been made aware of, and the impact of such risks, including any subsequent losses for the Group, may be far greater than the impacts that the Group has otherwise anticipated. The risk management systems adopted by the Group may not be fully effective or consistently applied to mitigate the Group's exposure against all types of risks that it faces, including risks that are unidentified or unanticipated, or the losses that it might incur.

Any change in the Group's approach to risk management, including as a result of identifying new risks, may result in a higher impairment level for certain of the Group's assets or higher economic capital demand, which in turn may adversely affect the Group's profitability. The estimation of impairment levels to cover potential credit losses is inherently uncertain and dependent upon many factors, such as historical loan performance, future economic conditions, the trading performance or future cash flows of borrowers and the value of the underlying collateral, for which there may not be a readily accessible market.

***The Group's business involves the use of quantitative models for varying purposes and such models may be inaccurate or fail to perform as intended***

The Group uses quantitative models across its business, including in its risk management, underwriting practices, setting strategic targets, evaluating environmental, social and governance ("ESG") related targets and other purposes. These models help inform Citadele of, among other things, the value of certain of its assets (such as certain loans; financial instruments, including illiquid financial instruments where market prices are not readily available; goodwill or other intangible assets) and liabilities, Citadele's risk exposure, the creditworthiness of existing and potential customers and Citadele's performance. Whilst the financial models utilised by the Group are designed in line with industry standards, there is no guarantee that the models are accurate or perform in the intended way. These financial models also generally require the Group to make assumptions, judgements and estimates in connection with input data, which, in many cases, are inherently uncertain. For example, a model may require predictive inputs for expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies, none of which can be certain when utilised in a predictive manner in connection with a model. Furthermore, such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions and may result in a decrease in the value of, and consequently an impairment of, the Group's assets, an increase in the Group's liabilities, an increase in Citadele's risk exposure or an increase in the Group's capital requirements, any of which may have a material adverse effect on the Group's financial condition, results of operations and prospects.

Any failure by the Group to accurately assess or manage the risks or losses that it faces, or any change in the approach to risk management, including the failure of any quantitative models utilised by the Group, may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group's business, prospects, financial condition, results of operations or cash flows may be affected by liquidity risks***

The Group has funded its operations since inception primarily through customer deposits and limited incurrence of debt financing and whilst the Group is currently able to generate sufficient cash to fund its ongoing operations, there is no guarantee that the Group will be able to continue to do so in the future.

The Group is substantially dependent on its ability to attract and retain customer deposits in order to provide sufficient liquidity for its operations and may be unable to attract and retain customer deposits at the same volume or cost that it currently enjoys. The interest rates that the Group offers on customer deposits are not only affected by current market interest rates, but are also dependent on the Group's short-term and long-term liquidity targets, as well as its market position and the level of competition in the markets where it operates. As many of the Group's competitors in the Baltic States have access to broader customer bases and lower-cost funding options, they may be able to offer higher interest rates on customer deposits compared to the Group, which may limit the Group's ability to attract customer deposits.

If market interest rates rise significantly, the Group's demand deposit base might convert to term deposits, making the Group's funding more stable in the short term, but also more price sensitive. If a significant proportion of the Group's term deposits becomes price-sensitive, the Group may be forced to pass on the increasing market interest rates to customers in order to retain price-sensitive customers. As of 30 June 2025, 18 per cent. of the Group's customer deposits come from the Group's top 25 customers (inclusive of connected customer groups) (compared to 18 per cent. and 17 per cent. as of 31 December 2024 and 31 December 2023, respectively) and any changes in interest rates, price sensitivity or other factors impacting customer behaviour may impact the Group's ability to retain these customers' deposits. Any significant withdrawal of deposits may have an adverse effect on Citadele's funding position. Such withdrawal events often occur suddenly, and the Group may not be able to foresee, predict or adequately manage the impact of such events.

If the Group is unable to attract or retain sufficient customer deposits to meet its funding needs, the Group may require additional capital and may decide to engage in equity or debt financings or enter into credit facilities, and the Group may not be able to secure any such debt or equity financing or refinancing on terms satisfactory to it, in a timely manner, or at all. Whilst the Group regularly runs an internal liquidity adequacy assessment process ("ILAAP") evaluating current and expected liquidity and funding needs and tests its access to market liquidity, the Group's ability to raise funds may be limited by numerous factors, including general economic and macroeconomic conditions, the availability of funding in the capital markets generally or from Citadele's shareholders, investor confidence in the Group, sentiment towards the Latvian economy or the economies of the other Baltic States, and the credit rating of the Group and the financial condition, performance and prospects of the Group. Even if the Group were able to secure financing without the issuance of equity or debt, any debt financing obtained by the Group in the future could also involve restrictive covenants (such as a negative pledge) or arrangements (such as required use of escrow accounts) relating to the Group's capital-raising activities and other financial and operational matters impacting the ordinary management of the business (such as a limitation in the carrying out of extraordinary transactions), which may make it more difficult for the Group to obtain additional capital and to pursue business opportunities, including potential acquisitions, and may also restrict the payment of dividends.

Any failure by the Group to attract and retain sufficient customer deposits or to access additional sources of funding on acceptable terms may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group may be exposed to potentially heightened credit risk by concentrating its business in certain products and industry sectors***

The Group's product offerings and loan portfolio are concentrated in certain products, borrowers and sectors of the Baltic economy, with substantial exposure to leasing, mortgages and other business lending. In the event of economic developments adversely affecting the Group's customers in the sectors described above, or if any such customers were to move or reduce their business with the Group or were to experience financial difficulties or other difficulties servicing and satisfying their loan obligations, the performance of the Group's loan portfolio may be materially and adversely affected, which may in turn have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***Potentially heightened credit risk exposure by lending to SME and micro SME customers***

Lending to SME and micro SME customers generally carries a greater risk of credit exposure than lending to larger corporate customers. Loans to these customers are often more difficult to accurately price because these customers are generally less financially stable than larger corporate customers and generally have less available credit history. Financial instability within the Baltic States may affect these customers more significantly than it would affect larger corporate customers. In the case of wider regional or global financial instability (such as a renewed credit crisis or global recession), the Group may suffer higher losses in connection with its SME and micro SME loans due to the greater likelihood of SME or micro SME customers going out of business, which may lead to increases in overdue payments and reduce the ability of such customers to service their debts. Any failure by the Group to accurately assess the credit risk and loan performance of its SME and micro SME customers may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group may be exposed to potentially heightened credit risk in the event the value of its collateral declines***

The majority of the Group's loans are provided on a secured basis. As of 30 June 2025, for 65 per cent. or EUR 2.3 billion of the Group's loans to the public, the value of the underlying collateral exceeded the net carrying amount of the loan. The remaining 35 per cent. of the Group's loans to the public were partially secured or unsecured with an estimated fair value of the collateral being EUR 0.6 billion for 1.2 billion of the Group's loan portfolio. Downturns in the secondary markets for such collateral or a general deterioration of economic conditions, such as that which occurred during the global financial crisis in 2008 and 2009, may result in illiquidity and a decline in the value of the collateral securing the Group's loans, including a decline to levels below the outstanding principal balance of those loans. The Group's loan portfolio and collateral base are particularly exposed to changes in residential real estate prices in the Baltics, as any significant decline in the prices of residential real estate may be accompanied by an increased risk of mortgagors defaulting on their mortgage payments because declining residential real estate prices would likely be caused by adverse economic developments which would also affect the ability of the Group's customers to satisfy their loan repayment obligations. In addition, in relatively small markets, such as those of the Baltic States, there is a risk that increased sales of real estate collateral may result in decreased prices of real estate, in which case sales of collateral may not be an effective way to recover losses on defaulted loans.

The Group is also exposed to price volatility in respect of leased asset collateral, such as light vehicles, trucks and trailers. A decline in prices in the secondary markets for the types of leased asset collateral held by the Group may affect the Group's ability to recover exposure to such assets in full, for example, as the result of customer defaults or vendor inability to execute buy-back obligations in full.

Declining or unstable prices of collateral in the Baltic States may make it difficult for the Group to accurately value the collateral held by it. The value of any collateral ultimately realised by the Group will depend on the value the Group is able to realise upon enforcement, which may be different from the current or estimated value. If the value of the collateral held by the Group declines significantly in the future, the Group could be required to take additional impairment charges and could experience lower-than-expected recovery levels on collateralised loans. Any change in the value of collateral held by the Group and any failure by the Group to accurately value that collateral may have a material adverse effect on the Group's loan portfolio and on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group may be exposed to potentially heightened credit risk as a result of concentrations in its securities portfolio in Baltic government bonds***

The Group's securities portfolio is concentrated in Baltic States' government bonds (constituting 78 per cent. of the Group's total securities portfolio as of 30 June 2025). As a result of this concentration, the Group's securities portfolio is particularly exposed to default by any of these countries. In addition, the default of a government of another Member State of the EU would also likely have a significant impact on the fiscal and political situation of the EU and the economic performance of the Eurozone, which may have a significant impact on the Group's fixed income portfolio.

Similarly, any credit default by any other country to which the Group has a direct credit exposure may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows. Whilst the vast majority of the securities in the Group's securities portfolio have investment-grade credit ratings, such securities may fall in value or become less liquid as a result of the financial performance of their respective issuers, any downgrade or loss of credit ratings or as a result of market conditions in general. Although the Group assesses the fair value of its securities portfolio through the use of valuation techniques, including quoted market prices, observable market data and other data, there can be no assurance that the fair values that the Group determines for its securities portfolio accurately reflect the underlying value of such instruments. In addition, the fair values of the Group's securities portfolio may change rapidly and unexpectedly based on movements in the markets to which the Group's securities portfolio is exposed, even if the Group believes that the underlying value of the securities has not changed. Any decrease in the value, liquidity or fair values of the Group's securities portfolio may require the Group to acquire additional sources of liquidity or capital and may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group is subject to operational risks, including, in particular, those arising from fraud or misconduct of its employees or customers***

The Group is exposed to the risk of a complete or partial failure of internal processes to comply with the requirements of applicable laws, binding external regulations and internal regulations. This may arise as a result of a variety of factors, including the acts of the Group's employees, inadequate system operations, irregularities in internal processes, acts of third parties and other external conditions, such as floods, fires and pandemics. The Group is exposed to fraud committed by its customers, suppliers and third parties, such as cyber criminals, as well as fraud or misconduct committed by employees. Cyber-criminals are increasingly targeting banking customers in the Baltics and in Europe by manipulating customers to authorise payments or engaging in other forms of fraudulent activities. Such fraud or misconduct may arise or persist with respect to the Group's customers as a result of the failure or inadequacy of the Group's risk management or corporate governance procedures, weaknesses in IT infrastructure or the failure of third-party contractors to identify or prevent such fraud or misconduct. Many customers with fraud-related claims are not eligible to receive compensation from the Group or other sources due to the customer's gross negligence under applicable law. However, the European Commission ("EC") has acknowledged that the Payment Services Directive (EU) 2015/2366 on payment services in the internal market ("PSD II") is not equipped to regulate certain emerging forms of fraudulent conduct, and in response to that the EC has introduced the Payment Services Directive (PSD3) and the Payment Services Regulation providing for additional measures for fraud prevention and compensation for customers who are victims of such conduct.

The scope of the operational risks associated with the Group's employees is broad and may include risks that the Group is unable to identify or mitigate in advance. Such risks include the risk of financial losses resulting from employees' lack of knowledge, inadequate training or violation of laws, rules and regulations or any other misconduct or fraudulent behaviour. Misconduct and fraud have been seen across the global financial services industry and could involve conduct such as, but not limited to, the improper use or disclosure of confidential information or the violation of laws and regulations concerning financial abuse and money laundering. The occurrence of any type of misconduct or fraud could result in penalties or sanctions being levied against the Group, in addition to the risk that the Group may suffer serious reputational or commercial harm as a result. In addition, there is a risk that key security and transaction documents held by the Group, including title deeds for secured property, personal guarantees and fully executed transaction documents may be lost, misplaced or destroyed. Any such documents that are lost or destroyed would reduce the Group's ability to enforce its security or its rights against the relevant counterparty in the relevant court. Any violation of the Group's internal risk management procedures, monitoring systems for foreign exchange transactions and control procedures on bond limits could also result in the Group inadvertently entering into binding transactions that exceed authorised limits. There is also a risk of sudden stoppages in the Group's systems due to unexpected severe internal or external operational risk event(s), which may result in critical service disruptions, negatively impact the Group's reputation, and result in severe financial losses.

***Any failure or interruption in or breach or cyberattack of the Group's IT systems or security, or those of the third parties upon which the Group relies, may result in lost business and other losses***

The Group relies heavily on its IT systems and security to conduct its business and protect its computer systems, networks and information, and its clients' data and such reliance may only increase as the Group's business continues becoming increasingly digitised and technology focused. Whilst the Group has invested substantial resources in upgrading its IT systems and security, the Group may not be able to successfully maintain or upgrade its IT systems or security in the future, resulting in performance or security issues, including in relation to payment card limits on ATM transactions, unauthorised account overdrafts, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") sanctions filters or improper use of personal data. In addition, any maintenance and upgrade programme and licence renewal may be more expensive or more time-consuming than the Group anticipates. Failure to maintain and upgrade the Group's existing IT systems may place Citadele and the Group at a competitive disadvantage relative to competing banks and other financial organisations in the Baltic States, may adversely affect the confidence the Group's customers have in its IT security and may limit the Group's ability to attract and retain new customers or customer deposits, any of which may in turn have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

Any disruption in the functionality or data integrity of the Group's IT systems could, among other things, lead to the misappropriation of funds of the Group's customers or the Group itself, impair the Group's decision-making and risk management procedures and business activities, disclosure, destruction or misuse of confidential information, as well as result in additional costs, losses or reputational damages. The Group has from time to time experienced unauthorised transactions as a result of external fraud or inadequacies in its IT systems and may experience losses in the future from any failure of its controls to detect or contain

any future operational risk. The Group's IT systems may also be disrupted by factors beyond the Group's control, such as internet interruptions; disruptions or losses; misplaced or lost data; acts of vandalism, theft, fraud or misconduct on the part of employees, other internal sources or third parties; natural disasters; fires; terrorism; war; faults arising from cables, connections or other electronics upon which the Group's IT systems are reliant or attempts by third parties to breach the Group's IT security and infiltrate its IT networks or otherwise adversely affect its online operations, data or functionality, for example, by way of physical or electronic break-ins, hacking, viruses, malware, denial-of-service attacks, phishing attacks, ransomware, unauthorised encryption, social engineering, unauthorised access, spam or other attacks, physical damages to data centres or cloud infrastructure and other wrongdoing. In particular, the Group and its customers are subject to increasingly sophisticated and frequent attempted cyber-attacks or other acts of a malicious nature from a broad range of threat actors from around the world, including foreign governments, criminals, competitors, computer hackers, cyber terrorists and politically motivated groups or individuals, which may compromise the security of the Group's servers, data and systems and disrupt the flow of funds to and from the bank. As cybersecurity threats and incidents continue to evolve, the Group may be required to expend significant additional resources to continue to modify or enhance its protective measures or to investigate and remediate any information security vulnerabilities. The Group also relies upon third parties for the performance of certain outsourced activities and these third parties, their employees and their IT systems may fail to perform adequately or may be vulnerable to any of the foregoing risks which may also compromise the IT security, customer data protection and operations of the Group.

Although the Group has backup and disaster recovery systems in place, if the Group's IT systems fail, or those of its third-party service providers, whether for a short period of time or due to a longer outage, such as following the occurrence of an internet or electrical interruption, cyberattack, data security breach, natural disaster or for some other reason, the Group may be unable to continue to serve its customers' needs at the level they are accustomed to or at all. Such failures or shutdowns, whether extended or momentary, may result in the Group incurring substantial additional costs and may result in the loss of a substantial number of the Group's customers. In addition, IT system failures may result in reputational damage to the Group if customers perceive that the Group's IT systems are less secure or less reliable than those of its competitors. Any media reports about any such shutdowns or failures or the Group's failure to make adequate or timely disclosures to the public or law enforcement agencies following any such shutdowns or failures, whether accurate or not, could significantly damage the Group's reputation with its customers, associates, investors and other third parties. Furthermore, public announcements regarding any cybersecurity incidents and any steps that the Group takes to respond to or remediate such incidents could cause securities analysts or investors to perceive these announcements to be negative. Such failures or shutdowns could also lead to violations of regulations regarding data protection and/or other regulations; exposure to fines, litigation or similar proceedings; reimbursement and compensation payments; and additional regulatory compliance expenses or penalties. There can be no assurance that the limitations of liability in the Group's contracts with its customers, partners and third-party service providers would be enforceable or adequate or would otherwise protect the Group from liabilities or damages, and in some cases, the applicable agreement may not limit the Group's remediation costs or liability with respect to data breaches. Additionally, any litigation or similar proceedings could require the Group to fundamentally change its business activities and practices or modify the Group's products and/or technology capabilities in response to such litigation, which could have an adverse effect on the Group's business. The Group's exposure to these risks has increased in recent years due to the Group's strategy of expanding its range of digital services via mobile, online banking and other digital channels.

Information security risks in the financial services industry, in particular, are significant, in part because of new technologies, the use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organised criminals, perpetrators of fraud, hackers, terrorists and other malicious third parties. In addition, there have been a number of well-publicised attacks or breaches affecting companies in the financial services industry that have heightened concern by customers, which could also intensify regulatory focus, cause customers to lose trust in the security of the industry in general and result in reduced use of the Group's services and increased costs.

Whilst the Group maintains cybersecurity insurance, the Group may not have adequate insurance coverage with respect to liabilities that result from any cyberattacks, data security breaches or other similar incidents or disruptions suffered by the Group or third parties upon which the Group relies. The successful assertion of one or more large claims against the Group that exceeds its available insurance coverage, or results in changes to its insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on the Group's business. In addition, the Group

cannot be sure that its existing insurance coverage will continue to be available on acceptable terms, or at all, or that the Group's insurers will not deny coverage as to any future claim.

Any of the foregoing could have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group's ongoing success depends on the members of its Supervisory Board and its senior management team and its ability to recruit and retain key personnel***

To meet commercial challenges and maintain effective operations, the Group must recruit and retain appropriately skilled individuals. Citadele's Supervisory Board and senior management team contributes significant expertise in, and experience with, the industries in which the Group operates, and has allowed the Group to maintain and develop business with many of its key corporate and high-net-worth customers. Implementation of the Group's business strategy by its senior management may distract senior management from the day-to-day operation of the Group's business and may result in their inability to devote sufficient attention to maintaining and improving these customer relationships. The Group is reliant upon its senior management team for the implementation of its business strategy, its day-to-day operational activities and its ability to attract, develop and retain key personnel, and any change or disruption in the senior management team may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows. Strategic guidance by Citadele's Supervisory Board is a significant contributor to the Group's strategy and any change or disruption in the composition of the Supervisory Board may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

The Group's ability to continue to attract, retain and motivate qualified and experienced banking and management personnel is vital to its business. Attracting and retaining highly professional and motivated employees has been challenging at all times. The Group closely monitors the market in terms of pay to ensure employees are adequately remunerated, but there is ongoing competition for talent. Given the shortage of skilled labour in the Baltic States and the resulting competition and increased salary pressure for skilled labour, the Group may be unable to retain existing personnel or hire new qualified personnel, and the Group may be required to further increase salaries and other benefits offered to experienced banking and management staff, which would increase the Group's personnel costs. Any failure by the Group to retain experienced personnel or hire new qualified personnel (and, particularly, in specialist roles such as relationship managers, quants, digital product development and IT) may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group is exposed to counterparty risk as a result of its relationships with a limited set of key strategic partners***

The Group is highly dependent on a few of its counterparties, which provide infrastructure for various ordinary course operations. For example, the Group relies on Citibank N.A. for U.S. dollar payment processing. As a result, the Group has been able to process payment transactions and payment card settlements since the end of 2018 without interruption and without limitations. Nevertheless, certain U.S. dollar payment transactions are limited by the Group as an internal operational matter for risk management reasons. In the event Citibank N.A. decides to withdraw from the Baltic States or otherwise terminate its relationship with the Group and the Group is unable to establish an alternative U.S. dollar correspondent bank relationship, the Group may experience difficulties in processing customer payments. The Group also relies on Commerzbank AG and Raiffeisen Bank International AG to provide payment processing services in non-EUR currencies, such as British pounds, Swiss franc and Australian dollars, among others. In particular, any inability to maintain or find alternative necessary correspondent bank relationships may affect the Group's wealth management business and Corporate business if customers perceive that the Group is not able to offer a full spectrum of banking services, including the ability to process payments in key currencies. Any such development may result in the loss of the majority of the Group's fee income from payment transfers as well as part of its fee income from custody and brokerage services, together with its inability to process non-EUR payment card settlements. Any difficulties the Group may experience in maintaining its payment service provider relationships or other key strategic counterparty relationships could, therefore, have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.



***The Group is exposed to a risk of counterparty default that arises, for example, from entering into swaps or other derivative contracts under which counterparties have financial obligations to make payments to the Group and hedging mismatches in relation to such derivative contracts***

The Group is exposed to credit risk as a result of its banking relationships with multiple credit institutions which it maintains in order to process customer transactions in a prompt and efficient manner. The Group manages its exposure to commercial banks and brokerage companies by monitoring on a regular basis the credit ratings of such institutions, conducting due diligence of their credit profiles and monitoring the individual exposure limits applicable to counterparties set by the Financial Market and Counterparty Risk Committee ("FMCRC"). The Group's exposures to derivative counterparties arise from its activities in managing liquidity, foreign exchange, interest rate and credit risks through derivatives that do not expose it to material counterparty risk. The Group's financial instruments derivative portfolio consists of interest rate swaps, foreign exchange swaps and forwards. As of 30 June 2025, the net value of the Group's derivatives was EUR 1.384 million in assets and EUR 8.321 million in liabilities. A default by, or even concerns about the financial resilience of, one or more financial services institutions could lead to systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material and adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

Furthermore, it is not always possible for the Group to hedge directly its exposures that it is seeking to address through such derivative contracts and to the extent there is any mismatch in such exposures it may also risk losses that could have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group and the Baltic States may not be able to maintain their credit ratings***

On 6 December 2024, Moody's announced the upgrade of the Group's credit rating to Baa1 from Baa2 and revised its outlook to stable. However, Citadele's credit ratings are subject to change at any time and could be downgraded as a result of many factors, including unsatisfactory financial results, the failure of the Group to successfully implement its strategy or general downgrading of the credit ratings of financial institutions in the Latvian banking sector. Furthermore, there is no assurance that the Group or the Baltic States will be able to maintain their credit ratings, and any deterioration in the general economic environment in, or credit ratings of, the Baltic States or in the Group's financial condition could cause downgrades which could adversely affect Citadele's liquidity and competitive position, undermine confidence in the Group, increase its borrowing costs and limit its access to capital markets in the future. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating organisation. Credit ratings are not a guarantee of the Group's future performance. Any change in the credit ratings of the Group or the Baltic States may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group faces execution risks associated with certain of its product offerings, including, but not limited to, its pension fund operations***

The Group offers a number of varied products to its customers, the performance of which is dependent on the Group's successful implementation of its business strategy, operations and other factors outside of the Group's control. The Group faces risks associated with, among other of its products and services, its pension fund operations and insurance offerings.

The Group offers a number of pension products to its customers, including funds for discretionary personal contributions (so called Pillar III pensions), as well as contributions made by the Latvian State from social tax contributions made by customers (so called Pillar II pensions). If the Group suffers reputational harm or the investment performance of the Group's pension products is materially worse than that of its competitors in a given period, this may result in a significant number of customers withdrawing their pension fund assets from the Group and moving them to a competitor. Any decrease in the number of pension funds customers or in the amount deposited in those funds may have a detrimental effect on the Group's commission and fee income, which may in turn have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

The Group provides life and accident insurance products to its customers, the underlying economics of which are based on a number of assumptions relating to the timing and scale of potential claims. If the Group's assumptions prove to be inaccurate or incorrect, the Group may face increased exposure under

such policies, including the risk of increased or accelerated liability. The Group's existing practices of re-insuring a certain proportion of insurance liabilities may not prove effective, resulting in the Group being unable to be reimbursed for the already paid-out claims.

Any increase or accelerated liability, or enhanced regulatory oversight, may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group's insurance policies may not cover particular future losses***

Whilst the Group believes that the insurance policies presently held by the Group to cover its assets and operations are sufficient, there is no guarantee that the Group's insurance adequately covers every possible future loss, or that currently implemented insurance limits will be sufficient to cover losses as they occur. There could be cases which are not covered by the Group's existing insurance policies and which may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows, and even if covered, may result in increased insurance costs or difficulties in acquiring insurance in the future for the Group.

***The Group faces uncertainty in connection with its investments***

The Group invests in other businesses from time to time, including businesses in the banking, technology, payments, insurance and business infrastructure sectors and it may seek to sell these investments from time to time (for example, the Group's investment in SIA Mobilly, a company focused on payments within the transportation sector in which the Group owned 12.5 per cent. stake since 2018 was sold in 2024). As such investments are relatively illiquid, the Group's ability to promptly sell such investments may be limited and the Group cannot predict whether a sale will be possible for the price or on the terms that the Group sets or whether any price or other terms offered by a prospective purchaser would be acceptable to the Group. The Group also cannot predict the length of time needed to find a willing purchaser and to close the sale of any such investments, including as a result of any applicable regulatory approvals. Any of the above could expose the Group to possible liabilities and losses and have a material adverse effect on its business, financial condition and results of operations.

***Citadele continues to assess various strategic options***

As initially announced in July 2023, Citadele is exploring strategic alternatives that can deliver value for Citadele's shareholders and customers. Such alternatives could include an initial public offering ("IPO") of its shares or other possible strategic transactions, including mergers and acquisitions. As announced in August 2024, economic and geopolitical uncertainty has led to a slower pace in evaluating the strategic options for Citadele but despite this volatility Citadele continues to assess various strategic options.

In exploring and assessing the different strategic options, Citadele has engaged and will continue to engage with financial and other advisers, as well as taking such other steps as may be necessary for Citadele, its shareholders and any potential counterparties to identify the feasibility of any potential transaction and whether terms can be agreed for its completion. This may be a time-consuming and costly process, may distract management from the day-to-day operations of Citadele, and may create uncertainty that could hinder Citadele's ability to attract and retain key personnel, secure new business or maintain existing customer relationships.

As Citadele explores and assesses different strategic transactions, there can be no assurance as to the timing of any such transaction or whether Citadele will be successful in bringing such a transaction to completion, including whether acceptable terms for such a transaction can be reached, and that any required regulatory, antitrust, shareholder or other approvals will be obtained.

Should such a transaction involve an IPO or other sale of Citadele's shares, or a merger or acquisition, this could result in a change of control of Citadele and/or significant changes in Citadele's business or strategy, which could have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

## Regulatory, Tax and Legal Risks

### *The Group is exposed to risks arising from changes in the prudential regulatory environment in which it operates*

The Group, like other financial institutions operating within the EU, faces increasing risks associated with an uncertain and rapidly changing regulatory environment, in particular the prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital resources and to satisfy specified capital or other ratios. While the Group is in compliance with existing capital adequacy requirements, there is a risk that more stringent capital adequacy requirements could be introduced in relation to the quality or the quantity of capital required to be held. Effective management of the Group's capital is critical to the success of its commercial operations and the implementation of its business strategy. Citadele's Management Board sets its internal capital targets after assessing the risk profile of the business, market expectations and regulatory requirements. If regulatory requirements as to capital levels increase, driven by, for example, new regulatory measures, the Group may be required to comply with increased capital ratios, e.g., due to changes in the combined buffer requirement or individual assessment made by the Joint Supervisory Team ("**JST**") on an annual basis.

In addition to the minimum capital adequacy ratios as set by Regulation (EU) No. 575/2013 on the prudential requirements for credit institutions and amending Regulation (EU) No 648/2012, as amended, supplemented or replaced from time to time, including as amended by Regulation (EU) No. 876/2019 (as amended by Regulation (EU) No. 2020/873) ("**CRR**"), the Group currently has to comply with a 2.5 per cent. regulatory Pillar 2 requirement, 2.5 per cent. capital conservation buffer, 1.50 per cent. other systemically important institution ("**O-SII**") capital buffer, and 1.05 per cent. countercyclical capital buffer (as of 30 June 2025), which represents a countercyclical buffer based on Citadele's risk exposure by virtue of the Group's geographical distribution in the respective countries in which it operates.

In order to meet its projected capital adequacy requirements, the Group has assumed that its net profits available for distribution will be included as part of its Common Equity Tier 1 ("**CET 1**") capital, subject to the provisions in the Group's Dividend Policy. By their very nature, profits may be volatile and unpredictable, and there is no guarantee that the Group will be able to achieve the net profits that it anticipates in the future. The Group may also need to increase its capital level in response to changing market conditions or expectations. If the Group is unable to so increase its capital, it may no longer comply with regulatory requirements or satisfy market expectations related to its capital strength, which may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows. Any change that limits the Group's ability to effectively manage its capital (including, for example, reductions in profits and retained earnings as a result of credit losses, write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets, or the inability to raise capital or funding through wholesale markets as a result of market conditions or otherwise) may have a material adverse effect on the Group's business, prospects, financial condition, results of operations, liquidity or cash flows.

The Group's future borrowing costs and capital requirements could be affected by prudential regulatory developments. These might include: (i) implementing various proposals of the Basel Committee in the EU and amending and supplementing the existing CRR and Directive 2013/36/EU ("**CRD Directive**") framework and other regulatory developments impacting the Group's capital position; (ii) Directive 2014/59/EU (the "**BRRD**") and (iii) changes to the regulation of asset managers in Latvia (on which discussions are ongoing), with respect to (i) and (ii) each as amended, supplemented or replaced from time to time. Whilst any future regulatory developments may increase protection for depositors and reduce the extent to which the banking industry is exposed to future finance shocks (which is the overall objective of the CRR/CRD Directive, Basel III and the BRRD), any such regulatory developments may have a material adverse effect on the Group's business, prospects, financial condition, results of operations and cash flows.

The capital requirements and required buffers under the CRR/CRD Directive were fully phased-in in 2019. The CRR/CRD Directive requirements adopted in Latvia and other Baltic States may change, whether as a result of further changes to the CRR/CRD Directive (including the transposition into Latvian law of Directive 2019/878/EU) agreed by EU legislators, binding regulatory technical standards developed by the European Banking Authority, changes to the way in which the relevant regional authorities interpret and apply these requirements to the Group's operations (including as regards individual model approvals granted under Directive 2009/111/EC and Directive 2010/76/EU), or otherwise. Such changes, either individually or in the aggregate, may lead to further unexpected enhanced requirements in relation to the

Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated, which may, in turn, have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

The Group ensures compliance with the liquidity coverage ratio (“LCR”) and the net stable funding ratio (“NSFR”) requirement. The Group may be unable to comply with the regulatory required liquidity ratios, or may only be able to do so at the expense of disposing of certain of its more profitable but illiquid investments or limiting the frequency or value of its business activities. This may, in turn, have a material adverse effect on Citadele's business, prospects, financial condition, results of operations or cash flows.

The ECB announced on 11 January 2021 that it has classified Citadele as a significant credit institution, commencing its direct supervision as of 1 January 2021. The BL continues to participate in the supervision of Citadele and cooperates with the ECB. In addition, the Bank of Lithuania and the Estonian Financial Supervision and Resolution Authority (in Estonian - *Finantsinspeksioon*) (“EFSA”) continue local supervision of Citadele's branches and/or subsidiaries in Lithuania and Estonia, as applicable. This could result in the imposition of new regulatory restrictions, disclosures and/or information requests upon the Group, and may lead to increased costs and review of the Group's impairment levels. It may also result in an increase of the time spent by Citadele's management in order to ensure full regulatory compliance. The imposition of any such restrictions, increased costs and/or impairments as well as extra management time may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows. See “Overview and Business Description —Capital Adequacy” for further information.

Finally, the Group's private and asset management operations fall within the scope of certain non-binding industry guidelines, principles and best practice parameters set by bodies such as the Consumer Rights Protection Centre in Latvia and the Finance Latvia Association, and equivalent institutions in Lithuania and Estonia. These guidelines cover, for example, the preparation of fair agreements for use in consumer lending and the fair application of penalties. Whilst the Group's management believes the Group is in full compliance with such guidelines as of the date of this Prospectus, any failure to adequately comply with these guidelines or principles, now or in the future as a result of any changes to such guidelines or principles, may also result in operational and reputational risk or harm to the Group.

***The Group's business may be adversely affected if it is unable to maintain minimum statutory capital requirements***

The Group regularly undergoes an internal capital adequacy assessment process (“ICAAP”) that details the Group's plan on how it will continuously meet applicable capital adequacy requirements. ICAAP and stress test assessments are based on a number of assumptions, including the Group's projected revenue development and the anticipated development of its asset base in line with its business strategy. However, whilst these assumptions, including profit forecasts for future periods, have been prepared as accurately as possible based upon information available at the time they are made, and whilst Citadele is of the opinion that the capital, funding and liquidity available to the Group is sufficient for the next 12 months following the date of this Prospectus, these assumptions may prove to be inaccurate or incorrect due to factors outside of the Group's control or expectations, which in turn may affect the Group's ability to meet its capital requirements or other prudential requirements under respective laws or regulations. In case regulations related to prudential supervision and requirements are amended at any point of time in the future, the Group may need to revise its business strategy, capital plan or both in order to ensure compliance with such regulations. Any such revisions may have adverse implications on the financial performance of the Group. The investment of capital in projects aimed at growth may affect the Group's overall capital position and may in turn affect its ability to meet the capital requirements imposed by the joint supervisory team of supervisors responsible for supervision of Citadele.

***The Group's business may be adversely affected if it is unable to meet its MREL under the BRRD***

According to the BRRD, Citadele is subject to a minimum requirement for own funds and eligible liabilities (“MREL”). The Single Resolution Board (“SRB”) determined the consolidated MREL for the Group at the level of 24.13 per cent. of Total Risk Exposure Amount (“TREA”) and 5.91 per cent. of Leverage Ratio Exposure (“LRE”). The MREL target is updated by the SRB annually, with the new requirement of 24.22 per cent. of TREA having become applicable from 6 March 2025. Citadele will have to continue issuing a significant amount of MREL eligible liabilities in order to maintain compliance with the new requirements within the defined timeframes. Moreover, the SRB has imposed a statutory subordination requirement

under Art. 45c(6) of the BRRD II which requires, starting from 17 July 2027, that a proportion of the overall MREL requirement of the Group is met with subordinated instruments, namely 13.50 per cent. of TREA, plus a combined buffer requirement, as well as a higher 7.75 per cent. leverage ratio. The Group has appealed the stated subordination requirement in the courts and is in the process of negotiating a mutually acceptable settlement agreement with the regulatory bodies. The issuance of MREL eligible liabilities, including the higher costs associated with interest payments under such instruments, may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows. Any failure by Citadele to comply with its MREL requirements also may have a material adverse effect on the Group's business, financial conditions and results of operations.

***The Group's measures to comply with anti-money laundering, countering the financing of terrorism and proliferation, anti-bribery regulations may not be effective in all material respects***

The Latvian government and responsible authorities have made a significant effort in recent years to improve the country's anti-money laundering ("AML") and counter terrorism and proliferation financing ("AML/CTF/CPF") system after the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ("MONEYVAL") fifth mutual evaluation in 2018. Latvia undertook extensive reforms to ensure the effectiveness and compliance of its AML/CFT/CPF system with the Financial Action Task Force ("FATF") standards. These reforms included, among other measures and improvements to the legal framework, strengthening Latvia's institutional capacity, and enhancing inter-agency cooperation.

In 2024, Latvia underwent MONEYVAL's sixth round of mutual evaluations which will provide an assessment of the financial sector reforms Latvia has implemented. The sixth round evaluation report has been adopted in June 2025 at the joint MONEYVAL and FATF plenary meeting. The report is expected to be published at the end of 2025.

Consistent with other financial institutions, the Group is at risk of attempts to be made by individuals, including potentially by employees of the Group, to use Citadele and other banks and their subsidiaries to engage in fraud, money laundering, bribery, corruption, financing of terrorism and other activities of similar nature. The AML/CTF/CPF and anti-bribery compliance internal control programme and IT systems of the Group are tested regularly by an independent external auditor. The tests by an independent external auditor are not performed if an audit by a regulatory authority is conducted during the same period.

For example, in the first half of 2023, the Group underwent an on-site audit by the BL, where the BL assessed continuous improvements to the Group's compliance programme, as well as informed the Group of further improvements that are expected in relation to certain elements of the Group's compliance programme for management of money laundering, terrorism and proliferation financing and sanctions risks inherent in its operations. The final decision upon completion of the on-site audit was delivered by the BL in October 2023 without initiating an administrative case against Citadele regarding any regulatory non-compliance. Citadele has agreed with the BL to a remediation plan to implement the necessary improvements to its compliance programme. All planned improvements have been implemented in accordance with the plan. In addition, in 2023 an on-site audit by the BL was completed in respect to IPAS "CBL Asset Management" without initiating an administrative case against IPAS "CBL Asset Management" regarding any regulatory non-compliance. IPAS "CBL Asset Management" has agreed with the BL to a remediation plan to implement the necessary improvements to its compliance programme relating to customer due diligence, transaction monitoring, internal structure and division of tasks, supervision of involved agents, risk management, internal audit, policies and procedures. All necessary improvements have been implemented.

In 2022, the Lithuanian branch of Citadele was subject to both a sanctions screening system and an AML compliance audit conducted by Bank of Lithuania. In September 2023, the Bank of Lithuania issued a remediation plan without monetary penalty to the Lithuanian branch of Citadele. The remediation plan was completed by 31 January 2024 and in early February 2024 the Bank of Lithuania was informed of the completion of all aforementioned improvements. The Group's AML/CTF/CPF, anti-bribery and other compliance measures may not be effective in preventing all such activities, whether as a result of failures by the Group's employees in observing the measures that have been put in place, insufficient effectiveness of the Group's internal control systems, development of new methods for conducting money laundering activities or for other reasons. As day-to-day enforcement of AML/CTF/CPF and compliance measures is a time and resource intense process, the Group may experience delays in reviewing potential

AML/CTF/CPF or compliance issues or in implementing preventive and corrective measures required by applicable legislation.

