

Important Notice

IMPORTANT: You must read the following before continuing. The following notice applies to the supplementary prospectus (the “**Prospectus Supplement**”) following this page, whether received by email, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Prospectus Supplement. In reading, accessing or making any other use of the Prospectus Supplement, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Prospectus Supplement, including any modifications made to them any time you receive any information from us as a result of such access.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriately authorised independent financial adviser.

This Prospectus Supplement is supplemental to, and should be read in conjunction with, the prospectus published by AS “Citadele banka” on 23 October 2015 relating to the offer of up to 100,000,000 ordinary B shares in the form of ordinary B shares and global depositary receipts representing the ordinary B shares (the “**Original Prospectus**”). Any statement contained in the Original Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in this document modifies or supersedes such statement. Except as expressly stated herein, or unless the context requires otherwise, the definitions used or referred to in the Original Prospectus also apply in this Prospectus Supplement.

THE FOLLOWING DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER.

THIS PROSPECTUS SUPPLEMENT IS ONLY ADDRESSED TO AND DIRECTED AT, AND MAY ONLY BE DISTRIBUTED TO OR ACTED ON BY, (i) PERSONS IN LATVIA, ESTONIA AND LITHUANIA; (ii) PERSONS OUTSIDE THE EUROPEAN ECONOMIC AREA (THE “**EEA**”) AND THE UNITED STATES, OR THOSE WHO, IF LOCATED IN MEMBER STATES OF THE EEA (OTHER THAN IN LATVIA, ESTONIA, LITHUANIA AND THE UNITED KINGDOM), ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE NO. 2003/71/EC AND AMENDMENTS THERETO, INCLUDING DIRECTIVE NO. 2010/73/EU, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE) (“**QUALIFIED INVESTORS**”); (iii) PERSONS IN THE UNITED KINGDOM WHO ARE RELEVANT PERSONS (AS DEFINED BELOW); AND (iv) PERSONS IN THE UNITED STATES WHO ARE QUALIFIED INSTITUTIONAL BUYERS (“**QIBS**”), AS DEFINED IN AND IN RELIANCE ON RULE 144A (“**RULE 144A**”) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”).

AS REGARDS PERSONS LOCATED IN THE UNITED KINGDOM, THIS PROSPECTUS SUPPLEMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED ONLY AT, QUALIFIED INVESTORS (i) WHO ARE INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “**ORDER**”) OR (ii) WHO ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A)-(D) OF THE ORDER, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS, TOGETHER, BEING REFERRED TO AS “**RELEVANT PERSONS**”).

ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

ANY SECURITIES TO BE ISSUED WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Confirmation of your representation: This Prospectus Supplement is being accessed by you via electronic transmission at your request and by accessing, reading or making any other use of the Prospectus Supplement, you shall be deemed to have represented to us that

1. you have understood and agree to the terms set out herein;
2. that the e-mail address to which, pursuant to your request, the attached document has been delivered by electronic transmission

(A) is not located in the United States, its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or

(B) if the email is located within the United States, it belongs to a QIB (as defined below) in each case in accordance with any applicable securities laws of any state of the United States;

3. you are,

(A) if in the United Kingdom, a Relevant Person or a Relevant Person acting on behalf of Relevant Persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom and/or the EEA;

(B) if in any Member State of the EEA in relation to the offer of the Retail Tranche (as defined in the Original Prospectus), a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or relevant persons, to the extent that you are acting on behalf of persons or entities in the EEA; or

(C) if within the United States, a QIB, or acting on behalf of a QIB in each case in accordance with any applicable securities laws of any state of the United States;

4. that you consent to delivery of the Prospectus Supplement by electronic transmission; and

5. you will not transmit the attached Prospectus Supplement (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with our consent.

You are reminded that the Prospectus Supplement has been delivered to you on the basis that you are a person into whose possession the Prospectus Supplement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus Supplement to any other person and, in particular, (i) to any U.S. address other than to a QIB nor (ii) to any other person who is not a Qualified Investor outside the EEA or inside the EEA (except in the case of the offer of the Retail Tranche in Latvia, Estonia or Lithuania). Failure to comply may result in a direct violation of the Securities Act or the applicable laws of other jurisdiction.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Co-lead Managers or any affiliate of the Managers (as defined in the Original Prospectus) is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of Citadele (as defined in the Original Prospectus) in such jurisdiction.

Under no circumstances shall the Prospectus Supplement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Prospectus Supplement may only be communicated to persons in the United Kingdom in circumstances where section 21(1) or the Financial Services and Markets Act 2000 does not apply to the communication.

