

IMPORTANT: You must read the following before continuing. The following applies to the Base Prospectus (the "Base Prospectus") following this page, and you are therefore required to read this carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THE BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE BASE PROSPECTUS MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("THE SECURITIES ACT"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE 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 IN ANY JURISDICTION. THE SECURITIES DESCRIBED IN THE BASE PROSPECTUS 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.

Confirmation of your Representation: In order to be eligible to view the Base Prospectus or make an investment decision with respect to the securities described in the Base Prospectus, you must be a person other than a U.S. person (within the meaning of Regulation S under the Securities Act) who is outside the United States. By accepting the email and accessing the Base Prospectus, you shall be deemed to represent that you are not, and that any customer represented by you is not, a U.S. person; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of the Base Prospectus by electronic transmission.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus 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 Base Prospectus to any other person.

Any materials relating to the potential 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 potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

BASE PROSPECTUS



AKCINĖ BENDROVĖ ŠIAULIŲ BANKAS

(a public limited liability company incorporated and existing under the laws of the Republic of Lithuania, company code 112025254)

EUR 100,000,000

Tier 2 Subordinated Note Programme

Under this EUR 100,000,000 Tier 2 Subordinated Note Programme (the "**Programme**"), described in this base prospectus (the "**Base Prospectus**" or the "**Prospectus**"), Akcinė bendrovė Šiaulių bankas a public limited liability company incorporated in, and operating under the laws of, the Republic of Lithuania, and registered with Register of Legal Entities of Lithuania under the registration number: 112025254, legal address: Tilžės g. 149, LT-76348 Šiauliai, Lithuania, telephone: [+370 37 301337](tel:+37037301337), e-mail: info@sb.lt, website: www.sb.lt (the "**Bank**", the "**Company**" or the "**Issuer**") may from time to time issue and offer publicly in Lithuania, Latvia and Estonia in one or several series (the "Series") subordinated notes (the "**Tier 2 Subordinated Notes**" or the "**Notes**") denominated in Euro and qualifying as Tier 2 Capital of the Issuer.

The maximum aggregate nominal amount of all Notes outstanding issued under the Programme shall not at any time exceed EUR 100,000,000. References herein to "this Base Prospectus" shall, where applicable, be deemed to be references to this Base Prospectus as supplemented or amended from time to time. To the extent not set forth in this Base Prospectus, the specific terms of any Notes will be included in the relevant final terms (the "**Final Terms**") (a form of which is contained herein), therefore the prospectus relating to Series issued under the Programme consists of this Base Prospectus and the respective Final Terms.

This Base Prospectus has been drawn up and published by the Bank in connection with the public offering of the Notes in Lithuania, Latvia and Estonia (the "**Offering**") and listing on the regulated market. This Base Prospectus has been approved by the Bank of Lithuania (the "**BoL**"), which is the Lithuanian competent authority under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"), as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. The BoL has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are the subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

In addition, the Bank has requested that the BoL notifies this Base Prospectus to the competent authority in Latvia – the Bank of Latvia (in Latvian – *Latvijas Banka*) and to the competent authority in Estonia – Estonian Financial Supervision and Resolution Authority (in Estonian - *Finantsinspeksiioon*), provide them with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Regulation.

Application(-s) will be made for the Notes issued under the Programme to be admitted to listing on the bond list (the "**Bond List**") and to trading on the regulated market (the "**Regulated Market**") of Nasdaq Vilnius AB ("**Nasdaq Vilnius**"). The Regulated Market of Nasdaq Vilnius is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**"). In order to execute admission of each separate Tranche of Notes to the Bond List of Nasdaq Vilnius as soon as possible following their placement to the investors.

The Notes being offered and sold under this Base Prospectus will be registered within Lithuanian branch of Nasdaq CSD, SE ("**Nasdaq CSD**") (the merged central securities depository of Lithuania, Latvia, Estonia and Iceland). Noteholders will be able to hold the Notes through Nasdaq CSD participants, such as investment firms and custodian banks operating in Lithuania.

This Base Prospectus is valid for 12 (twelve) months after the date hereof. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The Notes to be issued under the Programme will not be rated. Nonetheless, the Issuer itself is rated by Moody's Investors Service ("**Moody's**"). Moody' is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). **However, an Issuer's 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.

NOTICE TO ALL INVESTORS. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Notes offered by any person in any jurisdiction in which such an offer or solicitation is unlawful, in particular in or into the Restricted Territories (as defined in Section “Glossary” below) or the Excluded Territories (as defined in Section “Glossary” below). The Notes have not been and will not be registered under the relevant laws of any state, province or territory other than Lithuania and may not be offered, sold, transferred or delivered, directly or indirectly, within any other jurisdiction than Lithuania, Latvia and Estonia except pursuant to an applicable exemption. Notwithstanding anything to the contrary contained in this Prospectus, the Notes shall not be offered, sold, transferred or delivered, directly or indirectly, to any Russian or Belarusian national or natural person residing in Russia or Belarus, or any legal person, entity or body established in Russia or Belarus, and regardless of nationality, residence or establishment, to any person to whom such offering, sale, transfer or delivery of the Notes is restricted or prohibited by international sanctions, national transaction restrictions or other similar measures established by an international organisation or any country (including the European Union, the United Nations or the United States).

Distribution of copies of the Prospectus or any related documents are not allowed in those countries where such distribution or participation in the Offering of the Notes requires any extra measures or is in conflict with the laws and regulations of these countries. Persons who receive this Prospectus or any related document should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Such documents should not be distributed, forwarded to or transmitted in or into the Restricted Territories or the Excluded Territories. No action has been taken by the Company in relation to the Notes or rights thereto or possession or distribution of this Prospectus in any jurisdiction where action is required, other than in Lithuania, Latvia and Estonia. The Company is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this Prospectus and any related documents.

INFORMATION FOR UNITED STATES INVESTORS. The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the “Securities Act”), or with any securities regulatory authority of any state of the United States. This Base Prospectus and/or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the “Regulation S”)), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Investing into Notes involves risks and may not be suitable for all investors. Each prospective investor in the Notes must determine, based on its own independent review and, if appropriate, professional advice that the investment in the Notes is suitable in light of its financial circumstances and objectives. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the material risks related to the Company, the operations of the Company and its Subsidiaries (the Group) and to the Notes, the value of any investment in the Notes may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus. Each decision to invest in the Notes must be based on the Prospectus in its entirety. Therefore, we suggest you familiarise yourselves with the Prospectus thoroughly, including principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

IMPORTANT NOTICES

Responsibility for this Base Prospectus

The Issuer, represented by Vytautas Sinius, Chief Executive Officer (CEO) and Chairman of the Management Board, accepts responsibility for the information contained in this Base Prospectus and any Final Terms. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus as of the date hereof. To the best of the knowledge and belief of the Company the information contained in this Prospectus is in accordance with the facts and the Base Prospectus contains no omissions likely to affect its import.

Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely based on the summary of any Series issued under this Prospectus, including any translation thereof, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in Notes.

The Company will not accept any responsibility for the information pertaining to the Offering, the Company or its operations, where such information is disseminated or otherwise made public by third parties either in connection with the Offering or otherwise.

Final Terms

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Subordinated Notes*" (the "**Conditions**") as completed by a document specific to each such Tranche called final terms (the "**Final Terms**") as described under "*Final Terms*" below. In the event of any inconsistency between Terms and Conditions in this Base Prospectus and the relevant Final Terms, the relevant Final Terms shall prevail.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Issuer does confirm that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Any information sourced from third parties contained in this Base 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.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealer nor any of its respective affiliates have authorised the whole or any part of this Base 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 Base Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the

offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial position or performance of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealer 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 the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". **In particular, 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 that is subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale*").**

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealer or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. Neither the Issuer nor the Dealer has provided any financial or taxation advice in connection with the Programme or Notes issued thereunder.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each series of Notes about whether, for the purpose of the MiFID Product Governance rules under Commission Delegated Directive (EU) 2017/593, as amended (the "**MiFID Product Governance Rules**") is a manufacturer in respect of such Notes, but otherwise neither the Dealer or any of its respective affiliates will not be a manufacturer for the purpose of the MiFID Product Governance Rules.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 100,000,000.

Certain definitions

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

References to "**Dollar**" are to United States dollars, references to "**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.

Language

The language of this Base 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.

Ratings

Tranches of Notes issued under the Programme will not be rated.

Stabilisation

Tranches of Notes issued under the Programme will not be subject to stabilisation.

PRESENTATION OF FINANCIAL INFORMATION

References in this Base Prospectus to the financial statements for 2023 and 2022 of the Issuer and of the Group are to the audited consolidated financial statements of the Issuer for the years ended 31 December 2023 and 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”).

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Alternative Performance Measures

This Base Prospectus contains certain financial measures that are not defined or recognised under IFRS and which are considered to be “alternative performance measures” as defined in the “ESMA Guidelines on Alternative Performance Measures” issued by the European Securities and Markets Authority on 5 October 2015 (the “**Alternative Performance Measures**” or “**APMs**”). Such APMs are described in detail in “Key Financial Ratios and Alternative Performance Measures of the Issuer”.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

The overview constitutes a general description of the Programme for the purposes of Article 25(1)(b) of Commission Delegated Regulation (EU) 2019/980, as amended.

Issuer:	Akcinė bendrovė Šiaulių bankas
Programme Approval:	The Programme was approved by the decision of the Management Board on 23 April 2024.
Programme Amount:	Up to EUR 100,000,000 aggregate nominal amount of Notes outstanding at any one time.
Description:	Tier 2 Subordinated Note Programme
Dealer:	Akcinė bendrovė Šiaulių bankas (the " Dealer ")
Currency:	The Notes will be denominated in Euros
Method of Issue:	The Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Denomination:	EUR 1,000
Maturity:	The Notes will be issued with the term of 10 years and the maturity date for each series of the Notes will be specified in the Final Terms and subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Listing and Trading:	<p>Application(-s) will be made for Notes issued under the Programme to be admitted during the period of 3 (three) months after the date hereof to listing on the Bond List and to trading on the Regulated Market of Nasdaq Vilnius.</p> <p>In order to execute admission of each separate Tranche of Notes to the Bond List of Nasdaq Vilnius and to trading on the Regulated Market of Nasdaq Vilnius as soon as possible following their placement to the investors but not later than in 1 (one) month, and in order to execute admission of each separate Series of Notes to the Bond List of Nasdaq Vilnius – in 3 (three) months following their placement.</p>
Status of the Notes, Ranking and Subordination:	Notes under the Programme will be issued as Tier 2 Subordinated Notes only. This means that the Notes are intended to qualify as own funds instruments within the meaning of point 119 of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as supplemented or amended from time to time (Capital

Requirements Regulation, CRR) in the form of Tier 2 instruments as defined in Article 63 of the CRR or any successor provision thereof.

This means that in the event of the winding-up, insolvency or bankruptcy of the Issuer, the rights and claims (if any) of the Noteholders to payments of the outstanding principal amount and any other amounts in respect of the Notes (including any accrued but unpaid interest amount or damages or other payments awarded for breach of any obligations under the Conditions (if payable)) shall:

- (i) be subordinated (be junior) to any present or future claims of (A) unsecured and unsubordinated creditors of the Issuer (including holders of senior preferred notes and the senior non-preferred notes, if any, issued by the Issuer), and (B) holders of senior subordinated notes and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, in priority to the Notes;
- (ii) rank at least *pari passu* among themselves and with any other present or future indebtedness of the Company which constitutes Tier 2 capital (as defined in Article 71 of the CRR); and
- (iii) in priority (rank senior) to any claims of the of holders of any outstanding Additional Tier 1 instruments (as defined in Article 52 of the CRR), and payments to holders of all classes of share capital of the Company in their capacity as such holders, and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, junior to the Notes,

subject, in all cases, to any present or future mandatory provisions of the Lithuanian laws or regulations relating to the insolvency, recovery and resolution of credit institutions and investment firms in Lithuania which are or will be applicable to the Notes. The subordination of the Notes means that upon the liquidation or bankruptcy of the Issuer, all the claims arising from the Notes shall fall due in accordance with the terms of the Notes and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Issuer in accordance with the applicable law. Furthermore, any liability arising under the Notes may be subject to the exercise of powers to write-down, conversion, transfer, modification, suspension or similar related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Lithuania (the Bail-In and Loss Absorption Powers) by the European Single Resolution Board, the BoL, or such other resolution authority or governmental body with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer (the Resolution Authority) in cases where the Issuer as a resolution entity meets the conditions for resolution (i.e., is failing or is likely to fail and certain other conditions are met). Exercising the Bail-in and Loss Absorption Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Notes is reduced, including to zero; (b) the Notes are converted into shares, other securities or other instruments of the Issuer or another person; (c) the Notes or the outstanding amounts of the Notes are cancelled; and/or (d) the terms of the Notes are altered (e.g., the maturity date or interest rate of the Notes could be changed). Therefore, if the Issuer as a resolution entity meets the conditions for resolution, the exercising of

	<p>the Bail-in and Loss Absorption Powers by the Resolution Authority may result in material losses for the Noteholders. Financial public support will only be used after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Consent of the Noteholders is not necessary for affecting bail-in measures by the Resolution Authority.</p> <p>As long as there are no liquidation or bankruptcy proceedings initiated against the Issuer, all claims arising from the Notes shall be satisfied in accordance with the terms of the Notes and the applicable law.</p>
Waiver of Set-Off	No Noteholder may set off their claims arising under the Notes against any claims of the Issuer.
Final Terms:	The Notes issued under the Programme will be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of the Notes will be the Conditions as completed by the relevant Final Terms.
Issue Price:	The Notes may be issued at any price (at nominal amount or at a discount or a premium to their nominal amount). The price and amount of each Tranche of the Notes to be issued under the Programme will be determined by the Issuer at the time of issue in accordance with prevailing market conditions and established in the relevant Final Terms.
Interest:	The Notes carry an annual coupon interest at the rate provided in the Final Terms, calculated from the date of issue of the Notes until the date of redemption. The frequency of the interest payments has been provided in the Final Terms. The interest on the Notes is calculated based on the 30/360 interest calculation convention whereas interest for each full calendar month during the term of the Notes will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and interest for the partial calendar month will be calculated on the basis of a 360-day year and the actual number of days elapsed.
Form of Notes:	The Notes shall be issued in dematerialized form and book-entered with Nasdaq CSD. According to the Law on Markets in Financial Instruments of the Republic of Lithuania the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be admitted to trading on the Regulated Market (Nasdaq Vilnius), shall be made by Nasdaq CSD. Entity to be in charge of keeping the records will be the Issuer. The Notes shall be valid from the date of their registration until the date of their redemption. No physical certificates will be issued to the Investors. Principal and interest accrued will be credited to the Noteholders' accounts through Nasdaq CSD.
Redemption:	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount (as specified in the relevant Final Terms) on the Maturity Date.
Issuer's Optional Redemption (call option):	Before the Maturity Date (as described in Condition 6(c) (<i>Redemption and Purchase – Redemption at the option of the Issuer</i>)) the Issuer is entitled to redeem in whole or in part at any time after 5 years have passed from the Issue Date of the Notes at their outstanding principal amount together with interest accrued (if any) to the date fixed for redemption as described in Condition 6(c) the Issuer's giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders.