Any failure by the Group to fully implement functional AML/CTF/CPF and/or anti-bribery procedures or to comply with all of the relevant Latvian, EU or other laws or regulations on AML/CTF/CPF and/or anti-bribery could subject the Group to significant fines, sanctions and/or result in harm to the Group's reputation and even lead to business disruption. There can be no assurance that the Group or its employees have not breached such laws or regulations in the past or that the Group or its employees will not breach such laws or regulations in the future, which could have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group's measures to comply with sanctions regulations may not be effective in all material respects***

The Group is obliged to comply with the Law on International Sanctions and National Sanctions of the Republic of Latvia, and those sanctions imposed by, amongst others, the United Nations ("UN"), the EU, OFAC and the Office of Financial Sanctions Implementation ("OFSI"). The Group has in place a Sanctions Compliance Policy setting out the means by which the Group manages the risk of breaching sanctions as well as the enforcement principles which the Group intends to maintain, but there can be no guarantee that this policy will be wholly effective in preventing a breach of sanctions by the Group or its employees.

On 24 February 2022, Russia launched a military assault on Ukraine. This has led to unprecedented EU and U.S. government sanctions against Russian and Belarusian companies and individuals, as well as restrictions being imposed on specific goods and services, and territories of Ukraine temporarily occupied by Russia. The highest inherent sanctions risks are related to the so called "sectoral sanctions" against goods and services due to geographical and prior trade relationship factors. Failure to comply with the applicable sanctions could have serious legal and reputational consequences for the Group, including exposure to fines as well as criminal and civil penalties.

In 2023, a thematic review to assess the effectiveness and efficiency of Citadele's sanction screening systems was conducted by the BL, and in 2024 a similar review was conducted by the EFSA. According to the results of the examination, no immediate remedial actions were required in respect to Citadele's client and transaction screening practices.

The Group has implemented significant controls to mitigate the aforementioned risks, including specific sanctions related scenarios in client behaviour monitoring systems, client risk scoring and in online screening, and regular monthly webinars on the newest typologies and red flags are organised on a Group level. The Group also participates in regular public-private and private-private partnership formats.

However, any failure by the Group to fully implement functional and effective sanctions procedures or to comply with all of the relevant Latvian, EU or other laws or regulations on sanctions, which continue to evolve, could subject the Group to significant fines, sanctions and/or result in harm to the Group's reputation and even lead to business disruption. There can be no assurance that the Group or its employees have not breached such laws or regulations in the past or that the Group or its employees will not breach such laws or regulations in the future, which could have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

***The Group is dependent on obtaining banking licenses and satisfying other regulatory requirements in Latvia and the other jurisdictions where it operates***

The Group is subject to banking regulations and requirements in Latvia which have been issued by the BL. The BL is the national competent authority within the meaning of Article 2(2) of Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. The Group is also subject to the applicable banking regulations and requirements of Lithuania, Estonia, Switzerland and the other jurisdictions where it conducts business, as well as EU banking regulations and requirements.

All banking operations and various related operations in Latvia require a credit institution operating licence from the ECB. Credit institutions are required to comply with mandatory financial and capital ratios and file periodic reports and comply with minimum reserve requirements. Latvian authorities, such as the BL, the State Revenue Service of the Republic of Latvia (in Latvian – *Latvijas Republikas Valsts ieņēmumu dienests*) ("SRS"), the State Labour Inspectorate, the Competition Council, Data State Inspectorate and

others, have the right to, and do, conduct periodic and random inspections of Citadele's operations throughout each year. The ECB or BL may impose certain conditions or limitations on, or revoke the credit institution operating licence of, Citadele if it concludes that Citadele has breached the applicable banking regulations.

The Group has current licences for all of its banking and other operations in Latvia and the other jurisdictions in which it conducts operations. When launching new services, the Group carefully evaluates whether the activity requires obtaining a license, usually consulting with the BL if necessary. Although the Group believes that it is currently in compliance with its existing material licence and reporting obligations to the BL and other relevant regulators, there is no assurance that the Group will be able to maintain the necessary licences or obtain other required licences in the future due to, among other things, changes in licensing regulations or a change in circumstance of Citadele. The loss of a licence, a breach of the terms of a licence by the Group or a failure to obtain any further licences that may be required in the future may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows. If the ECB were to revoke Citadele's credit institution operating licence as a result of Citadele's non-compliance or otherwise, the Group would be unable to accept deposits in Latvia, which would severely restrict its ability to continue to operate and would likely lead to the Group's liquidation and the cessation of its operations both inside and outside of Latvia.

***The Group is subject to stringent, complex and evolving laws, rules, regulations and standards in many jurisdictions, as well as contractual obligations, relating to data protection and privacy. Any actual or perceived failure to comply could harm the Group's reputation, give rise to fines or regulatory censure or result in other outcomes that may have a material adverse effect on the Group's business***

The Group collects and processes a significant volume of personal data and other regulated data from its employees, customers and business partners as part of the operation of its business, and therefore is subject to stringent, complex and evolving laws, rules, regulations and standards, as well as contractual obligations, relating to data protection and privacy. Such data protection and privacy laws, rules, regulations and standards around the world are rapidly evolving, may be subject to uncertain or inconsistent interpretations and enforcement and may conflict among various jurisdictions. These laws, rules, regulations and standards, as well as contractual obligations, generally impose certain requirements on the Group in respect of the collection, control, use, sharing, disclosure and other processing of such personal data, and any failure or perceived failure by the Group to comply with its privacy policies, or applicable data privacy and security laws, rules, regulations, standards or contractual obligations, or any compromise of security that results in unauthorised access to, or unauthorised loss, destruction, use, modification, acquisition, disclosure, release or transfer of personal information, could potentially lead to requirements to modify or cease certain operations or practices, proceedings or actions against the Group, legal liability, governmental investigations, enforcement actions, claims, judgements, awards, penalties, sanctions and costly litigation (including class actions), regulatory censure, fines, reputational and financial costs or other outcomes that may have a material adverse effect on the Group's business.

The Group seeks to ensure that procedures are in place to comply with relevant data protection regulations by its employees and any third-party suppliers and service providers, and also to implement security measures to help prevent cybertheft. Such efforts to ensure compliance with such requirements and implement such measures can increase operating costs, impact the development of new products or services and reduce operational efficiency. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of applicable data protection laws, rules, regulations, standards and contractual obligations. In addition, the Group may not have appropriate controls in place currently and may be unable to invest on an ongoing basis to ensure such controls are up to date and keep pace with growing threats.

In particular, the Group is subject to the General Data Protection Regulation (EU) 2019/679, as amended (the "GDPR"), which has been in effect since 25 May 2018. The GDPR increased the regulatory burden on the Group, as well as third-party providers on which the Group relies, in processing personal data of customers, employees and business partners and other data in the conduct of its business and may also increase the potential sanctions for breach as the GDPR includes significant financial penalties up to the higher of 4 per cent. of the annual worldwide turnover of group companies or EUR 20 million.

Whilst the Group has taken steps to comply with the GDPR, the Group will be required to continue to monitor and implement additional amendments to agreements, controls, procedures and policies in the future to achieve and maintain GDPR compliance (in particular due to expected increases in sale of smart

and connected products). Ensuring compliance with the GDPR is an ongoing process and it is possible that, despite the Group's efforts, supervisory authorities or other third parties will assert that the Group's practices do not comply with aspects of the GDPR. If the Group is not fully compliant with its obligations under the GDPR, the Group may be subject to regulatory action or financial penalties, which could also result in adverse publicity and reputational damage.

Although the Group may have contractual protections with its third-party service providers, contractors and consultants, any actual or perceived security breaches could harm the Group's reputation and brand, expose the Group to potential liability or require the Group to expend significant resources on data security and in responding to any such actual or perceived breaches. Any contractual protections the Group may have from its third-party services providers, contractors and consultants may not be sufficient to adequately protect the Group from any such liabilities and losses, and the Group may be unable to enforce any such contractual protections. The Group expects that there will continue to be new proposed laws and regulations concerning data privacy and security, and the Group cannot yet determine the impact of such future laws, regulations and standards on the Group's business. Furthermore, as the interpretation and application of data protection laws, regulations, standards and other obligations are still uncertain, and often contradictory and in flux, it is possible that the scope and requirements of such obligations may be interpreted and applied in a manner that is inconsistent with the Group's practices, and the Group's efforts to comply with the evolving data protection rules may be unsuccessful.

The Group makes public statements about its use and disclosure of personal data through the Group's privacy policy, information provided on its website and press statements. Although the Group endeavours to comply with its public statements and documentation, the Group may at times fail to do so or be alleged to have failed to do so. The publication of the Group's privacy policy and other statements that provide promises and assurances about data privacy and security can subject the Group to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of the Group's actual practices. In addition, from time to time, concerns may be expressed about whether the Group's products and services compromise the privacy of its users and others. Any concerns about the Group's data privacy and security practices (even if unfounded), or any failure, real or perceived, by the Group to comply with its posted privacy policy or with any legal or regulatory requirements, standards, certifications or orders or other privacy or consumer protection-related laws and regulations applicable to the Group could cause the Group's customers to reduce their use of the Group's products and services.

From time to time, the Group may utilise AI, machine learning, data analytics and similar tools that collect, aggregate and analyse data (collectively, "**Data Tools**") in connection with the Group's business. There are significant risks involved in utilising Data Tools and no assurance can be provided that the usage of such Data Tools will enhance the Group's business or assist the Group's business in being more efficient or profitable. Data Tools may have errors or inadequacies that are not easily detectable. For example, certain Data Tools may utilise historical market or sector data in their analytics. To the extent that such historical data is not indicative of the current or future conditions in the applicable market or sector, or the Data Tools fail to filter biases in the underlying data or collection methods, the usage of Data Tools may lead the Group to make determinations on behalf of the Group's business, including potentially purchase and sale decisions, which have an adverse effect. Data Tools may also be subject to data herding and interconnectedness (i.e., multiple market participants utilising the same data), which may adversely impact the Group's business. If Data Tools are incorrectly designed or the data used to train them is incomplete, inadequate or biased in some way, the Group's use of Data Tools may inadvertently reduce the Group's efficiency or cause unintentional or unexpected outputs that are incorrect, do not match the Group's business goals, do not comply with the Group's policies or interfere with the performance of the Group's products, services, business and reputation. Additionally, the Group's reliance on Data Tools could pose ethical concerns and lead to a lack of human oversight and control, which could have negative implications for the Group's organisation.

In addition, the use of Data Tools may enhance IP, cybersecurity, operational and technological risks. The technologies underlying Data Tools and their use cases are subject to a variety of laws, including IP, privacy, consumer protection and equal opportunity laws. If the Group does not have sufficient rights to use the data on which Data Tools rely, the Group may incur liability through the violation of such laws, third-party privacy or other rights or contracts to which the Group is a party. Furthermore, the technologies underlying Data Tools are complex and rapidly developing, and as a result, it is not possible to predict all of the legal, operational or technological risks related to the use of Data Tools. Moreover, Data Tools are the subject of evolving review by various governmental and regulatory agencies and changes in laws, rules,



directives and regulations governing the use of Data Tools may adversely affect the ability of the Group's business to use Data Tools.

Any of the foregoing could harm the Group's reputation, distract the Group's management and technical personnel, increase the Group's costs of doing business, adversely affect the demand for the Group's products and services, and ultimately result in the imposition of liability, any of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group is subject to environmental, social and governance risks that could adversely affect its reputation, business, financial condition, results of operations and/or prospects***

Regulators, investors and other market participants have been increasingly focusing on ESG risks, in particular climate-related risks (such as harm to people and property arising from acute, climate-related events, such as floods, hurricanes, heatwaves, wildfires, and chronic, longer-term shifts in climate patterns, such as higher global average temperatures, rising sea levels and water stress). Such events could disrupt the Group's operations or those of the Group's customers or third parties on which the Group relies, including through direct damage to physical assets and indirect impacts from supply chain disruption and market volatility. Over the longer term, these events could impact the ability of certain of the Group's customers to repay their obligations, reduce the value of collateral, limit insurance coverage and result in other effects.

Additionally, incorporating ESG-related considerations into the Group's business and operations involves transition, reputational risks and disclosure risks, including changes in consumer and business sentiment, related technologies, shareholder preferences, mandatory and voluntary disclosure regimes and regulatory and legislative requirements. Climate-related risks are an integral part of the Group's risk management framework. An annual climate-related risk materiality assessment is conducted to identify material risk categories across all prudential risk areas, including credit risk, market risk, liquidity risk, operational risk and strategic risk. The material transition and physical risks identified through this assessment are regularly monitored.

The Group has already implemented, or is in the process of implementing, a number of specific ESG-related actions. For example, the Group has set a goal to reach net-zero financed portfolio emissions by 2050. Reaching the net-zero financed portfolio target will likely require adaptation of the Group's business model to address climate change challenges in accordance with national and international ESG standards and practices. Failure to implement effective climate change resilient governance, procedures, systems, controls and disclosures in compliance with legal and regulatory expectations to manage climate and sustainability-related risks and voluntary goals set by the Group may have negative impact on the Group's reputation and upholding of stakeholder expectations. ESG risks also include the risk associated with over-stating ESG credentials. The reliability and extent of ESG data published by the Group is dependent on access to reliable, verifiable and comparable ESG-related data from the Group's customers and counterparties and the quality of ESG-related data disclosures by the Group is limited by low availability of counterparty ESG data and the lack of standardisation in the industry. The challenge of limited ESG data availability is mitigated through the use of proxy calculations based on approved methodologies, ongoing plans to enhance ESG data collection processes and active cooperation within the Banking Association to address broader data availability issues. Finally, legislative or regulatory uncertainties and change regarding climate and ESG-related risks, including inconsistent perspectives or requirements, are also likely to result in higher regulatory, compliance, enforcement, litigation, credit, reputational and other risks and costs and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group's use of "open source" software could subject the Group's proprietary software to general release, adversely affect the Group's ability to sell the Group's products and services and subject the Group to possible litigation***

The Group uses open-source software in connection with a portion of its proprietary software and expects to continue to use open source software in the future. Under certain circumstances, some open-source licences require users of the licenced code to provide the user's own proprietary source code to third parties upon request, or prohibit users from charging a fee to third parties in connection with the use of the user's proprietary code. The Group cannot guarantee that all open-source software is reviewed prior to use in the Group's products and services, that the Group's developers have not incorporated open-source software into the Group's products and services or that they will not do so in the future. Accordingly, the Group may face claims from others challenging the Group's use of open-source software, claiming ownership of, or

seeking to enforce the licence terms applicable to such open-source software, including by demanding release of the open-source software, derivative works or the Group's proprietary source code that was developed or distributed with such software. Such claims could also require the Group to purchase a commercial licence or require the Group to devote additional research and development resources to change the Group's software, any of which would have a negative effect on the Group's business and results of operations. Furthermore, if the licence terms for the open-source code change, the Group may be forced to re-engineer its software or incur additional costs. Additionally, the terms of many open-source licences to which the Group is subject may not have been interpreted by Latvian or foreign courts. There is a risk that open-source software licences could be construed in a manner that imposes unanticipated conditions or restrictions on the Group's ability to market or provide its products and services.

#### ***The Group may be subject to statutory resolution***

On 15 May 2014, the EU Council adopted the BRRD, as amended *inter alia* by the BRRD II, which sets out the necessary steps and powers to ensure that bank failures across the EU are managed in a way which mitigates the risk of financial instability and minimises costs for taxpayers. The BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. For more information in relation to any such statutory resolution of the Group and on the implementation of the BRRD and BRRD II in Latvia see the sections entitled "*Risk Factors – Risks relating to the Notes – The Group may be subject to statutory resolution*" and "*Risk Factors – Risks relating to the Notes – The Latvian resolution legislation implementing the BRRD and BRRD II*" below.

The exercise of any resolution powers by the Resolution Board or any powers pursuant to BRRD with respect to Citadele or any suggestion of such exercise will likely materially adversely affect the price or value of an investment in the Notes and/or the ability of Citadele to satisfy its obligations under such Notes and could lead to the Noteholders losing some or all of their investment in the Notes.

#### ***The Group faces risks associated with taxation and changes in taxation legislation***

Future actions by governments (whether in Latvia or elsewhere) or relevant European bodies to increase tax rates or to impose additional taxes could reduce the Group's profitability. The interpretation of Latvian, Lithuanian and Estonian tax laws and regulations may be unclear and changes unfavourable to Citadele may be introduced, any of which may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

Legal entities in general (including financial institutions) that are tax resident in the Baltic States (or which are otherwise liable to local tax), are required to pay certain taxes in Latvia, Lithuania and Estonia, which are typical of the taxes applicable in EU member states. The Group is subject to, or responsible for, a number of taxes in Latvia, including value added tax, social security contributions, personal income tax (to the extent it is withheld at source as payroll tax or withholding tax applicable to other sources of income of private individuals), corporate income tax, real estate tax, vehicle operation tax and company car tax, as well as other taxes specified in domestic legal acts and international agreements ratified by the Latvian Parliament from time to time. In addition to the regular taxes, Citadele is also subject to special taxes and levies introduced for financial institutions in Latvia and Lithuania. Such taxes and levies include the Lithuanian Bank tax and Latvian solidarity levy, applicable for financial institutions. The tax policy of governments (including Latvia, the other Baltic States or elsewhere) may change in a manner which may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows. For more information on changes to the taxation regimes in Latvia, Lithuania and Estonia, see "*Overview and Business Description – Taxation*".

If the Group fails to adequately plan, manage or comply with changes in relevant taxation law or the interpretation thereof, including with respect to transfer pricing, the Group's operations may be adversely affected, either through reduced profitability or by being subject to additional tax payments and penalties from the relevant tax authority. The Group may also suffer reputational risk if it is perceived as not paying its fair share of tax, which could damage its brand. Any failure by the Group to properly manage taxation rates or tax laws may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

### ***The Group may be subject to periodic tax audits by the tax authorities***

The Group is subject to periodic audits by the Latvian, Lithuanian and Estonian tax authorities. The statute of limitation in Latvia is three years since the relevant tax payment was due, but transfer prices may be examined for five years. The statute of limitations in Lithuania and Estonia is currently five and three previous tax periods respectively. However, the statute of limitations may be extended if a criminal case has been initiated against the tax payer and it requires determination of the damage caused to the State. The Group is unable to predict the timing of these audits, and these audits may discover tax issues or problems of which the Group was previously unaware. Complying with these audits may be difficult, time-consuming and expensive, and may require substantial attention from management. While the Group regularly evaluates its compliance with tax legislation and uncertain tax positions, any adverse outcomes from these audits may result in the imposition of additional tax payments and penalties which may have an adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

### ***The Group may be subject to litigation, administrative or other proceedings and investigations***

The Group may be subject to litigation by its customers, employees, shareholders or other persons through private actions, administrative proceedings, regulatory actions or other litigation. It is difficult to predict the outcome of such proceedings, both those to which the Group is currently exposed and those that may arise in the future. Claimants in these types of actions against the Group may, in particular, seek recovery of large or indeterminate amounts or other remedies, or challenge the actions taken or resolutions adopted by the Group's Management and Supervisory Board and the General Meeting of Shareholders, which may affect the Group's ability to conduct its business, and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time.

The Group has been the subject of investigations conducted by U.S. government authorities in the past, including in relation to assets which are taxable under U.S. legislation. Although the Group has not been adjudged to be in breach of any applicable law or regulation as a result of these investigations, there remains a risk that the Group may be the subject of future investigations by regulators and/or governmental authorities in the jurisdictions where it conducts business.

In addition, Citadele is also subject to a number of regular audits by the relevant Baltic banking regulators as well as a number of external auditors. Although findings (if any) by external auditors are not disclosed publicly, findings as well as fines (if any) of banking regulators may negatively impact Citadele's reputation and valuation as well as its co-operation with foreign correspondent banks.

The cost of defending future actions may be significant and may require significant attention on the part of the Group's senior management and employees. There may also be adverse publicity associated with litigation that could negatively affect the reputation of the Group, regardless of whether the allegations are valid or whether the Group is ultimately found liable. The occurrence of any litigation or similar proceedings, investigations or actions may have a material adverse effect on the Group's business, prospects, financial condition, results of operations or cash flows.

## **RISKS RELATING TO THE NOTES**

### ***Modification and waivers***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting, or as the case may be, did not sign the written resolution including those Noteholders who voted in a manner contrary to the majority.

Furthermore, the Terms and Conditions of the Notes provide that the Notes, the Terms and Conditions of the Notes and the Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error or any other applicable legislation passed after the date hereof by or on behalf of the Republic of Latvia or any political subdivision thereof or any authority therein or thereof having power to make such amendment, update and/or modification, which impacts the Issuer's obligations in relation to the Notes. Additionally, the Issuer may, subject to Condition 3(g) (*Benchmark Replacement*), vary or amend the Terms and Conditions and/or the Agency Agreement to give effect to certain amendments without any requirement for the consent or approval of Noteholders, see "*Certain benchmark rates, including EURIBOR, may be*

*discontinued or reformed in the future" below. The Issuer cannot foresee, as at the date of this Prospectus, what such changes may entail, however, any changes made will be binding on Noteholders.*

### ***Credit risk***

An investment in the Notes is subject to credit risk, which means that the Issuer may fail to meet its obligations arising from the Notes duly and in a timely manner. The Issuer's ability to meet its obligations arising from the Notes and the ability of the holders of the Notes to receive payments arising from the Notes depends on the financial position and the results of operations of the Issuer and its subsidiaries, which are subject to other risks described in this Prospectus. The Notes are not bank deposits in the Issuer and are not guaranteed by the Deposit Guarantee Fund (in Latvian – *Noguldījumu garantiju fonds*).

### ***No ownership rights***

An investment in the Notes is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Issuer or any of the subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. The Notes represent an unsecured debt obligation of the Issuer, granting the Noteholders only such rights as set forth in the Terms and Conditions. The value of the Notes might be affected by the actions of the shareholder of the Issuer over which the investors do not have control.

### ***There may be no active trading market for the Notes***

There can be no assurance that a liquid market for the Notes will be maintained. The investors may find it difficult to sell their Notes or to sell them at prices producing a return comparable to returns on similar investments in the secondary market.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If a market does develop for the Notes, it may not be very liquid. Therefore, no liquidity of any market in the Notes can be assured; nor the ability of the holders of the Notes to sell their Notes or the prices at which they would be able to sell their Notes.

If the Notes are traded after their initial issuance, they may be traded at a discount or at a premium to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. It is possible that the market for the Notes will be subject to disruptions or volatility. Any such disruption or volatility may have a negative effect on holders of the Notes, regardless of the Issuer's prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, investors may not be able to resell their holding of the Notes at a fair value, if at all.

Although an application has been made for the Notes to be admitted to listing on the official list and to trading on the Regulated Market, there can be no assurance that such application will be accepted, that the Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

### ***Exchange rates and exchange controls***

The Issuer will pay principal and interest on the Notes in Euro (the "**Specified Currency**"). This presents certain risks relating to currency conversions if a holder of the Notes financial activities is denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, holders of the Notes may receive less interest or principal than expected, or no interest or principal.

### ***Fixed/Floating Rate Notes and Interest rate risks***

The Notes bear interest at a fixed rate to but excluding the Reset Date.

During that time, Noteholders are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of the Notes is fixed until (but excluding) the Reset Date, the market yield typically changes on a daily basis. As the market yield changes, the price of the Notes changes in the opposite direction. If the market yield increases, the price of the Notes falls. If the market yield falls, the price of the Notes increases. Noteholders should be aware that movements of the market yield can adversely affect the price of the Notes and can lead to losses for the Noteholders.

Noteholders should also be aware that the market yield has two components, namely the risk-free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk-free investment of equal tenor as a compensation for the risks inherent in the Notes. The credit spread changes over time and can decrease as well as increase for a large number of different reasons.

The market yield of the Notes can change due to changes in the credit spread, the risk-free rate, or both.

If the Notes are not called by the Reset Date, the Notes will bear interest at a floating rate from, and including, the Reset Date to, but excluding, the Maturity Date. The floating rate applicable to the Notes from (and including) the Reset Date is based on two components, namely 3-month EURIBOR and the Margin. The floating rate (i.e. the coupon) is payable quarterly, and will be set immediately prior to any floating Interest Period to the then prevailing 3-month EURIBOR rate plus the Margin.

Noteholders should be aware that the floating rate interest income is subject to changes to 3-month EURIBOR and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

Since the Margin is fixed at the Issue Date, Noteholders are subject to the risk that the Margin does not reflect the spread that investors require in addition to 3-month EURIBOR as a compensation for the risks inherent in the Notes (market spread). The market spread typically changes on a daily basis. As the market spread changes, the price of the Notes changes in the opposite direction. A decrease in the market spread has a positive impact on the price of the Notes; an increase in the market spread has a negative impact on the price of the Notes. However, the price of the Notes is subject to changes in the market spread, changes in 3-month EURIBOR or both. Noteholders should be aware that movements in the market spread can adversely affect the price of the Notes and can lead to losses for the Noteholders.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield (or market spread respectively) declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spreads respectively).

### ***The Notes may be redeemed prior to maturity***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Latvia or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions, and subject to compliance with certain regulatory conditions and approval by the Resolution Authority.

The Issuer may also be entitled to redeem in whole (but not in part) the Notes if an MREL Disqualification Event occurs.

In addition, during the year prior to maturity, the Issuer may choose to redeem the Notes (subject to certain regulatory conditions and approvals) at times when prevailing interest rates may be relatively low. In such circumstances a holder of the Notes may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a significantly lower rate. The exercise of any optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may, or is perceived to be able to, elect to redeem the

Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

***No rights of set-off, netting or counterclaim***

Holders of Notes shall not be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of such Notes. Therefore, such Noteholders will not be entitled (subject to applicable law) to set off the Issuer's obligations under such Notes against obligations owed by them to the Issuer.

***Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future***

Rates and indices which are deemed to be "benchmarks", such as EURIBOR, are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

The EU Benchmark Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds became applicable from 1 January 2018. The EU Benchmark Regulation applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU.

The EU Benchmark Regulation could have a material impact on the Notes which are linked to EURIBOR, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks."

On 21 September 2017, the ECB announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of EURIBOR (or any successor benchmark), or changes in the manner of administration of EURIBOR (or any successor benchmark), could require or result in an adjustment to the reset interest calculation provisions of the Terms and Conditions (as further described in Condition 3(g) (*Benchmark Replacement*)) or result in adverse consequences to holders of the Notes. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to EURIBOR (or any successor benchmark) may adversely affect such benchmark during the term of the Notes, the return on the Notes and the trading market for securities (including the Notes) based on EURIBOR (or any successor benchmark).

The Terms and Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if the Original Reference Rate ceases to be published as a result of such benchmark ceasing to be calculated or administered, or if the Agent Bank is no longer permitted lawfully to calculate interest on any Notes by reference to such benchmark. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate with or without an adjustment spread and may include amendments to the Terms and Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser (as defined in Condition 3(g) (*Benchmark Replacement*)) without any requirement for the consent or approval of Noteholders or Couponholders, as described in Condition 3(g) (*Benchmark Replacement*)). An

adjustment spread, if applied could be positive or negative and, to the extent an adjustment spread is not recommended or provided by any Relevant Nominating Body; or determined by the Independent Adviser not to be customarily applied in international debt capital market transactions to produce an industry-accepted replace rate for the Original Reference Rate or recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, the Adjustment Spread may be determined by the Independent Adviser with a view to reducing or eliminating, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders or Couponholders as a result of the replacement of the Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a successor rate or alternative reference rate may nonetheless be used to determine the rate of interest. The use of a successor rate or alternative reference rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing a benchmark performing differently (which may include payment of a lower rate of interest) than they would if the benchmark were to continue to apply in its current form. If, following the occurrence of a Benchmark Event: (i) the Issuer is unable to appoint an Independent Adviser; or (ii) no successor rate or alternative reference rate is determined, or (iii) in the Issuer's determination, the determination or implementation of a successor rate, an alternative reference rate, the applicable adjustment spread or any consequential amendments (1) could reasonably be expected to prejudice the qualification of the Notes being MREL Eligible Liabilities (for the purposes of, and in accordance with, the relevant Applicable Banking Regulations) or (2) could reasonably be expected to result in the Resolution Authority treating a future Interest Payment Date as the effective maturity of such Notes, rather than the Maturity Date for the purposes of qualification as eligible liabilities and/or loss absorbing capacity of the Issuer, then the ultimate fallback rate of interest for the purposes of calculation of the Floating Rate of Interest for a particular Interest Period may result in the Floating Rate of Interest for the immediately preceding Interest Period being used (unless such immediately preceding Interest Period ended prior to the Reset Date, in which case the Floating Rate of Interest shall be the last observable Screen Rate as determined by the Agent Bank plus the Margin). This may result in the effective application of a fixed rate for the Notes based on the last Floating Rate of Interest or the last observable Screen Rate. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. No successor rate or alternative reference rate will be adopted to the extent that it (1) could reasonably be expected to prejudice the qualification of the Notes being MREL Eligible Liabilities (for the purposes of, and in accordance with, the relevant Applicable Banking Regulations) or (2) could reasonably be expected to result in the Resolution Authority treating a future Interest Payment Date as the effective maturity of such Notes, rather than the Maturity Date for the purposes of qualification as eligible liabilities and/or loss absorbing capacity of the Issuer.

Any such consequences could have a material adverse effect on the value of and return on the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should consider these matters and consult their own independent advisers when making their investment decision with respect to the Notes.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

### ***Minimum Denomination***

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive Definitive Notes in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of EUR 1,000 may be illiquid and difficult to trade.

### ***Credit Rating***

The Notes are expected on issue to be rated "Baa2" by Moody's. The rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes. In general, European regulated investors are restricted under the EU CRA Regulation from using a rating for regulatory purposes in the EEA, unless such ratings are not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies unless (1) the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

### ***The Group may be subject to statutory resolution***

On 15 May 2014, the EU Council adopted the BRRD, as amended *inter alia* by the BRRD II, which sets out the necessary steps and powers to ensure that bank and banking group failures across the EU are managed in a way which mitigates the risk of financial instability and minimises costs for taxpayers. The



BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contemplates that powers will be granted to resolution authorities including (but not limited to) the introduction of a statutory "write-down and conversion power" (exercisable in relation to Tier 1 capital instruments and Tier 2 capital instruments) and a "bail-in and loss absorption power" (exercisable in relation to other securities such as the Notes that are not Tier 1 or Tier 2 capital instruments), which will give the recovery and resolution authority under the BRRD and Regulation (EU) No 806/2014 (the "**Relevant Resolution Authority**") the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including equity instruments of the surviving Issuer entity, if any. The Latvian legislation implementing the BRRD, the Law on the Recovery of Activities and Resolution of Credit Institutions and Investment Brokerage Companies (in Latvian – *Kreditīestāžu un ieguldījumu brokeru sabiedrību darbības atjaunošanas un noregulējuma likums*) (the "**Latvian Resolution Law**"), entered into force on 16 July 2015, and the amendments to the Latvian Resolution Law transposing the requirements introduced by BRRD II into Latvian law entered into force on 29 October 2021. For more information on the implementation of the BRRD and BRRD II in Latvia, see "*The Latvian resolution legislation implementing the BRRD and BRRD II*" below.

As well as a "write-down and conversion power" and a "bail-in and loss absorption" power as described above, the powers granted to the Relevant Resolution Authority under the BRRD include the power to apply the resolution tools to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply (known as the 'sale of business tool'), (ii) transfer all or part of the business of the relevant financial institution to a "bridge bank" which is wholly or partially owned by a publicly controlled entity (known as the 'bridge institution tool') and (iii) transfer assets of the relevant financial institution to an asset management vehicle which is wholly or partially owned by public authorities to allow them to be managed over time (known as the 'asset separation tool'). In addition, among the broader powers granted to the Relevant Resolution Authority under the BRRD, the BRRD provides powers to the Relevant Resolution Authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments.

The write-down and conversion power can be used to ensure Tier 1 and Tier 2 capital instruments fully absorb losses at the point of non-viability of an institution (or, if applicable, its group) and before any other resolution action is taken.

Pursuant to Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*), each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Relevant Resolution Authority. The exercise of any such power or any suggestion of such exercise could materially adversely affect the value of any Notes subject to the BRRD and could lead to the Noteholders losing some or all of their investment in the Notes. Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of the BRRD.

In addition to the BRRD, the EU has adopted a directly applicable Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms ("**SRM Regulation**", as amended by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019) which governs the resolution of the most significant financial institutions in the Eurozone, i.e. a regulation establishing a Single Resolution Mechanism for them. The SRM Regulation establishes the SRB having resolution powers over the entities that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities. The Issuer is included the list of significant entities directly supervised by the ECB, and as such the Issuer is subject to the SRM Regulation.

Under Article 5(1) of the SRM Regulation, the SRB has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national

resolution authority. These resolution powers include the sale of business tool, the bridge institution tool, the asset separation tool, the bail-in tool and the mandatory write-down and conversion power in respect of capital instruments. The use of one or more of these tools will be included in a resolution scheme to be adopted by the SRB. National resolution authorities will remain responsible for the execution of the resolution scheme according to the instructions of the SRB.

The SRB is responsible for preparing and adopting a resolution plan for the entities subject to its powers, including the Issuer. It also determines, after consulting competent authorities including the ECB, the MREL, which the Issuer is expected to be required to meet at all times (the MREL requirements applicable to the Issuer have been summarised in "*Overview and Business Description – Capital Adequacy*"). The SRB will also have the powers of early intervention as set forth in the SRM Regulation, including enacting a range of resolution strategies listed in the adopted Group resolution plan. The SRB will have the authority to exercise the specific resolution powers under the SRM Regulation. These will be launched if the SRB assesses that the following conditions are met: (i) the Issuer is failing or is likely to fail; (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action or the write-down or conversion of relevant capital instruments, taken in respect of the Issuer, would prevent its failure within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest.

In 2023, the European Commission made a legislative proposal to adjust and further strengthen the existing European Union bank crisis management and deposit insurance framework ("**CMDI**") which is envisaged to encompass amendments to, *inter alia*, the BRRD as well as the SRM Regulation. The purpose of the developments is to give resolution authorities even more effective tools to ensure the depositors of the relevant financial institution (e.g. depositors) can continue access to their accounts and, more broadly, to facilitate the use of industry-funded safeguards to enable authorities to shield the depositors in bank crisis. The exercise of any resolution powers or early intervention measures by the SRB or any powers pursuant to the BRRD and the SRM Regulation with respect to the Issuer or the Group or any suggestion of such exercise will likely materially adversely affect the price or value of an investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and could lead to the holders of the Notes losing some or all of their investment in the Notes.

#### ***The Latvian resolution legislation implementing the BRRD and BRRD II***

The BRRD, including as amended by BRRD II and Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 amending the BRRD and the SRM Regulation, was implemented in Latvia by the Latvian Resolution Law. Under the Latvian Resolution Law, the Relevant Resolution Authority is the BL. The Latvian Resolution Law provides for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the BL, result in the partial or complete suspension of the performance of agreements entered into by the Issuer. The Latvian Resolution Law also grants the power to the BL to take a number of resolution measures which may apply to the Issuer, including (i) a forced sale of the credit institution (sale of business), (ii) the establishment of a bridge institution or, (iii) the forced transfer of all or part of the assets, rights or obligations of the credit institution (asset separation) and (iv) the application of the general bail-in tool. In addition, the Latvian Resolution Law sets forth that credit institutions must at all times meet the MREL determined by the BL for each credit institution. Amendments to the Latvian Resolution Law of transposing the requirements contemplated by BRRD II entered into force on 29 October 2021.

The powers set out in the resolution legislation will impact how credit institutions are managed as well as, in certain circumstances, the rights of creditors. If the bail-in tool becomes applicable to the Issuer or the Group, the Notes may be subject to write-down or conversion into equity on any application of such bail-in tool, which may result in Noteholders losing some or all of their investment. Subject to certain conditions, the terms of the obligations owed by the Issuer may also be varied by the Relevant Resolution Authority (e.g. as to maturity, interest and interest payment dates). The exercise of any power under the resolution legislation or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Regardless of the above, the centralised power of resolution is entrusted to the SRB and the BL will work in close cooperation with it.

***The Notes may be subjected in the future to the bail-in tool by the Relevant Resolution Authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down in full***

Under the Latvian Resolution Law, powers have been granted to the Relevant Resolution Authority which include the bail-in tool through which a credit institution or banking group subjected to resolution may be recapitalised either by way of write-down or conversion of liabilities into ordinary shares. The bail-in tool may be imposed either as a sole resolution measure or in combination with the rest of the resolution tools that may be imposed by the Relevant Resolution Authority in case of the resolution of a failing credit institution or group.

The Notes may be subjected to the said bail-in tool. As such, if the Issuer or the Group is subjected to resolution measures in the future, then the value of the Notes may be written down (up to zero) as a result of the imposition of the bail-in tool by the BL. Furthermore, the Notes may be subject to modifications or the disapplication of provisions in the Terms and Conditions of the Notes, including alteration of the principal amount or any interest payable on the Notes, the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period.

Pursuant to Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*), each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Relevant Resolution Authority.

***Certain rights of the Noteholders under the Terms and Conditions of the Notes would not be enforceable upon commencement of resolution proceedings***

The Terms and Conditions of the Notes allowing the Notes to be declared due and payable on the grounds of any order by a competent court or resolution passed for the winding up or dissolution of the Issuer (save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution) would not be effective and enforceable pursuant to Latvian law to the extent they relate to the imposition of resolution proceedings. Pursuant to the Latvian Resolution Law, the fact of taking a crisis prevention measure or a crisis management measure, suspending certain obligations or making a decision on the commencement of resolution proceedings shall not be deemed to be an enforcement event. Furthermore, the Latvian Resolution Law provides that where the obligations under the contract, including payment and delivery obligations, and provision of collateral, continue to be performed by the institution under resolution proceedings, a decision on the application of a crisis prevention measure, the suspension of certain obligations or the commencement of the resolution proceedings or the occurrence of any event directly linked to such application shall not serve as basis for exercising any termination, suspension, modification or set off or close out netting rights.

Therefore, in order to be effective pursuant to Latvian law, a declaration of a default and demand for payment under the Terms and Conditions of the Notes would have to (i) be made before commencement of resolution proceedings, or (ii) otherwise be a default that is not triggered, as of itself, by commencement of resolution proceedings (such as non-payment or other winding up or dissolution of the Issuer, as set out in Condition 7 (*Events of Default*)).

