

## Annex – Issue Specific Summary

### A. Introduction and warnings

This summary (the “**Summary**”) should be read as an introduction to the Base Prospectus and any decision to invest in the Bonds should be based on a consideration of the Base Prospectus as a whole by the investor. Civil liability in respect of this Summary attaches only to those persons who have tabled the summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Base Prospectus, or where it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Bonds. Investment in the Bonds entails risks and the investor can lose all or part of the invested capital. If the investor brings a claim relating to the information contained in the Base Prospectus before a court, the investor might be required, under national law, to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

<b>Name and international securities identification number (ISIN) of the Bonds</b>	EUR 5.00 CITADELE BANKA BOND 21-2031, ISIN: LV0000880102 (the “ <b>Bonds</b> ”)
<b>Identity and contact details of the issuer, including its legal entity identifier (LEI):</b>	AS Citadele banka is a limited company/joint stock company (in Latvian – akciju sabiedrība or AS) registered with the Commercial Register of Latvia under the registration number: 40103303559, its legal address is Republikas laukums 2A, Riga, LV-1010, Latvia, telephone: +371 67010000, e-mail: info@citadele.lv, website: <a href="http://www.citadele.lv">www.citadele.lv</a> (the “ <b>Citadele</b> ”). LEI of Citadele is 2138009Y59EAR7H1U097.
<b>Identity and contact details of the competent authority approving the Base Prospectus:</b>	Financial and Capital Market Commission of Latvia (In Latvian - <i>Finanšu un kapitāla tirgus komisija</i> ) (the “ <b>FCMC</b> ”), Kungu iela 1, Riga, LV-1050, Latvia, telephone: +371 2 6515221, fax: +371 67225755, e-mail: <a href="mailto:fktk@fktk.lv">fktk@fktk.lv</a>
<b>The date of approval of the Base Prospectus by the Management Board of Citadele:</b>	25 November 2021
<b>The date of approval of the Base Prospectus by the FCMC:</b>	30 November 2021

### B. Key information on the issuer

#### Who is the issuer of the securities?

Citadele is a limited company/joint stock company (in Latvian – akciju sabiedrība or AS) incorporated in and operating under the laws of the Republic of Latvia and registered with the Commercial Register of Latvia under the registration number: 40103303559 (date of registration: 30 June, 2010), its legal address is Republikas laukums 2A, Riga, LV-1010, Latvia. LEI of Citadele is 2138009Y59EAR7H1U097.

**Business Overview.** Citadele Group offers a wide range of banking products to its private individual, SME and corporate customer base. It also provides wealth management, asset management, life insurance, pension and leasing and factoring products. As of 30 June 2021, Citadele has the third highest number of customers (above 405,000), the third highest number of internet banking customers (approx. 275,000 active users), the second highest number of mobile banking customers (approx. 176,000 active users) and the third largest network of branch offices in Latvia, according to the Finance Latvia Association (“FLA”). Furthermore, as of the same date, Citadele had a total market share in Latvia of 17.4 per cent. in total loans, 18.4 per cent. in deposits and 18.1 per cent. in total assets, according to data published by the FLA. Citadele is the parent company of Citadele Group, which has a subsidiary bank in Switzerland and several subsidiaries which include financial services companies. Citadele Group's main market is the Baltics (Latvia, Lithuania and Estonia). Citadele Group has online and mobile banking platforms, which are available in Latvia, Lithuania and Estonia. Its distribution network comprised 20 branches and client service centres in Latvia, 1 branch in Estonia and 1 branch and 5 customer service units in Lithuania.