	<p>Nonetheless, the Notes may be redeemed prematurely by the Issuer on the above-described ground only if the European Central Bank (the ECB) has granted its consent to the early redemption. The ECB may grant its consent for the early redemption of the Notes as from the date when 5 years have passed from their issuance only if the conditions of Article 78(1) of the CRR are met. The ECB may grant its consent for the early redemption of the Notes before the date when 5 years have passed from their issuance only if the conditions of Article 78(4) of the CRR are met.</p>
Early Redemption:	<p>The Issuer is further entitled to redeem the Notes in whole (but not some only) prematurely before the lapse of the 5-year term at their outstanding aggregate principal amount, together with interest accrued (if any) accrued to but excluding the date of redemption if:</p> <ul style="list-style-type: none"> i) upon the occurrence of a Capital Event or MREL Disqualification Event as described in Condition 6(e) (<i>Early Redemption of Notes as a result of a Capital Event</i>) or Condition 6(f) (<i>Early Redemption of Notes as a result of an MREL Disqualification Event</i>). ii) there is a significant change in the taxation regime applicable in respect of the Notes (upon the occurrence of a Tax Event or a Withholding Tax Event) provided that the Issuer was not in a position to foresee such changes upon the issue of the Notes (as described in Condition 6(b) (<i>Redemption for tax reasons</i>)). <p>Nonetheless, the Notes may be redeemed prematurely by the Issuer on the above-described grounds only if the European Central Bank (the ECB) has granted its consent to the early redemption. The ECB may grant its consent for the early redemption of the Notes as from the date when 5 years have passed from their issuance only if the conditions of Article 78(1) of the CRR are met. The ECB may grant its consent for the early redemption of the Notes before the date when 5 years have passed from their issuance only if the conditions of Article 78(4) of the CRR are met.</p>
Noteholder's Optional Redemption (put option):	No redemption at the option of the Noteholders is permitted for the Notes under any circumstances.
Substitution and Variation:	The Issuer may substitute or vary the terms of all (but not some only) of the Notes as provided in Condition 14 (<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.
Taxation:	All interest payments in the case of the Notes 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 Lithuania or any political subdivision therein 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 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 8 (<i>Taxation</i>).

Events of Default and Cross Acceleration:	The Notes provide for events of default in certain circumstances, but do not contain a cross-default or cross-acceleration provision.
Clearing Systems:	The Lithuanian branch of Nasdaq CSD, SE (" Nasdaq CSD ") (the merged central securities depository of Lithuania, Latvia, Estonia and Iceland).
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Notes are discussed under " Risk Factors " below.
Governing Law:	The Notes shall be governed by Lithuanian law.
Ratings:	The Notes issued under the Programme will not be rated. However, the Issuer itself is rated by Moody's Investors Service (" Moody's "). Moody's is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the " CRA Regulation ").
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, Japan and the Republic of Italy, see " <i>Subscription and Sale</i> " below.

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 industry(-ies) in which it operates together with all other information contained in this Base 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 Base 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. The below disclosure of risks only includes the risks the Issuer deems specific to the Issuer and to the Notes within the Programme, and which the Issuer believes to be the most essential for taking an informed investment decision. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that are currently deemed 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 Base Prospectus and their personal circumstances.

The risk factors below are presented in categories depending on their nature. In each category the most material risk factors are mentioned first according to the assessment of the materiality of the risk factors concerned. Unless otherwise specified, the risks relating to the Issuer as discussed in this section below, apply to the Issuer together with its branches and subsidiaries operating in Lithuania.

General geopolitical risks

Risks associated with the geopolitical conditions impacting Lithuania

Each of the Issuer's operating segments is affected by general geopolitical conditions. Elevated geopolitical uncertainty and widening global geo-economic polarisation are likely to have a negative influence on both the European Union and Lithuania's overall economic landscape and financial market conditions.

In February 2022, Russia initiated a war against Ukraine. Consequently, the current geopolitical situation in Russia and Belarus, marked by sanctions and embargoes, poses an economic risk to the Baltic region. The United States, the United Kingdom and the EU have implemented substantial economic sanctions against aggressors, which have material impacts on the economic sentiments, the investment climate, the international trade, the energy sector, and potentially the functioning of the banking system in Europe. These effects may, in turn, lead to changes in economic or regulatory policy. Together with persisting uncertainty and elevated risks of potential escalation of the war and new sanctions these factors negatively affect economic activity. Any consequent policy changes or negative impact on economic activity in Lithuania, or in the countries where its customers and counterparties operate, could have a direct negative impact on the Issuer's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations. The Issuer is closely monitoring the situation and its direct and indirect impacts.

Negative macroeconomic effects triggered by these geopolitical shifts might potentially have the most significant adverse impacts on customers' ability to service their loans and on the cost for funding resources. Issuer uses stress testing scenarios to assess such potential impacts. The severity of this risk is judged as high even though Issuer's exposures to Russian, Ukrainian and Belarus counterparties are low due to uncertainties of the future knock-on effects of this conflict on its risk management framework.

Lithuania is dependent on foreign investment which may not continue to flow in at the current rate. As a result, the future economic development and market conditions may significantly worsen and amplify the impact of risk factors set out in this section.

In addition to economic and financial effects, other political events, as well as protectionist tendencies to reduce European Union co-operation, may bring further political, legal and regulatory uncertainty. Such uncertainty and consequential market disruption may also cause investment decisions to be delayed, reduce job security, and damage consumer confidence.

All of the foregoing factors could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Although the Issuer constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of changes in the economic or political environment. Noteholders should be aware that the events described above could have an adverse impact on the interests of the Noteholders including the payment of interest and repayment of principal on the Notes.

General business risks

Real estate market risk

As a part of Group's business activities, the Group finances entities operating in Lithuanian real estate sector. As of 31 December 2023, credit exposure to entities operating in real estate and rent and in construction sectors accounted to 20.0% (as of 31 December 2022 19.0%) of total gross loans provided by the Group before taking into account collateral held. In addition to that, the Group uses real estate as a main type of collateral securing both corporate and individual loans provided. As of 31 December 2023, real estate with the fair value of EUR 4,972 million (as of 31 December 2022 EUR 4,039 million) was used as a collateral for loans provided. Potential negative development of Lithuanian real estate market could have a negative impact on both real estate market prices and transaction volume. Such decreases in prices and volumes could have an adverse effect on Group's debtors operating in real estate sector and could degrade the value and liquidity of real estate used by the Group as a collateral which in turn could have negative effect on the Group's financial position. Collateral monitoring is performed by the Bank on regular basis, additional controls to ensure prudent approach in assessment of collateral value are applied. Credit standards, internal risk assessment and mitigation measures in credit-decision making processes ensure prudent assessment of risk in loan origination phase The Bank applies risk monitoring in mitigation measures in timely manner, however, considering significant share of clients operating in real estate segment and high dependency on RE collateral, deterioration in Real Estate market could adversely affect the ability of borrowers operating in RE segment to service the loans, the value of collaterals and the financial position of the Group respectively.

Interest rate risk

Interest rate risk is the risk of loss or reduction of future net income following changes in interest rates, including the price risk connected to the sale of assets or closing of positions. In the normal course of business, the interest rate risk arises due to timing differences in the maturity (for fixed rate) and repricing (for floating rate) of the Issuer's assets, liabilities and off-balance sheet items.

Due to differences between the Issuer's borrowing and deposits interest rates, the Issuer may face considerable interest rate risk, as changes in interest rates, yield curves and credit margins can affect the interest rate margin realised between borrowing and deposits. Changes in interest rates can also affect the Issuer as such changes can have a disproportionate or unexpected impact on the return on interest-bearing assets or the cost of interest-bearing liabilities, or otherwise have a negative effect on the Issuer's financing costs. An increase in interest rates can also affect demand for housing loans and other loan products as customers incur increased loan costs. The Issuer is also exposed to the risk that the fair value of instruments in its liquidity portfolio may be affected due to changes in credit spreads.

The operations of the Group are inherently exposed to interest rate risk. The amount of net interest income earned by the Group materially affects the revenues and the profitability of the operations of the Group – during the financial year ended 31 December 2023 net interest income accounted to 79.8% of the Groups total operating income (74.8% during the financial year ended 31 December 2022). Interest rates are affected by numerous factors beyond the control of the Group, which may be not estimated adequately. Such factors include the changes in the overall economic environment, level of inflation, that in turn could influence the European Central Bank's ("ECB") monetary policy decisions, which can lead to the interest rate fluctuations.

It is difficult to anticipate changes in the market situation and to predict the impact that these changes could have. A material change in interest rates and the Issuer's inability to maintain interest rate margins may result in lower net income and could have a material adverse effect on the business, financial condition and results of operations of the Issuer.

Despite the fact that the management of the Issuer uses adequate interest rate risk management methods and tools, due to the unforeseen fluctuations of market interest rates there may be a mismatch between the interest income earned from the lending and crediting operations of the Group and the interest costs paid on the interest-bearing liabilities, which may have material adverse effect on the Group's operations, financial condition and results of operations.

Securities risk

Securities risk is the risk to incur losses from the investment in securities. The Group has a substantial securities portfolio – as of 31 December 2023, securities portfolio accounted for 17.3 % of Group's assets (25.5% as of 31 December 2022). The investment grade debt securities make up the largest part of the Group's securities portfolio (97.0% as of 31 December 2023 and 96.0% as of 31 December 2022). Largest share of the securities portfolio serves as a secondary liquidity reserve. The Group uses internal risk limit system that combines various maturity/rating, geographical region, value at risk, capital requirements, issuer, portfolio limits to manage securities risk. However, certain geopolitical, economic or other factors may lead to a situation when the unforeseen market fluctuations or disappearance of the active market for securities may have a material adverse effect on the Group's liquidity, financial condition and results of operations. If necessary, the Issuer prefers to raise liquid funds from debt securities portfolio, through operations of monetary policy of the ECB, by pledging eligible securities.

Technological innovation related risk

In recent years the banking industry has been a focus of a number of digital technology-based business initiatives and business ventures ("fintechs") which aim to transform the banking business model and compete with conventional banking institutions. A risk exists that new technology-based market players could enter the market of banking services, and together with current market players, could significantly change competitive landscape of the industry raising the industry standards in terms of digital channel presence. Such changes could have an adverse effect on the Issuer's business operations and profitability position in the medium to long term. This risk is material specifically for the Issuer as:

- the main provider of the information system IS Forpost, used by the Issuer, may not be able to sustain competition from other market participants due to decrease of subjects, using the system;
- some of the systems, developed partially by the Issuer itself (e.g., trade and accounting of the securities) do not have reliable maintenance.

As a result, the Issuer published a new strategy and is undertaking a comprehensive upgrade of its core banking system which aims to complete in 2026. As main new core banking system provider Issuer selected "Temenos" SaaS cloud solution, which provides world class experience, shorten Issuer's time-to-market and give more flexibility with "lego product" configurations. This upgrade aims to enhance the Issuer's technological capabilities, ensuring that it remains competitive in an increasingly digital market. By adopting more advanced and efficient technologies, the Issuer expects to improve service quality, increase operational efficiency and reduce vulnerability to technological disruptions. This proactive approach is important in maintaining the Issuer's position in the face of rapid industry changes and intensifying competition by "fintechs".

However, it's important to acknowledge that while this shift minimizes certain risks, it introduces a new significant risk: the challenge of smoothly migration to the new system. Transitioning to a sophisticated SaaS cloud solution involves complex data migration, system integration, and user training. Any missteps in this process can lead to service interruptions, data integrity issues, and security vulnerabilities. Therefore, a meticulous, well-planned migration strategy is crucial. This strategy must include rigorous testing, phased rollouts where feasible, thorough training for staff, and robust contingency plans to address potential issues during the transition. By carefully managing this migration risk, the Issuer can strive to realize the full benefits of its new core banking system while minimizing disruptions to its operations and services.

Even though the management of the Issuer uses adequate risk management methods and tools, there cannot be assurance of smoothly migration to the new system, which may have material adverse effect on the Group's operations, financial condition and results of operations.

Foreign currency risk

Foreign currency risk arises primarily from the acquisition of securities denominated in foreign currencies or from foreign currency receivables and liabilities. Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, the balance of payments between countries, the extent of any governmental surplus or deficit, and from the monetary, fiscal and trade policies pursued by the governments of the relevant currencies. Devaluation, depreciation or appreciation of foreign currency may have significant adverse effect on the value of the Group's assets denominated in foreign currency or increase the euro value of the Group's foreign currency liabilities. The Group also calculates Overall net open position (ONOP), which is the higher of the total short or total long positions. As of 31 December 2023, the Group's ONOP was equal to -0.03% of Group's capital ((0.07% as of 31 December 2022).

Environmental, Social and Governance (ESG) risk

ESG is considered as important risk to the Issuer's future business. ESG risk management is set as one of the key areas within the Group's ESG strategy that is an integral part of the Group's strategy.

The environmental risk is further mainly defined as Climate-related and environmental risk, consisting of physical and transition risk:

- Physical risk, which is the risks of any negative financial impact on the institution stemming from the current or prospective impacts of the physical effects of environmental factors on its counterparties or invested assets.
- Transition risk, which is the risks of any negative financial impact on the institution stemming from the current or prospective impacts of the transition to an environmentally sustainable economy on its counterparties or invested assets.