The exercise of any power under the resolution legislation in respect of the Issuer or the Group could materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Further, BRRD II (as transposed by the Latvian Resolution Law), includes the power of the resolution authorities to suspend, for a limited time period, certain contractual obligations of a credit institution or its holding company in the circumstances where the credit institution or holding company is failing or likely to fail, if applicable private sector measures that would prevent the failure of the credit institution are not immediately available, the suspension is necessary to avoid further deterioration of the credit institution or an entity belonging to the consolidation group of the credit institution and the suspension measure is necessary due to public interest or for the purposes of determination of appropriate resolution measures or the effective application of resolution measures by the relevant resolution authority. The scope and time limit for the suspension (which may not, however, exceed two business days pursuant to the Latvian Resolution Law) shall be determined by the Relevant Resolution Authority (please see "*The Group may be subject to statutory resolution*" above) on a case-by-case basis, and the right of suspension may be exercised prior to the adoption of a resolution decision by the Relevant Resolution Authority. Therefore, the exercise of the right to suspend contractual

obligations of the Issuer could affect the rights of Noteholders prior to the official initiation of resolution proceedings with respect to the Issuer.

***Changes in laws or administrative practices could entail risks***

In accordance with Condition 15(a) (*Governing law*), the Notes are expressed to be governed by English law, with the exception of Condition 2 (*Status*) and Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*) which are governed by Latvian Law, in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Prospectus. Furthermore, the Group operates in a heavily regulated environment and has to comply with extensive regulations in such jurisdictions. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices or certain regulatory developments in such jurisdictions after the date of this Prospectus.

***Under certain circumstances, the Issuer's ability to redeem the Notes may be limited***

The rules under the CRD prescribe certain conditions for the granting of permission by the Resolution Authority to a request by the Issuer to redeem or repurchase the Notes. The Issuer may redeem or repurchase the Notes only if such redemption or repurchase is in accordance with applicable provisions of the Applicable Banking Regulations, and, where necessary, has been granted the approval of or permission from the Resolution Authority (to the extent such approval is then required under the Applicable Banking Regulations).

***The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Notes***

There is no restriction on the amount of debt or on the amount of securities that the Issuer may issue that rank pari passu with or senior to the Notes. The issue of any such debt or securities may reduce the amount recoverable by Noteholders in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer.

***Remedies in case of default on the Notes are severely limited***

The Notes contain limited events of default relating to (a) non-payment by the Issuer of any amounts of principal or interest due and (b) the winding-up or dissolution of the Issuer, whether in Latvia or elsewhere.

In such circumstances, as described in more detail in Condition 7 (*Events of Default*), a Noteholder may institute proceedings for the winding-up or dissolution of the Issuer, in each case, in Latvia and not elsewhere, and prove or claim in the winding-up or dissolution of the Issuer.

In either case, however, the holder of such Notes may claim payment in respect of such Notes only in the winding-up or dissolution of the Issuer.

***The Issuer could, in certain circumstances, substitute or vary the terms of the Notes***

In certain circumstances (such as if a Withholding Tax Event or MREL Disqualification Event has occurred and is continuing, or in order to ensure the effectiveness of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*)), the Issuer may, in accordance with Applicable Banking Regulations and without the consent or approval of the Noteholders, substitute or vary the terms of such Notes (including changing the governing law of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*)) to ensure that, if applicable, they continue to qualify as eligible liabilities, in accordance with the Terms and Conditions, or in order to ensure the effectiveness of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*).

While the Issuer cannot make changes to the terms of such Notes that, in its reasonable opinion, are materially less favourable to a holder of such Notes, the governing law of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*) may be changed in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*).

There can be no assurance as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

***The Issuer's gross-up obligation under the Notes is limited***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under such Notes and not to payments of principal (which term, for these purposes, includes any premium, final redemption amount, early redemption amount, optional redemption amount and any other amount (other than interest) which may from time to time be payable in respect of such Notes).

As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, such Noteholders would, upon repayment or redemption of such Notes, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, Noteholders may receive less than the full amount due under such Notes, and the market value of such Notes may be adversely affected as a result.

***The qualification of the Notes as "eligible liabilities" is subject to uncertainty***

The Notes are intended to be "eligible liabilities" (or any equivalent or successor term) ("**MREL Eligible Liabilities**") which are available to count towards the Issuer's and/or the Group's eligible liabilities and/or loss absorbing capacity. However, there is uncertainty regarding the final substance of the applicable MREL regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that the Notes will be (or thereafter remain) MREL Eligible Liabilities.

The Issuer may be entitled to redeem the Notes in whole (but not in part) if a MREL Disqualification Event occurs.

***Conflicts may arise between the interests of the Agent Bank and the interests of the Noteholders***

Potential conflicts of interest may exist between the Agent Bank and Noteholders, including with respect to certain determinations and judgements that such Agent Bank makes pursuant to the Terms and Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

## INFORMATION INCORPORATED BY REFERENCE

The documents set out below shall be deemed to be incorporated in, and to form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

1. the 2023 Financial Statements (including the auditors' report thereon and notes thereto) (set out on pages 18 to 100 of the 2023 annual report of the Issuer) (available at:
2. the 2024 Financial Statements (including the auditors' report thereon and notes thereto) (set out on pages 89 to 182 of the 2024 annual report of the Issuer) (available at:  [and](https://www.cblgroup.com/media/W1siZiIsIjIwMjUvMDMvMjYvM2lpNWxldXpodV9DaXRhZGVsZV9Bbm5lYWxfcmVwb3J0XzIwMjQucGRmIl1d?sha=763fd74191ec3584)
3. the Interim Financial Statements (including the auditors' review report thereon and notes thereto) (set out on pages 13 to 64 of the interim report of the Issuer) (available at:

The Financial Statements will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent and on the website of the Issuer at <https://www.cblgroup.com/en/investors/financial-reports/> unless such documents have been modified or superseded.

This Prospectus will be available, in electronic format, on the website of Euronext Dublin ([www.euronext.com/en/markets/dublin](http://www.euronext.com/en/markets/dublin)).

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website of the Issuer does not form part of this Prospectus.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:*

The EUR 300,000,000 Fixed / Floating Rate Notes due 2029 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 12 (*Further Issues*) and forming a single series therewith) of Akciju sabiedrība "Citadele banka" (the "**Issuer**") are the subject of a fiscal agency agreement dated 23 September 2025 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and Citibank, N.A., London Branch as agent bank (the "**Agent Bank**", which expression includes any successor agent bank appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and the deed of covenant dated 23 September 2025 entered into by the Issuer (the "**Deed of Covenant**") and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection or collection by Noteholders upon provision of proof of holding and identification satisfactory to the relevant Agent during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 with Coupons attached at the time of issue. No definitive Notes will be issued with a denomination above EUR 199,000. Notes of one denomination may not be exchanged for Notes of any other denomination. Title to the Notes, and the Coupons will pass by delivery. The Noteholder, or Couponholder shall (except as otherwise required by law) be treated as the absolute owner of such Note or Coupon for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Noteholder or Couponholder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

### 2. **Status**

- (a) The Notes are senior, unsecured, unsubordinated, direct and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and
  - (i) equally with all present and future claims against the Issuer arising from debt instruments where the principal amount of the liabilities under the provisions governing such debt instruments are wholly subordinated to claims arising from the excluded liabilities referred to in Article 72a(2) of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 ("**CRR**") (as provided for in paragraph 3<sup>1</sup> of Article 139<sup>3</sup> of the Credit Institutions Law (in Latvian – *Kreditīestāžu likums*) (the "**CIL**")) but not otherwise subordinated;
  - (ii) junior to:
    - (A) all present and future claims referred to in Article 139<sup>2</sup> and paragraphs 1 and 3 of Article 139<sup>3</sup> of the CIL;

- (B) all excluded liabilities referred to in Article 72a (2) of CRR (as provided for in paragraph 3<sup>1</sup> of Article 139<sup>3</sup> of the CIL);
  - (iii) senior to all present and future claims ranking or expressed to rank junior to the Notes (to the extent allowed under applicable law) or that have such lower ranking pursuant to applicable law, including, but not limited to, unsecured claims resulting from non-preferred debt instruments of the Issuer as provided for in paragraph 3<sup>2</sup> of Article 139<sup>3</sup> of the CIL and certain other unsecured claims as provided for in paragraphs 4, 5, 6 and 7 of Article 139<sup>3</sup> of the CIL.
- (b) No Noteholder may at any time exercise or claim any Set-Off Rights against any right, claim or liability of the Issuer or that the Issuer may have or acquire against such Noteholder, directly or indirectly and howsoever arising (and including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any kind or any non-contractual obligation, whether or not relating to the Notes) and each Noteholder shall be deemed to have waived all Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any amount payable by the Issuer in respect of, or arising under or in connection with, any Note to any holder of such Note is discharged by set-off or any netting, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount discharged on behalf and for the benefit of the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

Nothing in this Condition 2(b) is intended to provide, or shall be construed as acknowledging, any Set-Off Rights or that any such Set-Off Right is or would be available to any holder of any Note but for this Condition 2(b).

In this Condition 2(b), "**Set-Off Rights**" means any and all rights or claims of any holder of a Note against the Issuer for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

### 3. Interest

- (a) *Interest Payment Dates*: The Notes bear interest on their outstanding principal amount from and including 23 September 2025 (the "**Issue Date**"), payable annually in arrear on 23 December in each year from and including 23 December 2025 to and including 23 December 2028 (the "**Reset Date**") (each, a "**Fixed Interest Payment Date**"). Thereafter interest will be payable quarterly in arrear on 23 March, 23 June, 23 September and 23 December in each year (together with each Fixed Interest Payment Date, each an "**Interest Payment Date**"). There will be a short first Interest Period and the first Fixed Interest Payment Date will be 23 December 2025. If any Interest Payment Date (other than a Fixed Interest Payment Date) would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

The amount of interest payable on each Fixed Interest Payment Date (other than the first Fixed Interest Payment Date) shall be EUR 38.75 in respect of each Note of EUR 1,000 (the "**Calculation Amount**"). In the case of the first Interest Period and, if interest is required to be paid in respect of a Note for a period other than any other Interest Period and such period ends prior to or on the Reset Date, such interest shall be calculated by applying the Fixed Rate of Interest to the Calculation Amount, multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

"**Business Day**" means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing



in foreign exchange and foreign currency deposits) in London and a TARGET Settlement Day.

**"Fixed Day Count Fraction"** means, in respect of any period, the actual number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls;

**"Interest Period"** means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date; and

**"Regular Period"** means each period from (and including) the Issue Date or any Fixed Interest Payment Date to (but excluding) the next Interest Payment Date.

Whenever it is necessary to calculate an amount of interest in respect of the Notes for a period beginning on or after the Reset Date, such interest shall be calculated in accordance with Condition 3(d) (*Determination of Floating Rate of Interest and Interest Amount*) below.

- (b) *Interest Accrual*: Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day have been paid and (b) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) *Interest Rate*: The rate of interest payable in respect of each Interest Period ending prior to the Reset Date shall be 3.875 per cent. per annum (the **"Fixed Rate of Interest"**). Thereafter, the rate of interest payable from time to time in respect of the Notes (the **"Floating Rate of Interest"**) will be determined by the Agent Bank on the following basis:
  - (i) on each Interest Determination Date, the Agent Bank will determine the Screen Rate at approximately 11.00 a.m. (Brussels time) on that Interest Determination Date. If the Screen Rate is unavailable, the Issuer will request the principal Euro-zone office of each of the Reference Banks to provide the Issuer, who will then notify the Agent Bank accordingly, with the rate at which deposits in euro are offered by it to prime banks in the Euro-zone interbank market for three months at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question and for a Representative Amount;
  - (ii) the Floating Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin; and
  - (iii) if fewer than two rates are provided as requested, the Floating Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Issuer and communicated to the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest Period for loans in euro to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Floating Rate of Interest cannot be determined in accordance with the above provisions, the Floating Rate of Interest shall be determined as at the last preceding Interest Determination Date (unless such Interest Determination Date was in respect of an Interest Period ending prior to the Reset Date, in which case the Floating Rate of Interest shall

be the last observable Screen Rate as determined by the Agent Bank plus the Margin).

Where:

**"Interest Determination Date"** means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply.

**"Margin"** means 1.70 per cent.

**"Reference Banks"** means the principal Euro-zone office of each of four major banks engaged in the Euro-zone interbank market selected by the Issuer on the advice of an investment bank of international repute.

**"Representative Amount"** means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

**"Screen Rate"** means the offered rate for three month deposits in euro which appears on the Reuters page EURIBOR01 (or such replacement page or pages on that service which displays the information).

- (d) *Determination of Floating Rate of Interest and Interest Amount:* In respect of each Interest Period starting on or after the Reset Date, the Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the euro amount (the **"Interest Amount"**) payable in respect of interest on each Note for the relevant Interest Period. The Interest Amount shall be determined by applying the Floating Rate of Interest to the Calculation Amount, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.
- (e) *Publication of Floating Rate of Interest and Interest Amount:* The Agent Bank shall cause the Floating Rate of Interest and the Interest Amount for each Interest Period starting on or after the Reset Date and the relative Interest Payment Date to be notified to the Issuer and the Paying Agents (by no later than the first day of each Interest Period) and to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Issuer will in turn deliver or procure to be delivered any such notices to any stock exchange or other relevant authority on which the Notes are at the relevant time listed if and to the extent required by applicable law and or listing rules. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The Agent Bank shall not be obliged to publish each Interest Amount but instead may publish only the Interest Amount per Calculation Amount.
- (f) *Notifications, etc. to be final:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3 (*Interest*), whether by the Reference Banks (or any of them) or the Agent Bank, will (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, or the Noteholders or the Couponholders shall attach to the Reference Banks (or any of them) or the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 3 (*Interest*).
- (g) *Benchmark Replacement:* In addition, notwithstanding the provisions in Conditions 3(c) (*Interest Rate*) or 3(d) (*Determination of Floating Rate of Interest and Interest Amount*) above, if a Benchmark Event occurs, then the following provisions shall apply.

- (i) The Issuer shall notify the Fiscal Agent, the Paying Agents and the Agent Bank and shall use its reasonable endeavours to appoint an Independent Adviser (as defined below), as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with paragraph (ii)) and, in either case, an Adjustment Spread, if any, (in accordance with paragraph (iii)) and any Benchmark Amendments (in accordance with paragraph (iv)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 3(g) (*Benchmark Replacement*).

- (ii) If the Independent Adviser determines in its discretion that:
  - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (iii)) subsequently be used in place of the Original Reference Rate to determine the Floating Rate of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of paragraph (i)); or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (iii)) subsequently be used in place of the Original Reference Rate to determine the Floating Rate of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of paragraph (i)).
- (iii) If the Independent Adviser determines in its discretion (1) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (2) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be for each subsequent determination of the Floating Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable)).
- (iv) If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 3(g) (*Benchmark Replacement*) and the Independent Adviser determines (1) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (2) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Agent Bank, subject to the Issuer giving notice thereof in accordance with paragraph (v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 3(g) (*Benchmark Replacement*)).
- (v) The Issuer shall notify the Fiscal Agent, the Agent Bank, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders and the Couponholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3(g) (*Benchmark Replacement*). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Paying Agents, the Agent Bank, the Noteholders and the Couponholders.

- (vi) No later than notifying the Fiscal Agent, the Paying Agents and the Agent Bank of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
  - (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, Alternative Rate and, (iii) where applicable, the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 3(g) (*Benchmark Replacement*); and
  - (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate or Alternative Rate, as the case may be.
- (vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Paying Agents, the Agent Bank, the Noteholders and the Couponholders.
- (viii) Without prejudice to the obligations of the Issuer under the provisions of this Condition 3(g) (*Benchmark Replacement*), the Original Reference Rate and in Condition 3(d) (*Determination of Floating Rate of Interest and Interest Amount*) will continue to apply unless and until a Benchmark Event has occurred and only then once the Fiscal Agent, the Agent Bank and the Paying Agents have been notified of the Successor Rate or Alternative Rate (as the case may be) and any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable) in accordance with paragraph (v).
- (ix) If, following the occurrence of a Benchmark Event and in relation to the determination of the Floating Rate of Interest on the relevant Interest Determination Date, (1) the Issuer is unable to appoint an Independent Advisor or (2) no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this Condition 3(g) (*Benchmark Replacement*) by such Interest Determination Date, the Floating Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Floating Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period (unless such Interest Determination Date was in respect of an Interest Period ending prior to the Reset Date, in which case the Floating Rate of Interest shall be the last observable Screen Rate as determined by the Agent Bank plus the Margin).

For the avoidance of doubt, this Condition 3(g) (*Benchmark Replacement*) shall apply to the determination of the Floating Rate of Interest on the relevant Interest Determination Date only, and the Floating Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(g) (*Benchmark Replacement*).

- (x) Notwithstanding any other provision of this Condition 3(g) (*Benchmark Replacement*), no Successor Rate or Alternative Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 3(g) (*Benchmark Replacement*), if and

to the extent that, in the determination of the Issuer (i) the same could reasonably be expected to prejudice the qualification of the Notes being MREL Eligible Liabilities (for the purposes of, and in accordance with, the relevant Applicable Banking Regulations) or (ii) the same could reasonably be expected to result in the Resolution Authority treating a future Interest Payment Date as the effective maturity of such Notes, rather than the Maturity Date for the purposes of qualification as eligible liabilities and/or loss absorbing capacity of the Issuer.

As used in these Conditions:

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) (if no such recommendation has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders or Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 3(g)(ii) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in euros.

**"Benchmark Event"** means:

- (A) the Original Reference Rate has ceased to be published on the Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the Original Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of the Original Reference Rate) it has ceased publishing the Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the **"Specified Future Date"**); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified future date (the **"Specified Future Date"**), be permanently or indefinitely discontinued; or

- (D) a public statement by the supervisor of the administrator of the Original Reference Rate that means that the Original Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (E) a public statement by the supervisor of the administrator of the Original Reference Rate (as applicable) that, in the view of such supervisor, (i) the Original Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or (ii) the methodology to calculate the Original Reference Rate has materially changed; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Agent Bank to calculate any payments due to be made to the Noteholders using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the Benchmark Event is a public statement within sub-paragraphs (B), (C), (D) or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense under Condition 3(g) (*Benchmark Replacement*).

**"Original Reference Rate"** means the Screen Rate (provided that if, following one or more Benchmark Events, the Screen Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate).

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (A) the European Central Bank or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the European Central Bank (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

- (h) *Agent Bank*: The Issuer shall procure that, so long as any of the Notes remains outstanding (as defined in the Agency Agreement), there is at all times an Agent Bank for the purposes of the Notes and the Issuer may terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Floating Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall appoint the Euro-zone office of another major bank engaged in the Euro-zone interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

Notwithstanding any other provision of this Condition 3 (*Interest*), if in the Agent Bank's opinion there is any uncertainty in making any determination or calculation under this Condition 3 (*Interest*), the Agent Bank shall promptly notify the Issuer and the Issuer shall direct the Agent Bank in writing what action to adopt. If the Agent Bank is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason it shall notify the Issuer thereof and the Agent Bank shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

#### 4. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on or nearest to 23 December 2029 (the "**Maturity Date**"), subject as provided in Condition 5 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer (subject to Condition 4(i) (*Conditions to Redemption or Repurchase*)) in whole, but not in part, at any time, on giving not less than 15 days' nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued (if any) to the date fixed for redemption, if a Withholding Tax Event occurs *provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

- (i) a certificate signed by two members of the management board of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 4(b) (*Redemption for tax reasons*) the Issuer shall be bound to redeem the Notes in accordance with this Condition 4(b) (*Redemption for tax reasons*).

Where:

"**Change in Tax Law**" means any:

- (i) amendment to, clarification of, or change in, the laws or regulations of any Taxing Jurisdiction; or
- (ii) governmental action in the Taxing Jurisdiction; or
- (iii) amendment to, clarification of, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known;

**"Relevant Jurisdiction"** means the jurisdiction in which the Issuer is incorporated at the relevant time;

**"Taxing Jurisdiction"** means the Relevant Jurisdiction or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction; and

**"Withholding Tax Event"** shall occur if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) as a result of any Change in Tax Law, which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

- (c) *Redemption at the option of the Issuer:* The Notes may be redeemed at the option of the Issuer (subject to Condition 4(i) (*Conditions to Redemption or Repurchase*)) in whole, but not in part, on the Interest Payment Date falling on 23 December 2028 (the **"Reset Date"**), at their outstanding aggregate principal amount together with interest (accrued to but excluding the date of redemption), on the Issuer's giving not less than 15 days' nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).
- (d) *Early Redemption as a result of an MREL Disqualification Event:* upon the occurrence of an MREL Disqualification Event (subject to Condition 4(i) (*Conditions to Redemption or Repurchase*)), the Issuer may, at its option having given not less than 15 days' nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), redeem all (but not some only) of the Notes at their outstanding aggregate principal amount together with interest (accrued to but excluding the date of redemption, subject to these Conditions).

Where:

**"Applicable Banking Regulations"** means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity then in effect in Latvia including, without limitation to the generality of the foregoing, CRD, the SRM Regulation, BRRD, the Creditor Hierarchy Directive and those regulations, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liability and/or loss absorbing capacity and/or the implementation of the Creditor Hierarchy Directive adopted by the Competent Authority, the Resolution Authority or any other national or European authority from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

**"Bail-in and Loss Absorption Powers"** means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, the SRM Regulation, or any laws, regulations, rules or requirements in effect in the Republic of Latvia, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created thereunder, as applicable, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

**"BRRD"** means Directive 2014/59/EU as the same may be amended or replaced from time to time, including without limitation, by the Creditor Hierarchy Directive and Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and



recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;

**"Competent Authority"** means any authority having primary responsibility for the prudential supervision of the Issuer at the relevant time;

**"CRD"** means the legislative package consisting of the CRD Directive, the CRR and any CRD Implementing Measures;

**"CRD Directive"** means Directive 2013/36/EU, as the same may be amended or replaced from time to time, including without limitation as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019;

**"CRD Implementing Measures"** means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis, as the case may be) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

**"Creditor Hierarchy Directive"** means Directive 2017/2399/EU or any equivalent legislation that supersedes or replaces it;

**"CRR"** means Regulation 575/2013, as the same may be amended or replaced from time to time, including without limitation as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019 or similar laws in Latvia;

**"Group"** means the Issuer and its consolidated Subsidiaries, taken as a whole;

**"MREL Disqualification Event"** means, if as a result of any amendment to, or change in, the Applicable Banking Regulations, or in the application or official interpretation thereof, in any case becoming effective after the Issue Date, that at any time, on or following the MREL Requirement Date, the whole or any part of the outstanding aggregate principal amount of the Notes at any time is not fully or partially included in, ceases or (in the opinion of the Issuer) will cease to count towards the Issuer's or the Group's eligible liabilities and/or loss absorbing capacity (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations); *provided that* an MREL Disqualification Event shall not occur if such whole or part of the outstanding aggregate principal amount of the Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards such eligible liabilities and/or loss absorbing capacity due to the remaining maturity of such Notes being less than the minimum period prescribed by the relevant Applicable Banking Regulations;

**"MREL Eligible Liabilities"** means "eligible liabilities" (or any equivalent or successor term) which are available to count towards the Issuer's and/or the Group's eligible liabilities and/or loss absorbing capacity;

**"MREL Requirement Date"** means the time from which the Issuer and/or the Group is obliged to meet any MREL Requirements;

**"MREL Requirements"** means minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under the Applicable Banking Regulations;

**"Resolution Authority"** means the resolution authority of the Republic of Latvia and/or any other authority entitled to exercise or participate in the exercise of any Bail-in and Loss Absorption Powers in relation to the Issuer and/or the Group;

**"SRM Regulation"** means Regulation No. 806/2014, as the same may be amended or replaced from time to time; and

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.
- (e) *Clean-up Call*: If, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued (which shall include, for these purposes, any further Notes issued pursuant to Condition 12 (*Further Issues*) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued), the Issuer may (subject to Condition 4(i) (*Conditions to Redemption or Repurchase*)) redeem all (but not some only) of the remaining outstanding Notes at any time upon giving not less than 15 days' nor more than 60 days' notice to the Noteholders (which notice shall specify the date for redemption and shall be irrevocable), at their principal amount, together with interest accrued (if any) to (but excluding) the date fixed for redemption.
- (f) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs 4(a) (*Scheduled redemption*) to 4(e) (*Clean-up Call*) above.
- (g) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith, and *provided that* any such purchases will be made in accordance with the Applicable Banking Regulations and subject to the prior approval of or permission from the Competent Authority and/or the Resolution Authority (in each case to the extent such approval is then required under the Applicable Banking Regulations). Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

Any refusal by the Competent Authority and/or the Resolution Authority (if required) to grant its approval or permission as described above will not constitute an event of default under the Notes.
- (h) *Cancellation*: All Notes that are redeemed and surrendered for cancellation by the Issuer or any of its Subsidiaries (along with any unmatured Coupons attached to or surrendered with them) shall be cancelled and may not be reissued or resold.
- (i) *Conditions to Redemption or Repurchase*: other than in the case of a redemption at maturity in accordance with Condition 4(a) (*Scheduled redemption*), the Issuer may redeem or repurchase the Notes (and give notice thereof to the Noteholders) only if such redemption or repurchase is in accordance with the Applicable Banking Regulations (if applicable) and it has been granted the permission of the Resolution Authority (if required based on the Applicable Banking Regulations).

Any refusal by the Resolution Authority (if required) to grant its approval or permission as described above will not constitute an event of default under the Notes.

## 5. **Payments**

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to T2.
- (b) *Interest*: Payments of interest shall, subject to Condition 5(g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided

that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 5(a) (*Principal*) above.

- (c) *Interpretation:* In these Conditions:

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in euro; and

"**T2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor or replacement for that system.

- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations applicable thereto in the place of payment or any other laws and regulations to which the Issuer or Paying Agents are subject, but without prejudice to the provisions of Condition 6 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Unmatured Coupons void:* On the due date for redemption of any Note pursuant to Condition 4(a) (*Scheduled redemption*), Condition 4(b) (*Redemption for tax reasons*), Condition 4(c) (*Redemption at the option of the Issuer*), Condition 4(d) (*Early Redemption as a result of an MREL Disqualification Event*), Condition 4(e) (*Clean-up Call*) or Condition 7 (*Events of Default*), all unmatured Coupons (if any) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (f) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the Noteholder or Couponholder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, a TARGET Settlement Day.
- (g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

## 6. **Taxation**

All payments of interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Latvia or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, in respect of interest, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts

as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Latvia other than the mere holding of the Note or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the Noteholder or Couponholder would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in London by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to interest shall be deemed to include any additional amounts in respect of interest which may be payable under this Condition 6 (*Taxation*).

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Latvia, references in these Conditions to the Republic of Latvia shall be construed as references to the Republic of Latvia and/or such other jurisdiction.

## 7. **Events of Default**

- (a) If any of the following events occurs:
  - (i) *Non-payment*: the Issuer fails to pay any amount of principal due in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest due in respect of the Notes for more than ten business days; or
  - (ii) *Winding-up, etc.*: if any order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution,  
  
any Noteholder may,
    - (x) (in the case of (i) above) institute proceedings for the winding-up or dissolution of the Issuer, in each case, in Latvia and not elsewhere, and prove or claim in the winding-up or dissolution of the Issuer; and/or
    - (y) (in the case of (ii) above) prove or claim in the winding-up or dissolution of the Issuer, whether in Latvia or elsewhere and instituted by the Issuer itself or by a third party,but (in either case) such Noteholder may claim payment in respect of the Note only in the winding-up or dissolution of the Issuer.
- (b) In any of the events or circumstances described in Condition 7(a)(ii)) (*Winding-up, etc.*) above, any Noteholder may, by notice to the Issuer, declare such Note to be due and payable, and such Note shall accordingly become due and payable at its outstanding principal amount together with accrued interest to the date of payment but subject to such Noteholder only being able to claim payment in respect of the Note in the winding up or dissolution of the Issuer.
- (c) Any Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to Conditions 7(a) and 7(b) any obligation for the payment of any principal or interest in respect of the Notes) ***provided***

*that* the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of the Competent Authority and/or the Resolution Authority (if such approval is then required under the Applicable Banking Regulations).

- (d) No remedy against the Issuer, other than as provided in Conditions 7(a), 7(b) and 7(c) above, shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

For the avoidance of doubt, any resolution action shall not constitute an event of default.

## 8. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

## 9. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 10. **Paying Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents and the Agent Bank act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or the Agent Bank and to appoint a successor fiscal agent or agent bank and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain a Paying Agent and an Agent Bank.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 11. **Meetings of Noteholders; Modification**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the aggregate principal amount of the Notes held or represented; *provided, however, that* any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved**

**Matter")** may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders or Couponholders, whether present or not.

Any such meeting of the Noteholders may be convened at a physical location, or such other method (which may include, without limitation, a conference call or video conference).

In addition, a resolution in writing signed by or on behalf of Noteholders holding not less than three-quarters in aggregate principal amount of the Notes for the time being outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Issuer may, without the consent of any of the Noteholders or Couponholders, at any time: (i) agree with the Fiscal Agent: (A) any modification (except for any modification that relates to a Reserved Matter) of the Notes, the Coupons, the Agency Agreement or the Deed of Covenant which is, in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (B) any modification of the Notes, the Coupons, the Agency Agreement or the Deed of Covenant which is, in the opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest error. Any modification or waiver of these Conditions will be effected in accordance with Applicable Banking Regulations.

In addition, pursuant to Condition 3(g) (*Benchmark Replacement*), certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders.

Any modification of the terms of the Notes pursuant to this Condition 11 is subject to the prior approval of the Resolution Authority (if required based on the Applicable Banking Regulations).

## 12. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

## 13. **Substitution and Variation**

If at any time an MREL Disqualification Event or Withholding Tax Event occurs, or to ensure the effectiveness or enforceability of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*), the Issuer may, subject to the Applicable Banking Regulations (without any requirement for the consent or approval of the Holders) and having given not less than 15 days' nor more than 60 days' notice to the Fiscal Agent (in accordance with the Agency Agreement) and the Noteholders (which notice shall be irrevocable), at any time either:

- (a) substitute all (but not some only) of the Notes for new Notes, which are Qualifying Securities; or
- (b) vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities,

*provided that*, in each case:

- (i) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities; and

- (ii) such variation or substitution would not itself directly lead to a downgrade in any of the credit ratings of the Notes as assigned by any rating agency immediately prior to such variation or substitution (unless any such downgrade is solely attributable to the effectiveness and enforceability of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*)); and
- (iii) such variation or substitution is not materially less favourable to holders (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*)).

For the avoidance of doubt, any such substitution or variation shall not be deemed to be a modification or amendment for the purposes of Condition 11 (*Meetings of Noteholders; Modification*).

Any substitution or variation in accordance with this Condition 13 is subject to the Issuer obtaining prior written consent of the Resolution Authority and complying with the rules of any competent authority, stock exchange and/or quotation system by or on which the Notes are, for the time being, listed, traded and/or quoted.

For the purpose of this Condition 13 a variation or substitution shall be "**materially less favourable to holders**" if such varied or substituted securities do not:

- (i) include a ranking at least equal to that of the Notes pursuant to Condition 2;
- (ii) have the same interest rate and the same interest payment dates as those from time to time applying to the Notes;
- (iii) have equivalent redemption rights as the Notes;
- (iv) have the same currency of payment, maturity, denomination and original aggregate outstanding nominal amount as the Notes prior to such variation or substitution;
- (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of substitution or variation; or
- (vi) have a listing on a recognised stock exchange if the Notes were listed immediately prior to such variation or substitution; and

Where:

"**Qualifying Securities**" means securities issued by the Issuer that:

- (a) other than in respect of the effectiveness and enforceability of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*) including, without limitation, changing its governing law), have terms not materially less favourable to holders of the Notes as a class (as reasonably determined by the Issuer) than the terms of the Notes and they shall also (i) contain terms which will result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) eligible liabilities under the relevant Applicable Banking Regulations; (ii) have a ranking at least equal to that of the Notes; (iii) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes; (iv) have the same redemption rights and obligations as the Notes; (v) preserve any existing rights under the Notes to accrued interest; (vi) do not contain terms which provide for interest cancellation or deferral; (vii) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*)); and (viii) in the event the Notes had a published rating solicited by the Issuer from one or more rating agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such rating agency,

benefit from) an equal or higher published rating from each such rating agency as that which applied to the Notes, unless any downgrade is solely attributable to a change to the governing law of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*) in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*); and

- (b) are listed on a recognised stock exchange if the Notes were listed on a recognised stock exchange immediately prior to such variation or substitution.

#### 14. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. In addition, so long as Notes are admitted to trading on Euronext Dublin and it is a requirement of applicable law or regulations, notices to the Noteholders shall be published on the website of Euronext Dublin ([www.euronext.com/en/markets/dublin](http://www.euronext.com/en/markets/dublin)). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### 15. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for Condition 2 (*Status*) and Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*) which shall be governed by Latvian law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Service of process:* The Issuer agrees that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at its registered office at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

#### 16. **Acknowledgement of Bail-in and Loss Absorption Powers**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers*), includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority, which exercise (without limitation) may include and result in some or any of the following, or a combination thereof:
  - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;



- (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
  - (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
  - (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority.

For the purposes of this Condition 16:

**"Bail-in and Loss Absorption Powers"** means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, the SRM Regulation, or any laws, regulations, rules or requirements in effect in the Republic of Latvia, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created thereunder, as applicable, pursuant to which any obligation of the Issuer or any member of the Group (or any affiliate of the Issuer or any member of the Group) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

**"Relevant Amounts"** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority.

The exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority will not constitute a default for any purposes in respect of the Notes.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Upon the exercise of the Bail-in and Loss Absorption Powers by the Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers but any delay or failure to provide such notice shall not affect the validity or enforceability of such exercise of the Bail-in and Loss Absorption Powers.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("**NGN**") form. On 13 June 2006, the ECB announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility, that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Temporary Global Note cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denominations of EUR 100,000 and higher integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum denomination of EUR 100,000 and higher integral multiples of EUR 1,000 in excess thereof, notwithstanding that no Definitive Notes will be issued with a denomination above EUR 199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 23 September 2025 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to

the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Payments on business days:* In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which T2 is open.

*Calculation of interest:* the calculation of any interest amount in respect of any Note which is represented by the Temporary Global Note or the Permanent Global Note will be calculated on the aggregate Principal Amount of the Notes represented by the Temporary Global Note or the Permanent Global Note (as the case may be) and not by reference to the Calculation Amount.

*Notices:* Notwithstanding Condition 14 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

*Electronic Consent and Written Resolution:* While any Global Note is held on behalf of a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and Couponholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Xact WebPortal system) in accordance with its usual procedures and in which the

accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

#### USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to EUR 298,914,000 will be used by the Issuer for general corporate purposes including, without limitation, to repurchase its outstanding EUR 200,000,000 Fixed / Floating Rate Notes due 2026 (ISIN: XS2393742122) (the “**Existing Notes**”) validly tendered pursuant to the Issuer’s invitation to tender such Existing Notes for purchase by the Issuer for cash, on the terms contained in a tender offer memorandum dated 15 September 2025 (in the Issuer’s sole and absolute discretion).

## SELECTED FINANCIAL INFORMATION

The following tables summarise the Group's selected historical consolidated financial information for each of the years ended 31 December 2024 and 2023 and the six month period ended 30 June 2025. The Group's selected historical consolidated financial information provided in the tables below is derived from the Annual Financial Statements and the Interim Financial Statements and is qualified in its entirety by reference to the Annual Financial Statements and the Interim Financial Statements incorporated by reference in this Prospectus.

### Income statement

	For the six month period ended 30 June	For the year ended 31 December	
<i>EUR thousands</i>	<b>2025</b> <i>(unaudited, reviewed)</i>	<b>2024</b> <i>(audited)</i>	<b>2023</b> <i>(audited)</i>
Interest income calculated using the effective interest method	79,196	170,508	152,526
Other interest income	35,628	82,786	77,088
Interest expense	(25,637)	(60,771)	(41,678)
<b>Net interest income</b>	<b>89,187</b>	<b>192,523</b>	<b>187,936</b>
Fee and commission income	36,751	72,971	71,584
Fee and commission expense	(18,341)	(36,708)	(33,787)
<b>Net fee and commission income</b>	<b>18,410</b>	<b>36,263</b>	<b>37,797</b>
Net financial income	4,468	9,654	10,668
Net other income/(expense)	(613)	(3,680)	(2,507)
<b>Operating income</b>	<b>111,452</b>	<b>234,760</b>	<b>233,894</b>
Staff costs	(35,923)	(69,382)	(65,381)
Other operating expenses	(12,303)	(33,415)	(30,139)
Depreciation and amortisation	(4,228)	(10,753)	(9,003)
<b>Operating expense</b>	<b>(52,454)</b>	<b>(113,550)</b>	<b>(104,523)</b>
<b>Profit from continuous operations before impairment, bank tax, mortgage loan levy and non-current assets held for sale</b>	<b>58,998</b>	<b>121,210</b>	<b>129,371</b>
Net credit losses	(4,440)	466	4,617
Other impairment losses and other provisions	(66)	91	(71)
<b>Operating profit from continuous operations before bank tax, mortgage loan levy and non-current assets held for sale</b>	<b>54,492</b>	<b>121,767</b>	<b>133,917</b>
Mortgage loan levy and bank tax	(22)	(9,647)	(895)
Result from non-current assets held for sale and discontinued operations, net of tax	(4,289)	(4,636)	(6,117)
<b>Operating profit/(loss)</b>	<b>50,181</b>	<b>107,484</b>	<b>126,905</b>
Income tax	(10,392)	(17,728)	(23,118)
<b>Net profit/(loss)</b>	<b>39,789</b>	<b>89,756</b>	<b>103,787</b>

## Balance sheet

	As of the six month period ended 30 June	As of 31 December	
<i>EUR thousands</i>	<b>2025</b> <i>(unaudited, reviewed)</i>	<b>2024</b> <i>(audited)</i>	<b>2023</b> <i>(audited)</i>
<b>Assets</b>			
Cash and cash balances at central banks	223,322	349,940	520,569
Loans to credit institutions	12,829	12,944	34,640
Debt securities	1,111,817	1,275,958	1,220,032
Loans to public	3,538,683	3,274,581	2,861,958
Equity instruments	839	835	1,239
Other financial instruments	23,658	25,108	26,372
Derivatives	1,384	5,690	1,019
Investments in subsidiaries	-	-	248
Tangible assets	22,436	17,993	11,183
Intangible assets	6,442	6,132	8,065
Current income tax assets	174	22	81
Deferred income tax assets	1,123	1,636	714
Bank tax assets	-	180	1,777
Non-current assets held for sale	97,979	103,636	132,574
Other assets	51,109	61,942	42,865
<b>Total assets</b>	<b>5,091,795</b>	<b>5,136,597</b>	<b>4,863,336</b>
<b>Liabilities</b>			
Deposits from credit institutions and central banks	5,016	3,228	47,434
Deposits and borrowings from customers	3,986,785	4,023,480	3,829,582
Debt securities issued	297,100	315,422	259,560
Derivatives	8,321	4,008	3,331
Provisions	2,773	2,733	4,899
Current income tax liabilities	7,026	14,218	17,696
Deferred income tax liabilities	500	-	375
Bank tax liabilities	22	-	-
Discontinued operations	139,322	133,131	121,660
Other liabilities	84,187	77,695	63,404
<b>Total liabilities</b>	<b>4,531,052</b>	<b>4,573,915</b>	<b>4,347,941</b>
<b>Equity</b>			
Share capital	159,138	158,813	158,145
Reserves and other capital components	10,120	7,388	(92)
Retained earnings	391,485	396,481	357,342
<b>Total equity</b>	<b>560,743</b>	<b>562,682</b>	<b>515,395</b>
<b>Total liabilities and equity</b>	<b>5,091,795</b>	<b>5,136,597</b>	<b>4,863,336</b>
Shareholders' equity	560,743	562,682	515,395
Subordinated debt, notional amount	60,000	80,000	60,000

Common equity Tier 1 (CET 1) capital ratio, including net result for the period, which is decreased in line with the dividend policy <sup>(1)</sup>	20.3%	19.2%	19.6%
Total capital adequacy ratio (CAR), including net result for the period, which is decreased in line with the dividend policy <sup>(2)</sup>	22.6%	21.4%	22.0%
Leverage ratio, fully phased-in definition of Tier 1 capital <sup>(3)</sup>	10.3%	9.8%	9.2%
<p>(1) Common Equity Tier 1 capital ratio as defined in 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.</p> <p>(2) Total capital adequacy ratio as defined in 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.</p> <p>(3) Leverage ratio as defined in Regulation (EC) No 575/2013 and other relevant regulations. The ratio is calculated as Tier 1 capital divided by the total exposure measure. The ratio indicates regulatory compliance with specific minimum leverage requirements set by the regulatory authority.</p>			

The tables below includes certain data which Citadele considers to constitute alternative performance measures ("APMs") as defined in the "ESMA Guidelines on Alternative Performance Measures" issued by the European Securities and Markets Authority on 5 October 2015. These APMs are not audited nor defined by, or presented in accordance with, IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Group's liquidity. The APMs presented herein are calculated on the basis of the continued operations of the Group. These measures exclude the results, assets, and liabilities associated with discontinued operations, as detailed in Note 21 to the 2024 Financial Statements and Note 17 to the Interim Financial Statements.