#### Major Shareholders

Shareholder	Number of shares held	Ownership (%)
EBRD.....	39,138,948	Approx. 24,95
RA Citadele Holdings, LLC <sup>1</sup> .....	42,772,216	Approx. 27,26
Delan S.A.R.L. <sup>2</sup> .....	15,597,160	Approx. 9.94
EMS LB LLC <sup>3</sup> .....	15,577,301	Approx. 9.93
Amolino Holdings Inc. <sup>4</sup> .....	15,639,924	Approx. 9.97
Shuco LLC <sup>5</sup> .....	12,297,697	Approx. 7.84
Other shareholders.....	15,865,138	Approx. 10.11

- (1) RA Citadele Holdings, LLC is a wholly owned subsidiary of Ripplewood Advisors LLC and is beneficially owned by Mr Timothy C. Collins
- (2) Delan S.A.R.L is beneficially owned by the Baupost Group, LLC
- (3) EMS LB LLC is beneficially owned by Mr Edmond M. Safra
- (4) Amolino Holdings Inc. is beneficially owned by Mr James L. Balsillie
- (5) Shuco LLC is beneficially owned by Mr Stanley S. Shuman

As of the date of this Base Prospectus, Citadele has implemented a long-term incentive plan ("LTIP") for the members of the Management Board along with a long-term retention programme ("LTRP") for key employees and the level of dilution to existing shareholders under its terms may be up to 10% of Citadele's issued share capital in a rolling ten year period. Furthermore, in the future Citadele may issue any type of classes of securities with rights, preferences or privileges that are more or less favourable than those attached to the existing shares.

**Corporate governance.** Citadele's corporate governing bodies are the general meeting of shareholders (GMS), the Supervisory Board and the Management Board, each having its own responsibilities and authorities in accordance with Latvian law and the Articles of Association. The GMS elects the members of the Supervisory Board, which is responsible for the supervision of, and appointment of members to, 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.

At of the date of this Base Prospectus, the Supervisory Board consists of: Chairman of the Supervisory Board - Timothy C. Collins, Deputy Chairperson of the Supervisory Board - Elizabeth Critchley, and following seven members of the Supervisory Board: James L. Balsillie, Dhananjaya Dvivedi, Lawrence N. Lavine, Klāvs Vasks, Nicholas Haag, Karina Saroukhanian, Sylvia Gansser-Potts. At the date of this Base Prospectus, the Management Board consists of the following seven members: Johan Åkerblom, Chief Executive Officer, Valters Ābele, Chief Financial Officer, Vladislavs Mironovs, Chief Strategy Officer, Uldis Upenieks, Chief Compliance Officer, Slavomir Mizak, Chief Technology and Operations Officer, Vaidas Žagūnis, Chief Corporate Commercial Officer, Rūta Ežerskienė, Chief Retail Commercial Officer, Julija Lebedinska-Ļitvinova, Chief Risk Officer.

**Independent Auditors.** The 2019 and 2020 Audited Consolidated Financial Statements, as well as 2021 Audited Consolidated Interim Financial Report for the six months were audited by KPMG Baltics SIA (registration number: 40003235171, legal address: Vesetas Street 7, Riga LV 1013, Latvia). KPMG Baltics SIA is included in the register of companies of certified auditors maintained by the Latvian Association of Certified Auditors.

## What is the key financial information regarding the issuer?

The following table summarizes the selected historical consolidated financial information of Citadele Group for each of the years ended 31 December 2019 and 31 December 2020, interim periods of 30 June 2021, 30 September 2021 and 30 September 2020 for comparison purposes. Citadele Group's selected historical consolidated financial information provided in the tables below is derived from the 2019 Audited Consolidated Financial Statements, 2020 Audited Consolidated Financial Statements, 2021 Audited Consolidated Interim Financial Report for the six months and 2021 Unaudited Consolidated Interim Financial Report for the third quarter, which are enclosed in this Prospectus section Index of Schedules.

### Citadele Group Income statement

EUR millions	2019 <i>audited</i>	9m 2020 <i>unaudited</i>	2020 <i>audited</i>	6m 2021 <i>audited</i>	9m 2021 <i>unaudited</i>
Net interest income	84.6	50.8	67.5	53.2	80.9
Net fee and commission income	30.9	22.5	30.2	16.9	26.8
Operating income <sup>(1)</sup>	123.9	49.6	94.7	76.8	116.7
Net credit losses and impairments	-3.7	-10.3	-10.5	3.7	-0.1
Net profit	36.5	-20.5	3.6	32.6	44.7

### Citadele Group Income statement (adjusted for one-time items)

EUR millions	2019 <i>audited</i>	9m 2020 <i>unaudited</i>	2020 <i>audited</i>	6m 2021 <i>audited</i>	9m 2021 <i>unaudited</i>
Operating income <sup>(1)</sup>	n/a	78.2	106.0	n/a	n/a
Net profit	n/a	8.1	14.9	n/a	n/a

\* 9m 2020 is adjusted for one-time losses related to the tail risk defensive measures in the amount of EUR (28.6) million, included in "Net financial and other income"

\* 12m 2020 is adjusted for one-time losses related to the tail risk defensive measures in the amount of EUR (28.8) million, included in "Net financial and other income" and one-time gain of EUR 17.5 million from leaseback sale of headquarters buildings in Latvia and Lithuania.