Other environmental risks include, for example, pollution, biodiversity, energy efficiency, land use, environmental compliance, waste and water management, etc.

The social risk is further defined as risk related to employees, health and well-being, pay gap, also community impact, better services, etc.

The governance risk is further defined as diversity in the governing bodies and managerial positions, risk management culture, compliance, litigation risk etc.

Although ESG factors risk has been incorporated into the monitoring of existing financial and non-financial risks, the Group monitors it on a separate basis as well.

The Issuer is assessing and monitoring environmental (incl. climate-related and environmental risk), social and governance risks, however, the Issuer is mostly exposed to transition risk related to impact on Issuer's loan portfolio:

- financial loss which may result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy, e.g., adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences could impact the ability of Group's borrowers especially in SME sector to service the loans;
- income sensitivity from sectors that are highly exposed to transition risk (sectors that highly contribute to climate change) which could have negative impact on commission income in the long term.

The Issuer has constructed the relevant metrics for monitoring this risk and is continuously upgrading its risk management. Despite the fact that the management of the Issuer uses adequate risk management methods and tools, the ESG risk may materialise and may cause a material adverse effect on the Group's operations, financial condition and results of operations.

Risk factors, specific to banking activities of the Issuer

Risks associated with credit portfolio

This risk is the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group. The risk affects cash and cash equivalents held with third parties (such as deposits with banks

and other financial institutions), bonds, derivatives, but mostly credit exposures to customers, including outstanding loans as well as other receivables and commitments. Group's maximum exposure to credit risk before collateral held or other credit enhancements amounted to EUR 5.05 billion as of 31 December 2023 and EUR 4.58 billion as of 31 December 2022.

Third order effects, which come from Russia-Ukraine war as the impacts to the whole economy (energy prices, global economic slowdown), might potentially have adversely effect on customers' ability to service the loans and on cost for funding resources. The Issuer is closely monitoring the situation related Russia-Ukraine war and its direct and indirect impacts. The Issuer has no direct exposure to clients in war-affected countries. The Issuer assessed its indirect exposure to credit portfolio for the second order effects (i.e., Lithuanian counterparties with supply, sales or ownership ties with Russia, Ukraine and Belarus) and found out that the overall second order effect is limited – customers with the risk assessed as medium or above comprise less than 5% of total Issuer's loan portfolio. Monitoring has been increased for those customers that according to the assessment could have potential adverse effects. Most of the customers decreased second order effect during recent years substituting vulnerable trade channels with new safe channels non related to countries involved in the conflict. Issuer uses stress testing scenarios to assess such potential impacts. The severity of this risk is judged as high due to uncertainties of the future knock-on effects of this war on Issuer's risk management framework even though Issuer's direct and indirect exposures are low. .

There is no full clarity regarding further development scenarios of Russia-Ukraine war, and uncertainties regarding further global, country and sector development, therefore there is a probability that some of the Group's customers will have disruptions in their cash flows due to negative macroeconomic or geopolitical developments and will be unable to meet their obligations by original payment schedules and the Group might incur additional credit losses. A major scale deterioration in credit risk could have a material impact on Group's capital levels and lead to insufficiency of capital, which could lead to a failure of the respective Group Company to meet its obligations to its creditors.

Loan portfolio concentration risk

The operations of the Group are subject to loan portfolio concentration risk, which by essence is a risk arising from the overall spread of outstanding accounts over the number and variety of clients. As of 31 December 2023, largest exposure amounted to 15.36% of regulatory TIER1 capital (31 December 2022: 11.94% of TIER1), while the limit is <25%. As of 31 December 2023, the top 3 industries with largest exposure were Real Estate with 29%, Administrative and support services with 14%, and Manufacturing with 13% share of the total gross corporate non-financial loans value provided by the Group. The above concentration risk may have a material adverse effect on the Group's operations, financial condition and results of operations. If the concentrations are mismanaged, severely adverse credit situation in a segment where the Group has excessive concentration could have a material impact on Group's capital levels and lead to a failure of the respective Group Company to meet its obligations to its creditors.

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments related to financial instruments as they actually fall due. If an institution has insufficient liquidity, it may be unable to meet its obligations to its creditors. As of 31 December 2023, the Issuer's financial liquidity coverage ratio was equal to 213.65%.

The Issuer relies on deposits from retail and corporate customers in order to service most of its liquidity needs. The volume of such liquidity is, however, dependent on factors which are beyond the Issuer's control, such as changes in general interest rates levels, household savings ratios, the propensity to save by making bank deposits and changes in the tax regime applicable to bank deposits. The Issuer's liquidity position may also be affected negatively by a large and unexpected outflow of deposits.

Notwithstanding that the Issuer's current financial liquidity coverage ratio is high, in the long term the Issuer can face the risk of not being able to raise funds from money and/or capital markets on acceptable terms, which may have an adverse effect on the Issuer's business operations, its performance or financial position. As a result, the Issuer's ability to meet its obligations under the Notes may be affected.

Risks associated with business development initiatives and changes to the Issuer's operating model

The Issuer is constantly exploring ways to develop and streamline its operations, meet its customers' demands, stay up-to-date with market developments, make its operations more efficient and improve its financial performance and position. Business development is a constant process. To manage this risk, the Issuer has a project management structure in place, which aims to ensure the ongoing review of its project portfolio in order to effectively allocate the resources and intervene if needed. It is also possible that the Issuer will acquire or merge with companies or their portfolios in the future, in order to expand its business operations, for example, or to have new resources at its disposal.

Growth built on company or portfolio acquisitions is associated with certain risks, such as assessing the feasibility of planned investments and the integration of the business operations and new employees acquired. If the Issuer does not succeed in implementing such measures, future company acquisitions may have an adverse effect on the Issuer's business operations, its performance or its financial position. Furthermore, with any business development initiatives, possible company or portfolio acquisitions and changes to the operating model, there is a risk that the initiative, acquisition, or change may, regardless of the Issuer's efforts, not bring the desired benefits. Moreover, there is a risk that such initiatives, acquisitions and changes may result in inefficiencies, stoppages, or delays in the Issuer's operations, negatively affect the Issuer's customers' satisfaction (potentially leading to loss of clients), reputation and awareness of the Issuer's brand. The occurrence of any such effect could have a material adverse effect on the Issuer's business, financial condition, and results of operations of the Issuer.

Dependency on information technology systems

The Group has developed and uses a variety of information technology (IT) systems and web-based solutions in carrying out its everyday business operations and providing services for its clients. This means that the Group is exceedingly open to IT related risks over which it has no control, including system-wide failures of communication infrastructure, quality and reliability of equipment and software supplied by third parties and other similar risks. Furthermore, should the Group experience a significant security incident or other significant disruption to its information technology systems, sensitive information could be compromised, which in turn could result in civil and administrative liability of the Group to its customers, counterparties and state authorities. In addition to that, potential illegal attacks on the Group's internal and external IT systems may limit access to both online and offline services of the Group, which would have material adverse effect on further operations of the Group and its financial position. The Group may, despite its efforts, fail to mitigate all IT related risks or fail to take appropriate and effective countermeasures if its IT systems fall under attack, which in turn may have material adverse effect on the Group's operations, financial position and results.

Risks associated with the Issuer's human resources

The Issuer's performance is largely dependent on the talents and efforts of highly skilled individuals. The employees have a high workload and complex planning of resources is required with a need to prioritise both business-driven development and regulatory-driven development while simultaneously managing day-to-day operations. Increased staff-related risks could materially adversely affect the Issuer's business, financial condition and results of operations.

The Issuer's continued ability to compete effectively in its businesses depends on the Issuer's ability to attract qualified employees and to retain and motivate its existing employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees is intense. The need for higher cost efficiency could also result in a lower rate of wage increases in the coming years, which may also impact the Issuer's ability to retain or recruit employees. This may impact the Issuer's ability to take advantage of business opportunities, potential efficiencies, or profitably manage its existing or new assets.

As staff costs comprise the main part of operating costs (2023 – 42.4%, 2022 – 50.4%), increased staff-related risks could materially adversely affect the Issuer's business, financial condition and results of operations, also increase in staff costs greater than the market expectations could lead to potentially worse evaluations from investors, rating agencies and other stakeholders and impair the possibilities to generate capital / attract funding.

Risks associated with the credit ratings of the Issuer

The Issuer's credit ratings do not always mirror the risk related to individual Notes under the Programme. Currently, the Issuer has a long-term deposit rating of Baa1 and stable outlook from Moody's. Any credit rating agency may lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of the Issuer has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Issuer may be lowered. If any of the ratings assigned to the Issuer is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, such ratings may not reflect the potential impact of all risks related to the structure, market, and other factors that may affect the financial standing of the Issuer. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The Issuer's ratings may also decline if sovereign credit rating of Lithuania is downgraded regardless of any direct correlation with the Issuer's activities.

The Issuer can at any time choose to stop cooperating with the relevant credit rating agency, which would result the Issuer is no longer being rated, unless the Issuer chooses to be rated by one or several other credit rating agencies. A decline in the rating of the Issuer or withdrawal of the rating by a rating agency may have a material adverse effect on the business, financial condition and results of operations of the Issuer.

Operational risk

The Issuer is exposed to Operational risk arising from inadequacy or failure of internal procedures, employees, process or information system failures and flaws or due to external risks including legal risk and reputational risk. In addition, the operational risk embraces risk of corporate fraud and misconduct.

This encompasses (i) internal risks including theft and fraud by employees, development and process failures, business interruptions or breakdowns in information systems and (ii) external risk factors such as property damage and fraud by customers. The operational risk may have material adverse effect on the Group's operations, financial position and results.

The Issuer aims to reduce operational risk by implementing IT tools, developing internal legal acts describing internal control measures, thus reducing the likelihood of operational risk events and losses. By focusing on consistently providing quality products and services, there is a much lower probability of making harmful errors. In the event of an incident, the Issuer takes measures to prevent recurrence. Employees are encouraged to report incidents related to product and process issues, employee errors. The Issuer does not tolerate recurring deliberate errors, malicious and harmful behaviour, negligence, criminal activity, abuse of duties. Special attention is paid to strengthening the operational risk culture through internal training for all employees. However, these measures may be inadequate to address significant operational risks. Any inadequate or failed internal or external risk-related processes may affect the Issuer's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations. Losses from operational risk could damage the Issuer's capital position or reputational risk event could trigger a bank run, where a large number of depositors could withdraw their funds, which would, which would deteriorate the Issuer's liquidity position.

Risks associated with the market environment and macroeconomic conditions

Risks associated with the general market environment and economic conditions in Lithuania

The results of the Issuer are affected by the macroeconomic conditions and trends in the financial markets in general as well as by the economic condition in Lithuania in particular. The economy of Lithuania is small and open economy that is closely linked to the global economy and especially to the macroeconomic conditions in the European Union and the Nordic countries. Lithuania is member of the European Union and the North Atlantic Treaty Organisation. Any deterioration in the economic environment of Lithuania where the Issuer operates, or in the countries where its customers and counterparties operate, could have a direct negative impact on the Issuer's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

During recessionary periods, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or other obligations. Interest rate rises may also have an

impact on the demand for mortgages and other loan products. Fluctuations in interest rates and in ratings in the Eurozone influence its performance.

Among others, the macroeconomic framework could be influenced by: (i) new international trade policies; (ii) global geopolitical tensions (including recent developments in connection with conflicts between Russia and Ukraine and the resulting sanctions imposed on Russia and Russian financial and economic agents, by the EU and other various countries); (iii) future developments of the ECB monetary policy in the Euro area, the Federal Reserve system in the Dollar area, and the policies implemented by other countries aimed at promoting competitive devaluations of their currencies; (v) the sustainability of the sovereign debt of certain countries and related recurring tensions on the financial markets; and (vi) the volatile trend in the price of oil and gas.

Should any negative development in the economy of Lithuania or in the financial markets generally occur, the demand for banking services may decrease and lead to a reduced net interest income from the banking business as well as reduced commissions from the asset management and real estate brokerage businesses. Weaker demand and any increase in unemployment may also lead to difficulties for the Issuer's customers in meeting their payment obligations, thereby causing increased disruptions in the repayments of loans, write-downs and loan losses. A rise in the level of interest rates may have the same effect. The market value of financial assets held by the Issuer may also be affected. Furthermore, investors' demand for returns may increase, thus increasing the Issuer's refinancing costs and hampering the Issuer's refinancing options.

Risk associated with information security and risk of cybercrime attacks

The Issuer's operations rely on the correct and secure processing and communication of large amounts of information, which is often of a confidential nature. As part of its business operations, the Issuer records personal identifiable information and financial information that it receives from its customers. Significant costs may be incurred if information security risks, such as compromise of confidentiality, integrity or availability of information, are materialized. Costs may also be incurred by the Issuer in protecting itself against breaches of data protection rules and in solving problems that have been caused as a result of such breaches.

The Issuer is also subject to EU General Data Protection Regulation ("GDPR"). If any member of the Issuer or any of their third-party service providers fails to store or transmit customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, the Issuer could be subject to investigative and enforcement action by relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates or could face liability under data protection laws. Should some or all of these risks materialise, this may have an adverse effect on the business, financial condition, reputation and subsequently results of operations of the Issuer.

As for all major financial institutions, the Issuer's activities have been, and could continue to be, subject to an increasing risk of cyber-attacks, the nature of which is continually evolving. Digital transformation can make it a potential target for cybercrime attempts and that is primarily related to the Issuer's internet and mobile bank users and includes identity theft, unauthorised access to privileged and sensitive customer information, including internet bank credentials as well as payment and credit card information. The Issuer also expects to face new regulatory requirements, such as DORA, going forward in relation to cybersecurity.

The Issuer could continue to experience security breaches or unexpected disruptions to its systems and services in the future. Such security breaches and unexpected disruptions could in turn result in liability towards the Issuer's customers and/or third parties and consequently have an adverse effect on the Issuer's business, reputation, financial condition and results of operations.