Alternative performance measures included in the table below are commonly used in the banking sector. These provide comparable holistic view of the Group, highlight key value drivers and aggregate financial information in possibly more relevant measures. The Groups' use and method of calculation of APMs may vary from other companies' use and calculation of such measures.

## Ratios

### Loan-to-deposit ratio

**Definition:** The loan-to-deposit ratio is calculated as the carrying value of loans to public divided by deposits and borrowings from customers at the end of the relevant period. The loan-to-deposit ratio is a measure of the funding base of the loan portfolio. Loans are generally considered as less liquid assets than cash and securities. Therefore, in the absence of other considerations, the lower the proportion of the deposit portfolio that is invested in loans, the more liquid is the balance sheet of the Group.

Reconciliation table:

<i>EUR thousands except percentages</i>	<b>As of or for the six month period ended 30 June</b>	<b>As of or for the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Loans to public	3,538,683	3,274,581	2,861,958
Deposits and borrowings from customers	3,986,785	4,023,480	3,829,582



<b>Loan-to-deposit ratio</b>	<b>89%</b>	<b>81%</b>	<b>75%</b>
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### Return on average assets

Definition: Return on average assets (“**ROA**”) is calculated as annualised net profit from continuing operations for the relevant period divided by the average of total assets not held for sale at the beginning and the end of such period. ROA is an APM and is a measure of the profitability of the relevant assets. It is a measure of efficiency of asset usage in profit generation of the Group. In the absence of other considerations, the higher the ROA of the Group, the better the financial performance of the Group.

Reconciliation table:

<i>EUR thousands except percentages</i>	<b>As of or for the six month period ended 30 June</b>	<b>As of or for the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total assets, all operations			
Beginning of period	5,136,597	4,863,336	5,404,921
End of period	5,091,795	5,136,597	4,863,336
Average total assets, all operations	5,114,196	4,999,967	5,134,129
Discontinued operations and non-current assets held for sale			
Beginning of period	103,636	132,574	166,028
End of period	97,979	103,636	132,574
Average discontinued operations and non-current assets held for sale	100,808	118,105	149,301
Average assets, continuous operations	5,013,388	4,881,862	4,984,828
Net profit	39,789	89,756	103,787
Net loss from discontinued operations (see Note 21 to the Annual Financial Statements)	(3,544)	(4,759)	(6,598)
Net profit from continuous operations (after tax)	43,333	94,515	110,385
Annualised net profit from continuous operations (after tax)	86,666	94,515	110,385
<b>ROA</b>	<b>1.7%</b>	<b>1.9%</b>	<b>2.2%</b>

### Return on average equity

Definition: Return on average equity (“**ROE**”) is calculated as annualised net profit from continuing operations for the relevant period divided by the average of total equity at the beginning and the end of such period. ROE is an APM and is a measure of profitability of the equity. It is a measure of the efficiency of equity usage in the profit generation of the Group. In

the absence of other considerations, the higher the ROE of the Group, the better the financial performance of the Group.

Reconciliation table:

<i>EUR thousands except percentages</i>	<b>As of or for the six month period ended 30 June</b>	<b>As of or for the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Equity			
Beginning of period	562,682	515,395	419,646
End of period	560,743	562,682	515,395
Average equity	561,713	539,039	467,521
Net profit	39,789	89,756	103,787
Net loss from discontinued operations (see Note 21 to the Annual Financial Statements)	(3,544)	(4,759)	(6,598)
Net profit from continuous operations (after tax)	43,333	94,515	110,385
Annualised net profit from continuous operations (after tax)	86,666	94,515	110,385
<b>ROE</b>	<b>15.4%</b>	<b>17.5%</b>	<b>23.6%</b>

#### Cost to income ratio

Definition: Cost to income ratio (“**CIR**”) is calculated as operating expense divided by operating income. CIR is an APM and is a measurement of operating efficiency. CIR represents the proportion of administrative overheads incurred by the Group (expressed as a percentage) to generate the income. The more efficient the Group is in generating income, the lower the CIR ratio. A lower CIR represents higher income generation with lower administrative expenses.

Reconciliation table:

<i>EUR thousands except percentages</i>	<b>As of or for the six month period ended 30 June</b>	<b>As of or for the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Operating income	111,452	234,760	233,894
Operating expense	(52,454)	(113,550)	(104,523)
<b>CIR</b>	<b>47.1%</b>	<b>48.4%</b>	<b>44.7%</b>

#### Cost of risk ratio

Definition: Cost of risk ratio (“**COR**”) is calculated as annualised net credit losses and impairments for the relevant period divided by the average of net loans at the beginning and the end of such period. COR is an APM and is an indicator of risk in the loan portfolio, with net loan impairment charges recognised during the period as a proportion of the loan portfolio. The lower the cost of risk, the less risk there is in the loan portfolio originated.

Reconciliation table:

<i>EUR thousands except percentages</i>	<b>As of or for the six month period ended 30 June</b>	<b>As of or for the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Gross loans			
Beginning of period	3,369,746	2,960,946	3,072,987
End of period	3,635,575	3,369,746	2,960,946
Average gross loans	3,502,661	3,165,346	3,016,967
Net credit losses and impairments	(4,506)	557	4,546
Annualised net credit losses and impairments	(9,012)	557	4,546
<b>COR</b>	<b>0.3%</b>	<b>(0.0%)</b>	<b>(0.2%)</b>

### Non-performing loans ratio

Definition: Non-performing loans to public ratio (“**NPL**”) is an APM which is calculated as stage 3 gross loans to public and part of “purchased or originated credit-impaired” (“**POCI**”) exposures, which as of the period end date are credit impaired, divided by total gross loans to public as of the end of the relevant period. The NPL ratio is a measure of the quality of the Group’s loan portfolio and, in the absence of other considerations, the lower the NPL ratio, the higher the quality of the Group’s loan portfolio.

Reconciliation table:

<i>EUR thousands except percentages</i>	<b>As of or for the six month period ended 30 June</b>	<b>As of or for the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Credit impaired gross loans			
Gross loans, presented as stage 3	74,610	75,199	58,849
Gross loans, comprising part of POCI exposures which as of the period end date are credit impaired	1,008	1,726	4,365
Total credit impaired gross loans	75,618	76,925	63,214
Gross loans, end of period	3,635,575	3,369,746	2,960,946
<b>NPL</b>	<b>2.1%</b>	<b>2.3%</b>	<b>2.1%</b>

## OVERVIEW AND BUSINESS DESCRIPTION

### Overview

The Group is one of the leading banking groups in the Baltic States and the largest non-Nordic owned bank in Latvia. It serves customers across the three Baltic States (Latvia, Lithuania and Estonia) and, as of 30 June 2025, had a customer base of 408,000 active customers. Furthermore, as of the end of 2024, the Group had a total market share in the Baltic States of 4.2 per cent. in total loans and 3.3 per cent. in deposits according to its calculations based on consolidated data published by the relevant regulatory bodies in Latvia, Lithuania and Estonia.

The Group offers a wide range of banking products to its private, SME and corporate customer base. It also provides wealth management, asset management, insurance, pension, cards, loans, leasing trade finance and factoring products, and Klix (payments) e-commerce and Buy Now, Pay Later (“**BNPL**”) platform. Alongside traditional banking services, Citadele offers a range of services based on financial technology, including a MobileApp, contactless and instant payments, modern customer onboarding practices and technologically enabled customer service. As of 30 June 2025, the Group had 1,282 full time employees (not including the 27 employees of Kaleido Privatbank AG, which are accounted for as discontinued operations). Its distribution network comprised 19 branches and client service centres: 11 branches and client service centres in Latvia, one branch with six customer service units in Lithuania, and one branch in Estonia.

The Group’s strategy, which was adopted following the acquisition of the majority stake in Citadele by the investment consortium led by RA Citadele Holdings LLC in 2015, is aimed at strengthening the Group’s market position in the domestic Baltic market by becoming the modern banking platform for the Baltic States. Management believes that this strategy will deliver greater customer engagement and will increase the Group’s revenue-earning potential. The Group intends to maintain all of its existing business lines as it develops itself as an increasingly digital bank with a wide product suite for its private, SME and corporate customers.

In addition to its private, SME and corporate businesses, Citadele aims to differentiate itself from its competitors by developing and continuing to grow the following distinctive platforms in the Baltic States:

- Vendor finance services: the Group’s objective is to establish SIA “Citadele Leasing” as a flexible, digital and trusted vendor finance player;
- Klix (payments) e-commerce and BNPL platforms: the Group aims to scale these platforms to become the platforms of choice for consumers, merchants and lenders;
- Insurance offering: the Group aims to develop its insurance offerings to deliver further penetration of existing insurance products and expand into new areas through digital propositions and cross-selling.

Citadele's head office is located at Republikas laukums 2A, Riga, LV-1010, Latvia, and its telephone number is +371 67010000. Citadele's registration number is 40103303559.

### History and Development

Citadele was registered in Latvia as a joint stock company on 30 June 2010 under the Commercial Law of the Republic of Latvia ("**Latvian Commercial Law**") and commenced operations on 1 August 2010.

AS Parex Banka ("**Parex**"), which was one of the first commercial banks in Latvia, was founded in 1992 and was the second largest bank in Latvia in 2008. Following financial difficulties in 2008, Parex sought Latvian state assistance in early November 2008 and was subsequently nationalised through the acquisition by the Latvian Government (acting through the Latvian Privatisation Agency) of the entire ownership interests of its former shareholders. In April 2009, the European Bank for Reconstruction and Development ("**EBRD**") concluded a share purchase agreement whereby it acquired from the Latvian Privatisation Agency 25 per cent. plus one share of the share capital of Parex. On 1 August 2010, Parex's assets that were less than 60 days in arrears, as well as liabilities relating to traditional banking operations, were separated and transferred into a newly established "good bank" named Citadele, which would focus on traditional banking operations. The EBRD obtained a shareholding of 25 per cent. plus one share in Citadele.

In order to enable the European Commission to provide restructuring aid to Citadele and Parex in a manner that did not distort the Latvian market, Latvia provided commitments to the European Commission designed to limit the competitive impact of a state-owned bank operating in the Latvian market. In addition, the European Commission imposed a requirement that Citadele must be sold back into private ownership as soon as practicable. A full auction and tender process was held by the Latvian Privatisation Agency in 2014 for the sale of its stake, i.e. 75 per cent. less one share of the share capital of Citadele. Following the completion of the auction and tender process, RA Citadele Holdings, LLC and a number of persons co-investing alongside RA Citadele Holdings, LLC, were selected as the preferred bidder. A sale and purchase agreement was entered into among the parties on 5 November 2014.

Following the closing of the sale on 20 April 2015, all ordinary shares of Citadele held by the Latvian Privatisation Agency were acquired by RA Citadele Holdings, LLC, and a number of persons co-investing alongside RA Citadele Holdings, LLC. In addition, all commitments made by the Group to the European Commission ceased to apply and had no further effect or restriction upon the activities of the Group. A further subscription for ordinary shares by RA Citadele Holdings, LLC, the consortium of co-investors and the EBRD following closing of the sale on 20 April 2015, provided RA Citadele Holdings, LLC and the co-investors with a stake of 75 per cent. plus one share in Citadele, with EBRD having a stake of 25 per cent. minus one share.

As of 30 June 2025, 73.7 per cent. of the shares in the Issuer are owned by a consortium of international investors represented by Ripplewood Advisors LLC, 24.6 per cent. shares are owned by the EBRD, and 1.6 per cent. shares are owned by the management, employees, and other investors. Citadele also has one class of dematerialised shares, i.e. recorded in the depositary Nasdaq CSD SE since 1 November 2023.

### ***Subsidiaries***

Citadele is the parent company of the Group. The following table contains a list of subsidiaries (some of which are direct and others of which are indirect) (together the “**Subsidiaries**” and each a “**Subsidiary**”), branches and representative offices of the Group at the date of this Prospectus. The voting interests held, directly or indirectly, by Citadele in each of these Subsidiaries corresponds directly to its ownership interest.

<b>Subsidiary<sup>(1)(2)</sup></b>	<b>Country of incorporation</b>	<b>Ownership</b>	<b>Industry</b>
SIA “Citadele Leasing”	Latvia	100%	Leasing and factoring
SIA “Citadele Factoring”	Latvia	100%	Leasing and factoring
IPAS “CBL Asset Management”	Latvia	100%	Asset management
UAB “Citadele Factoring”	Lithuania	100%	Leasing and factoring
SIA “Hortus Residential”	Latvia	100%	Managing real estate assets
AS “CBL Atklātais pensiju fonds”	Latvia	100%	Pension fund management
OÜ Citadele Factoring	Estonia	100%	Leasing and factoring
AAS “CBL Life” (indirectly owned Subsidiary)	Latvia	100%	Life insurance
SIA “CL Insurance Broker” (indirectly owned Subsidiary)	Latvia	100%	Insurance

(1) Citadele owns 4.10 per cent. in AS “Kredītinformācijas Birojs”, a joint-stock company registered in the Republic of Latvia, which does not form a part of the Group. AS Kredītinformācijas Birojs is the first licenced credit information bureau in Latvia and part of the world’s largest credit information and risk management solutions provider, Creditinfo Group.

(2) the Group has recently sold its Swiss subsidiary, Kaleido Privatbank AG, in July 2025. For more information, see section entitled “Recent Developments – Operations in Switzerland”.

### **Branches**

<b>Name</b>	<b>Place of incorporation</b>	<b>Branch location</b>
AS “Citadele banka” (CB)	Latvia	Estonia
AS “Citadele banka” (CB)	Latvia	Lithuania
SIA “Citadele Leasing”	Latvia	Estonia
SIA “Citadele Leasing”	Latvia	Lithuania
SIA “CL Insurance Broker”	Latvia	Estonia

Citadele's holdings in the following subsidiaries are likely to have a significant effect on the balance sheet of the Group including its assets and liabilities, financial position or profits and losses: (i) IPAS "CBL Asset Management" and (ii) SIA "Citadele Leasing".

### **Business segments, strategy and principal markets**

The Group's objective is to become the bank of choice for individuals and businesses in the Baltic States by evolving into a digital first financial services provider. The Group intends to achieve this by continuing to deliver exceptional digital services with a wide product suite and unique offerings for its private, SME and corporate customers, complemented by innovative solutions with unique value proposition and continued high emphasis on quality of service across customer segments. The Group intends to further increase revenue from its existing customer base and to proactively target new customers in the private, SME and corporate business sectors.

The Group's management believes that the Group's core strengths will allow it to increase the market penetration of both its banking and non-banking services in the Baltic States, and attract new customers from its local banking competitors, driving further revenue growth. Furthermore, the Group's management believes that the resilience of Baltic economies and economic growth potential along with resumption of growth in the underpenetrated Baltic banking sector will further benefit the Group to expand its customer reach and offer new growth avenues in each of the Baltic States.

The Group's management believes that its business strategy will allow it to continue to build upon and evolve its current product mix, digital capabilities and offering along with its customer base, whilst capturing opportunities in selected market segments and product verticals, such as vendor finance, payments, BNPL and insurance, where attractive revenue opportunities exist. The Group's management believes that it is now in a position to implement a focused growth strategy that fully utilises its established distribution network, advanced digital capabilities, sophisticated IT infrastructure, innovative product offering, experienced management team, well-trained staff and comprehensive risk management systems.

Specifically, the Group intends to:

- increase new and existing private customers that use the Group as a primary bank by evolving “Bank in the Pocket” by delivering digital innovations and creating a personalised experience for clients;
- drive revenue growth in the SME segment by offering a unique “SME in a Box” product suite – combining competitive propositions, digital services and e-commerce tools – to position the Group as the bank of choice for businesses;
- support the growth of Baltic corporates whilst creating long-term customer relationships;
- expand vendor finance across new verticals and markets;
- continue to grow Klix as a leading payments and BNPL player in the Baltic States;

- expand and scale insurance offering through digital channels and cross-sales to existing customer base;
- ensure continuous focus on operational excellence and scalability;
- offer best-in-class customer experience across all the channels – digital and physical.

The Group focuses on serving three key business areas: private, SME and corporate, offering traditional banking and other financial services, such as wealth management, asset management, life insurance, pension, leasing, factoring and Klix (payments) e-commerce and BNPL platforms.

The Group serves customers across the three Baltic States (Latvia, Lithuania and Estonia) and has a customer base of 408,000 active customers as of 30 June 2025.

The Group's sales channels include:

- physical branch network consisting of 19 branches and customer service centres across the Baltic States, each located in major cities and providing sales support and service transactions across all of the Group's segments and products;
- digital channels, including an in-house-developed mobile banking app with market differentiating features and an in-house developed online bank;
- Skybranch (remote service centre) that caters for all inbound and outbound telephone, SMD and email transactions; and
- dedicated customer service advisors for private (affluent) and corporate customers.

Most of the volume sales and service processing activities have been either centralised in a single operations unit to realise scale efficiencies or were automated to remove manual handling and improve customer service levels (such as digital onboarding and unsecured lending origination).

As of 30 June 2025, Latvia, Lithuania and Estonia accounted for 42.6 per cent., 35.7 per cent. and 15.2 per cent., respectively, of the Group's total assets (as compared to 45.9 per cent., 31.6 per cent. and 14.1 per cent., respectively, of the Group's total assets as of 31 December 2024).

### ***Private segment***

The Group's private business serves private retail and affluent customers, and its operations include full banking, leasing and advisory services provided through multiple channels, including its mobile banking application, contact centre, branches and internet banking across Latvia, Lithuania and Estonia. As of 30 June 2025, Citadele had more than 366,000 active private customers.

The Group's key products for private customers include:

- Digital customer onboarding: Through the Group's mobile application, customers can open accounts and apply for cards fully remotely via "selfie".
- Card products: the Group offers a wide range of card products to its customers including credit and debit cards with Visa and MasterCard integrated with mobile wallet solutions (e.g. Apple Pay, Google Pay, Garmin Pay) and innovative wearable payment solutions like payment rings. Cards come in various tiers and depending on the level include features such as a rewards loyalty programme, travel and purchase insurance and a customisable credit limit, which are assessed based on the individual customer's financial profile and creditworthiness. Cards can be easily managed via the Group's mobile application, which allows customers to monitor transactions, activate or block cards and access other services at their convenience.
- Deposit products: the Group offers a wide range of deposit products to its private customers, including deposits that can be accessed on demand and fixed term deposit products where the amount deposited is inaccessible for up to five years. Interest that accrues on deposits can be paid to customers in a number of ways, including directly to the customer's current account or by accumulating the interest onto the amount initially deposited. The Group also offers a savings account+ and green savings account (whereby the Group invests deposits in environmentally friendly initiatives), as well as special savings accounts for children up to the age of 18 and the

newly launched “Piggy” savings tool with automatic rounding functionality of purchases made using cards.

- **Mortgages:** Mortgages are primarily taken out by customers to acquire, build, improve and/or repair residential homes. Before any amounts are provided to a customer pursuant to a mortgage, Citadele evaluates such customer’s solvency, regular income, previous credit history and requires adequate security to be provided by such customer in the form of a charge over the property itself, but from time to time Citadele also requires guarantees to be provided where available.
- **Consumer loans:** the Group also offers consumer loans to its private customers. The size, rates and terms of such loans are set by Citadele and based on the salary income that the customer is able to adequately evidence to Citadele.
- **Leasing:** the Group offers financial leases, operational leases and leaseback products. Before any amounts are provided to a customer, the Group evaluates such customer’s solvency, regular income and previous credit history.
- **Insurance:** the Group offers access to life and non-life insurance products, which are provided through fully owned life insurance company AAS “CBL Life”, insurance broker SIA “CL Insurance Broker” along with external bancassurance partnerships. Current offering includes Homeowners Property, Motor, Life, Personal Accident, Travel, Bill Protection and other lifestyle insurance products.
- **Pensions:** the Group offers access to Pension pillar II, Pension pillar III and Life-time pension (annuities) products in Latvia. Pension products are distributed digitally and are also accessible at the Group’s branches.

In addition, customers receive competitive in-house asset management products, including discretionary investment portfolios for affluent clients and competitive mutual funds, which complement customers’ investment allocations. Additionally, the Group provides brokerage and custody service that enable its customers to execute their own ideas in the financial markets.

The Group separately segments affluent clients, maintaining a customer-centric approach that addresses both sides of their household balance sheet. It offers not only daily banking, savings, and investments but also financing solutions. A key characteristic of the Group’s offering for private affluent customers is the combination of its daily banking service via its mobile app and the expertise of private bankers handling customers’ needs. The Group’s customers are provided with the premium VISA Infinite payment card, granting access to a loyalty programme and an in-house concierge service. This serves as an initial engagement tool to onboard customers and introduce them to the Group’s financing, savings, and investment products.

All offerings to private customers are distributed using a multichannel approach with a key focus on digital sales.

### ***SME segment***

The Group’s SME business caters to entities with an annual turnover of up to EUR 15 million and serves close to 50,000 clients as of 30 June 2025.

The Group offers a comprehensive suite of financial products and services tailored to the needs of SMEs, including:

- **Digital/Remote Customer Onboarding:** SME customers can open accounts remotely and apply for the Group’s payment plan products, which include global payment capabilities, microlending solutions and secured loan offerings.
- **Card Products:** the Group provides a broad range of business card products, including premium credit and debit cards issued under the Visa and MasterCard schemes. Business cards may also be linked to overdraft facilities or micro credit lines, based on an individual credit assessment.
- **Payment Plans:** the Group offers various service packages for business customers, which may include unlimited free electronic transfers within Citadele, a specified number of free SEPA credit transfers, complimentary Business Debit Cards, and a predetermined number of Business Credit Cards and business accounts, depending on the selected plan.



- **Acquiring Services and E-Commerce:** the Group delivers a wide array of payment solutions for both in-store and online transactions. As of 30 June 2025, the Group's acquiring services included over 16,000 physical POS terminals, serving close to 6,000 merchants. Complementary services include a fully integrated Merchant Portal supporting invoicing, payments, reporting, and subscription plans, as well as Phone POS solutions for Android devices. In the physical acquiring segment, the Group offers market-specific, integrated solutions such as i.EKA, a combined fiscal ECR and card acceptance device. In the digital space, the Group offers Klix, an e-commerce platform providing card acquiring, PSD2, and BNPL payment solutions across the Baltic States.
- **Savings Products:** the Group offers a wide range of deposit options for business customers, including demand deposits and fixed-term deposits with maturities of up to five years. Interest on deposits may be paid directly to the customer's current account or capitalized. A unique Savings Account product is also available to business clients.
- **Investment Loans:** investment loans are available for purposes such as equipment purchases, acquisition or development of real estate, product development, and support for green and sustainable initiatives. In addition to demonstrating sufficient cash flow, customers must provide acceptable collateral.
- **Credit Lines:** the Group offers credit lines to SME customers to finance their working capital needs. Prior to issuance, the Group assesses the financial performance and outlook of the business and requires suitable collateral.
- **Leasing and Factoring:** the Group provides financial and operational leases, leaseback arrangements, and factoring services. Prior to disbursement, customer evaluations are conducted, including assessments of solvency, regular income, and credit history.

The Group's SME loan portfolio is diversified across various sectors, including trade, agriculture and forestry, manufacturing, transportation and communications, construction, real estate, and others.

### ***Corporate segment***

The Group has corporate customers who operate in a wide range of industries including manufacturing, agriculture, forestry, retail, real estate, wholesale trade and transport. Corporate customers are those with a yearly turnover above EUR 15 million, total risk exposure with the Group of above EUR 5 million or require complex financing solutions. The Group aims to establish relationships with leading companies across a wide range of different industries. The Group is focused on building its customer portfolio on a long-term basis by having the customer as a Citadele partner and believes that this strategy in the long-run will allow it to create a high quality loan portfolio with customers who are leaders in their markets, whilst providing its employees with the opportunity to develop experience across a number of industries. Through such experience, the Group seeks to provide its customers with a market-leading service on a cross-industry basis.

During recent years, the Group has been able to achieve a strong market position in Latvia and Lithuania through an increased loan book and an experienced team with good relationships across the Baltic States, and as a result, has the ability to discuss financing opportunities with blue chip companies and to provide financing for larger ticket size loans for individual customer groups. The Group continues to build its portfolio with mid-sized corporates and continues to grow its transaction banking services to increase the share of its non-lending income of total income. The Group ensures that its relationship managers and senior managers have a deep understanding of the industries in which its corporate customers operate to enable them to be flexible and effective banking partners that in turn fosters greater customer loyalty.

The Group's key corporate products include:

- **Cash Management and Point of Sale Services:** the Group offers comprehensive cash management solutions and customised services to its corporate clients. These services include the arrangement of deposits, scheduling of future payments, trade finance facilities, salary account management, cash handling and collection services—all designed to enhance the efficiency of managing funds generated from business operations. For merchants specifically, the Group enables payment acceptance across all major channels, ranging from physical card payments to fully integrated e-commerce solutions. These include support for modern digital wallets (e.g., Apple Pay, Google Pay), payment initiation services, and BNPL options. The Group also strategically integrates its

card acquiring services with broader cash management offerings, enabling cross-selling of additional financial products such as credit and leasing solutions to its corporate customers.

- **Investment Loans for business expansion:** the Group provides medium-to-long-term loans, being loans typically between 5 and 10 years in term (and 3 to 4 years on average when aggregated with loans which are provided together with credit lines) and typically with longer repayment schedules. These loans are provided primarily to the Group's corporate customers to enable them to expand their business and help them to finance, where applicable, fixed assets and other significant capital expenditure, development or investment including, in green sustainable projects. Prior to entering into any loan with a corporate customer, the Group assesses whether the cash flows of the customer are sufficient and ensures that adequate security is provided to mitigate the risk of a default. Such security is typically in the form of a charge over real estate or fixed assets, as well as personal guarantees from key shareholders of the corporate customer or guarantees provided as part of government support schemes.
- **Credit Lines:** the Group provides short-term credit to corporate customers to cover working capital payments with a revolving credit facility option across the credit line period. Prior to entering into any credit line agreement with a corporate customer, the Group assesses that the customer's cash flow is stable, asset quality is high and the working capital cycle is effective. The Group also ensures that adequate security is provided, to mitigate against the risk of a default, and such security is typically in the form of a charge over floating assets, fixed assets or real estate as well as personal guarantees or guarantees provided as part of government support schemes.
- **Guarantees:** the Group can enter into guarantees to cover counterparty risk on a transaction or arrangement for its corporate customers. Prior to entering into any guarantee with a corporate customer, the Group ensures that adequate security is provided to mitigate the risk of a default, and such security is typically in the form of a charge over real estate, floating assets or fixed assets as well as personal guarantees. Additionally, the Group also seeks to hold funds on deposit from its corporate customer to further cover any exposure in the event of an amount being payable by the Group under the terms of such guarantee.
- **Letters of Credit:** the Group provides the ability to issue letters of credit in order to cover counterparty risk on transactions. Before issuing any such letter of credit, the Group requires the funds to be provided by the relevant customer to be held on deposit, security to be provided in the form of a charge over real estate or fixed assets and other personal guarantees of key individuals may also be required.
- **Leasing and Factoring:** the Group offers financial leases, operational leases, leaseback and factoring products. Before any amounts are provided to a customer, Citadele evaluates such customer's solvency, regular income and previous credit history.
- **Card Products:** the Group provides a broad range of business card products, including premium credit and debit cards issued under the Visa and MasterCard schemes. Business cards may also be linked to overdraft facilities or micro credit lines, based on an individual credit assessment.
- **Payment Plans:** The Group offers various service packages for business customers, which may include unlimited free electronic transfers within Citadele, a specified number of free SEPA credit transfers, complimentary Business Debit Cards, and a predetermined number of Business Credit Cards and business accounts, depending on the selected plan.
- **FX Business and Derivatives:** the Group offers different solutions to its corporate customers to help facilitate foreign exchange transactions, as well as manage foreign exchange risks.

## **Other operations**

### ***Asset management and pensions***

Citadele's asset management subsidiary was established in 2002, and the Group has, since its formation, grown its asset management business into one of the top four asset managers in Latvia with EUR 1.23 billion in customers' assets under management as of 30 June 2025. Assets under management are mainly in pension savings products.

The asset management business includes operations of IPAS "CBL Asset Management", AS "CBL Atklātais pensiju fonds" and AAS "CBL Life". The services offered by the Group's asset management

business include investment fund and discretionary portfolio management for affluent, high-net-worth private and corporate customers, seeking to invest a portion of their funds in segregated investment portfolios or mutual funds. The Group offers its customers a wide and comprehensive range of funds in which to invest, including regional equity, fixed income and asset allocation funds. The Group's asset management services are available to customers in Latvia and Lithuania, but not in Estonia.

The Group is a manager of Pillar II and Pillar III pension funds in Latvia. It is one of the top service providers in relation to state-funded pension plan management in Latvia. The Group manages assets for pension savings:

- “Pillar II” pension customers are Latvian resident customers who accrue state pensions through their contributions to state income taxation in Latvia and are able to choose which pension fund provider (including the Group) manages their contributions. The Group uses its extensive network of branch offices in Latvia as the key distribution channel to capture as much of the “Pillar II” pension value as possible; and
- “Pillar III” pension customers are Latvian resident customers contributing voluntarily to their pensions into Citadele's subsidiary, AS “CBL Atklātais pensiju fonds”.

### ***Vendor Financing (Leasing)***

The Group's leasing operations, effected through the SIA “Citadele Leasing” and SIA “Citadele Factoring” subsidiaries, provides a range of leasing products in Latvia for private individuals and companies. These leasing products include financial leases, operational leases and leaseback products. The Group focuses primarily on leasing for automotive, agriculture and commercial transport across the Baltic States. Loans to vendor financing customers are relatively equally split across the Baltic States, with the highest amount of loans extended to customers in Lithuania and the lowest amount of loans extended to customers in Estonia.

On 4 January 2021, the Group acquired the Baltic leasing operations from UniCredit S.p.A. For more information, see the section entitled “*Overview and Business Description – Principal Investments Since 2020*”.

### ***Insurance***

The Group provides its customers with life and non-life insurance products through the Group's life insurance subsidiary, AAS “CBL Life”, insurance broker SIA “CL Insurance Broker”, and external bancassurance partnerships. Through these entities and partnerships, the Group provides the following insurance offerings:

- Property: real estate and property insurance for mortgage clients; equipment insurance;
- Motor: motor insurance for leasing customers, Casco (MOD) + MTPL (Motor Third Party Liability Insurance);
- Life: personal life, borrower's life, personal accident, pension, group life; and
- Lifestyle: damage and theft insurance for purchases; alternative vehicles such as bicycles, travel insurance via Citadele Cards subscription and for voluntary purchasing via mobile app.

The Group utilises its wide network of branch offices and wealth management business to sell such insurance products. The Group's life insurance products are offered almost exclusively in Latvia, with minor offerings in Lithuania and no offerings in Estonia. The Group offers six subscription-based insurance products via mobile app and plans to further expand its digital insurance offerings.

### ***Operations in Lithuania***

The Group has been present in the Lithuanian market since 2000. Today, Citadele conducts operations in Lithuania through its Lithuanian branch. Citadele's subsidiary, AB Citadele bankas (Lithuania) was transformed into the Lithuanian branch of Citadele in January 2019 when the subsidiary's assets, liabilities and equity were merged into Citadele's balance sheet. This reorganisation was in line with the Group's strategy to become the primary bank of choice in the Baltic States. It enables an aligned product and service

offering and quicker introduction of new banking services to Lithuanian customers, as well as improvement of the Group's operational efficiency. The Group's Lithuanian operations offer products and services across the private, SME and corporate businesses.

The Group aims to ensure that the products and services offered in Lithuania are the same as in Latvia and thereby maintains the Group's proposition across its Baltic operations. The Group aims to grow its customer base in Lithuania, with a particular focus on growth in the private and SME businesses.

The total value of loans provided to customers in Lithuania was EUR 1,358 million, EUR 1,213 million and EUR 1,039 million as of 30 June 2025, 31 December 2024 and 31 December 2023, respectively. The deposits from Lithuanian customers provide sufficient funding for the Group's Lithuanian lending operations and also secure full compliance with the liquidity requirements in Lithuania.

### ***Operations in Estonia***

The legal branch in Estonia has a limited deposit base, yet a strong and expanding lending franchise. As of the date of this Prospectus, the Group has one customer service centre located in central Tallinn which is focused upon providing a full range of universal banking products primarily to private and SME customers.

The majority of the products offered in Estonia align with the products offered in Latvia in the private, SME and corporate businesses. The Group intends to maintain its proposition across its Baltic operations and to grow its customer base in Estonia, with a particular focus upon the private and SME businesses, and by promoting the Group's digital offerings, savings products, cards and lending services.

The total value of loans provided to customers in Estonia was EUR 664 million, EUR 617 million and EUR 524 million as of 30 June 2025, 31 December 2024 and 31 December 2023, respectively.

### **Competition**

The largest banks by assets in the Baltics are Swedbank and SEB bank, both Scandinavian banks with significant operations in the Baltic States. Luminor and Citadele are the largest Baltic banks. Additionally, local challengers — Artea in Lithuania and LHV in Estonia — are notable competitors to the Group. Each Baltic State also has a number of significantly smaller banks, alongside other Baltic and international fintech firms which altogether form an additional layer of competition. Citadele, SEB, Swedbank and Luminor - all operate in each of the three Baltic States and account for 66 per cent. of aggregate deposit and 73 per cent. of loan balances as of 31 December 2024. Germany's Commerzbank has opened a representative office in Lithuania in December 2024 for serving as a hub for its Baltic operations.

According to data published by the BL, as of 31 December 2024, there were ten banks and four branches of foreign credit institutions operating in Latvia. The Latvian market is relatively concentrated, with the four largest banks, Swedbank, SEB banka, Citadele and Luminor, accounting for 84.6 per cent. of total deposits, and 81.4 per cent. of total loans (as of 31 December 2024). The foreign banks present in Latvia through a subsidiary are Scandinavian-owned Swedbank and SEB banka, which represent 37.0 per cent. and 21.0 per cent. of total deposits and 30.5 per cent. and 22.4 per cent. of total loans of the Latvian banking sector, respectively, making them two largest banks in Latvia. Citadele and Luminor are the largest Baltic-based banks in Latvia, representing 13.3 per cent. and 13.2 per cent. of deposits and 9.6 per cent. and 18.9 per cent. of loans held by the Latvian banking sector, respectively.

According to the data published by Bank of Lithuania, at the end of 2024, there were thirteen banks and five branches of foreign credit institutions in Lithuania. As of 31 December 2024, the three largest banks by assets, Swedbank, SEB banka and Luminor, accounted for 59.2 per cent. of the deposits and 71.1 per cent. of the loans in Lithuania. The other notable banks in Lithuania include Citadele and Artea.

According to the data published by the EFSA, at the end of 2024, there were nine banks and five branches of foreign credit institutions in Estonia. As of 31 December 2024, the three largest by banks by assets, Swedbank, SEB and LHV, accounted for 78.1 per cent. of deposits and 71.3 per cent. of loans in Estonia. The other notable banks in Estonia include Citadele, Coop and Luminor (combined market share of 7.8 per cent. for deposits and of 13.9 per cent. for loans).

The level of competition in the Baltic banking sector, especially in Latvia, has a significant impact on the Group's cost of funding, net interest income, net interest margin, net commission and fee income and volume of loans and customer deposits. Increased competition in the banking sector typically leads to

increased competition for lending and deposit products, creating downward pressure on the Group's net interest margin, and potentially its profitability, by forcing the Group to offer lower interest rates on loans and higher interest rates on customer deposits, which are the predominant source of funding for the Group. The Group's commission and fee income and commission and fee expense are also affected by competition in the banking sector. Accordingly, the Group's operating results could be materially impacted by changes in the competitive landscape in the Latvian, Lithuanian or Estonian banking sectors.

### **Key strengths**

The Supervisory Board and Management Board believes that the Group has the following key strengths that will enable it to effectively implement its strategic objectives:

#### ***The Baltic States' economies offer a dynamic, business-friendly, structurally attractive market with underpenetrated and growing banking sector***

Latvia, Lithuania and Estonia have been members of the European Union and NATO since 2004, and each joined the Eurozone in 2014, 2015 and 2011, respectively. These memberships provide significant advantages for businesses operating in the region.