### Citadele Group Balance sheet

EUR millions	2019 <i>audited</i>	9m 2020 <i>unaudited</i>	2020 <i>audited</i>	6m 2021 <i>audited</i>	9m 2021 <i>unaudited</i>
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Total assets	3 743	4 436	4 597	4 806	4 919
Loans to customers	1 568	1 537	1 541	2 457	2 602
Deposits from customers	3 290	3 542	3 671	3 798	3 893
Shareholders' equity	341	321	344	375	388
Subordinated debt	60	60	60	60	60
Loan-to-deposit ratio <sup>(6)</sup>	48%	43%	42%	65%	67%
Stage 3 loans to public ratio, gross	4.8%	3.7%	3.5%	3.4%	3.2%
Common equity Tier 1 (CET1) capital ratio, transitional (including period's result)	18.8%	18.7%	22.1%	16.7%	16.4%
Total capital adequacy ratio (CAR), transitional (including period's result)	22.2%	22.2%	26.0%	19.4%	19.0%
Leverage ratio, transitional (including period's result)	8.80%	7.10%	7.40%	7.60%	7.60%

There are no qualifications in the audit report pertaining to the Audited Financial Statements.

### What are the key risks that are specific to the issuer?

Citadele Group may not be able to successfully implement its business strategy. If Citadele Group fails to implement its strategy in full or in part, Citadele Group may be unable to further grow its business, and even if it is successful, there is no guarantee that the successful implementation of Citadele Group's business strategy will improve Citadele Group's profitability or operating efficiency to the extent that Citadele Group desires or at all.

Citadele may fail to correctly evaluate the credit risk and collateral value of its security. Any failure by Citadele Group to accurately assess the credit quality of its loan portfolio or the value or enforceability of its associated collateral may have a material adverse effect on Citadele's business, prospects, financial condition, results of operations or cash flows.

Citadele Group is exposed to a risk of counterparty default that arises, for example, from entering swaps or other derivative contracts under which counterparties have financial obligations to make payments to Citadele Group. 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 Citadele Group's business, prospects, financial condition, results of operations or cash flows.

Citadele Group's business, prospects, financial condition, results of operations or cash flows may be affected by liquidity risks. Any reduction in available liquidity for Citadele's customers, failure by Citadele Group to attract and retain sufficient customer deposits or inability to access additional sources of funding at favourable interest rates may have a material adverse effect on Citadele Group's business, prospects, financial condition, results of operations or cash flows.

Citadele Group is exposed to operational risk. Citadele 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 Citadele's employees, inadequate system operations, irregularities in internal processes, acts of third parties and other external conditions, such as floods, fires and pandemics. Citadele 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.

Citadele Group's business may be adversely affected if it is unable to meet its minimum requirement for own funds and eligible liabilities (MREL) under the BRRD. The issuance of MREL eligible liabilities may have a material adverse effect on Citadele 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 Citadele Group's business, financial conditions and results of operations.

Citadele Group's measures to comply with anti-money laundering, countering the financing of terrorism and proliferation, anti-bribery and sanctions regulations may not be effective in all material respects. The local regulatory environment, as well as supervisory and enforcement approach in the Baltic States in the areas of AML, CTF and sanctions has become increasingly strict in the recent years. Any failure by Citadele Group to fully implement functional AML, CTF, CPF, anti-bribery and/or sanctions procedures or to comply with all of the relevant Latvian, EU or other laws or regulations on AML, CTF, CPF, anti-bribery and sanctions could subject Citadele Group to significant fines, sanctions and/or result in harm to Citadele Group's reputation and even lead to business disruption.