Solving such problems can cause interruptions or delays in the Issuer's customer service, which in turn could damage the Issuer's reputation, discourage customers from using the Issuer's services or cause customers to bring claims for compensation against the Issuer. Any of these situations could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Risks associated with the reputation of Lithuania and of other Baltic countries

Being a Lithuanian bank, the Issuer's reputation and perception are affected by the international reputation of Lithuania and the Baltics more broadly, especially regarding how companies from the region, particularly financial institutions, are perceived globally.

MONEYVAL¹ in its 5th round mutual evaluation report for Lithuania issued in 2018, highlighted threats related to money laundering, including corruption, significant size of shadow economy, organized crime and widespread use of cash, and placed the country in an enhanced follow-up procedure. In December 2022 MONEYVAL published its third follow-up report, which showed the progress Lithuania had made in its AML/CFT framework. Specifically, improvements in transparency of legal persons and in powers of customs authorities were noted. Overall, Lithuania has achieved full compliance with 8 of the 40 FATF recommendations and retains minor deficiencies in the implementation of 27 recommendations where it has been found “largely compliant”. 5 recommendations remain “partially compliant”, and Lithuania has no “non-compliant” rating. A fourth enhanced follow-up report is due to be published imminently, which is likely to note further progress made by the country.

Eight Nordic-Baltic Constituency countries, including Lithuania, have engaged the IMF² to conduct a regional analysis of money laundering and terrorist financing threats and vulnerabilities. The IMF presented the final report of its findings and recommendations in September 2023. The report gives an overall positive assessment of the region’s AML/CFT framework and efforts in its development. It also highlights Lithuania’s progress in the area. At the same time, it is noted that Lithuania must ensure close cooperation and coordination between institutions when addressing emerging challenges.

Furthermore, Baltic region progress in strengthening AML/CFT framework is also indicated by high AML country rankings. E. g., a widely recognized annual Basel AML Index by Basel Institute on Governance in its latest 2023 public edition lists all 3 countries in the top 20 of lowest risk jurisdictions globally (Lithuania in 9th, Latvia – 20th and Estonia – 3rd place).

While no money laundering allegations have been made against the Issuer, the reputation of other Baltic financial institutions may still affect its ability to raise funding from international markets on favorable terms. There is also a risk that some of the Issuer’s direct or indirect counterparties (e.g., correspondent banks) and/or customers may wish to terminate or limit the scope of their business relationships with Baltic financial institutions, including the Issuer, or subject Baltic financial institutions, including the Issuer, to more rigorous control. Furthermore, it is possible that the Issuer’s business partners or international or supranational authorities (for example, FATF or the European Commission) may apply mandatory enhanced due diligence measures against financial institutions established and/or operating in any or all of the Baltic countries, thus affecting business operations of the Issuer.

Competition risk

The Lithuanian banking market is dominated by several large financial institutions. These are banks that have a long history in this market and are internationally active (SEB, Swedbank, Luminor, Citadele). Because of their size and capital, these banks can offer a wide range of services to their customers, invest in the latest technology, and participate in major projects. As a result, they represent a significant market share. On the other hand, in recent years, technological innovation, particularly in the financial technology (FinTech) sector, has led to the emergence of many new players offering alternative banking services. These newcomers, although they do not have as much capital or a long history, are able to adapt quickly to market needs, offer innovative services and attract new customers. Therefore, while the big banks maintain their dominance, they also must respond to these new challenges and change their strategies. This means that competition between banks in Lithuania is intensifying and will intensify significantly in the future.

In each of the business segments, the Group competes primarily on the basis of its service range, pricing, established client relationships, technical knowledge and the efficient handling of banking operations. If the Group is unable to continue provision of its services to existing clients, developing new services portfolios and attracting new clients, responding to client trends, increasing its operating efficiency and reducing its operating and overhead costs, it may not be able to successfully compete in the market. Should the Group fail to maintain its market position in the market and business segments, this could have a material adverse effect on the net assets, financial position and financial performance of the Group.

There is no guarantee that (i) the Issuer’s strategies will be sufficiently competitive or that (ii) such strategies will meet customer needs and expectations in the future as competition increases and the

¹ Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). It is a regional FATF-style body, among other things, tasked with conducting regular member country mutual AML/CFT framework evaluations based on compliance with FATF recommendations and guidelines.

availability of products and services grows on the international markets, or that they will otherwise be successful. It is also possible that the Issuer may not be able to put its strategies into practice and succeed in integrating the different services from its various business areas, thus creating synergy effects between them. Additionally, changes in business strategy entail risks of their own, including in relation to operational risks, risks of insufficient training of personnel and IT risks.

If the Issuer fails to respond to the competitive environment in its target markets by offering attractive and profitable product and service solutions, it may affect the Issuer's competitiveness, its market shares, its growth potential, its customer base and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

Risks associated with the legal and regulatory environment

Risks associated with abuse of the financial system

The regulations applicable to the financial sector on the prevention of money laundering, corruption and the financing of terrorism, as well as implementation of international sanctions have been and are subject to ongoing tightening. In global terms, the risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism has increased. The risk of future incidents involving money laundering or financing of terrorism is always on the agenda for financial institutions and falls under the scope of annual Enterprise Wide-Risk Assessment procedure. Any breach of the rules that aim to prevent the illegal exploitation of the financial system or even the suspicion of such infringements could have grave legal consequences for the Issuer and its reputation, which, in turn, could have a significant adverse effect on the Issuer in terms of regulatory fines and reputational damage. Seeking to manage and mitigate such risks, the Issuer applies AML/CFT measures. Effectiveness of AML/CFT measures is under scope of regular control, internal audit and clear reporting lines (including escalation to Top Management).

Geopolitical situation significantly increased sanctions risks with the Russia-Ukraine war that started at the end of February 2022. The Issuer has 2 corporate customers incorporated in Lithuania with Russian or Belorussian sanctioned subjects' ownership/control, which are subject to EU asset freezes. Required EU regulations' restrictions were applied on the customers' accounts: the Issuer has taken appropriate mitigating measures by freezing the assets and subjecting the relevant counterparties to enhanced monitoring. Business relationships with these entities started before their owners / controlling persons were sanctioned. Transactions can be executed only according to relevant EU Regulations, with authorization of National Competent Authority. The Issuer is looking for ways to discontinue these relationships.

Regardless of the risk mitigation measures that the Issuer is taking, there can be no assurance that the AML, CFT and sanctions measures of the Issuer are and have in the past been always sufficient and there will be no proceedings, investigations or allegations involving the Issuer.

The Issuer's screening and monitoring approach, supporting processes and systems may not fully prevent the execution or facilitation of transaction(s) which have exposure to money laundering, sanctions and/or terrorism financing offences.

The Issuer monitors transactions according to predefined scenarios and thresholds. However, there is a risk that the Issuer may not be able to detect all the patterns and occurrences in a customer's behaviour which indicate breaches of AML/CFT or sanctions laws on the part of the customer.

The Issuer has developed a regular reporting routine and has defined additional need-based escalation topics to Management containing both qualitative and quantitative components. Nevertheless, risks may arise where the Issuer has not sufficiently defined the content of reporting principles. The occurrence and realisation of the above-mentioned risks could have a severely negative impact on the Issuer, its financial standing, reputation and business due to the enforcement activities of national supervisory authorities and adverse public opinion.

Risks associated with regulatory requirements and the Issuer's legal obligations

The Issuer's business operations are subject to a large number of laws and regulations concerning banking operations and financial services and the Issuer is subject to stringent, constantly increasing and changing regulation and supervision, which means that the Issuer may be subject to intervention from the regulatory authorities and there is no assurance that the Issuer will be found fully compliant with all applicable laws and regulations.

In recent years, the regulation of banking operations and the financial sector in general has undergone extensive changes in Lithuania, in the European Union and internationally. Implementation of new guidelines and regulations (for example Basel III reforms) increases Compliance risk as well as the administrative burden, resulting in increased costs and lower profitability. Currently undetermined changes of capital buffers requirements can have an impact banking operations, for example, and can lead to further costs and obligations for the Issuer. Changes may also be imposed on rules governing how the Issuer runs its business. New regulation may force the Issuer to reduce its level of risk, its volume of business and the lending ratio in some operations.

There have been ongoing regulatory changes and upcoming new requirements that are focusing ESG factors. The Issuer is constantly following the ESG factors-related regulatory requirements and making efforts to comply with them on time. However, given the complexity and dynamics of changes in ESG factors-related regulations, and as part of them are upcoming, there is a risk that the Issuer may not to comply with all such ESG factors-related regulatory requirements on full scope. Failure to comply with such ESG factors requirements may have an adverse impact on the Issuer through the imposition of fines and other regulatory sanctions as well as through reputational damage.

On 9 May 2023 the Law on Temporary Solidarity Contribution was adopted, which aims to establish a temporary solidarity contribution in Lithuania, directed to a part of the net interest windfall of credit institutions. The solidarity contribution is applicable for the period until 31 December 2024. However, there are no guarantee that this term will not be extended or other similar contributions will be not adopted.

Measures taken by the authorities or unfavourable decisions in disputes with the authorities could also result in fines or restrictions and limits being imposed on the Issuer's business operations and give cause for negative publicity. Breaches against competition laws can also result in severe monetary sanctions.

Any tightening of consumer protection laws or the interpretation thereof by courts or other competent authorities could result in lower profitability of certain of its products and services, which may impair its ability to offer certain products and services or to enforce certain clauses and thus have an adverse effect on the results of operations.

Likewise, limitations imposed by, and the cost of compliance with the rules imposed by MiFID II and related legislation may result in further limitations, increased cost and lower profitability of the Issuer's banking business involving financial instruments. This may have a negative impact on the ability of the Issuer to fulfil its obligations in relation to Notes issued under this Base Prospectus.

Furthermore, banking activities are largely dependent on contractual relations. Customers and counterparties to agreements that any member of the Issuer has entered into may submit claims against the Issuer or its Subsidiaries that can lead to disputes and legal action. Such demands may, for example, concern liability towards customers with regard to the sale of unsuitable products or with regard to incorrect advice. If the Issuer or any of its Subsidiaries is deemed to have neglected its duties, it may be liable to pay damages.

Any legal action against any member of the Issuer can also have a negative impact on the Issuer's reputation, which in turn could have a material adverse effect on its business, financial condition and results of operations.

If any of the risks set out above were realised, this could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Risk associated with regulatory capital requirements

The Issuer is subject to supervision by the ECB through the Single Supervisory Mechanism is subject to capital, liquidity coverage and other requirements that banks must observe. These requirements serve as safeguards that help ensure safe and sound banking activities. The Bank is subject to capital and own funds, SREP capital, additional capital buffers, liquidity and the large exposure requirements.

The supervisory institutions may set other ratios without contradiction to the recommendations of the Basel Committee on Banking Supervision and European Union legislation.

Capital adequacy is the main indicator for assessment of solvency of credit institutions. Failure to maintain sufficient capital to absorb the losses from all the risks the Group is exposed to may lead to failure of the institution to meet its obligations to its creditors. As of the date of the Prospectus the Issuer is complying with all applicable capital requirements. Its CET1 ratio as of 31 December 2023 is 18.16% (2022 – 18.14%), i.e., higher than the required minimum level of 12.10%; overall capital adequacy ratio as of 31 December 2023 is 20,67% (2022 – 18,96%) – i.e., higher than required minimum level of 16.49%.

The capital requirements adopted in Lithuania and in the European Union may change, whether as a result of further changes of the European Union or Lithuanian legislation, global standards or interpretation thereof.

The Issuer structures and plans its activities so that it would ensure compliance with regulatory requirements with sufficient buffers to cover the stressed conditions, but the realisation of a single risk factor or a combination of multiple risk factors beyond the Issuer's expectations could result in larger shock than expected and then lead to deterioration of either (or both) capital and liquidity position and failure to satisfy the regulatory requirements.

Any failure by the Issuer to satisfy the regulatory capital requirements, liquidity requirements and other requirements applied to the Issuer, and any further increases in such requirements, could result in regulatory intervention or sanctions or significant reputation harm, which may have material adverse effect on the Issuer's financial condition, results of operation and prospects. In addition to that, the Issuer may be able to raise such capital but not at commercially attractive terms and conditions, leading to weaker profitability.

Risks associated with the Notes

Any Notes issued under the Programme 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 Law on Financial Sustainability, 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.

Any Notes that will be issued under the Base Prospectus may be subjected to the said bail-in and loss absorption tool. So, if the Issuer is subjected to resolution measures in the future, then the value of such Notes may be written down (up to zero) as a result of the imposition of the bail-in and loss absorption tool by the Competent Authority. Furthermore, the Notes may be subject to modifications or the disapplication of provisions in the 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 of the Notes acknowledges and accepts that any liability of the Issuer arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

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

Under the Law on Financial Sustainability, powers have been granted to the Relevant Resolution Authority. The rules under the CRD Package prescribe certain conditions for the granting of permission by the Competent Authority or the Relevant Resolution Authority (as applicable) 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 permission from the Competent Authority and, in addition if:

- (i) on or before such redemption or repurchase of the Notes, the Issuer replaces the Notes with own funds instruments or eligible liabilities instruments (as applicable) of an equal or higher quality on terms that are sustainable for its income capacity;
- (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under the Applicable Banking Regulations by a margin that the Competent Authority or to the extent that such Notes have ceased to qualify, in whole or in any part, as Tier 2 Capital the Resolution Authority may consider necessary.

In addition, the rules under the CRD Package provide that the Competent Authority may only permit the Issuer to redeem the Notes that qualify as Tier 2 Capital before 5 years after the issue date of the last Tranche of any Series of such Notes if:

- (i) the conditions listed in paragraph (i) or (ii) above are met; and
- (ii) in the case of redemption due to the occurrence of a Capital Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or
- (iii) in the case of redemption for taxation reasons pursuant to Condition 6(b) (*Redemption and Purchase – Redemption for tax reasons*), the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the time of issuance of the Notes; or
- (iv) before or at the same time of such redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
- (v) the Notes are repurchased for market making purposes.

The rules under the CRD Package may be modified from time to time after the Issue Date of the Notes.