The Baltic States have historically shown significant resilience against macroeconomic and geopolitical uncertainties such as the financial crisis in 2008 compared to the EU, as the Baltic States showed higher GDP growth rates than EU countries since then. The Baltic States also have shown flexibility and agility as they started diversifying their trade relationships and reduced their dependence on Russian exports especially after the annexation of Crimea in 2014. In 2024 exports to Russia of goods of domestic origin made up only 0.2 per cent. and 0.7 per cent. of total exports from Lithuania and Estonia, respectively (re-exports accounted for 93.1 per cent. of goods exported to Russia in Estonia and Lithuania). Over the years, the Baltic States have successfully expanded their export markets to include a broader range of countries, with Scandinavia, Germany and other European countries occupying an ever-increasing proportion in total exports of the Baltic region. Since their accession into the EU, Baltic exporting businesses have become increasingly integrated into EU value chains, providing contract manufacturing services to larger EU businesses, including companies from Germany and Scandinavia. This export diversification enhances the region's economic resilience and minimises risks associated with geopolitical tensions.

The Baltic States have established a track record in maintaining low levels of public debt and achieving investment grade credit ratings. Latvia is currently rated "A3", "A" and "A-" and Lithuania is rated "A2", "A" and "A" each by Moody's, S&P and Fitch, respectively; Estonia is rated "A1" and "A+" by Moody's and Fitch, respectively). The achievement of these credit ratings underscores the region's commitment to fiscal stability and makes it an attractive destination for investors seeking a secure and favourable business environment.

The region has experienced significant economic growth in recent years, outpacing many European counterparts. The Baltic States' real GDP compounded annual growth rate between 2013 and 2024 was 2.6 per cent., compared to the EU average of 1.6 per cent. In terms of real GDP per capita, the Baltics have made significant progress in narrowing the gap with the rest of the EU. In 2024 Baltic economies experienced divergences in the economic cycle: while Lithuanian GDP rose by 2.8 per cent. vs 2023, Latvian GDP stagnated (-0.4 per cent.), while Estonian GDP declined by 0.3 per cent., making it the second year of negative growth in a row. Relative weakness of the Estonian economy is attributed to the highest private sector debt among Baltic member states and a dependence on Scandinavian markets in terms of trade – around a third of Estonian export revenue comes from Scandinavian markets where economic activity was hampered by high rates. According to projections of the International Monetary Fund, the Baltic States' GDP will continue to grow, with 2025 and 2026 real GDP growth projected at 1.8 per cent. and 2.2 per cent., respectively (outpacing the EU, with projected GDP growth of 1.2 per cent. and 1.5 per cent.). Unemployment rates in the Baltics (7 per cent. as of May 2025) is on par with the EU average (6 per cent.).

In terms of inflation, the Baltic States have managed to control and stabilise inflationary pressures. After the energy shock drove inflation levels in the Baltic region to almost double-digit levels (in 2023 average harmonised inflation in Latvia reached 9.1 per cent., in Lithuania – 8.7 per cent., in Estonia – 9.1 per cent.), inflation subsided in 2024 as a result of a decline in energy prices and a slowdown in goods inflation as a result. In 2024 average annual inflation in Latvia dropped to 1.3 per cent., in Lithuania – to 0.9 per cent., in Estonia – to 3. per cent. As a result of energy prices lowering, in the second half of 2024 goods inflation

in the Baltics has subsided, while services inflation remained resilient due to rising wages. As wages are again growing faster than prices, the purchasing power of the Baltic consumer has recovered and is therefore again contributing to growth. In the first half of 2025 inflation rate in the Baltic region accelerated, however wage growth continues to outgrow the pace of inflation, which quickened to 3.3 per cent. in Lithuania, 3.6 per cent. in Latvia, 4.6 per cent. in Estonia.

***The Group is a well-established, Baltic bank, distributing a wide and expanding product offering and with a deep understanding of local customer needs***

The Group is the largest bank in Latvia with non-Nordic heritage. As of 30 June 2025, 99.7 per cent. of the Group's net loans to the public from continuing operations were made in the Baltic States, with 42.5 per cent. of these in Latvia, 38.4 per cent. in Lithuania, 18.8 per cent. in Estonia and 0.3 per cent. in other countries. The Group is solely focused on growth in the Baltic States and is well-positioned in the region as a result of its Baltic roots, existing infrastructure, diversified and increasingly digital product offerings and its strong capabilities and potential for growth. The Group's strength is demonstrated by the growth in its loan balances by approximately six times in Lithuania between 2014 and 2024 (2014 net loans: EUR 0.2 billion; 2024 net loans: EUR 1.2 billion) and by two times in Latvia between 2014 and 2024 (2014 net loans: EUR 0.7 billion; 2024 net loans: EUR 1.4 billion).

In Latvia, the Group is positioned as an established bank with leading digital offerings, over 326,000 active customers, 11 branches and client service centres and 928 full time employees as of 30 June 2025.

In Lithuania, the Group is positioned as the main challenger bank. The Group had 73,000 active customers, one branch with six service centres and 251 full-time employees in Lithuania as of 30 June 2025. The Group's current focus is on acquiring new customers across retail and corporate, strengthening brand recognition and using insurance, lending and leasing products as customer acquisition tools.

In Estonia, the Group is positioned as a scalable platform with prerequisites for accelerated growth. The Group had 9,000 active customers, one branch and 103 full-time employees in Estonia as of 30 June 2025. The Group's current focus is on completing digitalisation of services, further expanding in leasing, mortgages and corporate lending and leveraging acquired customers to market the Group's offerings and expand its active customer base.

"Active" customers are those that have initiated at least four debit transactions in the last 12 months and at least one in the last three months. The Group's current focus is on acquiring new customers across its offerings, growing product penetration among active customers (i.e., product penetration of loans, savings and investments), introducing an insurance offering and maintaining a leading digital and customer service position.

The Group emphasises its function over geography and works to ensure that its capabilities are effective across the Baltics. Its employees, for example, work on products and with customers across the Baltics, even if based out of a specific Baltic State.

In recent years, the Group made significant efforts digitising its products and operations across the Baltics and as a result, has the ability to service more than 80 per cent. of its customers through digital channels. The Group plans to pursue further digitalisation in order to provide its customer base with strong remote services and product offerings, complemented with personal support as necessary.

The Group distributes a wide product offering across its private, SME and corporate businesses. The services offered to customers include traditional banking, wealth management, asset management, life insurance and leasing and factoring products. Technology-enabled services include the Group's mobile app, internet banking, instant consumer lending, cards, contactless payments, instant payments, modern onboarding, Citadele Rewards (the only rewards programme for financial services in the Baltics) and Klīx (payments) e-commerce and BNPL platforms.

The Group has a growing customer base in the Baltics, with the number of active customers increasing from 313,000 as of January 2020 to 408,000 as of 30 June 2025. Customers are serviced by leading distribution capabilities: the Group maintains 11 branches and client service centres in Latvia, one branch with six customer service centres in Lithuania and one branch in Estonia. Customers have access to 543 ATMs, of which the Group owns 153 (the Group is a participant of Wordline network Medus, with 295

ATMs in Lithuania, and has a partnership agreement with Luminor and LHV in Estonia, where customers have access to 95 ATMs).

The Group's ATM network is the fourth largest across Latvia, with 146 ATMs and 16.8 per cent. market share as of 31 December 2024. The Group's cards products permit customers to use any ATM in the world for cash withdrawals free of charge (with the amount of free withdrawals included based on the particular card subscription plan selected by a customer). In addition, the Group offers a well-utilised, functional, reliable online banking and mobile application, a team of highly trained and sales-focused relationship managers, strong relationships with retailers and a dedicated call centre team.

The Group has been ranked seven times as the bank with the best customer experience in Latvia and the Group has also consistently ranked highly in Net Promoter Score ("NPS") surveys in Latvia and Lithuania. In July 2025, the Group ranked number one in individual bank and Mobile App NPS surveys in Latvia and number two in individual bank NPS surveys in Lithuania.

***The Group considers itself to be is a digital frontrunner with innovative financial technology-enabled products and scalable operations, facilitated by a modern, modular and stable IT platform***

The Group is a frontrunner with innovative financial technology-enabled products and has been first in the Baltics in many digitally advanced solutions, including instant consumer lending to its banking customers, payment authentication with face ID / touch ID in its mobile app, NFC payments on Android devices (described below), a next-generation modern mobile app (launched in 2018 and the next version in 2024), instant P2P payments via phone numbers, fully remote customer onboarding processes and implementation of advanced data analytics in its risk modelling and underwriting solutions. The Group was the second Baltic bank to implement ApplePay, GooglePay, Garmin and FitBit pay. Mobile application and WEB channel has build in possibility for clients to find their answers using GEN AI based chatbot Adele, which currently focuses to provide answers on products and services as well resolve any technical support related questions.

In banking and lending, the Group has ensured streamlined onboarding processes, with private customer onboarding taking place via "selfie" in its mobile app within five minutes and SME online onboarding (including know-your-customer processes) within 10 minutes. The Group is also making use of automated private and SME customer credit scoring, digital applications for consumer loans, mortgages, leasing, SME, micro lending and secured lending, Klix (payments) e-commerce and BNPL platforms, as well as online foreign exchange (FX) services.

With respect to payments, the Group offers a range of digital solutions including instant payments, P2P payments to phone numbers, request to pay and e-commerce checkout and BNPL services through its payments e-commerce platform Klix. The Group also offers a variety of physical payments solutions including NFC payments (contactless mobile, sticker, bracelet, payment rings), phone POS (for Android) and other POS solutions.

The Group also offers ancillary services through its online platforms, including a multi-channel marketing hub (PEGA), allowing personalised product offering based on internal and external customer behaviour, including personalised emails, banners in the online bank and mobile banking application, notifications and outbound adds in social media, a business portal for SMEs providing data and analytics solutions, a leasing portal for private customers, a leasing dealer customer relationship management platform and a Lendscape factoring platform. The Group has also invested in nCino, a corporate loan management system, for its corporate banking division, a cloud banking and digital transformation solution embedded in the Group's corporate platform to improve processing of corporate loan applications and help drive efficiencies.

The Group's customers increasingly use its digital channels. The number of active mobile app users has increased to 276,000 as of 30 June 2025, translating into a 3.4 per cent. increase from 269,000 as of 31 December 2024. The share of loans and new deposit accounts signed through digital channels in the quarter ended 30 June 2025 stood at 98 per cent., as measured by product count. The share of active customers using the mobile app and internet banking in the quarter ended 30 June 2025 stood at 87 per cent. Digitalisation has resulted in the Group being able to increase the efficiency of its operations – the Group increasingly has the ability to do more business with fewer resources and lower marginal costs.

The Group's scalable operations are facilitated by a modern, modular and stable IT platform with no legacy or obsolete technology. The Group operates under a common, standardised platform across the Baltics with

a centralised cross-country infrastructure and operations with two common data centres, a European Microsoft Azure cloud and one agile IT team focused on functionalities rather than countries. Systems are regularly upgraded, including the core banking system, Temenos Transact (T24). The Group maintains high availability (almost 100 per cent. across its product offerings) and secure systems with 24/7 operations for customers, no legacy issues, critical availability incidents or critical cyber incidents since the establishment of the Group in 2010 thanks to a strong internal IT team (which as of the date of this Prospectus comprises approximately 160 full-time employees at any given time) with expertise and capabilities and no critical external dependencies in key systems areas. The Group takes a data-driven approach to its operations, with real-time access to critical data such as credit quality supported by AI and machine learning systems for enhanced decision-making capabilities.

***The Group has stable profitability, a strong balance sheet and a diversified business model***

The Group continues to deliver on the organic and inorganic growth strategy, with net loans to public amounting to EUR 3.5 billion as of 30 June 2025 (of which EUR 1.5 billion is in private retail and private affluent, EUR 1.2 billion is in SME, EUR 868 million is in corporate and the remainder is in other).

The Group has a diversified revenue stream, with operating income of EUR 111.5 million for the period ended 30 June 2025 (of which EUR 89.2 million is from net interest income, EUR 18.4 million is from net fee and commission income and EUR 3.9 million is from net financial income and net other income/expense). The Group's net interest margin trajectory follows market swap rates and EURIBOR. The trajectory for rates behind term deposits and savings accounts follows EURIBOR, i.e., timing of peak and low rates is matched. In addition, the Group's net interest margin is subject to a three-to-six-month repricing gap for interest income on loans (EURIBOR to income). The Group's current accounts remain largely non-remunerated and largely rate insensitive.

The Group has demonstrated low recurring cost of risk, thanks to strict underwriting standards and conservative risk appetite. For the six month period ended 30 June 2025, the Group reported EUR 4.4 million net credit loss, while experiencing reduction in non-performing loans ("NPL") ratio from 2.3 per cent. as of 31 December 2024 to 2.1 per cent. as of 30 June 2025.

The Group has high exposure to interest rates, with 87 per cent. of its net loans to public being of variable rate as of 30 June 2025. The Group's deposits and borrowings from customers are primarily made up of on-demand deposits (EUR 3.0 billion), making up 75 per cent. of total deposits (EUR 4.0 billion) as of 30 June 2025.

The Group's business model is well-diversified across operational segments. As of 30 June 2025, net loans to public stood at EUR 3.5 billion, with 41 per cent. private, 33 per cent. SME, 24 per cent. corporate and the rest in other. Operating income for the six month period ended 30 June 2025 stood at EUR 111.5 million, with 36 per cent. private, 28 per cent. SME, 14 per cent. corporate, 4 per cent. asset management and the rest is other. The Group's business is also diversified across the Baltic States, with the bulk of net loans to public as of 30 June 2025 in Latvia (43 per cent. net loans to public), followed by Lithuania (38 per cent. net loans to public) and Estonia (19 per cent. net loans to public). Finally, the Group's business is diversified in its product offerings, with net loans to public as of 30 June 2025 spread across the Group's financial and non-financial corporate clients (54 per cent.) and households (45 per cent.).

The Group has a simple, liquid, deposit funded balance sheet with strong asset quality and capital position, allowing it to capture organic and inorganic growth opportunities. Organic loan growth has been complemented by EUR 0.8 billion UniCredit Leasing and EUR 170.0 million ABLV mortgage portfolio acquisitions in 2021. 83 per cent. of the debt securities portfolio consisted of government bonds as of 30 June 2025. The Group's balance sheet is largely deposit funded, with a Loan-to-Deposit (continuous operations) ratio for continuous operations of 89 per cent. as of 30 June 2025 and ample liquidity with strong Liquidity Coverage Ratio (175 per cent.) and Net Stable Funding Ratio (139 per cent.) as of 30 June 2025. 73 per cent. of the Group's deposits and borrowings from customers are from private (retail and affluent) and SME customers. As of 30 June 2025, the Group has EUR 235 million MREL instruments and EUR 60 million Tier 2 Capital instruments outstanding.

The Group has been focused on high quality loan portfolio expansion leading to a reduction in Stage 3 Loans to Public Ratio, Gross from 3.3 per cent. as of 31 December 2021 to 2.1 per cent. as of 30 June 2025.

***The Group operates under a strict compliance and risk framework with robust business standards and controls along with proactive strategies to address ESG challenges***



The Group is focused on maintaining a strict compliance framework with zero tolerance towards financial crime and non-compliance. The Group has a primary focus on servicing customers from the Baltic States and has a limited number of account relationships with foreign individuals (only for individuals having physical presence or economic ties with the Baltic States). The Group does not establish business relationship with foreign legal entities incorporated outside the Baltics without having strong connection to Baltic countries.

The Group employs more than 50 full-time employees supported by 24/7 AML and Sanctions screening and fraud prevention systems. The Group continues to invest in AML efforts, including by upgrading its sanctions screening system Bridger by LexisNexis and transaction monitoring system FCRM by Fiserv. The Group provides extensive training programmes to its employees to ensure in-depth knowledge on AML, sanctions, corruption and fraud risk management. In the first half of 2023, the Group underwent an on-site audit by the BL, where the BL positively assessed continuous improvements to the Group's compliance programme, as well as informed Citadele on further improvements that are expected in certain elements of Citadele's compliance programme for management of money laundering, terrorism and proliferation financing and sanctions risks inherent in its operations. The final decision upon completion of the on-site audit was delivered by the BL in October 2023 without initiating an administrative case against Citadele regarding any regulatory non-compliance. Citadele has agreed with the BL to a remediation plan to implement the necessary improvements to its compliance programme. All planned improvements have been implemented in accordance with the plan.

The Group considers risk management to be an essential component of its management process and believes that it pursues prudent risk management. In 2022, the ECB concluded the Asset Quality Review ("**AQR**") of Citadele, the results of which highlighted the quality of Citadele's asset base and risk underwriting, with a CET1 ratio post-AQR of 16.03 per cent. (pre-AQR ratio of 16.31 per cent.), highlighting the strength of its approach to risk management. For a detailed discussion of the Group's risk management framework, see section entitled "*Risk Management*".

The Group has clear ESG targets for both the short- and long-term, including: net-zero greenhouse gas emissions from its lending portfolio by 2050; more than EUR 100 million green lending in 2024; and more than EUR 160 million in green lending in 2023-2025 via commitments from the European Investment Bank ("**EIB**") and EBRD. With total green lending, in accordance with the Group's Green Lending Framework, amounting to EUR 115 million and EUR 102.4 million in 2023 and 2024, respectively, the Group has successfully met the EBRD commitments and is on track to fully meet the EIB commitments in 2025.

#### ***The Group has a strong corporate governance framework and experienced management team***

The Group has a comprehensive corporate governance and risk management structure in place, which the Group believes allows it to operate in a transparent and prudent manner to balance and protect the interests of its various stakeholders. Members of Citadele's Management Board are experienced participants in the banking sector and have an average of more than 15 years in the banking and financial services industry. See section entitled "*Corporate Governance*" below, for further information on the Group's management team.

#### ***Experienced shareholders with an established track record of delivering results***

The current shareholders of Citadele are experienced banking sector participants and have a proven track record in driving value creation and delivering growth in their investments. They are actively involved in shaping and delivering Citadele's strategy. Ripplewood Advisors LLC ("**Ripplewood**") and its co-investors have extensive experience in the banking industry, including with regard to businesses operating in emerging, developing and frontier markets. Ripplewood has invested in the global financial services sector since the late 1990s, with previous successful investments in Commercial International Bank of Egypt (CIB) and Shinsei Bank of Japan.

Additionally, co-investing shareholders James L. Balsillie and Dhananjaya Dvivedi (who is also a member of Citadele's Supervisory Board) have, between them, extensive experience in the technology, IT and financial sectors. They intend to continue to deploy their experience and expertise alongside the management team to enhance the development and growth of the Group and improve and develop new and innovative products, services and systems. Finally, the ownership of the EBRD brings its experience in fostering progress towards market orientated economies.

## Capital Adequacy

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 EU via CRD, rules and recommendations issued by supervisory authorities and other relevant regulations. The regulations require credit institutions to maintain a total capital (“**Total Capital**”) adequacy ratio of 8.0 per cent. of the total risk weighted exposure amounts. The rules also require a 4.5 per cent. CET1 capital ratio and a 6.0 per cent. minimum Tier 1 (“**Tier 1**”) capital ratio.

The total supervisory review and evaluation process (“**SREP**”) capital requirement (“**TSCR**”) requires capital to cover risks in addition to those covered by the CRR. TSCR is established in a supervisory review and evaluation process carried out by the supervisory authority. The supervisory authority determines the 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 (“**P2R**”) is reassessed annually by the supervisory authority. As of 30 June 2025 based on the assessment of the supervisory authority, an additional 2.5 per cent. own funds requirement is determined to cover Pillar 2 risks. Thus, as of 30 June 2025, the Group shall at all times meet, on a consolidated basis, a TSCR of 10.5 per cent. (which includes a P2R requirement of 2.5 per cent.).

On top of the minimum capital adequacy ratios and the P2R requirement, the Group and Citadele must comply with the combined buffer requirement. The combined buffer requirement must be reached by CET1 capital. The capital conservation buffer both for the Group and Citadele is set at 2.5 per cent. limiting dividend pay-out and certain other Tier 1 equity instrument buybacks, if the buffer threshold is exceeded.

The Group, being identified as an O-SII, must also comply with the O-SII capital buffer requirement set by the supervisory authority at 1.50 per cent.

The countercyclical capital buffer (“**CCyB**”) at each balance sheet date is calculated based on the actual risk exposure geographical distribution and the countercyclical buffer rates applicable for each geographical location. As of 30 June 2025, the CCyB is 1.05 per cent. for the Group.

The systemic risk buffer (“**SyRB**”) aims to address systemic risks that are not covered by the CRR, the countercyclical capital buffer or the O-SII buffer. The Group and Citadele have to comply with a systemic risk buffer determined for “retail” customers (as defined by the CRR) exposures secured by residential property in Lithuania at each balance sheet date on the basis of respective exposure. There is no maximum limit for this buffer. As of 30 June 2025, the systemic risk buffer is 0.07 per cent. for the Group.

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 severe stress. The P2G is determined as part of the SREP and for the Group as of 30 June 2025 is set at 1.50 per cent. Unlike the P2R, the P2G is not legally binding but rather is addressed by the ECB as an expectation for the entities the ECB supervises. If the capital of an ECB supervised entity has fallen, or is expected to fall, below the level of its P2G, such entity should immediately notify the ECB and explain in detail the reasons for not complying with the P2G. The ECB will review the reasons for such entity’s non-compliance with P2G and will consider taking appropriate and proportionate institution-specific measures, including, but not limited to requiring the presentation of a capital restoration plan, on the basis of Article 16(2) of Regulation (EU) No 1024/2013.

The Group and Citadele both apply requirements of minimum loss coverage for non-performing exposures in line with Regulation (EU) 2019/630. The minimum loss coverage calculation is a calculation of the time elapsed since default for non-performing exposures, which is constructed on the principle that the longer an exposure has been non-performing, the lower the probability for the recovery of its value. Therefore, the portion of the exposure that should be covered by provisions, impairments, other adjustments or deductions should increase with time, following a pre-defined calendar. Insufficient coverage for non-performing exposures is deductible from the regulatory capital. Due to the Group’s provisioning policy and portfolio structure, the regulation of minimum loss coverage for non-performing exposures has had minor impact on the Group’s capital adequacy position.

Citadele has to comply with the regulatory requirements both at the Citadele’s standalone level and at the Group’s consolidated level. The long-term regulatory capital position of the Group and Citadele is planned and managed in line with these and other expected upcoming regulatory requirements.

As of 30 June 2025, Citadele and the Group have sufficient capital to comply with the regulatory capital adequacy requirements.

**Regulatory capital requirements of the Group on 30 June 2025**

	<b>Common equity Tier 1 (CET 1) capital ratio</b>	<b>Tier 1 capital ratio</b>	<b>Total capital adequacy ratio</b>
Common equity Tier 1 (CET 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%
.....			
Combined buffer requirement:			
Capital conservation buffer .....	2.50%	2.50%	2.50%
O-SII capital buffer .....	1.50%	1.50%	1.50%
Systemic risk buffer	0.07%	0.07%	0.07%
Countercyclical capital buffer .....	1.05%	1.05%	1.05%
<b>Capital requirement .....</b>	<b>11.03%</b>	<b>13.00%</b>	<b>15.62%</b>
Pillar 2 Guidance (P2G)	1.50%	1.50%	1.50%
<b>Non-legally binding capital requirement with P2G</b>	<b>12.53%</b>	<b>14.50%</b>	<b>17.12%</b>

Pillar 2 additional own funds requirement and the Pillar 2 Guidance as of 1 January 2024 in accordance with the most recent SREP remain the same.

The Group's capital adequacy calculation is in accordance with applicable regulations.

**Capital adequacy ratio of the Group (including the net result for the period decreased in line with the dividend policy)**

<i>EUR thousands</i>	<b>30 June 2025</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
<b>Common equity Tier 1 (CET 1) capital</b>	<b>528,793</b>	<b>506,121</b>	<b>452,724</b>
Paid up capital instruments and share premium .....	161,904	161,026	159,321
Retained earnings .....	388,546	393,967	355,792
Proposed or estimated dividends	(19,894)	(44,785)	(50,606)
Regulatory deductions .....	(9,435)	(9,908)	(15,357)

<i>EUR thousands</i>	<b>30 June 2025</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
Other capital components, net	7,672	5,821	3,574
.....			
<b>Tier 2 capital</b>	<b>60,000</b>	<b>60,000</b>	<b>55,597</b>
Eligible part of subordinated liabilities	60,000	60,000	55,597
.....			
<b>Total own funds</b>	<b>588,793</b>	<b>566,121</b>	<b>508,321</b>
.....			
Risk weighted exposure amounts for credit risk, counterparty credit risk and dilution risk	2,297,350	2,249,254	1,980,726
.....			
Total exposure amounts for position, foreign currency open position and commodities risk	3,052	4,392	3,803
.....			
Total exposure amounts for operational risk	304,456	377,626	326,786
.....			
Total exposure amounts for credit valuation adjustment	3,172	10,437	2,297
.....			
<b>Total risk exposure amount</b>	<b>2,608,030</b>	<b>2,641,709</b>	<b>2,313,612</b>
.....			
Common equity Tier 1 capital ratio	20.3%	19.20%	19.60%
.....			
Total capital adequacy ratio	22.6%	21.40%	22.00%
.....			

The consolidated Group for regulatory purposes is different from the consolidated Group for accounting purposes. As per regulatory requirements, AAS “CBL Life”, a licenced insurer, is not included in the consolidated the 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.

***Leverage ratio of the Group (ncluding the net result for the period decreased in line with the dividend policy)***

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 per cent. 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.

	<b>30 June 2025</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
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Leverage Ratio – fully phased-in definition of Tier 1 capital	10.3%	9.8%	9.2%
.....			

### ***Minimum requirement for own funds and eligible liabilities (MREL)***

The EC has adopted the regulatory technical standards (“**RTS**”) on the criteria for determining the MREL under the Banking Package (CRR2/CRD5/BRRD2/SRM2). In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD II, 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 an institution's own funds (within the meaning of the CRD), along with eligible liabilities subject to conditions set in Regulation (EU) 876/2019 of the European Parliament and of the Council of May 20, 2019.

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

As of 30 June 2025, the Group is subject to the consolidated MREL requirement at the level of 24.22 per cent. of TREA, plus a combined buffer requirement, or 5.91 per cent. leverage ratio (“**LRE**”), whichever is higher. The Group must comply with MREL at all times on the basis of evolving amounts of TREA and LRE. As of 30 June 2025, the Group is in compliance with TREA and-LRE based MREL requirements. As of the period end, the Group's MREL (including the net result for the period, which has been decreased in line with the dividend policy) is 31.6 per cent. based on TREA criteria and 16.0 per cent. based on the LRE criteria. If the profits for the six month period ended 30 June 2025 were excluded from the calculation, the ratios would be 30.8 per cent. and 15.9 per cent., respectively.

Starting from 17 July 2027, a proportion of the overall MREL requirement of the Group would have to be met with subordinated instruments, namely 13.5 per cent. of TREA, plus a combined buffer requirement, as well as a higher 7.75 per cent. leverage ratio. The Group has appealed the stated subordination requirement in the courts and is in the process of negotiating a mutually acceptable settlement agreement with the regulatory bodies. The MREL target is determined by the SRB using financial and supervisory information and is re-calibrated by the SRB annually.

### **Properties**

Over recent years, the Group has been divesting its real estate assets used for business operations. As of 30 June 2025, all premises used for business operations are leased from third parties.

In 2020, the Group's main real estate asset, its headquarters building at Republikas laukums 2A, Riga, Latvia, was sold to Lords LB Baltic Green Fund (V). A sales gain of EUR 18.4 million was booked, of which EUR 16.7 million qualified as sales-day profits of the Group in 2020, and the remaining amount was deferred. The deferred portion is allocated to the lease-back right of use for the asset. The decision to sell the headquarters was a result of a review of the Group's expected future office needs, assessment of several potential buyers' proposals and acknowledgment that the dynamics of office space and use are changing.

In 2020, the Group's Lithuanian headquarters building at 13 K.Kalinausko street, Vilnius, was sold with a carrying value of EUR 1.9 million. A profit of EUR 0.8 million was booked on the sale.

As of 30 June 2025, Citadele leased the following properties (excluding leases in premises for its owned ATMs):

- Headquarter premises in Riga, Latvia (9,651 sq.m.);
- Secondary headquarter premises (call centre) in Riga, Latvia (794 sq.m.);
- Headquarter premises in Vilnius, Lithuania (2154 sq.m.);

- Headquarter premises in Tallinn, Estonia (974 sq.m.);
- In addition, the Group has a number of lesser leases:
  - in Latvia: 15 leases (including storage warehouse and backup data centre); and
  - in Lithuania: six leases.

The Riga headquarter lease expires by the end of 2030 but it can be terminated early by notice from Citadele. All other leases expire or can be terminated by Citadele by the end of 2029 or sooner with the exception of the lease of the new Vilnius headquarter premises which is set to expire in 2032. Citadele continuously searches for ways to optimise its office utilisation rate in the most cost-efficient way.

### **Information systems**

The Group's unified IT architecture across the Baltic States is comprised of information channels (including its mobile app, online banking, card POS, etc.) main systems (including Temenos Transact, lending and scoring and payment cards), reporting and support systems (including analytics and reporting, compliance and anti-fraud, and back office and support) and integrations with third parties (including payments and dealing networks, insurance brokers, payment cards, external databases and registers).

A significant proportion of the Group's front- and back-office functions for its operations in Latvia, Lithuania and Estonia are centrally managed through the Temenos Transact system provided by the Swiss company Temenos.

Temenos Transact is a widely used digital core-banking solution. Temenos Transact provides banking functionality across retail, corporate, treasury, wealth and payment services.

The Temenos Transact system's functionality enables it to support a range of the Group's products and services, including credit risk management processes, payment mechanics, cash operations and the processing of deposits, loans, securities and other financial instruments. Risk management processes, such as credit, interest rate, currency and liquidity risk management are run through the Temenos Transact. The Temenos Transact system is fully integrated with the additional satellite IT systems set out below. The Group's technology is designed using a modular and highly adaptable architecture to ensure a robust operating environment for cards, internet and mobile banking systems and other digital channels and solutions. The Group's technology is designed with the intent to preserve its internet bank and card transaction processing ability even if the core banking system is unavailable. Temenos Transact system's open and flexible architecture allows the Group's experienced IT team to quickly adapt and extend system functionality according to the business needs and customer expectations.

The Group has an IT team experienced in executing ambitious projects within challenging timeframes.

The Group successfully migrated its Lithuanian operations to the Group's Temenos Transact system in 2019 with the aim to centralise and standardise its products and services across the Baltic States. The Group's main core banking system, Temenos Transact, is regularly updated and was upgraded to release 22 in January 2024.

The Group uses the Cortex system provided by FIS for payment card and ATM management. Cortex is a comprehensive multi-functional processing IT solution for payment card management and enables the issuing and processing of Visa, MasterCard and American Express cards and transactions. The Cortex system is updated regularly, with two significant releases each year. The latest release, version 4.3 SP1, was implemented in November 2024. The Group also utilises internet banking, mobile banking and other digital banking solutions. The internet banking platform provides a wide spectrum of banking services to customers, including digital onboarding, access to payments, information about all customer existing products, account statements, card management, credit scoring and loan applications, standing orders, deposits, investment funds, life insurance, pension funds and other product applications, information and advertisement. Customers are also able to set up SMS and mobile push notifications in connection with card authorisations, balance enquiries and payments. Loyalty program information, correspondence with the bank and different digital e-services from bank partners are provided as well. The internet banking system supports different two-factor authentication devices, thereby promoting high levels of security for online transactions. The Group has also implemented a new, modern online banking authorisation system

(MobileScan) which enables login and payment confirmations to be processed using a smart phone application rather than a separate authentication device.

The Group provides a mobile banking solution for its customers on Android and iOS platforms. It now offers a wide range of functionalities and features such as login and payment acceptance using customer bio-metric data; Touch ID and FaceID; payment card controls, including blocking, enabling/disabling contactless and enabling/disabling cash withdrawal; online purchases and PIN change for card; mobile chat with bank; push notifications; instant SEPA payments; and NFC payments with the phone supported by a seamless user experience. The Group's mobile banking application also ensures digital onboarding, allows non-customers to open a bank account remotely and receive their payment card by remote customer identification process. The internet and mobile banking solutions have been developed in-house, and the Group continually improves and updates the systems to meet future customer demands.

The Group has several other systems in place, including a data warehouse system named "Golden Source" on the Sybase IQ platform to ensure compliance with Basel 239 requirements on integrated risks and financial data sources. Storage of large volumes of data, including data related to the Group's finance, risk and compliance operations, may be used for regulatory, public, statutory, management and risk reporting. The Group uses Sybase and Oracle for data storage and report generation. The data warehouse system contains a large volume of customer data and can be used for extensive customer and product data evaluation and AML and sanction filtering systems, advanced card and online fraud prevention systems, and modern customer loyalty management solutions.

PEGA CDH solution is used as a customer digital engagement platform. Solution C Rewards is used as a customer loyalty platform. The Group has implemented a call centre platform from Genesys which enables more sophisticated customer service interactions.

The Group ensures AML risk management through FCRM by Fiserv and Bridger Insight XG from LexisNexis. Management of card and online fraud risks is ensured through Threat Metrix and Stronghold.

The Group has been a Baltics banking market leader with numerous digital innovations. For example, the Group was the first bank to deploy mobile and NFC payments for customers, instant SEPA payments, as well as online credit scoring and mobile on-boarding. In 2020, the Group also launched ApplePay, Google pay and developed and launched the e-commerce solution (Klix), enabling a streamlined e-commerce experience for customers and merchants. The Klix e-commerce payment solution offers single merchant API for accepting various types of payments such as card, PSD II (with major Baltic banks) and pay later. Klix employs web user interface used by merchants to view all purchase related information, perform payment refunds and initiate offline pay later purchases. Klix also supports single, recurring and reservation type of card payments, and has a service for forwarding customer loan / BNPL applications to multiple lenders, retrieving available offers and ensuring conclusion of the contract according to the requirements of a particular country. Customers across the Baltic States are able to receive instant individual offers from the Group for consumer loans via digital channels. They can also apply digitally for mortgages and receive offers from the Group via digital channels in Latvia and via telephone in Lithuania and Estonia. The Group's information systems ensure the smooth operation and management of C Cards - the payment card for daily payments, travels and shopping.

The Group's corporate business also utilises solutions from nCino for loan origination and Lendscape for factoring products. The Group employs the Secure Web mortgage, consumer loan and SME loan origination system, the Score Manager system for customer credit worthiness evaluation and KVARCS and Credix systems to support credit risk management.

The Group is actively leveraging Generative AI to enhance workplace efficiency, streamline business processes, and accelerate development, GenAI-powered document recognition, AI assistants like Adele, and internal Copilots tailored to business and technical needs. These innovations support secure, efficient operations and reflect the Group's commitment to continuous digital advancement.

The Group believes that this improved technology platform is a key step in enabling it to expand its operations across the Baltic region and improve its efficiency in offering its services to its customers.

The Group has in place disaster recovery and business continuity plans to ensure that, in the event of an emergency, its operations and systems are able to continue to function efficiently. In order to further mitigate any such emergency risks, the Group has two separately located data centres where the Group's

data and systems from Latvia, Lithuania and Estonia are continuously backed up. This enables such data to be retrieved and core systems to remain operational in the event that an emergency occurs. The Group uses Qradar / IBM security and event management solution and various solutions for perimeter and network security, endpoint security, application and data security.

## Employees

As of 30 June 2025, the Group had 1,282 full time employees, comprised of 928 full time employees in Latvia (including 9 employees attributable to the Supervisory Board), 251 full time employees in Lithuania, 103 full time employees in Estonia. This figure does not include the 27 full time employees in Switzerland, attributable to Kaleido Privatbank AG which was recently sold in July 2025, and which are accounted for as discontinued operations.

The following table presents the Group's full time employees for the specified periods.

	As of 30 June	As of 31 December		
	2025	2024	2023	2022
Latvia	928	969	967	978
Lithuania	251	248	242	261
Estonia	103	99	92	90
Switzerland*	27	26	28	26
<b>Total</b>	<b>1,309</b>	<b>1,342</b>	<b>1,329</b>	<b>1,355</b>

\*The 27 full time employees in Switzerland are attributable to Kaleido Privatbank AG, which was recently sold in July 2025, and which are accounted for as discontinued operations.

The Group's remuneration policy includes:

- Fixed Remuneration (salary): represents professional experience and level of responsibility of the employee which are established in the employee's job description and work agreement. Fixed part of remuneration is salary and special payments to employees not related to performance.
- Variable Remuneration (performance): represents performance of the employee, which exceeds duties defined in the job description, their persistence and the related and probable risk evaluation. Variable part of remuneration is sales incentives, bonuses for achievement of qualitative and quantitative indicators and targets (monetary and in a form of financial instruments), specific bonuses for extraordinary achievements, long-term incentive plans and other monetary benefits.

For more information on the Group's remuneration policy, see section entitled "*Corporate Governance – Remuneration Policy*" below.

The Group continuously invests resources in its employer branding, training and development, talent attraction and retention, as well as implements internal programs aimed at improvement of loyalty and motivation of its employees. An employee engagement survey is organised on a quarterly basis for all of the Group's functional units, and focus groups are being organised to improve upon the survey results. Recent surveys have included employee reports of high motivation and satisfaction with the Group as an employer. The Group's employees have an average tenure of eight years. The Group monitors the market trends to offer a competitive remuneration to its employees. The Group aims to be the employer of choice for talented people, based on a set of values reflecting the performance-based nature of the organisation and the focus on strong profitability.

## Intellectual property

The Group has registered several trademarks containing "Citadele" in Latvia. The Group has also registered the trademarks "CBL" and "CBL Bank" across the EU. Additionally, the Group has registered trademarks related to its products, such as "C", "C Rewards", "cPay", "Klix" and various trademarks derived from "C" (e.g., "C Investments", "C Capital", "C Family" and others). The Group has also registered multiple domain



names, including “Citadele”, in combination with the top-level domains specific to Lithuania and Estonia. Other than trademarks and logos in relation to the “Citadele” name, “CBL”, “Klix”, “C” or any derivative thereof, the Group does not consider that any of its registered IP is material to its business. The Group has also entered into a co-existence agreement with a third party in relation to its use of the “Citadele” name. Pursuant to such agreement, the Group is able to use the Citadele name in the Baltic States subject to certain limitations and is restricted from using the Citadele name anywhere beyond the Baltic States. For further information on the terms of this co-existence agreement, please see the section entitled “*Overview and Business Description - Material Agreements – IP Coexistence Agreement*”.