Citadele Group may be subject to litigation, administrative or other proceedings and investigations. Citadele Group may be subject to litigation by its customers, employees, shareholders or other persons through private actions, administrative proceedings, regulatory actions or other litigation. Citadele 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 number of regular audits by the relevant Baltic banking regulators as well as number of external auditors. The occurrence of any litigation or similar proceedings, investigations or actions may have a material adverse effect on Citadele Group's business, prospects, financial condition, results of operations or cash flows.

Citadele Group is exposed to reputational risk. Reputational risk can, above all, be attributed to the materialisation of other risks, such as operational, strategic or compliance risks. Any deterioration of Citadele Group's reputation in the eyes of its

customers, business partners, owners, employees, investors or supervisory authorities may have a material adverse effect on Citadele Group's operations, financial condition and results of operations.

*The outbreak of COVID-19 has negatively affected the global, Latvian and Baltic states' economies and financial markets and might continue to disrupt and/or otherwise negatively impact the operations of Citadele Group and/or its clients.*

## C. Key information on the securities

### What are the main features of the securities?

The Bonds are freely transferable non-convertible unsecured and unguaranteed subordinated bonds denominated in EUR, having maturity of 10 years and with fixed interest rate of 5% per annum (the **"Annual Interest Rate"**), which contain unsecured, unguaranteed and subordinated payment obligations of Citadele towards the holders of the Bonds (the **"Bondholders"**). The nominal value (face value) of each Bond is EUR 10,000. The issue price of the Bond is 100% of the nominal value of the Bond (the **"Issue Price"**). Citadele has a right at its sole discretion to amend the Issue Price once or several times until the end of the applicable offer period of the Bonds and announce the updated issue price.

The Bonds are dematerialized debt securities in bearer form and registered with Nasdaq CSD SE, registration number: 40003242879, (the **"Nasdaq CSD"**) in book-entry form with the securities settlement system governed by Latvian law.

**Interest rate.** The Bonds shall carry interest at a fixed Annual Interest Rate, which shall be the same for each and every year until the – 13 December 2031 (the **"Maturity Date"**) or the Early Redemption Date. Citadele has a right at its sole discretion to amend the Annual Interest Rate once or several times until the end of the applicable offer period of the Bonds and announce the updated annual interest rate. The interest on the Bonds will be paid semi-annually on the following interest payment dates 13 December and 13 June each year and will be calculated on the aggregate outstanding principal amount of the Bonds of the respective Series from the Bond's issue date until the Maturity Date or the Early Redemption Date, whichever occurs first. Interest in respect of the Bonds will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365 (or, in the case of a leap year, 366), i.e. a day count convention Act/Act (ICMA) will be used. An expected yield to maturity for the Bonds being offered, based on the final Issue Price of the Bonds and the final Annual Interest Rate, will be specified in the Final Terms which will be published after allotment of the Bonds to the investors.

**Maturity and Redemption.** The Bonds shall be repaid in full at their nominal value on the Maturity Date or on the Early Redemption Date. If the offer period of the Bonds is extended by Citadele, the final Maturity Date will be rescheduled by Citadele proportionally to the length of extension of the offer period of the Bonds and specified in the Final Terms which will be published after allotment of the Bonds to the investors. Citadele has a right to redeem the Bonds for their nominal value prematurely prior to the Maturity Date before or after the lapse of the 5 year period as from the Bond's issue date by notifying the Bondholders at least 30 (thirty) days in advance, if applicable laws and rules permit such early redemption, subject to meeting all the relevant legal requirements, including obtaining all the necessary approvals, permissions and consents of the competent authorities for such early redemption. If Citadele decides to exercise the right to redeem the Bonds prematurely prior to the Maturity Date, Citadele shall specify and announce the date on which the Bonds will be redeemed (the **"Early Redemption Date"**). Bondholders are not entitled to claim premature redemption of the Bonds before the Maturity Date under any circumstances.