The Notes are subordinated to most of the Issuer's liabilities

If the Issuer is declared bankrupt and a winding-up is initiated, the claims of the holders of its senior debt and its obligations to most of its other creditors (including unsecured creditors but excluding any obligations in respect of more subordinated debt or other obligations that by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the Noteholders of the Notes) will be satisfied (after covering the costs of and other payments relating to bankruptcy proceedings) before any payments on the relevant Notes. Furthermore, pursuant to the amendments introduced by BRRD II to Article 48(7) of BRRD (which was transposed into Article 87 of the Law on Banks of the Republic of Lithuania), all claims resulting from own funds items shall have, in relevant insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. For the purposes of the previous sentence, to the extent that an instrument is only partly recognised as an own funds item, the whole instrument shall be treated as a claim resulting from an own funds item and shall rank lower than any claim that does not result from an own funds item. This means that, regardless of their contractual ranking, liabilities that are no longer at least partially recognised as an own funds instrument for the purpose of the CRR shall rank senior to any liabilities fully or partially recognised as an own funds instrument. Accordingly, claims of the Noteholders that qualify as Tier 2 Capital will have, in the bankruptcy proceedings carried out in respect of the Issuer, a lower priority ranking than any claims that do not result from own funds items in accordance with the provisions of BRRD II, even if the Notes are only partly recognised as an own funds item of the Issuer. In any of the above situations, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Notes. Although the Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent. See also "*The Issuer may be subject to statutory resolution*", below.

Remedies in case of default on the Notes are severely limited

The Notes will contain limited enforcement events relating to (a) non-payment by the Issuer of any amounts due and (b) the winding-up, insolvency or bankruptcy of the Issuer, whether in Lithuania or elsewhere.

In such circumstances, as described in more detail in Condition 9 (*Events of Default*) of the Conditions, a Noteholder may declare its Notes to be due and payable at their principal amount, and prove or claim in the winding-up, insolvency or bankruptcy of the Issuer.

In each case, however, the Noteholder of such Notes may claim payment in respect of such Notes only in the winding-up, insolvency or bankruptcy of the Issuer.

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

To the extent that any Series of the Notes contains provisions relating to the substitution or variation of such Notes, in certain circumstances (such as if a Capital Event, Withholding Tax Event, 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 they continue to qualify as Tier 2 Capital or that have ceased to qualify in whole or in any part as Tier 2 Capital eligible liabilities, in accordance with the Conditions, or in order to ensure the effectiveness of Condition (*Acknowledgement of Bail-in and Loss Absorption Powers*).

While the Issuer cannot make changes to the terms of such Notes that are materially less favourable to a holder of the 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 (*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.

Modification and waivers

The 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 Conditions of the Notes provide that the Notes and the Conditions of the Notes may be amended without the consent of the Noteholders to correct a manifest error or to comply with any amendments, updates and/or modifications to any applicable legislation passed after the date hereof by or on behalf of the Republic of Lithuania 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. The Issuer cannot foresee, as at the date of this Base Prospectus, what such changes may entail, however, any changes made will be binding on Noteholders.

Credit risk of the Issuer

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, which are subject to other risks described in this Base Prospectus. The Notes are not bank deposits in the Issuer and are not insured by the state company "Deposit and Investment Insurance" (in Lithuanian: *Valstybės įmonė "Indėlių ir investicijų draudimas"*). Thus, in case of insolvency of the Issuer, the Noteholders would not receive any payments, related to Notes from this state company.

There is no active trading market for the Notes

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, it may not be very liquid. Therefore, no liquidity of any market in the Notes can be assured; nor the ability of the Noteholders to sell their Notes or the prices at which they would be able to sell their Notes. Therefore, 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.

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 either series 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, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application will be made for the Notes to be admitted to listing on Nasdaq Vilnius there can be no assurance that such application will be accepted, that any particular Tranche of 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 any particular Tranche of 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 Noteholder's 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.

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 that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with 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.

Interest rate risks

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Particularly long-term fixed-rate Notes involve a high risk of a material decline in value if the market rate exceeds the rate paid in accordance with the fixed-rate Notes. On the other hand, holders of Notes that are subject to redemption at the option of the Issuer should not expect, in case of falling market rates, that the price would substantially exceed the redemption price. The yield to maturity on the Notes is affected by number of factors that cannot be predicted at the time of the investment.

The Notes may be redeemed prior to maturity

According to the Conditions of the Notes, the Notes may be redeemed prematurely on the initiative of the Issuer, after 5 years from the issue of the Notes as described in the Conditions of the Notes. If this early redemption right is exercised by the Issuer, the rate of return from an investment into the Notes may be lower than initially anticipated. The Notes may, however, be redeemed prematurely by the Issuer only if the BoL has granted its consent to the early redemption. The decision on granting the consent involves

certain amount of discretion by the BoL and the early redemption is therefore beyond the control of the Issuer. On the other hand, the Noteholders are not entitled to request early redemption of the Notes.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, 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 Lithuania 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 Conditions and subject to compliance with certain regulatory conditions and approval by the Competent Authority or Relevant Resolution Authority, as applicable (each as defined below).

The Issuer may be entitled to redeem in whole (but not some only) Notes if an MREL Disqualification Event or a Capital Event occurs.

The regulatory conditions include the requirement under the CRD Package that, if such the Notes are to be redeemed during the first 5 years after the issue date of the last tranche of any series of such Notes, the Issuer must demonstrate to the satisfaction of the Competent Authority that the event triggering such redemption was not reasonably foreseeable at the time of the issue of the Notes and, in the case of an early redemption relating to the tax treatment of the Notes, that the adverse treatment is material and, in the case of an early redemption relating to a Capital Event, that such change is sufficiently certain. These foreseeability and materiality Conditions to Redemption contained in the CRD Package only apply to a redemption of the Notes occurring in the first 5 years after the issue date of the last tranche of any series of such Notes and, therefore, an issuer of regulatory capital securities, such as the Notes, could opt to redeem such Notes for tax or regulatory reasons after the fifth anniversary of issue, including based upon an event that occurred within the first 5 years of issue of the last tranche of any series of such Notes. There can therefore be no assurances that the Notes will not be called for tax or regulatory reasons prior to any specified optional call date.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable only at the Issuer's option in certain other circumstances 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 relevant Notes and may only be able to do so at a significantly lower rate. This 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.

The Issuer may be subject to statutory resolution

On 15 May 2014, the European Union Council adopted the European Union directive establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended by the Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The BRRD sets out the necessary steps and powers to ensure that bank failures across the European Union 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 the designated 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 instruments) and a 'bail-in and loss absorption' power (exercisable in relation to other securities that are not Tier 1 or Tier 2 capital instruments), which will give the designated resolution authority under Directive 2014/59/EU and Regulation (EU) No 806/2014, as amended (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 Lithuanian legislation implementing the BRRD, the Law on Financial Sustainability of the Republic of Lithuania (the "**Law on Financial Sustainability**"), entered into force on 3 December 2015 and was amended in December 2021 and June 2022. For more information on the implementation of the BRRD in Lithuania, see "*The Lithuanian resolution legislation implementing the BRRD Directive*" 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 (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, (ii) transfer all or part of the business of the relevant financial institution to a "bridge bank" (a publicly controlled entity) and (iii) transfer assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. 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 that Tier 1 and Tier 2 Capital instruments and instruments qualifying as eligible liabilities 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 (*Acknowledgment of Bail-in and Loss Absorption Powers*), each Noteholder acknowledges and accepts that any liability of the Issuer arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers 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 European Union has adopted a directly applicable regulation governing the resolution of the most significant financial institutions in the Eurozone, i.e., a regulation establishing a Single Resolution Mechanism for them (806/2014, "**SRM Regulation**"). The SRM Regulation establishes a single resolution board (consisting of representatives from the ECB, the European Commission and the relevant national resolution authorities) (the "**Resolution Board**") having resolution powers over the entities that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities. On 5 December 2019 the Issuer was informed that it was classified as significant entity directly supervised by the ECB as one of the three largest credit institutions in Lithuania and as such, the Issuer became subject to the SRM Regulation. The ECB directly supervises the Issuer as from 1 January 2020.

Under Article 5(1) of the SRM Regulation, the Resolution Board 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 Resolution Board 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 and loss absorption 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 Resolution Board. National resolution authorities will remain responsible for the execution of the resolution scheme according to the instructions of the Resolution Board.

The Resolution Board 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 Minimum Requirement for own funds and Eligible Liabilities (the "**MREL**"), which the Issuer is expected to be required to meet at all times (the MREL requirements applicable to the Issuer as of 1 January 2024 and legally non-binding interim targets for 2023 issued by the Resolution Board to the Issuer in February 2022 have been summarised in "*Description of the Issuer – MREL requirements applicable to the Issuer*"). The Resolution Board will also have the powers in relation to the early intervention as set forth in the SRM Regulation, including the power to require the Issuer to contact potential purchasers in order to

prepare for resolution of the Issuer. The Resolution Board will have the authority to exercise the specific resolution powers under the SRM Regulation. These will be launched if the Resolution Board 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.

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

The Lithuanian resolution legislation implementing the BRRD Directive

The BRRD was implemented in Lithuania by the Law on Financial Sustainability. Under the Law on Financial Sustainability, the Relevant Resolution Authority is the BoL. The Law on Financial Sustainability 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 BoL, result in the partial or complete suspension of the performance of agreements entered into by the Issuer. The Law on Financial Sustainability also grants the power to the BoL 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 bank 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 and loss absorption tool. In addition, the Law on Financial Sustainability sets forth that all credit institutions must at all times meet the MREL determined by the BoL for each credit institution.

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 and loss absorption tool and the statutory write-down and conversion power become applicable to the Issuer, the Notes may be subject to write-down or conversion into equity on any application of the bail-in and loss absorption 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 any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

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 any Series of the Notes applies only to payments of interest due and payable 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 any Series 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 any Series of 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.

INFORMATION INCORPORATED BY REFERENCE

The documents set out below that are incorporated by reference in this Base Prospectus are, where indicated, direct translations into English from the original languages of the documents. To the extent that there are any inconsistencies between the original language versions and the translations, the original language versions shall prevail. The information set out shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- the Group's and the Issuer's audited consolidated and stand alone financial statements for the year ended 31 December 2023, together with the consolidated annual report (may be found at <https://www.sb.lt/uploads/media/660b92f7a6b81/sb-ifs-eng-2023.pdf>) and the independent auditor's report (may be found at <https://www.sb.lt/uploads/media/660b92f3ed3e5/en-auditoriaus-isvada-2023-final.pdf>);
- the Group's and the Issuer's audited consolidated and stand alone financial statements for the year ended 31 December 2022, together with the consolidated annual report (may be found at <https://www.sb.lt/uploads/media/643d394c282bc/sb-ifs-eng-2022-final.pdf>) and the independent auditor's report (may be found at <https://www.sb.lt/uploads/media/642a66539bcdd/nepriklausomo-auditoriaus-isvada-lt.pdf>);
- Articles of Association of the Issuer (they may be found at <https://sb.lt/en/url/10>).

It is possible to get acquainted with the aforementioned documents on the website of the Issuer at www.sb.lt, of Nasdaq at www.nasdaqbaltic.com also on website of the Central Storage Facility of Lithuania at www.crib.lt.

In addition to that, copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may also be inspected, free of charge, at Šiaulių bankas AB, Tilžės str. 149, Šiauliai, the Republic of Lithuania, and Šeimyniškių str. 1A, Vilnius, the Republic of Lithuania.

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus and for the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus. In particular, the independent auditor's reports mentioned above contain references to "Other Information". Such "Other Information" does not form a part of this Base Prospectus.

FINAL TERMS

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information which is necessary to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses, financial position and prospects of the Issuer and of the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer. In relation to the Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained in the relevant Final Terms.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus in order to obtain all relevant information. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms.

Following the publication of this Base Prospectus, if required, a supplement may be prepared by the Issuer and approved by the BoL in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent introduction of any issue of Notes to trading on Regulated Market of Nasdaq Vilnius.

TERMS AND CONDITIONS OF TIER 2 SUBORDINATED NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Tier 2 Subordinated Note issued under the Programme. In the case of any Tranche of Tier 2 Subordinated Notes which are being admitted to trading on Nasdaq Vilnius regulated market, the relevant Final Terms shall not amend or replace any information in this Base Prospectus.

1. Introduction

- (a) **Programme:** Akcinė bendrovė Šiaulių bankas (the "**Issuer**") has established Tier 2 Subordinated Note Programme (the "**Programme**") for the issuance of up to EUR 100,000,000 in aggregate principal amount of Tier 2 subordinated notes (the "**Notes**") qualifying as Tier 2 Capital of the Issuer.
- (b) **Final Terms:** Notes issued under the Programme are issued in one series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which complete these Terms and Conditions of Tier 2 Subordinated Notes (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **The Notes:** All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms and which will be subordinated Notes only. Copies of the relevant Final Terms are available for viewing and copies may be obtained from Akcinė bendrovė Šiaulių bankas at Tilžės str. 149, Šiauliai, Lithuania, and Šeimyniškių str. 1A, Vilnius, Lithuania.