## Taxation

### Latvia

Amendments to the Latvian Personal Income Tax Law were enacted on 4 December 2024 and came into effect from 1 January 2025. These amendments increased the personal income tax (“**PIT**”) rate for capital gains and capital income from 20 per cent. to 25.5 per cent.. Annual income (as defined in the law), exceeding EUR 200,000, is now subject to an additional 3 per cent. PIT. In terms of employment income, the three previous progressive PIT rates (20 per cent., 23 per cent., and 31 per cent.) have been superseded by two new rates: a rate of 25.5 per cent. on income of up to EUR 105,300 per annum and a rate of 33 per cent. on any income exceeding EUR 105,300 per annum.

The current Latvian corporate income tax (“**CIT**”) regime, effective from 1 January 2018, introduced a new framework whereby CIT is payable on dividend pay-outs only (irrespective of profits in the particular period) and certain other expenses considered to be distributions of earnings for tax purposes (e.g., non-business expenses and representative expenses that exceed specific thresholds). As a result, this new regime had a positive impact on the Group and Citadele between 2019 and 2023, as the CIT expense on undistributed profits decreased substantially under the new tax regime in Latvia. However, since the adoption of a consistent dividend policy in 2024, the respective CIT expense for the Group in Latvia has increased accordingly. The tax assets in the other Group’s jurisdictions are unaffected by the changes in the Latvian tax regime.

Pursuant to the amendments to the Latvian Law on Corporate Income Tax (effective as of 1 January 2024), Citadele is required to pay a CIT surcharge at a rate of 20 per cent. This surcharge is applied to the profits earned in the pre-tax year (for instance, in 2024 the surcharge is payable from 2023 net profits), regardless of profit distributions. The CIT due upon profit distributions is reduced by the surcharge paid. In other words, the surcharge functions to some extent as an advance CIT. The impact of the surcharge on the Group for the year ending 31 December 2024 is EUR 9 million and the total surcharge paid since its introduction amounts to EUR 22.6 million, of which EUR 21.2 million remains available for deductions of future CIT liabilities.

In addition, on 6 December 2023 the Latvian Parliament approved amendments to the Latvian Consumer Rights Protection Law, as amended, introducing financial support mechanisms for consumers affected by increases in interest rates for floating rate loans, which consist, in part, of EURIBOR. Pursuant to the amendments, in 2024, credit institutions registered within the Republic of Latvia, including Citadele, were subject to a quarterly levy in the amount of 0.5 per cent. of the total outstanding balance of mortgage-backed loans issued to consumers as of 31 October 2023. The impact of the mortgage loan levy on Citadele for the year ending 31 December 2024 was EUR 8.9 million. The mortgage loan levy was only payable for 2024 and it was replaced with temporary solidarity contribution for the years 2025, 2026 and 2027 as described below.

The Latvian government has also introduced a temporary solidarity contribution for the years 2025, 2026 and 2027 on the selected income of credit institutions and branches of foreign credit institutions from 2025. According to the Solidarity Contribution Law (passed on 4 December 2024, effective from 1 January 2025, the “**Solidarity Contribution Law**”), the solidarity contribution is calculated in the amount of 60 per cent. on the basis of net interest income exceeding 50 per cent. of the average net interest income of the years from 2018 to 2022. This levy is applicable for the Group’s banking operations in Latvia, excluding its Estonian and Lithuanian branches. It is difficult to estimate the impact of this levy to the Group’s operations given the high sensitivity of this levy to EURIBOR rates.

The Solidarity Contribution Law provides the opportunity to apply a solidarity contribution rebate (25, 50, 75, and 100 per cent.) if a credit institution significantly increases its lending growth. The amount of the

rebate is dependent on the increase in lending growth during the reporting year compared to the previous year and indexed against the nominal GDP growth expected in Latvia in the respective year.

### ***Lithuania***

The Lithuanian Bank Tax in respect of credit institutions (inclusive of credit institution branches) operating in Lithuania was introduced on 16 May 2023 and is applied on the surplus of net interest income received in 2023 and 2024 from activities of Citadele's Lithuanian branch. This tax has been extended to cover 2025 also. The impact of the Lithuanian Bank tax on the Group was EUR 0.9 million in 2023 and EUR 0.7 million in 2024 and is estimated to be EUR 0 million for the year ending 31 December 2025. Furthermore, Lithuanian CIT has been increased from 15 per cent. to 16 per cent. as of 1 January 2025 and will apply to profits earned in 2025. Whereas profits earned in 2026 and subsequent tax years shall be subject to a 17 per cent. CIT rate due to changes to the Corporate Income Tax Law of the Republic of Lithuania adopted by the Lithuanian Parliament on 26 June 2025. These changes also include accelerated depreciation and amortisation rules introduced for computer and communications equipment, software and certain other assets, as well as certain changes to the rules for the transfer of tax losses within the group.

In addition, on 26 June 2025 the Lithuanian Parliament has also adopted a significant PIT reform which will be introduced as of 1 January 2026 and aims at increasing the progressivity of PIT. Specifically, the portion of annual income not exceeding 36 times the national average monthly salary (as established under the legal acts annually) is taxed at the rate of 20 per cent. The portion of annual income exceeding 36 times the national average monthly salary but not exceeding 60 times the national average monthly salary is taxed at the rate of 25 per cent., and the portion of annual income exceeding 60 times the national average monthly salary is taxed at the rate of 32 per cent. All annual income is to be aggregated for the purposes of applying the above progressive tax rates (e.g., wages, income from individual activities, rent, sale of property etc.), except dividends, investment income earned through an investment account, transfer of shares owned for no less than five years (three years when shares have been acquired from an employer under share option or similar agreement), sickness, maternity, paternity, childcare, and long-term work benefits and certain other categories.

### ***Estonia***

As a result of a separate CIT regime targeted specifically at Estonian resident credit institutions, these institutions are required to make quarterly advance payments of CIT on the profits earned by them in the previous quarter while companies operating in other sectors remain subject to the general CIT regime under which profits is subject to taxation only upon distribution.

Advance payments of CIT are made at a rate of 18 per cent. from 1 January 2025 (increased from the earlier rate of 14 per cent.). The quarterly profits of credit institutions, on the basis of which the advance CIT is calculated, is reduced by the amount of the tax-exempt flow-through dividends received by the credit institution in that quarter, as well as by the amount of any loss recorded during the preceding 19 quarters (loss carry forward for five years). Estonian credit institutions cannot account for losses that have arisen prior to the 19 previous quarters. Estonian credit institutions have the right to set-off the CIT payable from dividend distributions or distributions from their equity capital against the advance CIT payments that had been previously made to the tax authority under the advance payment arrangement described above. Furthermore, from 1 January 2025, the standard PIT rate and CIT rate for dividend and equity capital distributions increased from the previous rate of 20 per cent. to 22 per cent. and the previously applicable reduced CIT rate of 14 per cent. which applied to regular dividend payments was abolished. The increase in the applicable CIT rate will reduce the own funds of such credit institutions and will tighten their ability to issue loans. The advance CIT has a more significant impact on credit institutions in an active growth phase, as it reduces the own funds of the institution.

In addition, the Estonian Parliament has adopted legislation to increase the standard CIT and PIT rates from 22 per cent. to 24 per cent., effective from 1 January 2026. Furthermore, as of 1 July 2025 the standard VAT rate was permanently increased from 22 per cent. to 24 per cent. (originally, the increase was intended to apply only until the end of 2028).

### **Environmental, Social and Governance (ESG)**

Sustainability for the Group means developing Citadele's business with a long term perspective and in line with the Group's environmental, social and economic goals. This includes respect for the natural

environment, and responsible and ethical practices in the decisions which are made, the products offered and the services provided. The Group is committed to support its customers in the transition to a low-carbon economy and reduce the negative impacts on society and the environment in its own business activities and operations. The Group expects its customers, partners and suppliers to work in a responsible and ethical way, including full compliance with all applicable laws and regulations, and the Group always upholds these principles in its own operations. The Group aims to minimise the negative and maximise the positive non-financial impacts of our operations on the environment and society whilst at the same time minimising the negative and maximising the positive impacts of ESG risks on the Group. By signing the Principles for Responsible Banking (“**PRB**”), the Group has committed to aligning its business strategy and contribute to the UN Sustainable Development Goals and the Paris Agreement.

The Group’s sustainability reporting provides an overview of the Group’s sustainability journey, environmental impacts and risks associated with climate change, social responsibility, corporate governance, and related performance data within the areas since 2017. The Group’s latest sustainability report (available on Citadele’s website) covering the period as of 31 December 2024 has been prepared in accordance with the requirements of the Directive of the European Parliament and of the Council on corporate sustainability reporting (EU) 2022/2464, European Sustainability Reporting Standards and the recommendations of the Taskforce on Climate-related Financial Disclosures (“**TCFD**”). The sustainability report represents the Group’s statement on corporate social responsibility in line with Sustainability Disclosure Law of Latvia and Financial Instrument Market Law of Latvia. It also represents the Group’s reporting on how its activities are associated with economic activities that qualify as environmentally sustainable, as described in Article 8 of the EU Taxonomy and underlying delegated acts.

### ***Environmental***

The Group aims to contribute to adaptation of the global and Baltic economy to achieving the established climate goals. Furthermore, the Group acknowledges its responsibility in contributing to the development of a sustainable economy and is committed to address the environmental aspects in financing and investments as well as in managing its direct impact. To identify the areas in which the Group’s business activities have the greatest positive and negative effect, the Group conducts portfolio impact analysis, defining, measuring and disclosing key indicators to increase the efficiency of its environmental projects to ensure climate-related and environmental risk incorporation in the Group’s operations and processes. CBL Asset Management is a signatory to the Principles for Responsible Investment (“**PRI**”), undertaking to incorporate ESG issues into its investment analysis and decision-making processes, ownership policies and practices, as well to increase awareness of PRI within the investment society and report on activities and progress towards PRI implementation. As disclosed in the Group’s ESG Policy (available on Citadele’s website), the Group has recently been involved in the following ESG initiatives:

- the Group has joined the PRB and contributes to the fulfilment of the aims of the Paris Agreement; the Group’s PRB progress reporting and self-assessment is conducted annually. 2024 reporting and self-assessment will be published on the Group’s website;
- following EU and regional ambition to reach net-zero emissions by 2050, the Group sets this target for its own financed portfolio (net-zero by 2050 sets a measurable target to the Group’s ambition on increasing sustainability and strengthening support to customers in transition to green operations). The Group has joined the Partnership for Carbon Accounting Financials (PCAF) and continue active work on assessment of Scope 3 GHG emissions;
- the Group follows green office principles. Citadele’s headquarters offices in Latvia, Lithuania and Estonia now operate on a 100 per cent. renewable energy. In 2025 further steps are being taken to minimise the carbon footprint of own office operations. This will be further covered in the formal transition plan which the Group is intending to develop by the end of 2025;
- the Group works towards aligning its business strategy, governance, risk management and disclosures to correspond to the expectations regarding climate-related and environmental risks set by the ECB;
- the Group has extended its Pillar 3 disclosures to include prudential disclosures on ESG risks in accordance with Article 449a of the CRR, and reports on eligible financed activities under Article 8 of the EU Taxonomy and underlying delegated acts;

- in addition to the Group's current transparency commitments, the Group plans to further improve and increase transparency of climate-related financial information. ESG reporting is aligned with recommendations from the TCFD;
- the Group applies environmental and social risk management procedures in financing, and has defined industries that it will not finance due to significant negative environmental and/or social impact, such as thermal coal mining, coal-fired electricity-generation, production of or trade in products deemed illegal under international conventions and agreements, such as ozone depleting substances, persistent organic pollutants, regulated wildlife products, etc.; and
- the Group encourages the use of environmentally friendly and sustainable business practices and plans to continue developing new offers supporting the green transition, implementing ESG topics in customer offers and product development.

### ***Social Responsibility***

Financial institutions social impact is based on the ability to leverage its expertise, financial products and services to enable people and communities to prosper and grow.

The Group acts based on high ethical and professional standards towards its customers, partners and employees and in accordance with the Group's Code of Ethics, which is available to the public on the Group's website. The Group's success is based on its employees and their well-being. From the employer's perspective, all employees are treated in a respectful, courteous and professional manner. The Group is committed to ensure:

- No discrimination: the Group supports a working environment that is free from any discrimination, prejudice, harassment, abuse of powers and undignified attitude;
- Equality: every employee is treated, within their own abilities, qualifications, beliefs, and life experiences, regardless of gender, ethnic background, religion, age, sexual orientation, as an equal part of the team with equal opportunities;
- Good working conditions: the Group ensures convenient and secure working conditions, in line with labour-related standards and requirements, national employment laws, social insurance, occupational health and safety standards;
- Talent development: the Group supports professional skill and competence development for all employees. Employees have access to personalised development plans, solid training curriculum (external & internal courses) and advanced leadership skills' development programmes; and
- Well-being: the Group supports an active lifestyle and balance between work and private life by offering a number of benefits, such as health insurance, sport-related programmes, special offers on bank's products, flexible working hours, team events and other benefits.

### **Principal investments since 2020**

Since the year ended 31 December 2020, the Group has made the following material investments beyond the scope of its everyday economic activities.

In December 2019, Citadele announced that it had entered into a binding agreement with UniCredit S.p.A. pursuant to which Citadele acquired UniCredit's Baltic leasing operations through the acquisition of 100 per cent. of the shares in SIA "UniCredit Leasing" (including its Estonian and Lithuanian branches), along with its 100 per cent. owned subsidiary SIA "UniCredit Insurance Broker" (including its Estonian branch). The completion of the acquisition took place on 4 January 2021. After the acquisition, the Group refinanced existing borrowings of the acquired entity and committed lending of up to EUR 880 million in total. The acquired leasing subsidiary is one of the leaders in the Baltic States, with more than 20 years of experience in the area of leasing and a demonstrated ability to deliver sustainable business growth. As of 30 June 2025, the Group's net loans to public leasing portfolio stood at EUR 1.2 billion in the Group's net loans to public book, creating a stronger Baltic Leasing offering allowing for economies of scale, synergies and shareholder value.

In March 2021, Citadele announced the acquisition of the majority of the mortgage portfolio of AS "ABLV Bank" in connection with such entity's liquidation at a 4.3 per cent. discount. The acquired portfolio consisted of several thousand mortgage loans with a total exposure of above EUR 170.0 million. On 2 July

2021, the first phase of the transaction was completed and Citadele acquired mortgage loans with net exposure amounting to EUR 114.0 million. In December 2021, the second phase of the transaction was completed and Citadele acquired mortgage loans with an exposure amount to EUR 43.1 million.

### **Insurance Coverage**

The Group maintains a comprehensive suite of insurance policies to mitigate a broad range of operational and business risks. The principal policies in force include:

- Directors and Officers Liability Insurance Policy;
- Crime and Professional Indemnity Insurance Policy;
- Cyber Enterprise Risk Management Insurance Policy;
- Health, Life and Personal Accident Insurance Policies for Employees;
- MotorMTPL and Casco (MOD) Insurance Policies;
- Property Insurance Policy;
- Third Party Liability Insurance Policy (real estate);
- Factoring Policy;
- ATM Insurance Policy; and
- Cash and Gold Policy.

The Group has procured insurance coverage that it believes to be appropriate, customary and adequate in its industry. The Group's insurance policies are subject to standard industry exclusions, sub-limits and deductibles. Insurance coverage is reviewed periodically to ensure continued adequacy relative to the Group's risk profile, operational scale, and evolving market practices. The Group believes its current insurance arrangements are consistent with prevailing industry standards and practices. There is, however, no guarantee that the Group will not suffer any losses for which no insurance coverage is available, or that the losses will not exceed the amount of insurance coverage under existing insurance policies.

## RECENT DEVELOPMENTS

### Nominations to Supervisory Board

On 2 April 2025, Bingyang Zhu, Thomas Isaac and Eric Hazan were nominated to join Citadele's Supervisory Board, subject to receiving respective regulatory approvals. As follows, Lawrence Neal Lavine, Dhananjaya Dvivedi and Sylvia Gansser-Potts will leave Citadele's Supervisory Board after the necessary regulatory approvals for the new Citadele Supervisory Board members has been received.

- Bingyang Zhu is a Managing Director at Ripplewood Advisors LLC. Mr. Zhu is responsible for evaluating and executing investments in the banking, financial services, and other sectors across Europe and the Middle East since joining the firm in 2008. Before joining Ripplewood, Mr. Zhu was an investment banking analyst in the General Industrials Group at Morgan Stanley, covering the IT outsourcing / processing, conglomerates, and aerospace & defense sectors. Mr. Zhu earned a Bachelor of Science in Applied Economics and Management, magna cum laude, from Cornell University.
- Thomas Isaac has decades of experience in successfully managing businesses, for example Citigroup. Mr. Isaac is experienced in steering businesses through periods of uncertainty, for example managing the Citi EMEA crisis management during the global COVID pandemic. He has been a Senior Advisor at Ripplewood Advisors Limited since 2021, providing advice on strategy. Mr. Isaac holds a Master of Business Administration from the Chartered Institute for Securities & Investment and BA in Engineering from the Open University Business School.
- Eric Hazan has extensive experience in technology and digital transformation with initiatives that integrate AI, machine learning, and advanced analytics into business processes. For nearly 20 years, Mr. Hazan has worked at McKinsey & Company as Senior Partner. His work spans various industries, driving business growth through technological advancements. In addition, Mr. Hazan is a professor at HEC Paris and Sciences Po. His extensive experience in technology and digital transformation with focus on GenAI will provide Citadele an advantage.

On 27 March 2025, five existing members of the Supervisory Board were re-elected: Timothy Clark Collins, Elizabeth Critchley, Nicholas Dominic Haag, Stephen Young and Daiga Auzina-Melalksne.

On 23 June 2025, Karina Saroukhanian, member of the Supervisory Board, has resigned from her duties and has left the Supervisory Board and the respective Supervisory Board committees. Karina joined Citadele's Supervisory Board in 2016.

The new composition of the Supervisory Board will enter into force upon receipt of the required regulatory approvals.

### Operations in Switzerland

The Group has recently sold its Swiss subsidiary, Kaleido Privatbank AG, in July 2025. The sale aligns with the Group's objective of focusing its business on the Baltic States. Kaleido Privatbank AG did not comprise a material portion of the Group's business.

Where set out in this Prospectus, Kaleido Privatbank AG is presented as discontinued operations as of 30 June 2025.

## CORPORATE GOVERNANCE

In general, the corporate governance legislation in Latvia is aligned with EU standards. Corporate governance in Latvia is principally governed by the Latvian Commercial Law which implements *inter alia* the requirements of EU Directive 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law. This law outlines the general requirements applicable to all Latvian companies including joint stock companies such as Citadele. The Latvian Commercial Law requires joint stock companies to have a two-tier management system consisting of a supervisory board (council) and a management board, which, together with the general meeting of shareholders (“GMS”), are the principal management institutions.

Citadele's corporate governing bodies are the GMS, the Supervisory Board and the Management Board, each having its own responsibilities and authorities in accordance with Latvian law and Citadele's articles of association (the “**Articles of Association**”). The GMS elects the members of the Supervisory Board, which, in turn, is responsible for the appointment and supervision of members of the Management Board. The Management Board, which is an executive body, is responsible for the management of Citadele's day-to-day operations. GMS is responsible for matters including the approval of the company's annual accounts, deciding on how profits are used, amending constitutional documents, changing the company's share capital, issuing and converting securities, appointment and removal of Supervisory Board members, auditors, controllers and liquidators, as well as other matters.

### Supervisory Board

The Supervisory Board is an institution that represents the interests of Citadele, supervises the Management Board and the Citadele's overall development. In particular, this role includes: (i) electing and recalling members of the Management Board; (ii) monitoring Citadele's business activities and ensuring compliance with the law, the Articles of Association and the decisions of its shareholders; (iii) examining Citadele's accounts together with the Management Board's proposals for the use of profits, and drawing up Citadele's annual report; (iv) representing Citadele in all legal proceedings brought by Citadele against members of the Management Board or vice versa; (v) approving transactions between Citadele and members of the Management Board, Citadele's auditors or related persons; and (vi) examining in advance all issues to be raised at the GMS and providing opinions on such issues, (vii) approving the Citadele's general operational principles (strategy) and financial development objectives (budget), as well as monitoring their implementation; and (viii) monitoring risk management and international control systems, as well as other matters.

The Supervisory Board is also responsible for supervising the management of the Group's risks, including credit and liquidity risk, as well as approving and monitoring the implementation of Citadele's policies, including its remuneration policies. In addition to the above, the Supervisory Board shall supervise how the Management Board ensures the establishment and effective functioning of Citadele's internal control system. When carrying out the supervision of the internal control system, the Supervisory Board shall:

- determine the distribution of duties among the Supervisory Board members and committees, where established, and procedure for information exchange among the Supervisory Board and Management Board, *inter alia*, shall critically assess the content of information submitted by the Management Board;
- ensure that the agenda and the most relevant issues and conclusions of the Supervisory Board level committee, where established, are documented;
- set the duties and remuneration of the Management Board members and procedure for the assessment of individual and collective performance results of the Management Board;
- set Citadele's development strategy, including objectives of the activities, risk strategy and capital adequacy maintenance strategy, as well as supervise the implementation of those strategies;
- supervise the establishment of the organisational structure and the compliance thereof with the internal and external legal framework, as well as the compliance thereof with the specifics of Citadele's activities and risk strategy;
- approve the outsourcing, as well as, at least on an annual basis, review it in accordance with the changes in Citadele's activities and Citadele's external circumstances policy and oversee the implementation thereof;

- set the corporate values and standards of professional conduct and ethics of Citadele, approve the policy on the governance of conflict of interest situations and the policy of ensuring diversity in the composition of the Supervisory Board and Management Board;
- monitor establishment of the risk culture within Citadele;
- supervise risk management in Citadele, *inter alia*, approve policies on the identification and management of risks, request and receive information about the size and management of material risks inherent to the activities of Citadele (including risks related to macroeconomic factors and the economic cycle), ensure that Citadele allocates sufficient resources for risk management, as well as annually assess the effectiveness of risk management;
- supervise the valuation of assets related to the material risks inherent to the activities of Citadele, application of ratings granted by the credit rating agencies and use of internal models;
- set guidelines for the capital adequacy assessment process, including, methods to be applied and objectives, and approve the policy on the capital adequacy assessment process;
- supervise compliance risk management, *inter alia*, shall approve the policy on compliance risk management, and shall at least annually assess the effectiveness of compliance risk management;
- supervise the functioning of an effective management information system, information disclosure and communication;
- supervise, whether the risk control function, compliance control function and internal audit control function is clearly defined, whether these functions have an appropriate position in the organisational structure of Citadele and a particular role in the governance of Citadele, whether qualified staff is provided thereto and whether they operate effectively;
- supervise the periodic enhancement of the internal control system in accordance with the changes in the activities of Citadele and external factors affecting the activities of Citadele;
- review the opinions and recommendations of the internal audit function and certified auditors, as well as of the BL and other authorities for enhancement of the activities of Citadele and shall control the prevention of the detected weaknesses;
- approve the policy on introducing new financial services;
- determine the content, volume, format and frequency of reports it receives, as well as shall critically assess and, if necessary, dispute the truthfulness of such information;
- ensure that, on a regular basis, by means of internal or external resources, the assessment of the performance of the Supervisory Board is performed, assessing the collective effectiveness of the Supervisory Board and individual effectiveness of its members, the established committees and internal rules of procedure and procedures of the Supervisory Board and Management Board;
- ensure that, based on the results of assessment of the performance of the Supervisory Board, deficiencies in the work of the Supervisory Board are identified and appropriate preventive measures are taken;
- at least on an annual basis, determine and approve the action plan of the internal audit functions, ensuring that the risk committee and audit committee are involved in the development of such plan.

The Supervisory Board is required to act in the interests of the whole company, and as a result, must consider the interests of a broad range of stakeholders, including, but not limited to, the Citadele's shareholders, employees and suppliers.

The Supervisory Board has the right to request reports on Citadele's operational and financial condition from the Management Board at any time and is further entitled to inspect Citadele's registers and documents as it sees fit. Members of Citadele's Management Board, Citadele's auditor, procurist, or commercial representative, or members of the management board of any dependent company may not become Supervisory Board members.

The Latvian Corporate Governance Code requires the Supervisory Board to meet at least once per year to discuss the Citadele's strategy and its implementation and evaluate the Citadele's need for committees. The Supervisory Board meets at least quarterly. When passing resolutions, the Supervisory Board members



must act on a fully informed basis and must assess the risks, short-term and long-term impact on the Citadele's value, sustainability and responsible development.

Citadele's Articles of Association provide that the Supervisory Board is to consist of nine members who are each elected by the GMS for a term of five years. On 24 October 2023, a new Supervisory Board was elected. The ECB approved this Supervisory Board on 1 November 2023. The members of the Supervisory Board elect the chairperson and deputy chairperson from among their number. The business address of each of the members of the Supervisory Board is Citadele's head office, Republikas laukums 2A, Riga, LV-1010, Latvia. As of the date of this Prospectus, the Supervisory Board comprises the following members:

<b>Name</b>	<b>Position</b>	<b>Date of Birth</b>	<b>Date of the Last Appointment</b>	<b>Date of Original Appointment</b>
Timothy C. Collins	Chairman	8 October 1956	1 November 2023	20 April 2015
Elizabeth Critchley	Deputy Chairperson	8 May 1976	1 November 2023	20 April 2015
Dhananjaya Dvivedi	Member	7 September 1946	1 November 2023	20 April 2015
Lawrence N. Lavine	Member	20 September 1951	1 November 2023	20 April 2015
Nicholas Haag*	Member	24 May 1958	1 November 2023	19 December 2016
Sylvia Gansser-Potts*	Member	23 August 1963	1 November 2023	20 April 2015**
Stephen Young*	Member	31 July 1958	1 November 2023	1 November 2023
Daiga Auzina-Melalksne*	Member	22 July 1968	1 November 2023	1 November 2023

\* Independent member of the Supervisory Board

\*\* Date of first appointment to the Supervisory Board

On 27 March 2025, five existing members of the Supervisory Board were re-elected: Timothy Clark Collins, Elizabeth Critchley, Nicholas Dominic Haag, Stephen Young and Daiga Auzina-Melalksne, and three new members of the Supervisory Board were elected: Bingyang Zhu, Thomas Isaac and Eric Hazan. The new composition of the Supervisory Board will enter into force upon receipt of the required regulatory approvals. For more information see "*Recent Developments – Nominations to Supervisory Board*".

#### ***Timothy C. Collins, Chairman of the Supervisory Board***

Mr. Collins is the Chief Executive Officer of Ripplewood. Mr. Collins has led the Ripplewood team in investing around the globe, including in the U.S., Europe, the Middle East and Asia. Mr. Collins and Ripplewood have delivered outsized returns, deploying over USD 6 billion in equity, representing over USD 40 billion of total enterprise value, and played an instrumental role in transforming and strengthening two prominent institutions, Commercial International Bank of Egypt and Shinsei Bank of Japan. Before founding Ripplewood in 1995, Mr. Collins worked for Cummins Engine Company, Booz, Allen & Hamilton, Lazard Frères & Company and Onex Corporation. Mr. Collins is involved in several not-for-profit and public sector activities, including the Trilateral Commission, the Council on Foreign Relations, Neom Advisory Board and Yale Divinity School Advisory Board. Mr. Collins is the Chairman of the Advisory Board for Yale School of Management and is a member of the Investment Advisory Committee to the New York State Common Retirement Fund. Mr. Collins has served on a number of public company boards, including Asbury Automotive, Shinsei Bank of Japan, Advanced Auto, Rental Services Corp., Commercial International Bank of Egypt, Gogo and Citigroup (after it accepted public funds). Mr. Collins also served as an independent director at Weather Holdings, a large private emerging markets telecom operator. Mr. Collins currently represents Ripplewood on the Boards of Banque Saudi Fransi (Saudi Arabia), Citadele (Latvia), EFG Hermes (Egypt), SODIC (Egypt) and Younted Financial. Mr. Collins has a BA in Philosophy from DePauw University and an MBA in Public and Private Management from Yale University's School of Management. Mr. Collins received an honorary Doctorate of Humane Letters from DePauw University in 2004 and has been an Adjunct Professor and Visiting Fellow at New York

University. He serves as a Visiting Lecturer at the Yale Law School and the Senior Becton Fellow at the Yale School of Management.

***Elizabeth Critchley, Deputy Chairperson of the Supervisory Board***

Ms. Critchley is the Managing Partner of Ripplewood Advisors I LLP. Ms. Critchley has been leading Ripplewood's investment efforts, including most recently into Eastern Europe and the Middle East. Ms. Critchley serves as a Director on the Boards of Citadele (Latvia), Saudi Fransi Capital (Saudi Arabia), EFG Hermes (Egypt) and SODIC (Egypt) and as Chairperson of the Board of Younited Financial. Before joining Ripplewood, Ms. Critchley was a Founding Partner of Resolution Operations, which raised £660 million through a listed vehicle at the end of 2008 and went on to make three acquisitions in financial services (Friends Provident plc for USD 2.7 billion, most of Axa's U.K. life businesses for USD 4 billion and Bupa for USD 0.3 billion). This consolidation strategy was financed through a combination of debt and equity raisings, as well as structured vendor financing. Until forming Resolution Operations, Ms. Critchley was a Managing Director at Goldman Sachs International where she ran the European FIG Financing business. Ms. Critchley has structured, advised, or invested in transactions with more than 50 global financials and corporates. Ms. Critchley holds a First Class Honours Degree in Mathematics from University College London.

***Dhananjaya Dvivedi, Member of the Supervisory Board***

Mr. Dhananjaya Dvivedi headed the Banking Infrastructure Group and was the Corporate Executive Officer of Shinsei Bank from 2000 to 2010. Mr. Dvivedi was instrumental in transforming Shinsei's IT platform as part of its strategy to improve customer service with conveniences such as internet banking, 24-hour ATMs, managed and monitored remotely, and real-time data, whilst maintaining cost control. Mr. Dvivedi has also served as the External Director of SIGMAXYZ Inc. from 2008 until 2011 and has since been involved in various research and advisory capacities for the development of new technologies to benefit society. Mr. Dvivedi holds an engineering degree from the Madhav College of Engineering in India and an MBA from the Indian Institute of Management. Mr. Dvivedi joined the Supervisory Board on 20 April 2015.

***Lawrence N. Lavine, Member of the Supervisory Board***

Mr. Lavine is a Senior Managing Director of Ripplewood Advisors LLC, following a 28-year career in investment banking. At Ripplewood Advisors LLC, Mr. Lavine has focused primarily on companies in the financial services and telecommunications industries. Mr. Lavine was previously a Managing Director of Credit Suisse First Boston in its Mergers and Acquisitions Group. He joined Credit Suisse First Boston in 2000 as part of the acquisition of Donaldson, Lufkin & Jenrette where he had been a Managing Director in Mergers and Acquisitions since 1987. He started his career on Wall Street at Kidder Peabody & Co. in 1976. Mr. Lavine holds a BS from Northeastern University and an MBA from Harvard Business School.

***Nicholas Haag, Member (Independent) of the Supervisory Board***

Until June 2021, Mr. Haag was a senior independent nonexecutive director ("INED") and chairman of the audit committee of TBC Bank Group PLC, the largest Georgian bank and the premium listed FTSE 250 company. He is an INED and chairs the audit, risk and compliance committee of Bayport Management Ltd., the holding company for a leading African and Latin American financial solutions provider. Prior to that, he was a member of the Supervisory Board of Credit Bank of Moscow PJSC. Mr. Haag has a 30-year banking career, half at Managing Director level, with various financial institutions including Barclays, Banque Paribas, ABN AMRO and Royal Bank of Scotland, specialising in technology finance and equity capital markets. Mr. Haag holds a First Class Honours Degree from the University of Oxford.

***Sylvia Gansser-Potts, Member (Independent) of the Supervisory Board***

Sylvia Gansser-Potts is a Director and member of the audit and risk committees of the European Fund for Southeast Europe (EFSE) which provides development finance to micro and small enterprises and private households via selected financial institutions. Until 2017, Sylvia was a Managing Director at EBRD with the overall responsibility for EBRD's investments and operations in Central and Southeastern Europe. Over her 25-year career at EBRD, Sylvia ran a succession of banking teams including the financial institutions operations in Central Europe, in MENA/Turkey as well as the property and tourism team. Sylvia started her career at Swiss Bank Corporation (which later merged to become UBS) in Switzerland and Japan. She

holds a master's in business from the Université Paris Dauphine-PSL, a bachelor's degree in Japanese language from the University of Paris and an MBA from INSEAD.

***Stephen Young, Member (Independent) of the Supervisory Board.***

Stephen Young is the International Chief Executive Officer of Mission Without Borders, a group of “not for profit” organisations working among the poor and marginalised in several countries in Eastern Europe, ranging from Albania to Ukraine. He has been an independent member of the Audit and Governance Committee of Citadele since 2017, joining the Supervisory Board in 2023. Prior to this, Stephen was a senior partner of KPMG in the Baltics and Belarus from 2004 until his retirement in 2015. Stephen worked with KPMG in Central and Eastern Europe from 1992 to 2015 and was a member of the KPMG CEE Board. With KPMG, Stephen served a number of clients in the banking and finance sectors across the Baltics and other CEE countries, providing audit, transaction and forensic services. Stephen holds a BA Honors degree in Economics from the University of Durham in the United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Fellow of the Chartered Accountants of Australia and New Zealand.

***Daiga Auzina-Melalksne, Member (Independent) of the Supervisory Board***

Daiga Auzina-Melalksne is an experienced Board member with 20 years of leadership and management experience in the financial services sector. Daiga was the Chairperson of the Management Board of Nasdaq Riga (2005–2023) and a Member of the Management Board of Nasdaq Tallinn (2012–2023). Daiga was responsible for Nasdaq Baltic Exchanges strategy and operations from 2012 through 2023. Daiga currently serves as an Elected Member of Board of the Baltic Institute of Corporate Governance (2016–present) and as Head of Latvian Corporate Governance Board under the auspices of the Latvian Ministry of Justice (2020–present) and is an advisory Board Member of Riga Business School (2021–present). Daiga holds Master of Business Administration degree in Management from the University of Latvia, an Executive Master of Business Administration degree from the Riga Business School and a Professional Board members Certificate from the Baltic Institute of Corporate Governance.

For information regarding the shares of Citadele held by certain members of the Supervisory Board, see "*Corporate Governance - Interests in Citadele*" below.

**Supervisory Board Committees**

***Audit and Governance Committee***

The Audit and Governance Committee is responsible for providing support to Citadele's shareholders and the Supervisory Board in its supervision of activities of the Management Board and Citadele and the Group with respect to audit and governance matters, as well as providing support for ensuring the control over economic and financial activities of Citadele and the Group. This includes reviewing the terms of reference and policies and procedures of the Internal Audit Division and providing recommendations thereon to the Supervisory Board, reviewing the annual audit plan prepared by the Internal Audit Division, reviewing the most significant findings of the Internal Audit Division on a quarterly basis, and reviewing the Internal Audit Division's annual assessment of its performance according to the audit plan. In addition, the Audit and Governance Committee supervises the Group's relations with external auditors and makes recommendations in relation to their appointment, re-appointment or removal, provides recommendations regarding any issues identified by the BL and ECB, and provides annual assessments to the Supervisory Board. The Audit and Governance Committee also advises and makes recommendations to the Supervisory Board on corporate governance matters generally, reviews and monitors rules, practices and processes by which Citadele is supervised to ensure that international best practice corporate governance principles are maintained, examines related party transactions, in order to ensure independent validation of such transactions, and provides annual assessments to the Supervisory Board on those matters.

According to the decision of the GMS, the Audit and Governance Committee fulfils the duties of Audit Committee as prescribed by Latvian Financial Instruments Market Law, thus ensuring a supervision of Citadele's audit processes, audit and non-audit services, etc.

The Audit and Governance Committee is composed of at least three members (six as of the date of this Prospectus), and is chaired by an independent Supervisory Board member, Stephen Young. The Audit and

Governance Committee meets four times per year, or more frequently if required. As of the date of this Prospectus, the Audit and Governance Committee comprises the following members:

<b>Name</b>	<b>Position</b>	<b>Date of the last appointment to the committee</b>
Stephen Young*	Chairman of the committee	1 November 2023
Lawrence N. Lavine .....	Deputy chair of the committee	1 November 2023
Dhananjaya Dvivedi .....	Member of the committee	1 November 2023
Nicholas Haag* .....	Member of the committee	1 November 2023
Sylvia Gansser-Potts* .....	Member of the committee	1 November 2023
Daiga Auzina-Melalksne*	Member of the committee	1 November 2023

\*Independent member of the Supervisory Board

### ***Risk Committee***

The Risk Committee is responsible for providing support to the Supervisory Board by monitoring the levels of risk to which the Group is exposed and the compliance of its operations with permitted levels of risk, as well as ensuring that remuneration schemes take into account liquidity, capital and operational risk. It also checks that risk is sufficiently priced in the Group's products and services, and provides recommendations regarding any areas identified by the BL and ECB for improvement. In May 2024 the Supervisory Board decided to dissolve the Technology Committee and transfer its functions and responsibilities concerning the IT, cyber security, AI related risks management and data governance to the Risk Committee.

The Risk Committee is composed of at least three primary members (five primary members and one alternate member as of the date of this Prospectus) and is chaired by a member of the Supervisory Board (at the date of this Prospectus, Nicholas Haag). The Risk Committee meets four times per year, or more frequently if required. As of the date of this Prospectus, the Risk Committee comprises the following members:

<b>Name</b>	<b>Position</b>	<b>Date of the last appointment to the committee</b>
Nicholas Haag* .....	Chairman of the committee	1 November 2023
Elizabeth Critchley .....	Deputy chair of the committee	1 November 2023
Timothy C. Collins .....	Member of the committee	1 November 2023
Sylvia Gansser-Potts* .....	Member of the committee	1 November 2023
Stephen Young* .....	Member of the committee	1 November 2023
Lawrence N. Lavine	Alternate to Timothy C. Collins	1 November 2023

\*Independent member of the Supervisory Board

### ***Remuneration and Nomination Committee***

The Remuneration and Nomination Committee is responsible for providing support to the Supervisory Board in the process of selecting prospective members of the Supervisory and Management Boards as well as the Head of Internal Audit. In particular, the committee assists in: (i) ensuring sufficient diversity in the composition of the boards and the Head of Internal Audit position; (ii) reviewing the remuneration policies for the Group; and (iii) assessing the suitability of prospective members of the Supervisory Board or Management Board, or Head of Internal Audit, as applicable. At least once per year it performs an assessment of the organisational structure of the Supervisory and Management Boards, including their size,

composition and efficiency, as well periodic assessment of the individual and collective knowledge, skills and expertise of the members of the Supervisory and Management Boards.