The Prospectus Supplement has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of

electronic transmission and, consequently, none of Citadele, nor the Managers, nor any person who controls any of the foregoing, nor any director, officer, employee nor agent of any of the foregoing or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus Supplement distributed to you in electronic format and the hardcopy version available to you on request from Citadele.

The distribution of this Prospectus Supplement in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by us to inform themselves about, and to observe, any such restrictions.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the reply function on your e-mail software, will be ignored and rejected.



AS “Citadele banka”

(incorporated and registered in Latvia, with registered number 40103303559)

Offering of up to 100,000,000 ordinary B shares in the form of ordinary B shares and global depositary receipts

PROSPECTUS SUPPLEMENT

This document comprises a supplementary prospectus (the “**Prospectus Supplement**”) relating to AS “Citadele banka” (“**Citadele**”), a joint stock company incorporated in, and operating under the laws of, the Republic of Latvia, and is supplemental to, and should be read in conjunction with, the prospectus published by Citadele on 23 October 2015 (the “**Original Prospectus**”) relating to the offer of up to 100,000,000 ordinary B shares with a nominal value of EUR 0.10 per share (“**Shares**”) in the form of ordinary B shares and global depositary receipts representing Shares (“**GDRs**”) (the Shares and the GDRs together, the “**Securities**”). One GDR represents an interest in 6 Shares.

This Prospectus Supplement has been approved by the Financial and Capital Market Commission of Latvia (*Finanšu un kapitāla tirgus komisija*) (the “**FCMC**”) in its capacity as the competent authority in Latvia for the purposes of Directive No 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in each relevant member state of the European Economic Area (the “**EEA**”)) (the “**Prospectus Directive**”), in accordance with the requirements of the Financial Instrument Market Law of the Republic of Latvia (the “**Latvian Financial Instrument Market Law**”) and Regulation (EC) No 809/2004 (the “**Prospectus Regulation**”). Citadele has requested that the FCMC provide (i) the competent authorities in Estonia and Lithuania (the Estonian Financial Supervision Authority (*Finantsinspeksioon*)) (the “**EFSA**”) and the Bank of Lithuania (*Lietuvos Bankas*) (the “**Bank of Lithuania**”), respectively); and (ii) in respect of the offering of GDRs, the UK Listing Authority (the “**UKLA**”), with a certificate of approval attesting that this Prospectus Supplement has been drawn up in accordance with the Prospectus Directive.

Investing in the Securities involves a high degree of risk. See the section entitled “Risk Factors” beginning on page 42 of the Original Prospectus.

The Securities are being offered outside the United States in reliance on Regulation S (“**Regulation S**”, and such Securities, the “**Regulation S Offering**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and within the United States to certain qualified institutional buyers (“**QIBs**”) as defined in, and in reliance on, Rule 144A (“**Rule 144A**”, and such Securities, the “**Rule 144A Offering**”) or another exemption from, or a transaction not subject to, the registration requirements under the Securities Act. See the section entitled “*Subscription and Sale*” beginning on page 342 of the Original Prospectus.

The Offer does not constitute an offer to sell, or solicitation of an offer to buy, Securities in any jurisdiction in which such offer or solicitation would be unlawful. The Securities 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, except to persons reasonably believed to be QIBs or outside the United States in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that offerors of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or another exemption from, or another transaction subject to, the registration requirements of the Securities Act.

Neither the U.S. Securities and Exchange Commission nor any state securities commission in the United States, nor any other U.S. regulatory authority, has approved or disapproved of the Securities offered in the Offer or determined that this Prospectus Supplement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

Sole Global Coordinator and Joint Bookrunner

Citigroup

Joint Bookrunner

EFG Hermes UAE Limited

Co-lead Managers

LHV Pank

Mediobanca

Raiffeisen Bank International

Prospectus Supplement dated 3 November 2015

1. INTRODUCTION

This Prospectus Supplement is supplemental to, and should be read in conjunction with, the Original Prospectus. This Prospectus Supplement is being published:

- (A) to extend the Offer Period;
- (B) to clarify the method that will be used to set the final Offer Price for the GDRs; and
- (C) to correct a numerical disclosure in the Original Prospectus.

Words and phrases defined in the Original Prospectus shall have the same meaning in this Prospectus Supplement unless otherwise defined herein.