2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

"**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 Lithuania 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 any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Competent Authority, the Relevant Resolution Authority or any other national or European Union 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);

"**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;

"**Business Day**" means a TARGET Settlement Day;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and it will have the Following Business Day Convention meaning;

"Calculation Agent" means the Issuer or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and/or such other amount(s) as may be specified in the relevant Final Terms;

"Capital Event" means the determination by the Issuer, after consultation with the Competent Authority, that the outstanding aggregate principal amount of the relevant Series of Notes ceases or would be likely to cease to be included in whole or in any part, towards the Tier 2 Capital of the Issuer, on a solo or consolidated basis, (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer) in the essence of CRR;

"Competent Authority" means any authority having primary responsibility for the prudential supervision of the Issuer at the relevant time. As at the date of this Base Prospectus, the Competent Authority is the ECB. However, the importance of the Bank and prudential requirements may change and the Competent Authority may be the BoL;

"Conditions to Redemption" means the Conditions to Redemption set out in Condition 6(i) (*Conditions to Redemption or Repurchase*) or as otherwise specified in the relevant Final Terms;

"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 (EU) 2017/2399 or any equivalent legislation that supersedes or replaces it;

"CRR" means Regulation (EU) No 575/2013, as the same may be amended or replaced from time to time (including as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019) or similar laws in Lithuania);

"Early Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Following Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day;

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

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Payment Date" means any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention;

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"Issue Date" has the meaning given in the relevant Final Terms;

"Maturity Date" has the meaning given in the relevant Final Terms;

"MREL Disqualification Event" means the whole or any part of the outstanding aggregate principal amount of the Notes at any time is not 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;

"Noteholder" has the meaning given in Condition 3(b)(*Denomination, Title and Transfer - Title to Notes*);

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Rate of Interest" means the fixed rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"Relevant Resolution Authority" means the resolution authority with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer and/or the Group;

"Senior Creditors" means creditors of the Issuer (i) who are depositors and/or other unsubordinated creditors of the Issuer (including holders of senior preferred notes and the senior non-preferred notes, if any, issued by the Issuer) and whose claims by law rank senior to the claims of the Noteholders of the Tier 2 Subordinated Notes; and (ii) who are subordinated creditors of the Issuer (whether in the event of the winding-up, insolvency or bankruptcy of the Issuer or otherwise) other than those whose claims by law rank, or by their terms are expressed to rank, in priority to the claims of the Noteholders under the of the Tier 2 Subordinated Notes;

"Specified Currency" means Euro (EUR);

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"SRM Regulation" means Regulation (EU) No 806/2014, as the same may be amended or replaced from time to time;

"**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;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Tier 2 Capital**" means tier 2 capital for the purposes of the Applicable Banking Regulations;

"**Treaty**" means the Treaty of the Functioning of the European Union, as amended.

- (b) **Interpretation:** In these Conditions:
 - (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
 - (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions; and
 - (iii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes.

3. Denomination, Title, Issue Price, Transfer and Underwriting

- (a) **Denomination:** Notes are in the Specified Denomination of EUR 1,000 as specified in the relevant Final Terms.
- (b) **Title to Notes:** The title to the Notes will pass to the relevant investors when the respective entries regarding the ownership of the Notes are made in their securities accounts. Therefore, a "Noteholder" means the person in whose name such securities account is opened.
- (c) **Issue Price:** The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount (the "**Issue Price**"). The Issue Price shall be determined by the Issuer and specified in the applicable Final Terms.

The yield of each Tranche set out in the applicable Final Terms will be calculated as of the relevant Issue Date on an annual basis using the relevant Issue Price. It is not an indication of future yield.

- (d) **Transfers of Notes:** The Notes are freely transferrable. Notes subscribed and paid for shall be entered to the respective book-entry securities accounts of the subscriber(s) on a date set out in the Final Terms in accordance with the Lithuanian legislation governing the book-entry system and book-entry accounts as well as the Nasdaq CSD Rules.

- (e) **No charge:** The transfer of a Note will be effected without charge by or on behalf of the Issuer. However, the investors may be obliged to cover expenses which are related to the opening of securities accounts with credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor's purchase or selling orders of the Notes, the holding of the Notes or any other operations in relation to the Notes. The Issuer and/or the Dealer will not compensate the Noteholders for any such expenses.
- (f) **Underwriting:** None of the Tranches of Notes will be underwritten.

4. Status of the Notes

- (a) Tier 2 Subordinated Notes constitute direct, subordinated (as described in Condition 4(b) below) and unsecured and unguaranteed obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves.
- (b) In the event of the winding-up, insolvency or bankruptcy of the Issuer, the rights and claims (if any) of the Noteholders to payments of the outstanding principal amount and any other amounts in respect of the Notes (including any accrued but unpaid interest amount or damages or other payments awarded for breach of any obligations under these Conditions, if any are payable) shall:
 - (A) be subordinated and junior to any present or future claims of all Senior Creditors of the Issuer;
 - (B) rank at least *pari passu* with any present or future claims of all subordinated creditors of the Issuer which in each case by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), *pari passu* with the Tier 2 Subordinated Notes; and
 - (C) rank senior and in priority to claims of holders of any outstanding Additional Tier 1 instruments (as defined in the Applicable Banking Regulations), and payments to holders of all classes of share capital of the Issuer in their capacity as such holders, and claims of any obligations of the Issuer which in each case by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), junior to the Notes of the Issuer (if any).

subject, in all cases, to mandatory provisions of the Lithuanian law.

The subordination of the Notes means that upon the liquidation or bankruptcy of the Issuer, all the claims arising from the Notes shall fall due in accordance with these Terms and Conditions and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Issuer in accordance with the applicable law.

As long as there are no liquidation or bankruptcy proceedings initiated against the Issuer, all claims arising from the Notes shall be satisfied in accordance with these Terms and Conditions and the applicable law.

- (c) The rights of Noteholders of the Notes shall be subject to any present or future Lithuanian laws or regulations relating to the insolvency, recovery and resolution of credit institutions and investment firms in Lithuania which are or will be applicable to the Notes only as a result of the operation of such laws or regulations.
- (d) No Noteholder of the Notes shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes. Notwithstanding the provision of the foregoing sentence, if any amounts owed by the Issuer to any Noteholder in connection with the Notes is discharged by Set-off, such Noteholder shall, where permitted by applicable law, immediately pay an amount equal

to the amount discharged to the Issuer (or, in the event of its winding-up, insolvency and/or bankruptcy, to the liquidator or other relevant insolvency official (as the case may be and to the extent applicable)) 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 (or the liquidator or other relevant insolvency official of the Issuer) and accordingly not deem any such discharge to have taken place.

"Set-off" means set-off, netting, counterclaim, abatement or other similar remedy and, if "Set Off" is used as a verb in these Conditions, it shall be construed accordingly.

5. Interest

- (a) **Rate of Interest:** The Notes carry an annual fixed rate interest at the rate provided in the Final Terms. The frequency of the interest payments has been provided in the Final Terms.
- (b) **Day count fraction:** The amount of interest payable in respect of each Note shall be calculated by applying the Rate of Interest to the Outstanding Principal Amount, whereas interest for each full calendar month during the term of the Notes will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and interest for the partial calendar month will be calculated on the basis of a 360-day year and the actual number of days elapsed (the 30/360 interest calculation convention).
- (c) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments to the Noteholders*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (as well after as before judgment) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

6. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 7 (*Payments to the Noteholders*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer, subject to Condition 6(i) (*Conditions to Redemption or Repurchase*), in whole, but not in part at any time on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if:
 - (A) (i) a Withholding Tax Event occurs; or
 - (ii) where "Tax Event" is specified as being applicable in the relevant Final Term, a Tax Event occurs;and
- (B) both a Tax Certificate and a Tax Opinion have been delivered to the Issuing Agent by the Issuer.

However, where the Issuer would be obliged to pay additional amounts, no such notice of redemption shall be given earlier than: (i) where the Notes may be redeemed at any time, 90 (ninety) days (or such other period as may be specified in the relevant final terms) 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; or (ii) where the Notes may be redeemed only on an Interest Payment Date, 60 (sixty) days (or such other period as may be specified in the relevant final terms) prior to the Interest Payment Date occurring immediately before 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.

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b).

(C) For the purpose of this Condition 6(b):

"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;
- (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;

(D) **"Relevant Jurisdiction"** means the jurisdiction in which the Issuer is incorporated at the relevant time. As at the date of this Base Prospectus, the Relevant Jurisdiction is the Republic of Lithuania;

(E) **"Tax Certificate"** means a certificate signed by 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;

"Tax Event" shall occur if, as a result of any Change in Tax Law of the Taxing Jurisdiction, which becomes effective or is announced on or after the Issue Date of the first Tranche of the relevant Series of Notes:

- (i) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to such Notes as the case may be; or
- (ii) the Issuer is not, or will not, be entitled to claim a deduction in respect of payments in respect of such Notes as the case may be in computing its taxation liabilities (or the value of such deduction would be materially reduced);

"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;

- (F) **"Tax Opinion"** means an opinion of independent legal advisers (experienced in such matters and of recognised standing) in the relevant Taxing Jurisdiction stating that the circumstances constituting the Tax Event or Withholding Tax Event (as the case may be) are prevailing; and
- (G) **"Withholding Tax Event"** shall occur if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any Change in Tax Law, which change, clarification or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, 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 after 5 years have passed from the Issue Date of the Notes, subject to Condition 6(i) (*Conditions to Redemption or Repurchase*), in whole or in part at their outstanding aggregate principal amount together with interest (accrued to but excluding the date of redemption), on Optional Redemption Date (Call) the Issuer's giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).
- (d) ***Redemption at the option of Noteholders:*** No redemption at the option of Noteholders is permitted for the Notes.
- (e) ***Early Redemption of Notes as a result of Capital Event:*** Upon the occurrence of a Capital Event in respect of any Series of Notes (but subject to Condition 6(i) (*Conditions to Redemption or Repurchase*)), the Issuer may, at its option having given not less than 15 (fifteen) days' nor more than 30 (thirty) days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and delivery thereof shall oblige the Issuer to make the redemption therein specified), to 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).
- (f) ***Early Redemption of Notes as a result of an MREL Disqualification Event:*** Upon the occurrence of an MREL Disqualification Event in respect of any such Notes (but subject to Condition 6(i) (*Redemption and Purchase - Conditions to Redemption or Repurchase*)), the Issuer may, at its option having given not less than 15 (fifteen) days' nor more than 30 (thirty) days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and delivery thereof shall oblige the Issuer to make the redemption therein specified), to 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).
- (g) ***No other redemption:*** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs 6(a) (*Scheduled redemption*) to 6(f) (*Early Redemption of Notes as a result of an MREL Disqualification Event*) above.
- (h) ***Purchase:*** The Issuer, or any of its Subsidiaries, may at any time purchase the Notes in the open market or otherwise and at any price, **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 Relevant Resolution Authority (in each such case to the extent such approval is then required under the Applicable Banking Regulations). Such Notes may be held, resold or surrendered by the purchaser through the Issuer for cancellation. Notes held by or for the account of the Issuer or any of its Subsidiaries for their own account will not carry the right to vote at the Noteholders' Meetings or within Written Procedures and will not be taken into account in determining how many Notes are outstanding for the purposes of these Terms and Conditions of the Notes.

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

- (i) **Conditions to Redemption or Repurchase:** Other than in the case of a redemption at maturity in accordance with Condition 6(a) (*Scheduled redemption*), the Issuer may redeem or repurchase relevant Notes (and give notice thereof to the Noteholders) only if such redemption or repurchase is in accordance with the Applicable Banking Regulations and it has been granted the permission of the Competent Authority, provided that at the relevant time such permission is required (but without any requirement for the consent or approval of the Noteholders).

Note – for the permission of the Competent Authority to be issued, the following conditions shall be met:

- () on or before such redemption or repurchase of the Notes, the Issuer replaces the Notes with own funds instruments or eligible liabilities instruments (as applicable) of an equal or higher quality on terms that are sustainable for its income capacity;
- (i) the Issuer has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under the Applicable Banking Regulations by a margin that (in the case of Tier 2 Subordinated Notes, save as provided below) the Competent Authority may consider necessary; or
- (ii) in the case of redemption (before 5 years after the issue date of the last Tranche) of any Series of such Tier 2 Subordinated Notes:
 - () the conditions listed in sub-paragraph (i) or (ii) above are met; and
 - (A) in the case of redemption due to the occurrence of a Capital Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or
 - (B) in the case of redemption due to the occurrence of a taxation reason pursuant to Condition 6(b) (*Redemption for tax reasons*), the Issuer demonstrates to the satisfaction of the Competent Authority that such change in tax treatment is material and was not reasonably foreseeable at the time of issuance of the Notes; or
 - (C) before or at the same time of such redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
 - (D) the Tier 2 Subordinated Notes are repurchased for market making purposes,

(the "**Conditions to Redemption**").

Any refusal by the Competent Authority to grant its permission as described above will not constitute an event of default under the relevant Notes.

7. Payments to the Noteholders

- (a) **Payments:** Payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Notes will be made to the Noteholders thereof, as appearing in Nasdaq CSD on the 3rd (third) Business Day preceding the due date for such payment (the "**Record Date**"). Payment of amounts due on the final redemption of the Notes will be made simultaneously with deletion of the Notes. The Noteholders shall not be required to provide any requests to redeem the Notes, as upon Maturity Date of the Notes, the nominal value thereof with the cumulative interest accrued shall be transferred to the accounts indicated by the Noteholders without separate requests/requirements of the Noteholders. As of that moment the Issuer shall be deemed to have fully executed the obligations, related to the Notes and their redemption, disregarding the fact, whether the Noteholder actually accepts the funds or not. In case requisites of the account of the Noteholder changes, he/she/it shall have an obligation to promptly inform the Company thereof.
- (b) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments by the Issuer. However, the investors may be obliged to cover commissions and/or other expenses, which are charged by the credit institutions or investment brokerage firms in relation to such payments. The Issuer and/or the Dealer will not compensate the Noteholders for any such expenses.
- (c) **Payments on Business Days:** If the due date for payment of the final redemption amount of the Notes is not a Business Day, the Noteholder thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with the Terms and Conditions.
- (d) **Partial payments:** If a partial payment is made in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Nasdaq CSD.

8. Taxation

- (a) **Gross up:** All interest payments in the case of the Notes 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 Lithuania or any political subdivision therein 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 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 mere holding of any Note, under the terms and conditions laid out in paragraph below.

In that event, in respect of interest, the Issuer shall pay such additional amounts as will result held by or on behalf of a Noteholder, which is liable to such taxes, duties, assessments or governmental charges in respect of such interest by reason of it having certain connection with the jurisdiction other than the Republic of Lithuania due to or in connection with which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than due to or in connection with the mere holding of the Note, of such amounts as would have been held by that Holder had no such taxes, duties, assessments or charges been required. Nevertheless, neither the Issuer nor any other person will be required to pay any additional amounts in respect of any

withholding that is or will be required pursuant to FATCA or IGA (as described under “*Taxation – FATCA*”) with respect to payments on the Notes.

- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Lithuania, references in these Conditions to the Republic of Lithuania shall be construed as references to the Republic of Lithuania and/or such other jurisdiction.

9. Events of Default

This Condition 9 is applicable in relation to any Series of the Notes.