The Remuneration and Nomination Committee meets four times per year, or more frequently if required, and is composed of at least three members (five as of the date of this Prospectus) and is chaired by a member of the Supervisory Board (as of the date of this Prospectus, Daiga Auzina-Melalksne). As of the date of this Prospectus, the Remuneration and Nomination Committee comprises the following members:

<b>Name</b>	<b>Position</b>	<b>Date of the last appointment to the committee</b>
Daiga Auzina-Melalksne*	Chairman of the committee	25 March 2025
Elizabeth Critchley.....	Deputy chair of the committee	25 March 2025
Nicholas Haag*	Member of the committee	25 March 2025
Sylvia Gansser-Potts*.....	Member of the committee	25 March 2025
Lawrence N. Lavine	Member of the committee	25 March 2025

\*Independent member of the Supervisory Board

## **Management Board**

The Management Board is responsible for Citadele's day-to-day management (except functions reserved to the GMS and the Supervisory Board). According to Citadele's Articles of Association and applicable Latvian law, the members of the Management Board are appointed for a five-year period by the Supervisory Board and are also dismissed by the Supervisory Board. The number of members of the Management Board is determined by the Articles of Association and stands at six members as of the date of this Prospectus. The scope of authority of each member of the Management Board is defined by the terms of reference of the Management Board and is reflected in the contract entered into with the board member upon their appointment. The Supervisory Board elects a chairperson of the Management Board from among its numbers.

According to the Articles of Association, the Management Board requires the prior approval of the Supervisory Board for any decisions concerning: (i) approval or amendment of Citadele's business plan or dividend policy, approval or amendment of any other business plan for the next financial year or other planning period or budget for the next budget period, or approval of dividends; (ii) deciding on the appointment of the Chief Executive Officer or Chief Financial Officer in the event that such persons are not members of the Management Board; (iii) approval of any decision on capital expenditure (expenditure on fixed assets and intangible assets) of Citadele in excess of EUR 250,000 in one or more related transactions, except where such capital expenditure is provided for in the Citadele's business plan; (iv) approval of a draft resolution on any merger, demerger, reconstruction or liquidation of Citadele, or transformation of Citadele into another corporate form or acquisition of another structure or transfer of Citadele's business or part thereof, to be submitted to the GMS; (v) the approval of a draft resolution for the purchase, reacquisition, transfer or any other acquisition of shares in Citadele or the grant of any option, right to acquire shares or similar instrument to any person (including management and independent members of the Supervisory Board) in respect of shares in Citadele; (vi) approval of a draft decision to enter into any contract with the members of the Supervisory Board, members of the Management Board or any other person related to Citadele, except in the ordinary course of the Citadele's business, on terms which fully comply with the law and are not more favourable to such related person than other such transactions of Citadele.

The business address of each of the members of the Management Board is Citadele's head office, Republikas laukums 2a, Riga, LV-1010, Latvia. The Management Board meets at least bi-weekly, or as frequently as otherwise required. At the date of this Prospectus, the Management Board consists of the following seven members (as at the date of this Prospectus one Management Board member seat remains vacant):

Name	Position	Date of Birth	Date of the Last Appointment	Date of Original Appointment
Rūta Ežerskienė	Chair of the Management Board & Chief Executive Officer	6 March 1976	21 August 2024	27 January 2021
Valters Ābele	Chief Financial Officer	15 January 1975	17 June 2025	30 June 2010
Slavomir Mizak	Chief Technology and Operations Officer	19 October 1977	27 July 2022	31 July 2017
Vaidas Žagūnis	Chief Corporate Commercial Officer	29 July 1977	2 March 2025	21 February 2020
Jūlija Lebedinska-Ļitvinova	Chief Risk Officer	30 March 1980	16 June 2021	16 June 2021
Edward Rebane	Chief Retail Commercial Officer	2 March 1989	10 December 2024	10 December 2024
Liene Grūtupa	Chief Compliance and Legal Officer	24 January 1972	24 June 2025	24 June 2025

***Rūta Ežerskienė, Chair of the Management Board, Chief Executive Officer***

Ms. Ežerskienė is responsible for the day-to-day management of Citadele's operations. Previously she was responsible for services to retail clients, as well as organisation and supervision of the operations of Citadele's branches, client service centres and settlement groups. She joined Citadele in January 2021. Before joining Citadele she was Head of Baltic Retail for AON insurance broker since 2018. Before that she held different management positions in SEB group, both on the Baltic level and in Lithuania, including Head of Sales Department and Business Transformation (years 2017-2018), deputy CEO and Board member of SEB Life Insurance (years 2015-2017). She has 20 years of banking experience. Rūta Ežerskienė holds Master of Business Management degree from Kaunas University of Technology. She has graduated Board Member Education in Baltic Institute of Corporate Governance. A member of the Management Board since 1 February 2021, Ms. Ežerskienė has served as Chair of the Management Board and CEO since 23 August 2024. Her term of office expires on 26 January 2026.

***Valters Ābele, Member of the Management Board, Chief Financial Officer***

Mr. Ābele holds an MBA from the University of Latvia where he studied between 1993 and 1999. He spent part of his studies at Western Michigan University on a U.S. Government sponsored scholarship programme. He has extensive audit experience, he became an ACCA member and Latvian Certified Auditor in 2004 and worked at both Ernst & Young (2002-2008) and Arthur Andersen (1998- 2002) before moving into the banking sector. He now has seventeen years of experience in the banking industry, having joined AS "Parex Banka" ("Parex") in 2008. Mr Ābele's is the Chief Financial Officer of Citadele and his responsibilities include day-to-day management of the Group's Finance, Treasury and Loan Restructuring functions. He was appointed to the management board of Parex in 2008 and joined Citadele's Management Board in 2010. His term of office expires on 16 June 2030.

***Slavomir Mizak, Member of the Management Board, Chief Technology and Operations Officer***

Mr. Mizak is responsible for the Group's IT and technology development. He has been working for the Group since 1 August 2017. Before joining, Mr. Mizak was a member of the Management Board and has held the positions of Chief Information Officer and Chief Operating Officer in Zuno Bank AG (Austria) since 2014. Prior to that, he held positions of the Head of Information Technology and the Head of Information Technology Development in Zuno Bank. Before that he worked as a consultant and manager in the consulting division for financial services sector in Accenture (2002-2009). Mr. Mizak holds a master's

degree in Business Administration from the University of Economics in Bratislava. His term of office expires on 30 July 2027.

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

Ms. Lebedinska-Ļitvinova is Risk Director at Citadele and is responsible for the Group's risk management area as of June 2021. Jūlija Lebedinska-Ļitvinova has an extensive experience of almost 20 years in risk management area in financial sector. Jūlija comes from the position as Group Chief Risk Officer for Mogo Finance since 2019. Before that she was Chief Risk Officer in 4Finance Group (2015-2019), Head of Antifraud and Risk Processes at Home Credit and Finance Bank, Russia (2013-2015) and Chief Risk Officer at Home Credit Bank, Belarus (2011-2013). Jūlija Lebedinska-Ļitvinova has a PhD degree in natural sciences from the University of Latvia. She has been a member of the Management Board since 21 June 2021. Her term of office expires on 15 June 2026.

***Edward Rebane, Member of the Management Board, Chief Retail Commercial Officer***

Edward Rebane has been a board member of the bank since December 2024 and is responsible for retail banking. Edward Rebane started his career in the banking sector at SEB Bank in 2010, holding various leadership positions in Estonia and the Baltic region, and gained in-depth knowledge of the banking sector by developing digital solutions to improve customer experience and by building different distribution strategies. Edward Rebane has pursued advanced studies at five universities: University of Oxford (Executive Program), Birmingham City University (MBA), Estonian Business School (BBA), LIUC – Università Cattaneo (EXC), Università LUMSA (EXC). His term of office expires on 9 December 2029.

***Liene Grūtupa, Member of the Management Board, Chief Compliance and Legal Officer***

Liene Grūtupa has more than 25-year experience in executive legal and personnel management positions. She joined Citadele banka in 2011 as Head of the Legal Division and, since January 2022, has additionally taken on the role of Head of HR. Her experience combined with significant achievements in strategic planning and process optimisation, demonstrates a strong capability to ensure compliance, and drive organisational success. Liene Grūtupa has a law degree from University of Latvia and an MBA from Riga International School of Economics and Business Administration.

For information regarding the shares of Citadele held by certain members of the Management Board, see "*Corporate Governance – Interests in Citadele*" below.

**Remuneration policy**

Citadele's remuneration policy is designed to attract, retain, motivate and develop professional and talented employees so that it can achieve its short-term and long-term goals. Citadele aims to ensure that: (i) remuneration is matched to employees' performance; (ii) there is coordination and consistent application of the remuneration policy across the Group; (iii) remuneration levels are competitive in the labour market; (iv) the remuneration policy does not encourage the assumption of risk above defined levels; (v) the remuneration policy does not limit Citadele's ability to strengthen its equity capital; (vi) Citadele's values and long-term interests are protected in setting remuneration levels; (vii) the remuneration policy does not conflict with the protection of customers' or investors' interests; and (viii) there are no guaranteed amounts of the variable element of remuneration except in the first year of an individual's employment.

Remuneration for employees performing internal control functions such as risk control, compliance control and internal audit is based on the achievement of defined goals and is not linked to the performance of the sector monitored by those internal control functions. The fixed and variable elements of remuneration are both set as an amount gross of tax. While Citadele's internal regulations prescribe severance pay that exceeds the amount prescribed in the Labour Law of the Republic of Latvia of 2001, as amended, the Management Board takes into account errors and shortcomings in the employee's service as well as the performance of the employee in making such decisions.

In relation to Citadele as a standalone entity, the fixed element of the remuneration paid to the CEO and Management Board members, together with the Head of Internal Audit Division and employees whose remuneration is equal to or exceeds the remuneration of any of the above, is set by the Supervisory Board. For other employees, the decision is taken by designated employees according to authorisations issued by Citadele's Management Board. In relation to Citadele's subsidiaries, the fixed element of the remuneration paid to members of the subsidiary's supervisory board (if any) is set by the Management Board as a

representative of the (direct or indirect) shareholder of the subsidiary. The fixed element paid to the members of the subsidiary's management board is set by the subsidiary's supervisory board if any, and if none, by the Management Board. For other employees of subsidiary companies, the fixed element of remuneration is set by designated employees according to authorisations issued by the relevant subsidiary.

The Management Board defines and regularly reviews employees' salaries and total remuneration level in line with market analysis and results of compensation surveys of financial institutions, which are conducted by external organisations.

The variable part of remuneration paid by Citadele is set by the Supervisory Board for Management Board members, by the Management Board for staff whose role has an impact on Citadele's risk profile, and by designated employees according to authorisations issued by Citadele for other employees. In relation to Citadele's subsidiaries, the Management Board sets the variable element for the subsidiary's supervisory board and management board members and the subsidiary's management board sets the variable element for the subsidiary's staff whose role has an impact on its risk profile.

Employee performance is assessed during the annual performance management cycle, where individual performance is evaluated against goals established at the beginning of the year. Annual goals are set up as a combination of financial targets, qualitative metrics and individual soft skill metrics.

The remuneration policy is reviewed annually by the Supervisory Board, based on the proposals of the Management Board. The Internal Audit Division monitors implementation of the policy.

The table below sets out the aggregate annual accruals based remuneration for members of the Management and Supervisory Boards of AS Citadele banka for 2024, 2023 and 2022:

<i>(Thousands of Euros)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Management remuneration	3,392	5,134	4,178
Management social security and solidarity tax contributions	721	78	651

Citadele's Supervisory Board and shareholders have adopted a long-term incentive plan (“**LTIP**”) which is offered to the members of the Management Board and a long-term retention programme (“**LTRP**”) which is offered to the key employees of the Group. The members of the Management receive personnel options awards under the LTIP and such awards are subject to the satisfaction of predetermined performance targets and may have a vesting period of up to five years. The total variable pay (comprised of cash bonuses and awards under the LTIP) paid to the Management Board in any year may not exceed 200 per cent. of their fixed remuneration. Key employees receive personnel options awards under the LTRP and such awards are subject to the satisfaction of predetermined performance targets and have a vesting period of up to three years. The total variable pay (comprised of cash bonuses and awards under the LTRP) paid to the key employees in any year may not exceed 100 per cent. of their fixed remuneration. All such personnel options give rights to obtain shares of Citadele upon their exercise according to their terms and conditions.

As of the date of this Prospectus, the total amount of outstanding personnel options under both programmes—LTIP and LTRP—is 2,590,000 options. According to the rules adopted by Citadele that are applicable to both the LTIP and LTRP, and respective grant decisions, the exercise price for issued personnel options is 0. The grant amount is determined as a percent of the annual base pay of the relevant participant. Personnel options are exercisable within 30 days after the vesting date set by the relevant grant decision. Personnel options expire upon their exchange for the respective number of Citadele's ordinary shares. In order to ensure satisfaction of the personnel options awards under the LTIP and LTRP, the GMS has approved conditional share capital of Citadele, the total amount of which at the date of this Prospectus is EUR 3,123,456.

According to the Latvian Commercial Law, Citadele may buy back shares owned by members of the Management Board and key employees of the Group pursuant to the LTIP and LTRP, thereby providing a means of liquidity to the Eligible Persons and increasing the effectiveness of the LTIP as a hiring and retention tool. The Supervisory Board has adopted and the GMS has approved the “Principles of buy-back



of the Bank's shares owned by the Management Board members and employees", pursuant to which Citadele may offer to buy back from the above mentioned persons their shares.

Save for any mandatory benefits arising from applicable laws, under the terms of their service contract with the Group, no member of the Supervisory Board is entitled to any additional benefits upon termination of their services with the Group. In addition to any mandatory benefits arising from applicable laws and the LTIP, under the terms of their service contracts with the Group, members of the Management Board are entitled to receive compensation upon termination of their services with the Group within the range of three to seven monthly base salaries, so long as no negligence or wrongful acts have been committed.

### Conflicts of Interest

There are no conflicts of interest or potential conflicts of interest between any duties owed by members of the Supervisory Board or the Management Board to Citadele and their private interests and/or other duties other than as described in the "*Interests in Citadele*" and "*Management Loans*" paragraphs below.

### Interests in Citadele

The table below sets out the number of shares in Citadele held directly or indirectly by members of the Management Board and the Supervisory Board as of the date of this Prospectus (no Supervisory Board member holds any options in Citadele):

Supervisory Board member	Number of ordinary shares held	Ownership	Entity through which shares are held
Timothy C. Collins	51,549,212	32.37%	RA Citadele Holdings, LLC
Dhananjaya Dvivedi	2,214,283	1.39%	Shareholding is held in his personal capacity

As of the date of this Prospectus, certain members of the Management Board directly or otherwise beneficially hold shares (approx. 0.65 per cent. of share capital in total) and personnel options giving rights to obtain shares of Citadele according to the terms and conditions of such options that have been allocated to them under the LTIP, as described in the section entitled "*Corporate Governance – Remuneration Policy*" above.

### Management Loans

As of 30 June 2025, there was EUR 567,000 in loans and EUR 31,000 in other financial commitments and guarantees in place between the Group and members of the Management Board and Supervisory Board, their close relatives and companies in which they have a controlling interest.

### Related Party Transactions

Latvian law requires that related-party transactions comply with the "arm's length" principle. This dictates that the conditions agreed between two associated persons in their commercial or financial relations must not differ from those that would be agreed between independent persons engaging in similar transactions under similar circumstances.

Latvian Commercial Law sets out restrictions applicable to transactions between joint stock companies and their shareholders having direct decisive influence over the company, members of the management or supervisory boards and other related persons and companies. In most cases, the prior approval of such transactions by a supervisory board or general meeting of shareholders is necessary. There are a number of exceptions provided in the Groups of Companies Law of the Republic of Latvia of 2000, as amended, regarding transactions between companies in the same group which allow transactions between a parent company and its subsidiary to be exempted from the "arm's length" principle in order to allow unimpeded transfers of assets within a group, provided that certain legal requirements are met. As Citadele has not

entered into a group of companies' agreement, these exemptions do not apply as of the date of this Prospectus.

In the ordinary course of its business, Citadele may, from time to time, enter into transactions with related parties. Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Other related parties include entities in which shareholders have significant influence.

Transactions between Citadele and related parties (as defined by applicable banking regulations) are subject to the laws and regulations promulgated by the Latvian Parliament, the Cabinet of Ministers and the BL, which set certain limits for both single transaction related party exposure and aggregate transaction related party exposure.

Citadele conducts all transactions with related parties on an arm's length basis and on market terms, including in the case of the advisory services provided by Ripplewood. On 1 July 2020, Citadele entered into an advisory services agreement (as amended) with Ripplewood in connection with the provision of certain advisory services to Citadele's management. See section entitled "Overview and Business Description —Material Agreements —Advisory services agreement" below.

For information regarding loans and other financial commitments and guarantees in place between Citadele and members of Management, see "*Corporate Governance—Management Loans*" above.

### **Corporate Governance Rules**

Companies in Latvia typically adopt their own corporate governance practices in addition to those prescribed by law, and these are reflected in the internal bylaws of the company. Citadele is subject to, and complies with, the corporate governance rules imposed by the European Banking Authority ("EBA"), EC and other legislative bodies, and Latvian legislation. In addition to this, Citadele has implemented a rigorous set of procedures and committees to mitigate risk and adhere to a high standard of corporate governance.

According to the Latvian Financial Instruments Market Law, a joint-stock company with its bonds traded on the regulated market has an obligation to prepare a corporate governance report on an annual basis. The Advisory Board for Corporate Governance established under the auspices of the Ministry of Justice of Republic of Latvia has issued the Corporate Governance Code, containing good corporate governance recommendations for companies in Latvia. The Corporate Governance Code, dated 2020, substitutes the corporate governance recommendations previously introduced by the Principles of Corporate Governance and Recommendations on their Implementation, approved by Nasdaq Riga in 2010. The Corporate Governance Code provides recommendations for all important corporate issues, including convening and managing the GMS, the composition of the Supervisory Board, remuneration policies, and internal controls of listed entities. The Corporate Governance Code provides recommendations for sharing information with shareholders and the promotion of effective shareholder involvement in decision-making processes. These rules are based on the principle of "comply or explain" and follow governance principles in effect in other European countries.

## RISK MANAGEMENT

The Group considers risk management to be an essential component of its management process. The Group believes that it pursues prudent risk management policies that are aligned with its business and aims to achieve effective risk mitigation. The Supervisory and Management Boards have focused on incrementally improving the risk management structure and intend to continue to do so in the future to ensure that the Group's operations remain sustainable and comply with all legal, regulatory and best practice governance requirements.

In order to assess and monitor complex risk exposures, the Group applies a wide range of risk management tools in conjunction with risk committees, which include as its members a variety of employees across the Group's various operations, in order to balance business and risk orientation across the Group.

The Group's risk management principles are set out in its Risk Management Policy. Within the risk management framework, the Group considers the following material risks:

- credit risk stemming from lending operations including but not limited to: credit risk/default risk, concentration risk, securitisation risk, collateralisation risk;
- market risk and counterparty credit risk: market risk, counterparty credit risk, currency risk, country risk, interest rate risk, credit spread risk;
- operational risk stemming from overall operations covering also following risks: operational risk, reputational risk, fraud risk, model risk, compliance risk, Anti Money Laundering, Terrorism and Proliferation Financing (“**ML/TF/PF**”) risk, sanctions risk, corruption risk, data breach risk, cyber risk, data management risk;
- risks specific for banking sector: liquidity risk, funding risk, solvency risk; and
- other enterprise risks: business model risk, strategic risk, profitability risk, ESG risk.

The Group's risk appetite is stipulated in the Risk Appetite Framework, which sets the perimeter for the Group for risk taking, stipulates risk management principles and quantitative limits which are further cascaded into the Group's Risk strategies (including relating to risk management, operational risk, ML/TF/PF and sanctions risk management and non-performing loans), policies, procedures and then further broken into more granular rules and metrics. The Group believes that it has a prudent and conservative risk approach across its organisation and aims to ensure that it maintains a low overall risk exposure, a diversified asset portfolio, limited risks in financial markets, strong capital ratios, sound liquidity buffers and low levels of operational risk. 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, strong capital ratios, sound liquidity buffers 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 sought to be 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 the Group's employee's responsibility for the transactions carried out by them and awareness of the related risks; and
- 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.

Control over risk levels and compliance with the imposed limits is achieved through structured risk limit systems. In particular, under the Risk Appetite Framework, key performance indicators for all material risks are set forth.

The Management Board develops, implements, manages and updates the internal control framework as well as ensures respective reporting and that the internal control functions are independent of the business lines they control, including adequate segregation of duties.

Pursuant to Latvian law, the Group must have a Risk Director function. As of the date of this Prospectus, the Chief Risk Officer, Ms. Julija Lebedinska-Litvinova, PhD, serves as the Group's Risk Director. The Risk Director is responsible for performing an overall risk control function, including oversight of the Risk Appetite Framework across all risk types, as well as oversight of the Group's risk management strategy, except for ML/TF/PF and sanctions risk. The Risk Director has the ability to veto all decisions taken by members of the Management Board (but not the decisions of the GMS or the Supervisory Board), and these decisions are then referred to the Supervisory Board for final determination. The Risk Director coordinates the operation of the Group's structural units related to risk management, ECB affairs and risk modelling.

The Chief Compliance and Legal Officer ("CCLO") ensures that the Group maintains a centralised, independent, and effective compliance function. This includes overseeing legal risk management and providing legal support across all Group entities. The CCLO also leads the development, implementation and maintenance of the Group's ML/TF/PF and sanctions risk management framework.

Citadele has a Risk Committee, which is subordinated to the Supervisory Board. The main task of the Risk Committee is to provide support to the Supervisory Board in relation to the monitoring of the Group's risk management system. The Risk Committee established by the Supervisory Board provides recommendations to the Management Board regarding improvements of the risk management system. Risk management within the Group is controlled by an independent unit—the Risk Management Division.

The Group's risk management framework complies with the overarching principle of "three lines of defence":

- The First line of defence ("**1st LoD**") is comprised of the business and support functions and is ultimately accountable for the risk management related to their activities and within their area of responsibility.
- The Second line of defence ("**2 LoD**") consists of the Risk Management function, Compliance function, and AML/CTF/CPF and Sanctions Compliance function, performing independent risk oversight and control. These functions facilitate the implementation of a sound risk management framework throughout the Group and have responsibility for further identifying, monitoring, analysing, measuring, managing and reporting on risks and forming a holistic view on all the risks within their respective areas of responsibility on an individual and consolidated basis. Also, these functions challenge and assist in the implementation of risk management measures by the business lines to ensure that the processes and controls in place at the 1st LoD are properly designed and effective.
- The Third line of defence ("**3rd LoD**") is the Group Internal Audit Department - an independent and objective assurance function overseeing the implementation of risk framework and controls in the 1st and 2nd LoD.

1st LoD and 2nd LoD tasks are exercised independently from the business units, and 3rd LoD is independent from the Management Board, audited activities and other functions.

The Management Board and Chief Risk Officer 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 Management Board establishes committees with a dedicated set of responsibilities. Members of the committees represent various units of the Group in order to ensure the balance between the units responsible for risk monitoring and control and the units which primarily originate and manage risk.

The Group continuously assesses and controls risks on an individual basis by type of risk, including their comprehensive assessment within the ICAAP and ILAAP, as well as through performing monitoring and control of risk appetite limits, Risk and Control Self-Assessment as well as risk assessments for the purpose of the New Product Approval Process. Each member of the Group is responsible for risk control and management. Each employee of the Group is responsible for the compliance with the principles set out in the Group's internal regulations.

The risk management process includes the following elements: risk identification, risk assessment and decision-making, risk management and control, risk monitoring and reporting. The Group regularly, at least once a year, identifies and describes the types of material risks inherent in its operations by assessing what types of risks may have a negative impact on achieving its performance targets and projected financial results. In order to identify the types of material risks, quantitative and qualitative criteria are used, and the

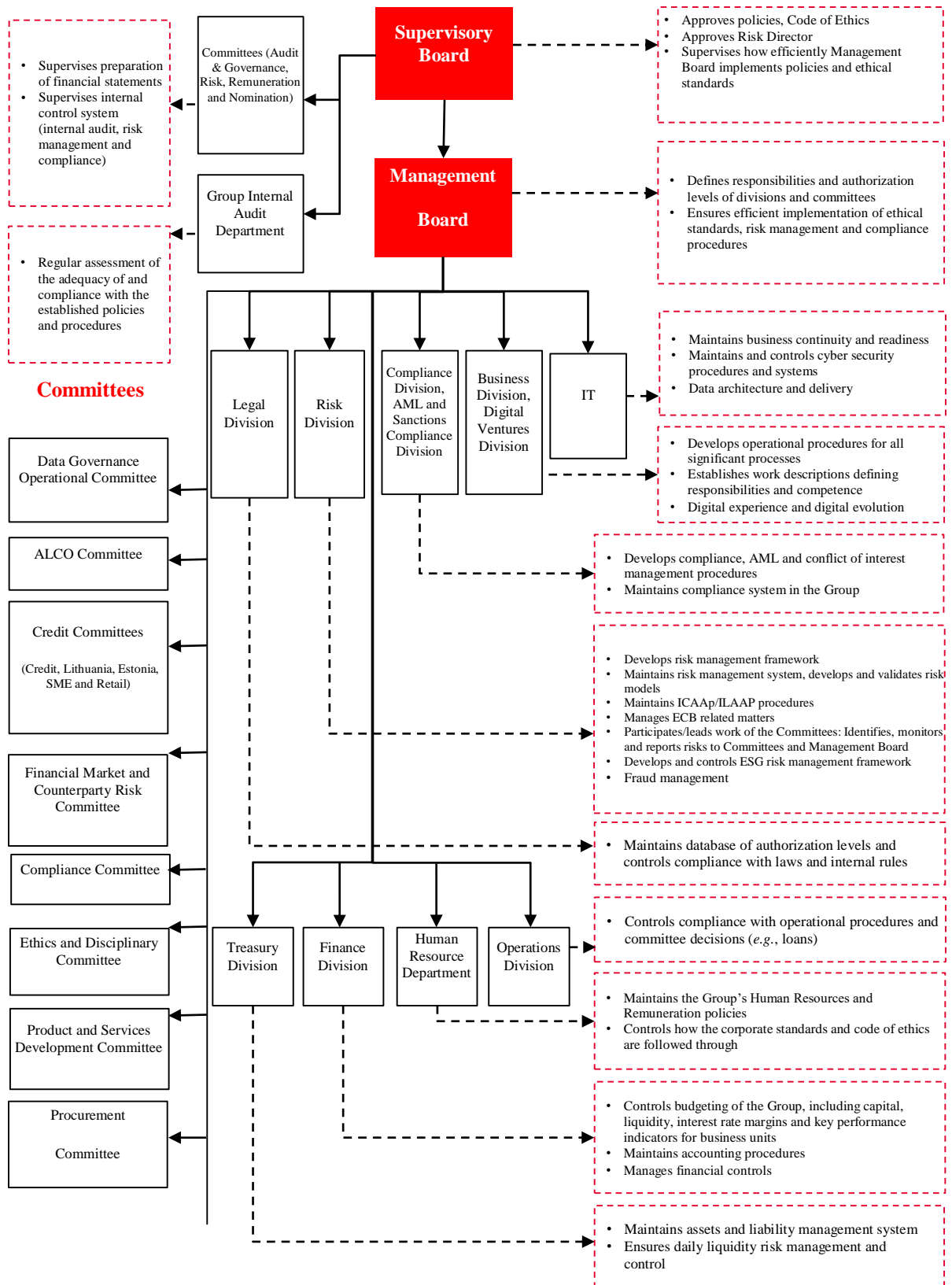
results of the process are documented. For all types of identified material risks, the aims of risk management are defined, and risk appetite is determined. In addition, the development of internal regulations in relation to risk management of those risks is ensured, including risk identification and assessment methods, adequate risk restriction and control procedures, such as quantitative restrictions and limits, or control measures that reduce unquantifiable risks, risk appetite, procedures for reporting the information on risks, risk levels assumed and trends thereof to the Group's management bodies, as well as other information necessary for decision-making, risk management policy and control procedures, including procedures for control of compliance with the restrictions and limits set, segregation of duties, approval rights and responsibilities. Risk assessment and decision-making include selection, approval and documentation of risk assessment methodology, regular risk assessment, establishment of the risk restriction and controlling system and setting the acceptable level of risks within this system, decision-making on assuming the risks.

Risk assessment includes the determination of qualitative and quantitative impact of the source of each identified risk using generally accepted methodology, which is adequately documented. The Group makes a decision in relation to each identified and assessed risk, whether the Group accepts such risk or takes the necessary measures for its mitigation, or ceases activities related to this risk. The Group does not assume risks with the impact exceeding the risk appetite determined for each respective type of risk regardless of the economic benefits that might result from assuming such risk.

Risk management and control include the compliance with the level of risk acceptable for the Group including the compliance with the limits restricting the amount of risk. Monitoring and reporting includes regular assessment of the existing level of risk against the desirable level of risk, trend analysis, regular reporting to the relevant unit heads, the Management Board and the Supervisory Board. The integral part of the risk management is risk stress testing. Stress testing process ensures regular identification and assessment of risks inherent to the Group's current and future operations, as well as assessment of the impact of different extraordinary and adverse events on the Group's operations, in order to provide support to responsible employees of the Group in management decision-making process at different levels of management (e.g., strategic planning, determination and correction of the risk appetite, capital planning, liquidity management).

The Group's Internal Audit Division (as defined in the chart below) regularly monitors the implementation of risk management policies and other internal regulations, as well as provides recommendations regarding improvements of the risk management system.

## Risk management structure



## ***Credit Risk Management***

Credit risk is the risk that the Group will incur a loss from debtor's non-performance or default. The Group is exposed to credit risk in its lending, investing and transaction activities, as well as in respect of the guarantees issued to or received from third parties and other off-balance sheet commitments to third parties. Credit risk management is performed pursuant to the Credit Risk Management Framework, which aims to ensure sound credit quality and establish common principles applied to assessing new borrowers. The goal of credit risk management is to ensure sound, sustainable and diversified loan and securities portfolios, which generates returns that correspond to the assumed level of risk and are characterised by high resilience against external shocks.

Credit risk management is based on an adequate assessment of a credit risk and a proper decision-making in relation to such risk, in line with the Credit Risk Management Framework – Risk strategy, NPL Management Strategy, Credit Risk Management Policy, Loan Monitoring, Forbearance and NPL Management Policy and the corresponding procedures, rules and instructions, ICAAP, as well as the Group's business objectives. The lending decisions are based on the repayment capacity of the borrower and an additional alternative recovery option in case of default or material deterioration of the borrower's risk profile.

In cases when significant risk is to be undertaken, the comprehensive credit analysis is prepared by the Credit analyst unit and an opinion on the risk of the transaction is prepared by independent units of the Risk Management Division. The credit risk analysis consists of risk identification, probability of default calculation, an assessment of customer's creditworthiness and collateral quality and liquidity. The analysis of a legal entity's creditworthiness includes risk identification and an assessment of the shareholder structure and management, industry and peers, business model and project financed as well as an analysis of its credit history and current and forecasted financial situation and its sensitivity to key risk drivers and analysis of ESG factors. The assessment of a private individual's creditworthiness consists of the credit history and affordability analysis. For significant exposures, the decision on loan origination is taken by the Credit Committee and approved by the Management Board and, in certain cases, also the Supervisory Board's Risk Committee.

The Group's decision process for extending new financing and material changes to existing financing is evaluated in accordance with the following principles:

- customer's group (i) exposures after financing more than EUR 5 million: Decisions of this size are made by the Group's central Credit Committee; approval by the Management Board is required. Additionally, for (i) exposures exceeding EUR 15 million or (ii) exposure after financing is more than EUR 5 million and the borrower represents a heightened risk industry or the transaction deviates from underwriting standards defined in the Risk strategy, a Supervisory Board's Risk Committee recommendation is also required;
- ticket size EUR 3-5 million: Decisions of this size made by the central Credit Committee; approvals by the Management Board are required if forbearance measures are applied;
- ticket size EUR 1-3 million (high risk): Escalation of EUR 1-3 million ticket sized higher risk commitments to the central Credit Committee;
- ticket size EUR 1-3 million: Approved by locally based credit committees in each Baltic State based on common rules for all segments; and
- ticket size less than EUR 1 million: Local (including automated) decisions depending on (i) type—legal entities, individuals and leasing and (ii) ticket size—minor, less than EUR 10,000, less than EUR 60,000, less than EUR 100,000, less than EUR 500,000.

In relation to the acquisition of corporate bonds, the Group always analyses the business profile and financial performance of the issuer, taking into consideration the credit ratings assigned to it by international rating agencies, or performs internal counterparty financial analysis if an external rating is not assigned, as well as market-based indicators. Sovereign bonds are assessed similarly, but with an emphasis on different fundamental factors, including the country's economic strength, institutional strength, financial strength of the government, political risks and other relevant factors.

The Group follows the EBA guidelines on loan origination and monitoring, including requirements relating to credit assessment, credit pricing, credit decision and origination, monitoring, early warning system, forbearance and recovery and provisioning. The Group has also introduced automated lending channels (including automated underwriting) available for SME, unsecured consumers, small ticket leasing and residential real estate loans.

After a loan is issued, the customer's financial position, early warning indicators, payment discipline and customer's ability to meet contractual obligations are being regularly evaluated and monitored to timely identify credit quality deterioration and apply appropriate classification.

The Group monitors its loan portfolio and securities portfolio and regularly assesses its structure, quality, concentration levels, portfolio performance trends and overall risk level. The Group takes measures for limiting credit risk concentration by diversifying the portfolio and setting credit risk concentration limits. To limit its credit risk, the Group has set the following concentration limits: individual counterparty and issuer limits, maximum exposure limit linked to a particular risk class of counterparty/issuer, limit for internally risk weighted exposures in a particular country/sector combination, limit for groups of mutually related customers, limit for large risk exposures, limit for transactions with the Group's related parties, industry limit, limit by customer type, loan product type, control of compliance with credit risk concentration limits. Credit risk identification, monitoring and reporting is the responsibility of the Risk Management Division. The Group has developed procedures for delinquent and non-performing loan management, including related to consumer loans, mortgage loans, legal entities (both secured and unsecured) and leasing.

In addition to the credit risk, which is inherent in the Group's loan portfolio and fixed income securities portfolio, the Group is also exposed to credit risk as a result of its banking relationships with multiple credit institutions which it maintains in order to process customer transactions in a prompt and efficient manner. The Group manages its exposure to commercial banks and brokerage companies by monitoring on a regular basis the credit ratings of such institutions, conducting due diligence of their credit profiles and monitoring the individual exposure limits applicable to counterparties set by the Financial Market and Counterparty Risk Committee (the "FMCRC"). The Group's exposures to derivative counterparties arise from its activities in managing foreign exchange risk. Risk appetite for the open foreign exchange position is low, and the Group executes counterparty risk assessment and accepts only counterparties that aligns with the Group's Risk Strategy.

### ***Market Risk Management***

Market risk is the risk that the Group will incur a loss as a result of the mark-to-market revaluation of balance sheet and off-balance sheet items caused by changes in market values of financial instruments due to changes in foreign exchange rates, interest rates and other factors. The Group is exposed to market risk primarily through its positions in fixed income, foreign exchange and interest rate instruments.

The Group maintains a low market risk appetite and does not participate in activities that inherently carry elevated market risk exposure. The Group's investment approach is conservative, with a strong emphasis on credit quality. As of 30 June 2025, approximately 96 per cent. of the Group's bond portfolio consisted of securities rated single A or higher. Derivative usage is limited to conventional foreign exchange and interest rate instruments.

Market risk is managed through a comprehensive framework embedded within the Group's Risk Appetite Framework and Risk Strategy. This includes clearly defined limits on market risk, investment criteria and concentration thresholds for both issuers and counterparties. Issuers and counterparties are subject to credit assessments and ongoing monitoring, including credit rating changes and review of financial metrics, to ensure the timely identification of potential credit deterioration.

The FMCRC is responsible for setting and overseeing exposure limits for individual issuers and counterparties, ensuring compliance with the concentration levels defined in the Risk Strategy. The Risk Management Division is responsible for conducting credit assessments, monitoring compliance with exposure limits set by the FMCRC, as well as other market risk limits defined in the Risk Appetite Framework and Risk Strategy, and for escalating any exceedances to the FMCRC, Management Board and Supervisory Board. Decisions made by the FMCRC are subject to approval by the Management Board, while the Risk Strategy and the Risk Appetite Framework are approved by the Supervisory Board..



The Group also employs sensitivity and scenario analysis, to identify and quantify the potential impact of adverse events on the portfolio of the Group taking into consideration regional, sector profiles of the portfolio and credit rating risk profiles of issuers.

### ***Interest Rate Risk Management***

Interest rate risk is related to the possible negative impact of interest rate changes on the Group's earnings and economic value. The Group is exposed to interest rate risk through its core activities, including borrowing, lending and deposit taking, as well as through the management of its securities portfolio.

Interest rate risk is managed through a comprehensive framework embedded within the Group's Risk Appetite Framework and Risk Strategy. This includes clearly defined limits on interest rate risk exposures and monitoring thresholds aligned with the Group's overall risk profile. The Risk Appetite Framework sets the acceptable level of interest rate risk, while the Risk Strategy establishes broader principles and additional risk monitoring indicators.

The Group manages interest rate risk through a combination of repricing gap analysis of risk sensitive assets and liabilities, duration analysis, and stress testing. Risk appetite limits are established for the impact of interest rate shocks on the Group's economic value, net interest income and market value changes. Based on prevailing market trends and the Group's funding structure, the Assets and Liabilities Management Committee ("ALCO") sets interest rates for customer deposits to align funding costs with interest rate risk objectives.

The ALCO is responsible for overseeing interest rate risk across the Group. This includes decision making on the Group's interest rate positioning, monitoring compliance with limits and thresholds and ensuring the appropriate use of hedging and risk management instruments. Decisions made by ALCO are subject to approval by the Management Board. The Treasury Division is responsible for the measurement and operational management of interest rate risk. The Risk Management Division is responsible for monitoring compliance with limits and thresholds, conducting independent reporting on interest rate risk, and escalating any exceedances to the ALCO, Management Board and Supervisory Board.