2. EXTENSION OF THE OFFER PERIOD

The Offer Period described in the Original Prospectus was between 10.00 (Latvian time) on 23 October 2015 and 15.00 (Latvian time) on 3 November 2015. The Offer Period is hereby amended and extended such that it will now end at 15.00 (Latvian time) on 13 November 2015. A number of other key dates with respect to the Offer will also change accordingly, and are expected to be on or about the dates as set out below:

Pricing date and publication of Pricing Notification: 16 November 2015

Allocation Date: 16 November 2015

Prefunding by Citigroup Global Markets Limited: 16 November 2015

Settlement of the Shares: 20 November 2015

Settlement of the GDRs: 23 November 2015

Share Admission, GDR Admission and Closing Date: 23 November 2015

3. GDR OFFER PRICE

The final Offer Price for the GDRs will not be set until the pricing date (currently anticipated to occur on 16 November 2015). The final Offer Price for the GDRs will be calculated by reference to the market spot exchange rate between the U.S. dollar and the Euro as at the time of pricing, as quoted by Reuters, and will include certain transaction fees associated with the prefunding activities of Citigroup Global Markets Limited in its capacity as a prefunding bank.

The final Offer Price for the GDRs may fall outside the Offer Price Range indicated in the Original Prospectus.

For the avoidance of doubt, this does not affect the Offer Price Range indicated in the Original Prospectus in relation to the Shares (which remains as EUR 1.15 to EUR 2.00 per Share), nor does it affect the maximum number of ordinary B shares which may be issued in connection with the Offer. The exchange rate between the U.S. dollar and the Euro is likely to continue to fluctuate throughout the Offer Period.

4. CORRECTION OF NUMERICAL DISCLOSURE IN THE ORIGINAL PROSPECTUS

The following text appearing on page 98 of the Original Prospectus is hereby deleted:

The increase in Citadele Group's loan-to-deposit ratio in the first half of 2015 was driven by a decrease in customer deposits of EUR 108.9 million, or 4.3%,

from EUR 2,517.1 million as at 31 December 2014 to EUR 2,408.3 million as at 30 June 2015. EUR 80.0 million of this decrease in customer deposits as at 30 June 2015 resulted from Swiss customers transferring their funds into off-balance sheet instruments, driven in part by the imposition of negative rates by the Swiss bank on large balances in customers' current accounts.

and is replaced with the following text:

The increase in Citadele Group's loan-to-deposit ratio in the first half of 2015 was driven by a decrease in customer deposits of EUR 108.9 million, or 4.3%, from EUR 2,517.1 million as at 31 December 2014 to EUR 2,408.3 million as at 30 June 2015. EUR 81.2 million of this decrease in customer deposits as at 30 June 2015 resulted from Swiss customers transferring their funds into off-balance sheet instruments, driven in part by the imposition of negative rates by the Swiss bank on large balances in customers' current accounts.

5. WITHDRAWAL RIGHTS

In accordance with Article 16(2) of the Prospectus Directive (as implemented through national implementing legislation in each EEA Member State) and Articles 18(4) and 45(4) of the Latvian Financial Instrument Market Law, where a supplementary prospectus has been published and, prior to the publication, a person agreed to buy or subscribe for transferable securities to which it relates, he/it may withdraw his/its acceptance before the end of the period of two working days beginning with the first working day after the date on which the supplementary prospectus was published.

Investors wishing to exercise their withdrawal right after the publication of this Prospectus Supplement must do so by:

- (A) in the case of Retail Investors, completing a revocation form and submitting it to the Securities Custodian or other intermediary through which the original Subscription Order was placed; and
- (B) in the case of Institutional Investors, communicating an intention to withdraw to the relevant Manager through which the order for Securities was placed.

6. GENERAL

To the extent that there is any inconsistency between any statement in or incorporated by reference in this document and any other statement in or incorporated by reference in the Original Prospectus, the statements in or incorporated by reference in this document will prevail.

Save as disclosed in this Prospectus Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Original Prospectus has arisen or been noted, as the case may be, since the publication of the Original Prospectus.

Investing in the Securities involves a high degree of risk. See the section entitled "Risk Factors" beginning on page 42 of the Original Prospectus.

Copies of this Prospectus Supplement and the Original Prospectus will be available for inspection free of charge, during normal business hours on any weekday at the registered office of Citadele from the date of publication of this Prospectus Supplement until Closing. The registered office of Citadele is located at Republikas laukums 2A, Riga, LV-1010, Latvia. This Prospectus Supplement will also be published on Citadele's website (www.citadele.lv), where the Original Prospectus is also available.

This Prospectus Supplement is dated 3 November 2015.

AS Citadele banka

(incorporated and registered in Latvia, with registered number 40103303559)

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