**Rights Attached to the Bonds.** The only rights of the Bondholders arising from the Bonds are the right to the redemption of the Bonds on the Maturity Date and to receive interest in accordance with General Terms and Conditions of the Bonds. The Bondholders are not entitled to a delay interest or any penalty fees in case of delay in making any payments due under the Bonds by Citadele. The rights arising from the Bonds can be exercised by the Bondholders in accordance with the General Terms and Conditions of the Bonds, the applicable Final Terms and applicable rules of Latvian law. The Bonds do not contain any provisions designed to protect the Bondholders from a reduction in the creditworthiness of Citadele.

There will be no „Change of Control” obligations binding Citadele in respect of the Bonds and investors in Bonds will not have protection of a „Change of Control”. There will be no „Negative Pledge” or „Cross-Default” obligations binding Citadele in respect of the Bonds and investors in Bonds will not have protection of „Negative Pledge” or „Cross-Default”. By acquisition of the Bonds, each Bondholder and beneficial owner agrees to be bound by provisions relating to waiver of set-off. All payments made by Citadele in connection with Bonds are calculated and paid without set-off or counterclaims.

**Ranking and Subordination.** The Bonds are subordinated to all unsubordinated claims against Citadele at all times (for the purposes of clarity, the Bonds are not subordinated to claims that are subordinated to the Bonds or have the same ranking as the Bonds) and Citadele's obligations under the Bonds constitute subordinated liabilities within the meaning of the Latvian Credit Institutions Law. The net proceeds from the Bonds will be used by Citadele for its general business development and to strengthen further the regulatory capital structure of Citadele and as its subordinated capital and thus the Bonds will be recognized as Tier 2 instruments within the meaning of CRR or any other applicable rules.

The subordination of the Bonds means that in the event of liquidation or insolvency of Citadele, all the claims arising from the Bonds shall become collectible and shall be satisfied only after full satisfaction of all unsubordinated recognised claims against Citadele, but before satisfaction of the claims of Citadele's shareholders in their capacity as Citadele's shareholders in accordance with the applicable law. Upon liquidation or insolvency of Citadele, the Bondholders will not be entitled to any payments due under the Bonds until full and due satisfaction of all the unsubordinated claims against Citadele, except the claims of Citadele's shareholders in their capacity as Citadele's shareholders. By subscribing to the Bonds, all investors unconditionally and irrecoverably agree to such subordination of claims arising from the Bonds.

As long as there are no liquidation or insolvency proceedings initiated against Citadele, all claims arising from the Bonds shall be satisfied by Citadele in accordance with the General Terms and Conditions of the Bonds, the applicable Final Terms

and the applicable law. Please be advised that no funds may be left to satisfy the claims of the Bondholders after all or part of unsubordinated claims have been satisfied.

**Transferability.** Bonds are freely transferrable and disposable without any restrictions. However, transfer of Bonds is subject to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee. The Bonds cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which such offer, sale, re-sale or transfer would be unlawful or require measures other than those required under Latvian laws to be taken by Citadele, including, if applicable, the United States of America.

### **Where will the securities be traded?**

Application will be made to the Nasdaq Riga AS, registration number: 40003167049, ("**Nasdaq Riga**") for admitting each tranche of Bonds to listing and trading on the Baltic Bond List of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within three months after the issue date of the respective tranche. Trading is expected to commence within one month after the above-mentioned application has been made.

### **What are the key risks that are specific to the securities?**

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability and appropriateness of that investment considering his or her own his or her own circumstances. A potential investor should not invest in the Bonds unless the investor has the expertise (either alone or with the relevant support from a professional advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Credit Risk. An investment in the Bonds is subject to credit risk, which means that the Citadele may fail to meet its obligations arising from the Bonds in a duly and timely manner.

Citadele's obligations under the Bonds are subordinated obligations which are unsecured and unguaranteed. The Bonds are subordinated to all unsubordinated claims against the Citadele; however, not to the claims, which are subordinated to Bonds or which rank *pari passu* with the Bonds. The subordination may have material adverse effect on the Citadele's ability to meet all its obligations arising from the Bonds. The Bondholders will at all times be unsecured creditors of the Citadele.

The Bonds may be redeemed prematurely on the initiative of Citadele. If early redemption right is exercised by Citadele, the rate of return from an investment in the Bonds may be lower than initially anticipated and the market value of the Bonds may be higher than the early redemption amount at the moment of redemption.