### ***Credit Spread Risk Management***

Credit spread risk refers to the potential negative impact on the Group's earnings and economic value resulting from changes in the credit spreads. The Group is exposed to spread risk primarily through its holdings of debt securities as well as through the cost of its own issued debt.

Spread risk is managed through a comprehensive framework embedded within the Group's Risk Appetite Framework and Risk Strategy. This framework includes clearly defined limits on credit spread risk exposures and monitoring thresholds tailored to the Group's overall risk profile. The Risk Appetite Framework sets the acceptable level of spread risk, while the Risk Strategy outlines broader principles and additional risk monitoring indicators.

The Group monitors spread risk primarily through stress testing to assess potential impacts on economic value, net interest income under and market value changes. Limits are established on spread widening and tightening impacts to ensure the Group's resilience to changes in credit market conditions.

The ALCO is responsible for overseeing spread risk across the Group. This includes decision making on portfolio and issued debt positioning, monitoring compliance with approved limits, and ensuring the appropriate use of hedging and risk mitigation instruments. Decisions made by ALCO are subject to approval by the Management Board. The Treasury Division is responsible for the operational management of credit spread risk. The Risk Management Division is responsible for monitoring compliance with limits and thresholds, conducting independent reporting on credit spread risk and escalating any exceedances to the ALCO, Management Board and Supervisory Board.

### ***Currency Risk Management***

Currency risk is a risk of losses in on- and off-balance sheet positions arising from adverse movements in foreign exchange rates. The Group is primarily exposed to this risk through foreign currency transactions with customers and counterparties, over-the-counter derivatives and changes in the value of financial assets and liabilities denominated in foreign currencies.

Currency risk is managed through a comprehensive framework embedded within the Group's Risk Appetite Framework and Risk Strategy. The Risk Appetite Framework defines conservative limits for foreign exchange exposure, while the Risk Strategy sets broader principles and additional risk monitoring indicators.

The Group maintains a low appetite for currency risk and aims to limit exposure to levels that would result in a minimal impact, even during periods of elevated market volatility. To support this objective, the Group applies a conservative value-at-risk limit to monitor daily currency risk.

The FMCRC is responsible for overseeing the Group's currency risk. This includes assessing overall exposures, monitoring compliance with approved limits, and setting sub-limits for individual dealing desks within the Group's broader risk framework. Decisions made by the FMCRC are subject to approval by the Management Board.

The Treasury Division is responsible for the intraday monitoring and operational management of currency risk. The Risk Management Division monitors compliance with limits and thresholds, prepares independent currency reports, and escalates any breaches to the FMCRC, the Management Board and the Supervisory Board.

### ***Liquidity Risk Management***

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. The purpose of liquidity risk management is to ensure the availability of liquid assets to cover any possible gaps between cash inflows and outflows as well as to secure sufficient funding for lending and investment activities.

Liquidity risk is managed through a comprehensive framework embedded within the Group's Risk Appetite Framework and Risk Strategy. This includes the definition of liquidity risk limits, early warning indicators, and monitoring thresholds to ensure the Group's ability to withstand potential liquidity stress events.

The ALCO is responsible for independent and informed decision making on liquidity risk. It takes timely actions to mitigate or accept liquidity risk, with all decisions subject to Management Board approval. The Treasury Division is responsible for the daily measurement, monitoring and management of liquidity risk, including funding operations, maintaining liquidity buffer and managing cash flows in line with approved limits and strategic objectives. The Risk Management Division is responsible for independent oversight of liquidity risk, monitoring compliance with limits and early warning indicators and reporting to the ALCO, Management Board, and Supervisory Board.

Liquidity risk is assessed in each currency with significant transactional exposure. The Group maintains and updates a Liquidity Crisis Management Plan to ensure preparedness for potential disruptions. One of the crucial tools used to evaluate liquidity risk is scenario analysis. Several scenarios of different severity and duration are employed by the Group with risk tolerances defined for the outcomes of those scenarios. This is complemented by survival horizon analysis, which measures how long the Group can meet its obligations. The Group regularly prepares cash flow forecasts incorporating assumptions about the most likely flow of funds over the period of three years. For general assessment of existing gaps between contractual maturities of assets and liabilities without any assumptions on customer behaviour, the Group regularly analyses liquidity term structure and sets corresponding risk tolerances.

The Group's balance sheet structure is planned for a three-year period and is aligned with development plans for the current period. The major current and potential funding sources are regularly analysed and controlled across the Group. The Group maintains regular contact with its interbank business partners and creditors with the aim of projecting possible deadlines for repayment or prolongation of funding sources as well as absorption of excess liquidity.

The general principles of the liquidity coverage ratio ("LCR") as a measure of Citadele's and the Group's liquidity position are defined in the Capital Requirements Regulation ("CRR"). Specifically, the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to the liquidity coverage requirement for Credit Institutions defines general LCR calculation principles in more details. The minimum LCR requirement is 100 per cent., representing the amount of high-quality liquid assets available to cover net future liquidity outflows over 30 days. Citadele and the Group is compliant with LCR requirements.

The following table sets out the Group's LCR as of the dates indicated.

	As of 30 June	As of 31 December		
	2025	2024	2023	2022
<b>Liquidity Coverage Ratio (LCR)</b>	175%	181%	206%	176%

The NSFR is defined in the CRR. 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 per cent.

The following table sets out the Group's NSFR as of the dates indicated.

	As of 30 June	As of 31 December		
	2025	2024	2023	2022
<b>Net Stable Funding Ratio</b>	139%	143%	147%	132%

### *Solvency Risk Management*

Solvency risk is the risk that the Group will be unable to meet its financial obligations as they come due. In particular, the Group's capital adequacy is a measure of sufficiency of the Group's eligible capital resources to cover credit risks, market risks, operational risk and other specific risks arising predominantly from asset and off-balance sheet exposures of the Group. For more information regarding the Group's capital management, see the section "*Overview and Business Description—Capital Adequacy*".

### *Operational Risk Management*

The Group has adopted the Basel Committee on Banking Supervision's definition of operational risk: the probability of incurring losses due to failure or partial failure of internal processes to comply with the requirements of the laws and binding external regulations, as well as the requirements of internal regulations, due to the acts of the Group's employees and operation of systems, irregularities in internal processes, as well as due to the acts of third parties or other external conditions. Operational risk is divided into the following categories: personnel risk, process risk, IT and system risk, external risk.

Operational risk is managed using an integrated and comprehensive framework of policies, methodologies, procedures and regulations for identification, analysis, mitigation, control, and reporting of operational risk. The Group's operational risk management processes are integral to all business activities and are applicable to all employees and members of the Group. The Group's aim is to ensure that each of its employees knows not just how to perform specific transactions, but also understand the key areas where risk can arise and the processes and steps required to prevent, or otherwise mitigate such risk.

The goal of the Group's operational risk management framework is to maintain low level of risk whilst ensuring that any residual risk is economically justified in light of the need to sustain the Group's performance and profit in the long term.

The Group aims to avoid operational risks with a potentially significant impact or risks with unquantifiable impact which are unmanageable, irrespective of the financial gains taking such risks could bring. The Group's total 12-month actual operational risk loss and 12-month prospective estimate of operational risk loss limits are set at EUR 0.4 million. The Group aims to avoid information security breaches or other disruptions in its technologies that may impact customers and aims to maintain its business continuity readiness above 100 per cent. at all times. Each risk accepted by the Group must be economically justified and, in cases where the assessment of operational risk in monetary terms is possible, the costs of the control measures required must be commensurate with the eventual loss that could be prevented by the existence of the control system. The Group applies the following approaches for operational risk management:

- assessing operational risk in development projects: new and updated services and products are introduced only after a thorough risk assessment has been carried out;

- conducting regular operational risk-control self-assessment: the Group identifies and assesses potential operational risk events, assesses control systems which are in place, and analyses the necessary risk reduction measures;
- measuring operational risk indicators: the Group uses statistical, financial, and other indicators which represent the levels of operational risk in its various activities;
- measuring, analysing, monitoring, reporting and escalating operational risk: the Group registers and analyses operational risk events, including their severity, causes and other important information in an operational risk loss and incident database;
- conducting scenario and sensitivity analysis and stress-testing;
- performing business continuity planning: the Group performs regular business impact analysis and has implemented Business Continuity Plans and a Disaster Recovery Plan;
- assigning responsibilities: the operational risk management system includes assignment of responsibilities to certain individuals; and
- documenting decisions: the Group maintains records in relation to the process undertaken to reach a particular decision or to prevent or mitigate a particular risk.

Operational risk management in the Group is carried out in accordance with the Operational and Reputational Risk Management Policy.

### ***Cybersecurity Risk Management***

The Group's information assets are vital to maintaining its sustainable business practices. As a result, the Group has a very low tolerance for risks related to the security and availability of its IT systems and information assets, which both support its critical business functions. To address such risks, the Group maintains a cybersecurity awareness programme for employees and customers, ensures timely remediation of identified cybersecurity weaknesses and engages in consistent third-party risk management and continuous improvement of technology controls. See section entitled "*Risk Factors—Risks Relating to the Group's Business—Any failure or interruption in or breach or cyberattack of the Group's IT systems or security, or those of the third parties upon which the Group relies, may result in lost business and other losses*", for further information on such risks.

The Group has set the following key objectives to manage IT and cybersecurity risks:

- further strengthening of IT resilience and business continuity; and
- removal of remaining gaps in the security and cybersecurity risk awareness.

The Group has adopted the following IT and cybersecurity risk management principles:

- management and mitigation of IT and cybersecurity risks is supported by an independent, objective and competent IT and cybersecurity risk internal control function;
- such IT and cybersecurity risk management function reviews the IT strategy, manages and mitigates IT and cybersecurity risks through an independent and objective control function, performs gap analyses of internal processes and controls with external regulatory requirements and facilitates annual risk assessments of IT and cybersecurity risks; and
- IT and cybersecurity risk assessment is carried out and documented for critical IT assets no less frequently than annually, as well as following any major change in IT systems, services, processes or procedures, and/ or after any significant operational or security incident.

### ***AML/CTF/CPF Risk Management***

The Group has adopted the ML/TF/PF Risk Management Strategy and AML/CTF/CPF Policy to have an effective and comprehensive AML/CTF/CPF internal control system. The Group's ML/TF/PF Risk Management Strategy is based on following key pillars to prevent the Group from ML/TF/PF, which includes: (1) ML/TF/PF and Sanctions risk assessment, (2) ML/TF/PF Risk Management Strategy, where admissible levels of ML/TF/PF and Sanctions risks are determined through the definition of quantitative risk indicators, (3) the designated Member of the Management Board responsible for AML/CTF/CPF and Sanctions Compliance, the Money Laundering Reporting Officer, the designated Sanctions Officer, (4) an

ongoing employee training program, (5) policies and procedures, as well as internal controls and (6) independent testing of internal control system.

The Group's ML/TF/PF risk management is based on determination of qualitative and quantitative risk exposure indicators, risk appetite and admissible level decisions, assessment of business strategies and ability to manage associated risks, monitoring of risk exposure indicators, and management reporting. The Group's AML/CTF/CPF compliance and strategy provides a strategic focus on retail customers and SMEs in all Baltic States.

The Group's AML/CTF/CPF programme also includes tailored risk-based policies and procedures, appropriate staffing and training, management information and internal reporting, self-testing and quality assurance, as well as internal audit function. The Group regularly reviews its AML/CTF/CPF policies and procedures with the aim of strengthening them and to update in line with changes in regulatory requirements and considering international best practice. The internal control system of AML/CTF/CPF of the Group is regularly reviewed by independent external and internal experts to ensure that the Group complies with applicable AML/CTF/CPF requirements. The experts provide, where appropriate, recommendations on how to strengthen and improve AML/CTF/CPF internal control system. The recommendations are diligently evaluated and implemented by the Group.

The Group applies a holistic AML/CTF/CPF approach covering the entire lifecycle of customer relationship. The Group's AML/CTF/CPF programme is based on risk assessment, and includes customer onboarding and risk scoring, data input, enhanced due diligence, customer activity and transaction monitoring, suspicious activity report investigation and reporting to the competent Financial Intelligence Unit, as well as account closure when necessary.

Know-Your-Customer standards, including customer risk scoring, customer due diligence and enhanced due diligence practices, on-going customer transactions monitoring, effective international and national sanctions screening is the priority of the Group. The Group has a limited risk appetite towards international legal entities, international private individuals, legal entities owned by the citizens of foreign countries, financial intermediaries, payment services providers, payday lenders and gambling services providers. The Group has a primary focus on servicing customers from the Baltic States and has a limited number of account relationships with foreign individuals (only for individuals having physical presence or economic ties with the Baltic States). This approach has ensured that the ongoing war between Russia-Ukraine and related sanctions has not had a material impact on the Group's operations, balance sheet and profitability.

The Group exercises detailed scrutiny before entering into customer relationships with international legal entities, international private individuals, legal entities owned by citizens of foreign countries and financial intermediaries, payment providers, payday lenders or gambling-related entities and others. As of 30 June 2025, of the Group's private customers, 1 per cent. were considered "high risk", 30 per cent. were considered "standard risk" and 69 per cent. were considered "low risk"; of the Group's legal entity customers, 4 per cent. were considered "high risk", 80 per cent. were considered "standard risk" and 16 per cent. were considered "low risk". As of 30 June 2025, of the Group's total customer portfolio, 1 per cent. were considered "high risk", 35 per cent. were considered "standard risk" and 64 per cent. were considered "low risk".

A sound risk culture across the Group, risk-aware employees and implementation of industry best-practice processes and systems, is the backbone of ML/TF/PF risk management. Employees of the Group have a good knowledge of customers and their counterparties and a full understanding of the substance of transactions and thus can timely detect suspicious customer activity.

The Group has established AML/CTF/CPF compliance training program for all its employees. The training program consists of three main parts: initial, regular and extraordinary employee training and is tailored to the necessary knowledge level of each function. For employees directly responsible for AML/CTF/CPF compliance, special advanced trainings, workshops and conferences are arranged to enhance their knowledge and skills necessary for execution of their tasks. The Group supports and requires international certification in the AML/CTF/CPF compliance fields for at least the leading specialists involved in the ML/TF/PF risk management function.

In the first half of 2023, the Group underwent an on-site audit by the BL, where the BL positively assessed continuous improvements to the Group's compliance programme, as well as informed Citadele on further improvements that are expected in certain elements of the Citadele's compliance programme for

management of ML/TF/PF and sanctions risks inherent in its operations. The final decision upon completion of the on-site audit was delivered by the BL in October 2023 without initiating an administrative case against Citadele regarding any regulatory non-compliance. Citadele has agreed with the BL to a remediation plan to implement the necessary improvements to its compliance programme. All planned improvements have been implemented in accordance with the plan. Also, in 2023 an on-site audit by the BL was completed in respect to IPAS “CBL Asset Management” without initiating an administrative case against IPAS “CBL Asset Management” regarding any regulatory non-compliance. IPAS “CBL Asset Management” has agreed with the BL to a remediation plan to implement the necessary improvements to its compliance programme. All necessary improvements have been implemented.

In 2022, the Lithuanian branch of Citadele was subject to both a sanctions screening system and an AML compliance audit conducted by the Bank of Lithuania. In September 2023, the Bank of Lithuania issued a remediation plan without monetary penalty to the Lithuanian branch of Citadele. The remediation plan was completed by 31 January 2024 and in early February 2024 the Bank of Lithuania was informed of the completion of all aforementioned improvements.

### ***Sanctions Risk Management***

The Group has adopted a Sanctions Compliance Policy to ensure compliance with sanctions imposed by international organisations and national authorities (“**Sanctions Compliance**”). The Group regularly reviews its Sanctions Compliance policies and procedures with the aim of strengthening them and to update in line with changes in regulatory requirements and considering international best practice. The Sanctions Compliance of the Group is regularly reviewed by independent external and internal experts to ensure that the Group complies with applicable Sanctions Compliance requirements. The experts provide, where appropriate, recommendations on how to strengthen and improve Sanctions Compliance internal control system. The recommendations are diligently evaluated and implemented by the Group.

The Group performs an enterprise-wide ML/TF/PF and Sanctions risks assessments on a regular basis, and on an ad-hoc basis if needed, to evaluate ML/TF/PF and Sanctions risks of the Group. The risk assessment includes identification and assessment of inherent ML/TF/PF and Sanctions risks and effectiveness assessment of the existing AML/CTF/CPF and Sanctions Compliance controls.

Know-Your-Customer standards, including customer risk scoring, customer due diligence and enhanced due diligence practices, on-going customer transactions monitoring, effective international and national sanctions screening is the priority of the Group. A sound risk culture across the Group, risk-aware employees and implementation of best-practice processes and systems is the backbone of Sanctions Compliance risk management. Employees of the Group have a good knowledge of customers and their counterparties and a full understanding of the substance of transactions and thus can timely detect suspicious customer activity. Under the Sanctions Compliance Policy, knowingly and intentionally participating in activities whose purpose or effect is to evade the restrictions imposed by the international and national sanctions is strictly forbidden, thus preventing the Group from being used to circumvent the sanctions. The Group enforces sanctions established by the UN Security Council, the EU, national sanctions of Latvia, Lithuania and Estonia, OFAC and OFSI. The Group complies with OFAC sanctions in USD and all other currencies. Daily customer, regular financial instruments and real time payment screening is ensured with Bridger Insight XG system by LexisNexis Risk Solutions. The Group also ensures horizon screening on potential sanction threats and update of internal watchlist.

In addition, the Group has implemented specific sanctions evasion detection scenarios in online screening, transaction monitoring and AML/CTF/CPF/ Sanctions risk scoring system with particular focus on sectoral sanctions, including regarding dual-use goods, battlefield goods and critical items.

The Group has established the Sanctions Compliance training programme for all its employees. The training programme consists of three main parts: initial, regular and extraordinary employee training and is tailored to the necessary knowledge level of each function. For employees directly responsible for Sanctions Compliance, special advanced trainings, workshops and conferences are arranged to enhance their knowledge and skills necessary for execution of their tasks. The Group supports international certification in the Sanctions Compliance fields for at least the leading specialists involved in the Sanctions Compliance risk management function. The Group organises Sanctions Compliance webinars on at least a bi-monthly basis which are available to all employees of the Group.

In 2023, a thematic review to assess the effectiveness and efficiency of Citadele's sanction screening systems was conducted by the BL, and in 2024 similar thematic review was conducted by the Estonian Regulator. According to the results of the examinations, no immediate remedial actions were required in respect to Citadele's client and transaction screening practices. Furthermore, in November 2024 the Group received a letter from the BL confirming that Citadele has fully completed the action plan prepared as a result of the BL's audit in AML and sanctions areas which was carried out from February to July 2023. The BL has therefore informed Citadele that the remediation action control process has been completed.

In 2022, the Lithuanian branch of Citadele was subject to both a sanctions screening system and an AML compliance audit conducted by the Bank of Lithuania. In September 2023, the Bank of Lithuania issued a remediation plan without monetary penalty to the Lithuanian branch of Citadele. The remediation plan was completed by 31 January 2024 and in early February 2024, the Bank of Lithuania was informed of the completion of all aforementioned improvements.

## MATERIAL AGREEMENTS

The following is a summary of each agreement (not being an agreement entered into in the ordinary course of business) which has been entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to Citadele as of the date hereof.

### Shareholders' Agreement

RA Citadele Holdings LLC, the co-investors including Delan S.à.r.l., EMS LB LLC, Amolino Holdings Inc., Shuco LLC and others, the EBRD and Citadele are party to the First Deed of Amendment to the Shareholders' Agreement and the Amended and Restated Shareholders' Agreement dated 16 April 2015 (the "**Shareholders' Agreement**"). The Shareholders' Agreement provides for certain enhanced rights enjoyed by RA Citadele Holdings LLC, the co-investors and the EBRD, including specific rights to, among other things, (i) nominate or participate in the nomination of members of the Supervisory Board, (ii) participate in decisions of the Supervisory Board and (iii) receive key information from Citadele about its financial condition, performance and business plan.

The Shareholders' Agreement provides for, among other matters, the following:

#### *Membership of the Supervisory Board*

- For so long as the EBRD holds at least 10 per cent. of Citadele's share capital, it is entitled to nominate one person to the Supervisory Board. If RA Citadele Holdings, LLC and the other co-investors (together, the "**Main Shareholder**") nominate more than five members of the Supervisory Board, the EBRD shall be entitled to nominate a second person to act as a member of the Supervisory Board. In 2016, EBRD agreed not to exercise the right to nominate a second member of the Supervisory Board unless one of the two appointed independent members of the Supervisory Board resigns or the total number of persons on the Supervisory Board exceeds nine persons.
- For so long as the EBRD holds at least 10 per cent. of Citadele's share capital, the EBRD and the Main Shareholder shall be entitled to nominate jointly one independent member (the "**Independent Member**") that is not affiliated with RA Citadele Holdings, LLC to act as a member of the Supervisory Board.
- Subject to the total number of Supervisory Board members not exceeding eleven, the Main Shareholder shall be entitled to nominate the remaining members of the Supervisory Board.

#### *Decisions of the Supervisory Board*

- No resolution of the Supervisory Board shall be proposed or adopted at any meeting of the Supervisory Board unless: (1) a quorum consisting of a majority of its members, including at least one member nominated by the EBRD or the Independent Member, shall have been present throughout the entire meeting; and (2) a majority of the members constituting the quorum shall have voted in favour of such resolution.
- For so long as the EBRD holds at least 10 per cent. of Citadele's share capital, certain matters shall only be adopted at a Supervisory Board meeting if at least one member of the Supervisory Board nominated by the EBRD votes in favour of such matter. These matters include: (1) the approval of any draft resolution for submission to the GMS relating to a dividend or any other distribution of profit that would: (a) lead to a breach of any capital adequacy regulations applicable to Citadele; or (b) be in excess of IFRS net profit after tax for the relevant preceding period; (2) the approval of any draft resolution amending the Articles of Association for submission to the GMS unless such changes are required to comply with the law of the Republic of Latvia; (3) the approval of any draft resolution increasing the registered capital of Citadele or changing the type, rights or form of any call of shares for submission to the GMS; or (4) any resolution to appoint or change Citadele's auditors.

#### *Management Board*

- The members of the Management Board shall be appointed and changed by the Supervisory Board.



#### *Conflict with Citadele Articles of Association of Latvian Law*

- In the event of any conflict, ambiguity or discrepancy between the provisions of the Shareholders' Agreement and the Articles of Association, the provisions of the Shareholders' Agreement shall prevail only in relation to those shareholders that are party to the Shareholders' Agreement, provided that no party shall be required to take any action in breach of applicable mandatory provisions of Latvian law. The parties to the Shareholders' Agreement shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of the Shareholders' Agreement.

#### *Termination*

- The Shareholders' Agreement can be terminated by mutual agreement between the EBRD and the Main Shareholder.
- The Shareholders' Agreement shall be amended, novated, supplemented, extended or restated following either the EBRD or the Main Shareholder ceasing to own any shares in Citadele.

#### *Information Rights*

- Citadele is obliged to provide RA Citadele Holdings, LLC and the EBRD access to key information. This includes quarterly, semi-annual and annual financial information in order to monitor the performance of Citadele. Furthermore, Citadele is required to provide (on an annual basis) RA Citadele Holdings, LLC and the EBRD with its share register, the business plan for the next financial year and an environmental and social report.

#### **Advisory services agreement**

On 24 March 2025, Citadele entered into an advisory services agreement with Ripplewood Advisors LLC in connection with the provision of certain advisory services to Citadele's management. The agreement stipulates that such advice shall include, but not be limited to: business plan development, risk management, capital allocation, funding and capital structure, operating efficiency, strategic fit of business lines, customer relationship management, product and service development and enhancement, distribution channel strategy and performance, human resource management and compensation, management information systems and tools, methods to increase the performance culture of Citadele, identification, evaluation and execution of acquisition and combination opportunities and internal and external reporting marketing and communications, as well as such other advisory services as may be reasonably requested and agreed from time to time.

In return for the performance of the advisory services, Citadele is required to pay an annual total fee of EUR 2,000,000 plus VAT on a quarterly basis in arrears, commencing from 1 January 2025. Citadele is also required to indemnify Ripplewood Advisors LLC in connection with investigations or disputes resulting from the provision of services under the advisory services agreement. The agreement shall have a term of two years, provided, however, that Citadele shall have a one-time right, exercisable in its sole discretion on the first anniversary of the Agreement to unilaterally terminate the advisory services agreement without cause. Either Citadele or Ripplewood Advisors LLC may by notice to the other party terminate the advisory services agreement with immediate effect in case of winding-up of the other party, insolvency or bankruptcy in relation to the other party, it is or becomes unlawful for either party to perform any of its obligations under the advisory services agreement, the European Central Bank or any other regulatory body having supervisory authority over Citadele recommends termination of the advisory services agreement, sale, transfer or other disposition by Ripplewood Advisors LLC (other than to an affiliate) of all of its shares in Citadele occurs during the term of the advisory services agreement; or the other party commits a material breach of any term of the advisory services agreement which breach is irremediable or (if such breach is remediable) fails to remedy that breach within a period of 30 days after receipt of notice requiring such remedy. The agreement may be amended with the prior approval of the Supervisory Board and Ripplewood Advisors LLC.

Citadele conducts all transactions with related parties on an arm's length basis and on market terms, including in the case of the advisory services provided by Ripplewood Advisors LLC pursuant to the advisory services agreement.

## **IP Coexistence Agreement**

Citadele has entered into an IP coexistence agreement with a third party in relation to the use of the "Citadele" name in the Baltic States. This agreement is intended to manage the conflict between Citadele's registration of the "Citadele" mark in Latvia and the third party's registration of the "Citadel" name across the EU. Under the terms of the agreement, the Group's ability to use and expand the "Citadele" brand beyond the Baltic States is limited.

## **Financial instruments**

As the date of this Prospectus, Citadele has four bond issues outstanding:

- Senior Unsecured Preferred EUR 35,000,000 Fixed/ Floating Rate Notes (ISIN LV0000804334) listed on Nasdaq Riga (Baltic Bond List) and subject to the following: (i) number of securities: 3,500, (ii) nominal value EUR 10,000, (iii) aggregate principal amount: EUR 35,000,000, (iv) annual interest rate: 5 per cent.), (v) interest payment date: 14 April, 14 October and where applicable, also 14 January and 14 July, (vi) issue date: 14 October 2024, (viii) maturity date: 14 October 2026, (viii) listing date: 15 October 2024 on Nasdaq Riga (Baltic Bond List).
- EUR 20,000,000 Unsecured Subordinated Bonds (ISIN LV0000803054) under Citadele's € 60,000,000 Fifth Unsecured Subordinated Bonds Programme (recognised as Tier 2 instruments within the meaning of the CRR and/or any other applicable rules) listed on Nasdaq Riga (Baltic Bond List) and subject to the following: (i) number of securities: 2,000, (ii) nominal value EUR 10,000, (iii) aggregate principal amount: EUR 20,000,000, (iv) annual interest rate: 8.00 per cent.), (v) interest payment dates: 5 April and 5 October each year, (vi) issue date: 5 April 2024, (vii) maturity date: 5 April 2034, (viii) listing date: 8 April 2024 on Nasdaq Riga (Baltic Bond List) and (ix) rating: not rated.
- EUR 40,000,000 Unsecured Subordinated Bonds (ISIN LV0000880102) under Citadele's € 40,000,000 Fourth Unsecured Subordinated Bonds Programme (recognised as Tier 2 instruments within the meaning of the CRR and/or any other applicable rules) listed on Nasdaq Riga (Baltic Bond List) and subject to the following: (i) number of securities: 4,000, (ii) nominal value EUR 10,000, (iii) aggregate principal amount: EUR 40,000,000, (iv) annual interest rate: 5.00 per cent.), (v) interest payment dates: 13 June and 13 December each year, (vi) issue date: 13 December 2021, (vii) maturity date: 13 December 2031, (viii) listing date: 14 December 2021 on Nasdaq Riga (Baltic Bond List) and (ix) rating: not rated.
- Senior Unsecured Preferred EUR 200,000,000 Fixed/ Floating Rate Notes (ISIN XS2393742122) listed on Euronext Dublin (Official List) and Nasdaq Riga (Baltic Bond List) and subject to the following: (i) number of securities: 200,000, (ii) nominal value EUR 1,000, (iii) aggregate principal amount: EUR 200,000,000, (iv) annual interest rate: 1.625 per cent.), (v) interest payment date: 22 November each year, (vi) issue date: 22 November 2021, (viii) maturity date: 22 November 2026, (viii) listing dates: 22 November 2021 on Euronext Dublin (Official List) and 26 November 2021 on Nasdaq Riga (Baltic Bond List) and (ix) rating: Baa3 (Moody's).

## TAXATION

*The tax laws of the investor's jurisdiction and of the Issuer's jurisdiction might have an impact on the income received from the Notes. The following is a general description of certain Latvian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Latvia of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

*Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.*

### **Latvia**

This summary is based on the laws of Latvia as in force on the date of this Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non-resident prospective investor, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001.

### **Resident Individuals**

An individual will be considered as a resident of Latvia for taxation purposes:

- if the individual's declared place of residence is in the Republic of Latvia; or
- if the individual stays in the Republic of Latvia 183 days or more within any 12-month period, starting or ending in the taxation year; or
- if the individual is a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia.

In accordance with the Law on Personal Income Tax, the interest income from the Notes for resident individuals will be subject to 25.5 per cent. withholding tax, deductible by the Issuer before the payment. The income (gain) from the disposal of the Notes will be subject to 25.5 per cent. tax, but the tax would be payable by the individual him/herself.

If an individual uses an investment account that qualifies as such under the Law on Personal Income Tax for investments (including acquisition of the Notes), 25.5 per cent. personal income tax is applied to the difference between the amount paid into the investment account and the amount paid out from the investment account (except exempt income and income taxed at source).

Should the total taxable income (including dividends, capital gains, income from investment account) as defined under the Law on Personal Income Tax of an individual resident of Latvia exceed EUR 200,000 in a year, additional tax rate of 3 per cent. will be applicable to the portion of income exceeding EUR 200,000. This additional tax is payable by individuals themselves.

### **Non-Resident Individuals**

In accordance with the Law on Personal Income Tax, the interest income received by non-Latvian resident individuals from the Notes being offered publicly (which, for these purposes, means admitted to trading on a regulated market within the meaning of MiFID II) as well as income from the disposal of the publicly offered (as described above) Notes will not be subject to tax in Latvia.

## Resident Entities

An entity will be considered as a resident of Latvia for tax purposes if it is or should have been established and registered in the Republic of Latvia in accordance with the legislative acts of the Republic of Latvia. This also include permanent establishments of foreign entities in Latvia.

Interest payments on the Notes and proceeds from the disposal of the Notes received by Latvian resident companies will not be subject to withholding tax in Latvia. Under the Corporate Income Tax Law, retained earnings of legal entities other than credit institutions and consumer credit service providers are exempt from corporate income tax and only distributions are taxed. Corporate income tax rate on gross profit distribution is 20 per cent. Corporate income tax on the net amount of profit distribution is determined by dividing net amount with a coefficient of 0.8 (i.e., the effective tax rate on net distributed profit is 25 per cent.). Profits of credit institutions and consumer credit service providers derived in the previous financial year are subject to corporate income tax regardless of whether they are distributed or not.

## Non-Resident Entities

In accordance with the Corporate Income Tax Law, the interest income and income from the disposal of the Notes for non-resident entities will not be taxable in Latvia.

## Taxation of Low-Tax Non-Latvian Residents

In general, payments (including interest payments) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No. 333 "Regulations on Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023; effective as of 1 July 2023 ("**Low-Tax Non-Latvian Residents**") are subject to withholding tax of 20 per cent. if the payer is a Latvian legal entity or 25.5 per cent. if the payer is a Latvian individual resident having an obligation to withhold tax. However, pursuant to Article 5(6) of the Corporate Income Tax Law, payments to Low-Tax Non-Latvian Residents for securities publicly offered in the EU or EEA are exempt from withholding tax if made at the market price. The Latvian tax authority in a legally non-binding explanation has confirmed that pursuant to Article 5(6) of the Corporate Income Tax Law, there is no withholding tax also on the interest payments made by an issuer to the holders of bonds publicly circulated in the EU or EEA who are Low-Tax Non-Latvian Residents, provided that the payments are made at the market price.

## Latvian Withholding Tax

As described in "Resident Individuals" above, in accordance with the Latvian Law on Personal Income Tax, interest income from Notes held by Latvian resident individuals are subject to 25.5 per cent. withholding tax, which is typically deductible by the Issuer before the payment is made. However, as the Notes are held in Euroclear and Clearstream, the Issuer is not able to establish who the beneficial owners of the Notes are. Whilst the Notes are in global form, held in Euroclear and Clearstream, and payment is to be made through a legal entity outside of Latvia, the Issuer will pay the interest free of withholding. Any Latvian resident individuals who are beneficially entitled to interest in respect of the Notes will need to declare and pay the appropriate tax themselves.

## FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication

of the final regulations defining "foreign passthru payment". Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

Each of Citigroup Global Markets Europe AG, Morgan Stanley Europe SE and UniCredit Bank GmbH (collectively, the "**Joint Lead Managers**") and Akciju sabiedrība "Citadele banka" (the "**Co-Manager in the Baltics**") and together with the Joint Lead Managers, the "**Managers**") have, pursuant to a subscription agreement dated 19 September 2025, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at 99.858 per cent. of their principal amount less a combined management and underwriting commission. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses and to indemnify the Managers against certain liabilities in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

### **Anchor investors**

Two international development institutions are considering subscribing for, and have received their respective approvals to purchase from the Issuer, a portion of the aggregate principal amount of the Notes which may be significant, subject to market conditions, and certain other conditions being met. The terms of each investor's investment will not restrict its ability to buy or sell Notes in the future and, as a result, the investor may buy or sell Notes in open market transactions at any time following the completion of the offering of the Notes.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to EEA Retail Investors**

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## **United Kingdom**

### ***Prohibition of Sales to UK Retail Investors***

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### ***Other UK regulatory restrictions***

Each Manager has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **Singapore**

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## **General**

Each Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material, in all cases at its own expense, relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction

in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

In addition to the applications described in this Prospectus, the Issuer may, on or after the date of this Prospectus, make applications for one or more certificates of approval under Article 25 of the Prospectus Regulation to be issued by the Central Bank to the competent authority in any Member State.



## GENERAL INFORMATION

### Authorisation

1. The creation and issue of the Notes has been authorised by the decisions of the Management Board of the Issuer given on 12 September 2025 and 18 September 2025 and by the resolution of the shareholders of the Issuer given on 27 March 2025.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

### Significant/Material Change

3. Since 31 December 2024 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries. Since 30 June 2025, there has been no significant change in the financial performance or financial position of the Issuer or the Issuer and its Subsidiaries.

### Auditors

4. The 2023 Financial Statements and the 2024 Financial Statements of the Issuer have been audited without qualification for the years ended 31 December 2023 and 31 December 2024 by KPMG. The Interim Financial Statements of the Issuer for the six months ended 30 June 2025 have been reviewed by KPMG. KPMG is a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

### Validity of the Prospectus and Prospectus Supplements

5. This Prospectus is valid for twelve months. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus after the end of the offer or admission to trading of the Notes.

### Documents on Display

6. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of the Issuer or at the website specified below for 12 months from the date of this Prospectus:
  - (a) the articles of association of the Issuer (as the same may be updated from time to time) (available at: <https://www.cblgroup.com/en/about/governance/articles-of-association/>); and
  - (b) the Agency Agreement and the Deed of Covenant (each available at: <https://www.cblgroup.com/en/investors/bonds/>).

For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website of the Issuer does not form part of this Prospectus.

In addition, this Prospectus will be available, in electronic format, on the website of the Euronext Dublin ([www.euronext.com/en/markets/dublin](http://www.euronext.com/en/markets/dublin)).

### Yield

7. If the Issuer were to pay interest on each Interest Payment Date up to and including the Reset Date and were to redeem the Notes on the Reset Date, the yield on the Notes would be 3.927 per cent. per annum.

The yield is calculated as of the date of this Prospectus and may fluctuate in the future. It is not an indication of future yield.

**ISIN and Common Code**

8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS3148256913 and, the common code is 314825691. The Classification of Financial Instrument (CFI) code and the Financial Instrument Short Name (FISN) code are each as set out on the website of the Association of National Numbering Agencies (ANNA).

**Listing Agent**

9. McCann FitzGerald Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the official list of Euronext Dublin or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

**Expenses**

10. The expenses relating to the admission to trading of the Notes on Euronext Dublin are expected to amount to €7,240.

**The Legal Entity Identifier**

11. The Legal Entity Identifier (LEI) code of the Issuer is 2138009Y59EAR7H1UO97.

**Conflicts of Interest**

12. Certain of the Joint Lead Managers have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Joint Lead Managers and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **ISSUER**

### **Akciju sabiedrība "Citadele banka"**

Republikas laukums 2A  
Rīga, LV-1010  
Latvia

## **JOINT LEAD MANAGERS**

### **Citigroup Global Markets Europe AG**

Börsenplatz 9  
60313 Frankfurt am Main  
Germany

### **Morgan Stanley Europe SE**

Grosse Gallusstrasse 18  
60312 Frankfurt-am-Main  
Germany

### **UniCredit Bank GmbH**

Arabellastraße 12  
81925 Munich  
Germany

## **CO-MANAGER IN THE BALTICS**

### **Akciju sabiedrība "Citadele banka"**

Republikas laukums 2A  
Rīga, LV-1010  
Latvia

## **FISCAL AGENT AND AGENT BANK**

### **Citibank, N.A., London Branch**

Citigroup Centre  
Canary Wharf  
London E14 5LB  
United Kingdom

## LEGAL ADVISERS

### *To the Issuer*

*as to English law:*

**Allen Overy Shearman Sterling LLP**

One Bishops Square  
London E1 6AD  
United Kingdom

*as to Latvian law:*

**ZAB COBALT SIA**

Marijas iela 13 K-2 – 3  
Riga, LV-1050  
Latvia

### *To the Managers*

*as to English law:*

**Clifford Chance LLP**

10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*as to Latvian Law:*

**Sorainen ZAB SIA**

Krišjāņa Valdemāra iela 21-11  
Riga, LV-1010  
Latvia

## AUDITORS TO THE ISSUER

**"KPMG Baltics SIA"**

Robertas Hirša iela 1  
Riga, LV-1045  
Latvia

## LISTING AGENT

**McCann FitzGerald Listing Services Limited**

Sir John Rogerson's Quay  
Riverside One  
Dublin 2, D02 X576  
Ireland