Information about the differences between investment in subordinated bonds and deposits

Citadele

1. Subordinated bonds are complex financial instruments and the risk associated with this instrument may be difficult for the investor to understand. Bonds have higher yield compared to deposits and is associated with higher risk.
2. Subordinated bonds are not bank deposits. You will not be able to withdraw your investment (redeem bonds) before the maturity of the bond unless otherwise provided in the prospectus.
3. If the bond issuer is unable to meet its obligations, you will not be eligible for Deposit Guarantee Scheme compensation for the investment in the bonds.
4. In the event of the insolvency or liquidation of the bond issuer, depositors and other creditors will have priority over the subordinated bond holders.
5. In the events prescribed by the Law on the Recovery and Resolution of Credit Institutions and Investment Firms, the resolution authority will be entitled to write off or reduce the liabilities of bond issuer (up to zero), to alter or postpone repayment terms, as well as to convert the bonds into equity.
6. The sale of bonds before their maturity may be difficult if there is no demand in financial markets.