The Offer may be cancelled. Although Citadele will strive to ensure that Offer of all tranches is successful, Citadele cannot provide any assurance that Offer of all tranches will be successful and that investors will receive Bonds they subscribed for.

The Bonds may be subjected in the future to the bail-in and loss absorption resolution 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 and loss absorption tool through which a credit institution subjected to resolution may be recapitalised either by way of write-down or conversion of liabilities into ordinary shares. The bail-in and loss absorption 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. Bonds may be subjected to the said bail-in and loss absorption tool. As such, if Citadele is subjected to resolution measures in the future, then the value of the Bonds may be written down (up to zero) as a result of the imposition of the bail-in and loss absorption tool by the FCMC. Furthermore, the Bonds may be subject to modifications or the disapplication of provisions in the General Terms and Conditions of the Bonds, including alteration of the principal amount or any interest payable on the Bonds, the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period.

Changes in laws or administrative practices could entail risks. Latvian laws (including but not limited to tax laws) and regulations governing the Bonds may change during the life of the Bonds, and new judicial decisions can be given and administrative practices may take place. Adverse changes in the tax regime applicable in respect of transacting with the Bonds or receiving interest or principal payments based on the Bonds may result in an increased tax burden of the Bondholders and may therefore have adverse effect on the rate of return from the investment into the Bonds.

There has been no prior trading market for Bonds, Citadele may be unable to list Bonds on the Nasdaq Riga, Bonds may be delisted from the Nasdaq Riga or trading in Bonds may be suspended, as well as an active and liquid market for Bonds may not develop.

## **D. Key information on the offer of securities to the public and the admission to trading on a regulated market**

### **Under which conditions and timetable can I invest in this security?**

Citadele has established the € 40,000,000 Fourth Unsecured Subordinated Bonds Programme (the "**Programme**") described in the Base Prospectus under which Citadele, subject to compliance with all relevant laws and regulations, may issue and offer publicly in Latvia, Lithuania and Estonia from time to time in one or several series (the "**Series**") non-convertible unsecured and unguaranteed subordinated Bonds. The Bonds will be book-entered within the Nasdaq CSD securities settlement system governed by Latvian law. The aggregate principal amount of the particular tranche is from € 20, 000, 000 up to € 40, 000, 000 (the "**Aggregate Principal Amount**"). Citadele has a right to increase or decrease the Aggregate Principal

Amount, provided that the maximum aggregate nominal amount of all Bonds outstanding issued under the Programme shall not at any time exceed € 40,000,000.

The Offer is directed to all natural and legal persons (institutional and retail investors) in Latvia, Lithuania and Estonia, irrespective of whether they qualify as qualified investors within the meaning of Article 2(e) of the Prospectus Regulation<sup>1</sup>, as well as to persons (institutional investors only) located in the Member State of the EEA (other than Latvia, Lithuania and Estonia) who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in each case pursuant to an exemption under Article 1(4) of the Prospectus Regulation. The Bonds will be offered for subscription for the minimum investment amount of at least one Bond for any and all investors ("the **Minimum Investment Amount**").

#### **Expected timetable of the Offer**

Start of the Offer Period / Publication of the initial Final Terms of Bonds	06 December, 2021
End of the Offer Period	09 December, 2021
Issue date/ Settlement of the Issued Bonds	13 December, 2021
Announcement of the results of the Offer / Publication of the Final Terms of Bonds	14 December, 2021
First day of listing of Bonds on Nasdaq Riga Stock Exchange	On or about 14 December, 2021

#### **Offer Period**

Offer period is from 12:00 (Latvian time) on 6 December, 2021 until 15:30 (Latvian time) on 9 December 2021 (the "**Offer Period**"). Until the end of the applicable Offer Period, Citadele may extend the Offer Period at its sole discretion once or several times. The minimum length of any such extension should be at least 2 Business Days. Investors have a right to modify or cancel their Purchase Orders, if the Offer Period has been extended and/or the Issue Price and/or Annual Interest Rate has been updated by Citadele, provided that such modification or cancellation of the Purchase Order is received by Citadele before the end of the applicable Offer Period.