- (a) If any of the following events occur:
- (i) *Non-payment:* the Issuer fails to pay any amount of principal or other redemption amount due in respect of the Notes for more than 10 (ten) Business Days or fails to pay any amount of interest in respect of the Notes for more than 10 (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 the Noteholders’ Meeting or within Written Procedure,

the Noteholder of any Note may:

- (x) (in the case of 9(a)(i) above) institute insolvency proceedings, including for the winding-up or dissolution of the Issuer, in each case, in Lithuania and not elsewhere, and prove or claim in the winding-up or dissolution of the Issuer; and/or
 - (y) (in the case of 9(a)(ii) above) prove or claim in the insolvency proceedings, including winding-up or dissolution of the Issuer, whether in Lithuania or elsewhere and instituted by the Issuer itself or by a third party,
- but (in either case) the Noteholder of such Note 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 9(a)(ii) (*Winding-up, etc.*) above, the Noteholder of any Note 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 Holder only being able to claim payment in respect of the Note in the winding up or dissolution of the Issuer.
- (c) The 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 9(a) and 9(b) and 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 Relevant Resolution Authority (in either case, if such approval is then required under the Applicable Banking Regulations).
- (d) No remedy against the Issuer, other than as provided in Conditions 9(a), 9(b) and 9(c) above, shall be available to the Holders of Notes, 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.

10. Noteholders' Meeting

The Noteholders' Meeting will be convened pursuant to the Law on Protection of Interests of Bondholders. Pursuant to the above mentioned law, the right to convene the Noteholders' Meeting shall be vested to the Trustee, Issuer and the Noteholders who hold no less than 1/10 of the Notes, providing voting right in the Noteholders' Meeting. As a general rule, the Noteholders' Meetings are convened by a decision of the Trustee. All expenses in relation to the convening and holding the Noteholders' Meeting shall be covered by the Issuer.

A notice of convocation of the Noteholders' Meeting no later than 15 Business Days before the date of the Noteholders' Meeting shall be sent to each Noteholder in accordance with Condition 12 (*Notices*), and shall be published on the website of the Trustee and on the website of the Issuer. The notice of convocation of the Bondholders' Meeting shall specify the details of the Issuer, the ISIN of the Notes, time, place and agenda of the meeting. The Trustee is obliged to ensure proper announcement on the convocation of the Noteholders' Meetings.

A Noteholders' Meeting may take decisions and shall be held valid if attended by the Noteholders who hold more than ½ of Notes, providing voting right in the Noteholders' Meeting. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the Noteholders' Meeting. If the quorum is not present, the Noteholders' Meeting shall be considered invalid and a repeated Noteholders' Meeting shall be convened.

A repeated Noteholders' Meeting shall be convened after the lapse of at least 5 Business Days and not later than after the lapse of 10 Business Days following the day of the Noteholders' Meeting which was not held. The Noteholders must be notified of the repeated Noteholders' Meeting not later than 5 Business Days before the repeated Noteholders' Meeting following the order, indicated above.

One Note carries one vote. A decision of the Noteholders' Meeting shall be considered taken if more votes of the Noteholders, participating in the Noteholders' Meeting and having a voting right have been cast for it than against it, unless the Law on Protection of Interests of Noteholders requires a larger majority.

The Trustee shall chair the Noteholders' Meetings, unless that meeting decides otherwise. The meeting must also elect the secretary thereof. Minutes of the Noteholders' Meeting shall be taken. The minutes shall be signed in 2 copies (to the Issuer and to the Trustee) by the chairman and the secretary of the Noteholders' Meeting.

The decisions of the Noteholders' Meeting shall be published on the website of the Issuer and Trustee after the Noteholders' Meeting as soon as possible and without any delay, except parts of the decisions, which include confidential information.

The Noteholders' Meeting shall take the following decisions, which bind all the Bondholders:

- to remove the Trustee from its position and appoint a new trustee, which meets the requirements of the applicable laws, and to also oblige the Issuer to terminate the contract with the existing Trustee and to conclude the contract with the new appointed trustee;
- to approve the enforcement measures in respect of the Issuer's failed commitments to Noteholders, suggested by the Issuer. This decision shall be adopted by a qualified majority of no less than ¾ of Noteholders, participating in the Noteholders' Meeting and having a voting right;
- to adopt other decisions which according to the provisions of Law on Protection of Interests of Bondholders are assigned to the competence of the Noteholders' Meeting.

Resolutions passed at the Noteholders' Meeting shall be binding on all Noteholders (for the avoidance of doubt, including those Noteholders who have not participated in the Noteholders' Meeting).

11. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, 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.

12. Notices

Noteholders shall be advised of matters relating to the Notes by a notice published in English and Lithuanian on the Issuer's website at www.sb.lt as well as on www.nasdaqbaltic.com and in Central Regulated Information Base (www.crib.lt). Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Section.

13. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.).

14. Substitution and Variation

If at any time a Capital Event or MREL Disqualification 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 Noteholders), and having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to 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 to such Notes 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 10 (*Noteholders' Meeting and Procedure in Writing*).

Any substitution or variation in accordance with this Condition 14 is subject to the Issuer obtaining prior written consent of the Competent Authority and/or the Relevant Resolution Authority (in each such case to the extent such approval is then required under the Applicable Banking Regulations) 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 14, 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 4 (*Status of the Notes*), as applicable;
- (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

"**Qualifying Securities**" mean securities issued directly or indirectly by the Issuer that contain terms which at such time result in such securities being eligible to qualify towards the Issuer's eligible liabilities and/or loss absorbing capacity, in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations to at least the same extent as the Notes prior to the relevant Capital Event or Withholding Tax Event.

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 Lithuanian law.
- (b) **Courts of the Republic of Lithuania:** The courts of the Republic of Lithuania have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) **Appropriate forum:** The Issuer agrees that the courts of the Republic of Lithuania are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) **Rights of the Noteholders to take proceedings outside the Republic of Lithuania:** Notwithstanding Condition 15(b) (*Courts of the Republic of Lithuania*), any Noteholder may take proceedings relating to a Dispute (the "**Proceedings**") in any other courts with jurisdiction. To the extent allowed by applicable law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

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, 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 Relevant 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 Relevant 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 Relevant Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

"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, any laws, regulations, rules or requirements in effect in the Republic of Lithuania, relating to (i) the SRM Regulation, (ii) the transposition of the BRRD (including but not limited to the Law on Financial Sustainability of the Republic of Lithuania (in Lithuanian: *Lietuvos Respublikos finansinio tvarumo įstatymas*) as amended or replaced from time to time), 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).

"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 Relevant Resolution Authority.

"Relevant Resolution Authority" means the resolution authority with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer and/or the Group.

FORM OF FINAL TERMS OF TIER 2 SUBORDINATED NOTES

MIFID II product governance / target market – Solely for the purposes of 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, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice, portfolio management and non-advised sales and pure execution services, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's 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 manufacturer's target market assessment) and determining appropriate distribution channels.

The Offer of Notes is directed to all natural and legal persons – institutional and retail investors, in Lithuania, Latvia and Estonia, irrespective of whether they qualify as qualified investors within the meaning of Article 2(e) of the Prospectus Regulation, and to persons – institutional investors only, located in the Member State of the EEA (other than Lithuania, Latvia 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)(a) of the Prospectus Regulation.

Final Terms dated [•]

AKCINĖ BENDROVĖ ŠIAULIŲ BANKAS

Company's Legal Entity Identifier (LEI): 549300TK038P6EV4YU51

Issue of EUR [Aggregate Nominal Amount of Tranche] [•] per cent. Fixed Rate Tier 2 Subordinated Notes due [•]

under EUR 100,000,000 Tier 2 Subordinated Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated [•] [and the supplemental Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the "Base Prospectus") for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of Tier 2 Subordinated Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all relevant information.

The Base Prospectus is available for viewing on the website of AB Nasdaq Vilnius Stock Exchange ("Nasdaq Vilnius") (<https://nasdaqbaltic.com/>) and is also available at Akcinė bendrovė Šiaulių bankas website <https://sb.lt/> as well as at the website of the Central Regulated Information Base www.crib.lt. Copies may also be obtained from the registered office of Akcinė bendrovė Šiaulių bankas, as well as from its office at the address Šeimyniškių str. 1A, Vilnius, the Republic of Lithuania.

The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

A summary of this Series has been appended to these Final Terms. The Final Terms have been approved by a decision of the Company's Manager on [•]. The Final Terms have been filed with the BoL but are not subject to approval proceedings.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest into Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1.	(i)	Issuer:	[•]
2.	[(i)	Series Number:	[•]]
	[(ii)	Tranche Number:	[•]]
3.		Specified Currency:	Euro (EUR)
4.		Aggregate Nominal Amount:	
	[(i)	[Series]:	[•]]
	[(ii)	Tranche:	[•]]
5.		Issue Price:	EUR [•], which corresponds to [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6.		Specified Denominations:	EUR 1,000
7.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[•]/[Issue Date]
8.		Maturity Date:	[•]
9.		Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.]
10.	(i)	Status of the Notes:	Tier 2 Subordinated Notes
	(ii)	Date Management Board approval for issuance of Notes obtained:	[[•] and [•], respectively]
PROVISIONS RELATING TO INTEREST PAYABLE			
11.	(i)	Fixed Rate of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date.
	(ii)	Interest Payment Date(s):	[•], [•], [•] and [•] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 17 below]
	(iii)	Day Count Fraction:	30/360
	(iv)	Business Day Convention:	Following Business Day Convention
	(v)	Calculation Agent:	Issuer

PROVISIONS RELATING TO REDEMPTION		
12.	Call Option	Applicable
	(i) Optional Redemption Date(s):	Any Business Date following 5 years of the Issue Date, in whole or in part
	(ii) Optional Redemption Amount(s) of each Note:	100 per cent. per Nominal Amount
	(iii) Notice period:	[•]
	(iv) Early redemption following a Tax Event:	Applicable
	(v) Early redemption following a Capital Event	Applicable
	(vi) Early redemption following an MREL Disqualification Event	Applicable
13.	Put Option	Not Applicable
14.	Final Redemption Amount of each Note	100 per cent. per Nominal Amount
15.	Early Redemption Amount	
	Early Redemption Amount(s) per Nominal Amount payable on redemption for taxation reasons or on event of default or other early redemption:	100 per cent. per Nominal Amount
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
16.	Form of Notes:	The Notes shall be issued in non-material registered form. According to the Law on Markets in Financial Instruments of the Republic of Lithuania the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be admitted to trading on the Regulated Market (Nasdaq Vilnius), shall be made by Nasdaq CSD. Entity to be in charge of keeping the records will be the Issuer. The Notes shall be valid from the date of their registration until the date of their redemption. No physical certificates will be issued to the Investors. Principal and interest accrued will be credited to the Noteholders' accounts through Nasdaq CSD.
17.	Substitution and Variation pursuant to Condition 14:	Applicable following a Capital Event / MREL Disqualification Event

Signed on behalf of Akcinė bendrovė Šiaulių bankas:

By:
Duly authorised

PART B – OTHER INFORMATION

1.	LISTING AND ADMISSION TO TRADING	
	(i) Admission to Trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market on the Bond List of Nasdaq Vilnius with expected date of Admission on or about [•].] / [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market on the Bond List of Nasdaq Vilnius with expected date of Admission on or about [•].]
	(ii) Estimate of total expenses related to admission to trading:	[•]
2.	RATINGS	
	(i) Rating of Notes:	The Notes to be issued will not be rated.
	(ii) Rating of Issuer:	The following ratings reflect ratings assigned to Issuer generally
		[Moody's Investors Service: [•]]
		[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA/ the UK and registered under Regulation (EC)No 1060/2009, as amended (the "CRA Regulation").]
3.	INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER	
	<p><i>(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)</i></p> <p>[Save for any fees payable to the [Manager/Dealer], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Manager/Dealer] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its] affiliates in the ordinary course of business. <i>(Amend as appropriate if there are other interests)</i>]</p> <p><i>[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)]</i></p>	
4.	YIELD	
	Indication of yield:	[•]
		[The yield is calculated at the Issue Date on the basis of the Issue Price, 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. It is not an indication of future yield.]
5.	OPERATIONAL INFORMATION	
	ISIN:	[•]

	Delivery:	Delivery against of payment
6.	DISTRIBUTION AND OFFERING	
	(i) Dealers:	[give names]
	(ii) Offering:	Public offering in the Republic of Lithuania, Republic of Latvia and Republic of Estonia
	(iii) Offering Period:	[•]
	(iv) Date of publishing the results of the Offering:	[•]
	(v) Settlement Date:	[•]

Annex – Issue Specific Summary (the Bank will annex an issue specific summary and its translations into Lithuanian, Latvian and Estonian languages to the Final Terms)

HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

The following table is a summary of the Issuer's financial performance and key performance indicators for the financial years ended 31 December 2023 and 31 December 2022. The information set out in the table below has been extracted (without any material adjustment) from and is qualified by reference to and should be read in conjunction with the Issuer's audited financial statements for the years ended 31 December 2023 and 31 December 2022, which are incorporated by reference to this Base Prospectus and form an integral part hereof (please see Section *Information incorporated by reference*). The Issuer's annual financial statements are prepared according to IFRS and Issuers quarterly financial statements are prepared according to IAS.

There has been no significant change in the financial position of the Group since the date of the last audited consolidated financial statements of the Company for the financial years ended 31 December 2023.

From 1 January 2023 Group is applying new accounting standard IFRS 17 *Insurance contracts*. This standard was applied retrospectively and had impact on comparable figures therefore figures in previous periods were restated.

The financial year starts on 1 January and ends on 31 December.