#### **Submission of Purchase Orders**

Investors wishing to purchase the Bonds shall submit their orders to purchase the Bonds (the "**Purchase Orders**") at any time during the Offer Period to Citadele. Purchase orders can be submitted directly to Citadele or via Nasdaq Riga supported trading system Genium INET ("**Genium INET**") available to Nasdaq Riga members (Purchase orders can be entered into every trading day from 9:00 (or from 12:00 on the first day of Offer Period) to 16:00 (or until 15:30 on the last day of Offer Period) Riga time).

An investor must ensure that all data provided in the Purchase Order are correct and complete. An uncompleted, incorrect or unclear Purchase Order may be rejected by Citadele. By submitting the Purchase Order:

- the investor who is a client of Citadele or Lithuanian branch of Citadele ("**Lithuanian branch**") and submits the Purchase Order to Citadele or Lithuanian branch shall ensure necessary funds for the purchase of Bonds in the investor's account opened with Citadele or Lithuanian branch respectively and consents that Citadele or Lithuanian branch respectively is entitled to block these funds as a precondition for submission of the respective Purchase Order.
- the institutional investor consents to ensure the required funds on the day of final settlement on the DVP (Delivery versus payment) terms pursuant to the Nasdaq CSD rules and shall have a settlement agent that is Nasdaq CSD participant.

**Latvian investors.** Investors, who have a securities account with Citadele, shall submit their Purchase Orders to Citadele in accordance with the investment services agreement concluded with Citadele (including at the office of Citadele at Republikas laukums 2A, Riga, Latvia), subject to applicable rules of Citadele. Latvian institutional investors, who are treated by Citadele as eligible counterparties, can submit their Purchase Orders to Citadele through Bloomberg trading system or via Genium INET. Other investors willing to purchase the Bonds may become investment services clients of Citadele and purchase the Bonds through Citadele or through other credit institutions, investment brokerage firms or other financial intermediaries from which investors receive investment services, provided that such financial intermediaries are treated by Citadele as eligible counterparties or have access to Genium INET.

**Lithuanian investors.** Investors, who have a securities account with Lithuanian branch, shall submit their Purchase Orders to Lithuanian branch in accordance with the investment services agreement concluded with Lithuanian branch (including at the office of Lithuanian branch at Upes str. 21-1, Vilnius, Lithuania), subject to applicable rules of Lithuanian branch. Lithuanian institutional investors, who are treated by Citadele as eligible counterparties, can submit their Purchase Orders to Citadele through Bloomberg trading system or via Genium INET. Other investors willing to purchase the Bonds may become investment services clients of Lithuanian branch and purchase the Bonds through Lithuanian branch or other credit institutions, investment brokerage firms or other financial intermediaries from which investors receive investment services, provided that such financial intermediaries are treated by Citadele as eligible counterparties or have access to Genium INET. All Lithuanian investors who are not investment services clients of Lithuanian branch shall have a settlement agent that is Nasdaq CSD participant.

**Estonian investors.** Estonian institutional investors, who are treated by Citadele as eligible counterparties, can submit their Purchase Orders to Citadele through Bloomberg trading system or via Genium INET. All other investors may purchase the Bonds through other credit institutions, investment brokerage firms or other financial intermediaries from which the investors receive investment services, provided that such financial intermediaries are treated by Citadele as eligible counterparties or

<sup>1</sup> Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC

have access to Genium INET. All Estonian investors who are not investment services clients of Citadele shall have a settlement agent that is Nasdaq CSD participant.

Other investors in the European Economic Area (in respect of private placement of the Bonds). Other investors willing to purchase the Bonds should contact Citadele (tel: +371 67010555; e-mail: broker@citadele.lv (Attn: Mr. Juris Mihailovs)).

#### **Purchase Orders and Invalid Purchase Orders**

The Purchase Order shall indicate the total amount of Bonds to be purchased by the respective investor based on the applicable Issue Price and Annual Interest Rate at the time of making of the Purchase Order, which shall be at least equal to the Minimum Investment Amount. All Purchase Orders constitute a binding and irrevocable commitment to acquire the allotted Bonds, with the exceptions stated below.

The Purchase Order shall not be considered valid in case the purchase amount indicated in the Purchase Order is less than the Minimum Investment Amount, the Purchase Order was received after the Offer Period, the Issue Price based on which the Purchase Order was made is lower than the final Issue Price applicable at the end of the Offer Period and/or the Annual Interest Rate based on which the Purchase Order was made is higher than the final Annual Interest Rate applicable at the end of the Offer Period. Citadele does not have any obligation to inform investors about the fact that their Purchase Orders are invalid.

#### **Cancellation of the Offer**

On the next Business Day following the Offer Period Citadele will decide whether to proceed with the Offer of a particular Tranche or cancel it. In case the Offer of a Tranche is cancelled, Citadele will announce it on web-site [www.cblgroup.com](http://www.cblgroup.com) and submit it to the FCMC. All rights and obligations of the parties in relation to the cancelled Offer will be considered as having been terminated as of the moment when such announcement is made public.

#### **Allotment**

In case Citadele decides to proceed with the Offer of a Tranche, on the next Business Day following the Offer Period the following actions shall be taken:

- a) Citadele shall at its sole discretion determine which Purchase Orders can be treated as qualifying Purchase Orders, and the extent of their satisfaction.
- b) Upon determination of the qualifying Purchase Orders, Citadele will establish the exact amount of the Bonds to be allotted with respect to each qualifying Purchase Order and thus determine the final aggregate principal amount of the respective Tranche. Citadele will at its sole discretion decide upon the final allocation of the Bonds to each investor.
- c) Citadele has a general discretion to reject any Purchase Orders, in whole or in part, for any reason at its sole discretion, and no person is guaranteed to receive any number of Bonds.
- d) Final Terms containing the information about the final Offer Period, Annual Interest Rate, Issue Price, Issue Date, Maturity Date, Interest Payment Dates, aggregate principal amount of the respective Tranche and definitive amount of Bonds to be issued within the respective Tranche will be published on Citadele's web-site [www.cblgroup.com](http://www.cblgroup.com), and submitted to FCMC.
- e) After completion of the allotment with respect to each qualifying Purchase Order Citadele shall submit an allotment notification to each investor. The Notification will evidence the extent of satisfaction or rejection of the Purchase Order submitted by the investor, the number of Bonds allotted to the investor, the final Annual Interest Rate, Issue Price and the purchase price payable for the Bonds.

#### **Settlement and Delivery**

The settlement for the Bonds will be carried out in accordance with the delivery-versus-payment (DvP) principle pursuant to applicable rules of Nasdaq CSD. The settlement will take place on the Issue Date. All paid up Bonds shall be treated as issued. The Bonds which are not paid up shall be cancelled in accordance with the applicable rules of Nasdaq CSD. If an investor has opened a securities account with Citadele and is acting through Citadele in respect to purchase of Bonds, the settlement for the Bonds will be carried in accordance with the terms and conditions of the agreements concluded between Citadele and such investor. No dealing may begin before full completion of the settlement and delivery of Bonds.

#### **Information About the Results of the Offer**

Information about the results of the Offer of each Tranche shall be published on the Citadele's web-site [www.cblgroup.com](http://www.cblgroup.com) within 3 (three) Business Days after the Issue Date.

#### **Estimated Expenses Charged to the Investors**

No expenses or taxes will be charged to the investors by Citadele in respect to the issue of the Bonds. However, the investors may be obliged to cover expenses related to the opening of securities accounts, holding of the Bonds as well as commissions related to the execution of the investor's purchase/selling orders or any other operations with the Bonds and which are charged by the credit institutions or investment brokerage firms.

#### **Why is this prospectus being produced?**

Citadele expects to receive net proceeds of up to EUR 40,000,000 from this Offer. The net proceeds from the Offer are to be used by Citadele for its general business development and to strengthen further the regulatory capital structure of Citadele, including use as Citadele's subordinated capital in accordance with the requirements of the CRR and any other applicable rules for Tier 2 capital. Bonds to be issued under this tranche will not be subject to underwriting agreement. In so far as Citadele is aware, no person involved in the offer of Bonds has an interest material to this offer of Bonds, nor any conflicting interests.