Consolidated Statements of Comprehensive Income of the Group for years ended 31 December 2023 and 31 December 2022

CONDENSED INCOME STATEMENT

EUR thousand	31 December 2023	31 December 2022 (restated)
Continuing operations		
Interest revenue calculated using the effective interest method	195,726	107,650
Other similar income	21,242	12,041
Interest expense and similar charges	(60,115)	(12,910)
Net interest income	156,853	106,781
Fee and commission income	28,610	26,295
Fee and commission expense	(8,358)	(7,546)
Net fee and commission income	20,252	18,749
Net gain from trading activities	11,948	10,832
Net gain (loss) from derecognition of financial assets	809	1,034
Net gain (loss) from disposal of tangible assets	864	810
Revenue related to insurance activities	5,684	6,418

EUR thousand	31 December 2023	31 December 2022 (restated)
Other operating income	41	1,658
Salaries and related expenses	(36,226)	(30,729)
Depreciation and amortization expenses	(5,490)	(4,642)
Expenses related to insurance activities	(12,514)	(3,972)
Other operating expenses	(31,247)	(21,618)
Operating profit before impairment losses	110,974	85,321
Allowance for impairment losses on loans, finance lease receivables and other assets	(15,518)	(5,409)
(Allowance for)/ reversal of allowance for impairment losses on other assets	286	453
Allowance for impairment losses on investments in subsidiaries	-	-
Share of the profit or loss of investments in subsidiaries accounted for using the equity method	-	-
Profit from continuing operations before income tax	95,742	80,365
Income tax expense	(20,367)	(12,916)
Net profit from continuing operations for the period	75,375	67,449
Profit (loss) from discontinued operations, net of tax	-	-
Net profit for the period	75,375	67,449
Net profit attributable to:		
Owners of the Bank	75,375	67,449
From continuing operations	75,375	67,449
From discontinued operations	-	-
Non-controlling interest	-	-

EUR thousand	31 December 2023	31 December 2022 (restated)
Basic earnings per share (in EUR per share) attributable to owners of the Bank	0.13	0.11
Diluted earnings per share (in EUR per share) attributable to owners of the Bank	0.13	0.11
STATEMENT OF COMPREHENSIVE INCOME		
Net profit for the period	75,375	67,449
Other comprehensive income (loss):		
Items that may be subsequently reclassified to profit or loss:		
Gain from revaluation of financial assets	3,356	(9,407)
Deferred income tax on gain (loss) from revaluation of financial assets	(671)	1,879
Items that may not be subsequently reclassified to profit or loss:		
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-
Other comprehensive income (loss), net of deferred tax	2,685	(7,528)
Total comprehensive income for the year	78,060	59,921
Total comprehensive income attributable to:		
Owners of the Bank	78,060	59,921
Non-controlling interest	-	-

Consolidated Statements of Financial Position of the Issuer as of 31 December 2023 and 31 December 2022

EUR thousand	31 December 2023	31 December 2022 (restated)
ASSETS		
Cash and cash equivalents	751,499	384,758
Securities in the trading book	207,677	58,301
Due from other banks	3,013	2,733
Derivative financial instruments	251	897
Loans to customers	2,645,104	2,391,629
Finance lease receivables	286,533	242,448
Investment securities at fair value	74,500	90,225
Investment securities at amortized cost	751,227	969,036
Investments in subsidiaries and associates	100	100
Intangible assets	45,138	8,283
Property, plant and equipment	15,781	16,151
Investment property	993	1,827
Current income tax prepayment	35	6
Deferred income tax asset	7,577	5,659
Assets held for sale	150	150
Other assets	19,743	10,453
Total assets	4,809,321	4,182,656
LIABILITIES		
Due to other banks and financial institutions	569,994	685,075
Derivative financial instruments	1,041	7,152
Due to customers	3,162,657	2,784,968
Special and lending funds	15,718	14,184
Debt securities in issue	276,480	171,231

EUR thousand	31 December 2023	31 December 2022 (restated)
Current income tax liabilities	6,412	4,374
Deferred income tax liabilities	6,125	1,463
Liabilities related to insurance activities	179,318	36,185
Other liabilities	48,448	35,118
Total liabilities	4,266,193	3,739,750
EQUITY		
Share capital	192,269	174,211
Share premium	25,534	3,428
Treasury shares (-)	(1,500)	-
Reserve capital	756	756
Statutory reserve	47,803	37,113
Financial instruments revaluation reserve	(5,426)	(8,111)
Reserve for acquisition of own shares	20,000	20,000
Other equity	1,697	2,355
Retained earnings	261,995	213,154
Non-controlling interest	-	-
Total equity	543,128	442,906
Total liabilities and equity	4,809,321	4,182,656

The Group's statement of changes in equity

	Not Attributable to Bank shareholders	Share premium	Share (-)	Treasu re	Rese valu e	Statut reserv e	Reser ve for acquis ition	Other equit y	Retaine d earn ing	Total	Non - con trol ling inte rest	Total equity
Attributable to Bank shareholders												
31 December 2021	174,211	3,428	(516)	756	(583)	21,893	10,000	3,288	193,950	406,427	-	-406,427
<i>Impact of change in accounting principles</i>	-	-	-	-	-	-	-	-	(2,607)	(2,607)	-	(2,607)
1 January 2022 (restated)	174,211	3,428	(516)	756	(583)	21,893	10,000	3,288	191,343	403,820	-	-403,820
<i>Transfer to/from statutory reserve</i>	-	-	-	-	-	15,220	-	-	(15,220)	-	-	-
<i>Transfer to reserve for acquisition of own shares</i>	27	-	-	-	-	-	10,000	-	(10,000)	-	-	-
<i>Acquisition of own shares</i>	27	-	(1,557)	-	-	-	(234)	-	-	(1,791)	-	(1,791)
<i>Share-based payment</i>	27	-	2,073	-	-	-	234	(933)	7	1,381	-	1,381
<i>Payment of dividends</i>	29	-	-	-	-	-	-	-	(20,425)	(20,425)	-	(20,425)
<i>Total comprehensive income (restated)</i>	-	-	-	(7,528)	-	-	-	67,449	59,921	59,921	-	59,921
<i>Net profit (restated)</i>	-	-	-	-	-	-	-	67,449	67,449	67,449	-	67,449
<i>Other comprehensive income (restated)</i>	-	-	-	(7,528)	-	-	-	-	(7,528)	(7,528)	-	(7,528)
31 December 2022	174,211	3,428	-	756	(8,111)	37,113	20,000	2,355	213,154	442,906	-	-442,906
<i>Transfer to statutory reserve</i>	-	-	-	-	-	10,690	-	-	(10,690)	-	-	-
<i>Increase in share capital</i>	27	18,058	22,106	-	-	-	-	-	-	40,164	-	40,164
<i>Acquisition of own shares</i>	27	-	(3,368)	-	-	-	-	-	-	(3,368)	-	(3,368)
<i>Share-based payment</i>	27	-	1,868	-	-	-	-	(658)	75	1,285	-	1,285
<i>Payment of dividends</i>	29	-	-	-	-	-	-	-	(15,919)	(15,919)	-	(15,919)
<i>Total comprehensive income</i>	-	-	-	2,685	-	-	-	75,375	78,060	78,060	-	78,060
<i>Net profit</i>	-	-	-	-	-	-	-	75,375	75,375	75,375	-	75,375
<i>Other comprehensive income</i>	-	-	-	2,685	-	-	-	-	2,685	2,685	-	2,685
31 December 2023	192,269	25,534	(1,500)	756	(5,426)	47,803	20,000	1,697	261,995	543,128	-	-543,128

	Not Attributable to Bank shareholders	Share premium	Share (-)	Treasu re	Rese valu e	Statut reserv e	Reser ve for acquis ition	Other equit y	Retaine d earn ing	Total	Non - con trol ling inte rest	Total equity
31 December 2021	174,211	3,428	(516)	756	(597)	21,770	10,000	2,870	195,659	407,581	-	-407,581
<i>Impact of change in accounting principles</i>	-	-	-	-	-	-	-	-	(2,607)	(2,607)	-	(2,607)
1 January 2022 (restated)	174,211	3,428	(516)	756	(597)	21,770	10,000	2,870	193,052	404,974	-	-404,974
<i>Transfer to/from statutory reserve</i>	-	-	-	-	-	15,152	-	-	(15,152)	-	-	-
<i>Transfer to reserve for acquisition of own shares</i>	27	-	-	-	-	-	10,000	-	(10,000)	-	-	-
<i>Acquisition of own shares</i>	27	-	(1,557)	-	-	-	(234)	-	-	(1,791)	-	(1,791)
<i>Share-based payment</i>	27	-	2,073	-	-	-	234	(953)	-	1,354	-	1,354
<i>Payment of dividends</i>	29	-	-	-	-	-	-	-	(20,425)	(20,425)	-	(20,425)
<i>Total comprehensive income (restated)</i>	-	-	-	(7,514)	-	-	-	67,413	59,899	59,899	-	59,899

<i>Net profit (restated)</i>	-	-	-	-	-	-	-	-	67,413	67,413
<i>Other comprehensive income</i>	-	-	-	-	(7,514)	-	-	-	-	(7,514)
31 December 2022	174,211	3,428	-	756 (8,111)	36,922	20,000	1,917	214,888	444,011	
<i>Transfer to statutory reserve</i>	-	-	-	-	-	10,683	-	-	(10,683)	-
<i>Increase in share capital</i>	27	18,058	22,106	-	-	-	-	-	-	40,164
<i>Acquisition of own shares</i>	27	-	(3,368)	-	-	-	-	-	-	(3,368)
<i>Share-based payment</i>	27	-	-	1,868	-	-	-	(708)	88	1,248
<i>Payment of dividends</i>	29	-	-	-	-	-	-	-	(15,919)	(15,919)
<i>Total comprehensive income</i>	-	-	-	-	2,685	-	-	-	75,620	78,305
<i>Net profit</i>	-	-	-	-	-	-	-	-	75,620	75,620
<i>Other comprehensive income</i>	-	-	-	-	2,685	-	-	-	-	2,685
31 December 2023	192,269	25,534	(1,500)	756 (5,426)	47,605	20,000	1,209	263,994	544,441	

KEY FINANCIAL RATIOS AND ALTERNATIVE PERFORMANCE MEASURES OF THE ISSUER

This document includes certain data which the Issuer considers to constitute alternative performance measures (APMs) for the purposes of the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures. These include Average equity, Return on equity, Average assets, Return on assets, Average interest earning assets, Net interest margin, Cost/Income ratio, Credit Impairment ratio, Loans to customers, Deposits from customers, Loans/Deposits ratio. Gross impaired loans vs Gross Loans (NPL ratio).

These APMs are not defined by, or presented in accordance with, IFRS. The APMs are unaudited and are not measurements of the Issuer's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Issuer's liquidity.

The Issuer believes that the below measures provide useful information to investors for the purposes of evaluating the financial condition and results of operations of the Issuer, the quality of its assets and the fundamentals of its business. However, the Issuer's use and method of calculation of APMs may vary from other companies' use and calculation of such measures.

No statement in this Base Prospectus is intended as a profit/EBITDA forecast and no statement in this Base Prospectus should be interpreted to mean that the earnings of the Group for the current or future years would necessarily match or exceed the historical published earnings of the Group.

It should be noted that APMs are calculated for a 12 months period ended 31 December 2023 and 31 December 2022 for the Group.

	31 December 2023	31 December 2022 (restated)
Net profit, EUR million	75.4	67.4
Average total assets, EUR million	4,418.4	4,021.4
Return on average assets (ROAA), %	1.7	1.7
Average total equity, EUR million	487.4	418.0
Return on average equity (ROAE), %	15.5	16.1
cost to income ratio, %	43.5	41.7
Cost to income ratio (adjusted due to the impact of the gyvybės draudimo UAB "SB draudimas" (further SB draudimas) clients' portfolio), %	41.2	43.4
Price to book (P/BV) value ratio	0.8	0.9
Price/Earnings (P/E) indicator of the Group	6.1	6.5
Dividends to net profit, %	43	25
Dividend yield, %	7.0	3.9
Loan to deposit ratio, %	92.7	94.6

Description of Issuer's alternative performance measures

Performance measure	Formula and components used for the calculation:	Interpretation
Return on average assets (ROAA), %	<p>Net profit for the year / Average total assets*100</p> <p>Net profit for the year – presented in the income statement*;</p> <p>Average total assets – calculated as an average of the total assets (presented in statement of financial position) for the last four quarters.</p> <p><i>* Note: Net profit is converted to annual by multiplying it by a coefficient according to the financial reporting period, i.e., net profit for Q1 is multiplied by 4, net profit for H1 is multiplied by 2, profit for three quarters multiplied by 4/3</i></p>	<p>The ratio shows the percentage return the Issuer earns from assets. The higher the ratio, the more efficient use of assets</p>
Return on average equity (ROAE), %	<p>Net profit for the year / Average total equity*100</p> <p>Net profit for the year – presented in the income statement*;</p> <p>Average total equity – calculated as an average of the total equity (presented in statement of financial position) for the last four quarters.</p> <p><i>*Note: Net profit is converted to annual by multiplying it by a coefficient according to the financial reporting period, i.e., net profit for Q1 is multiplied by 4, net profit for H1 is multiplied by 2, profit for three quarters multiplied by 4/3.</i></p>	<p>The ratio shows the percentage return the Issuer earns from equity. Higher ROAE ratio is considered as better</p>
Cost to income ratio, %	<p>Operating costs / Operating income*100*(-1)</p> <p>Operating costs (which is a total of income statement lines):</p> <ul style="list-style-type: none"> + Salaries and related expenses; + Depreciation and amortization expenses; + Expenses related to insurance activities; + Other operating expenses. <p>Operating income (which is a total of income statement lines):</p> <ul style="list-style-type: none"> + Net interest income; + Net fee and commission income; + Net gain from trading activities; + Net gain (loss) from derecognition of financial assets; + Net gain (loss) from disposal of tangible assets; + Revenue related to insurance activities; + Other operating income. 	<p>The ratio indicates the amount of cost used to earn one euro of income. Lower cost to income ratio is considered as better</p>
Cost to income ratio (adjusted due to the impact of the)	<p>Operating costs (adjusted due to the impact of the SB draudimas clients' portfolio) / Operating income (adjusted due to the impact</p>	<p>The indicator shows the cost spent per euro of income, eliminating the impact of</p>

Performance measure	Formula and components used for the calculation:	Interpretation
SB draudimas clients' portfolio), of the SB draudimas clients' portfolio) %	$100 * (-1) \frac{\text{Operating costs (which is a total of income statement lines):}}{\text{Operating income (which is a total of income statement lines):}}$ <p>Operating costs (which is a total of income statement lines):</p> <ul style="list-style-type: none"> + Salaries and related expenses; + Depreciation and amortization expenses; + Expenses related to insurance activities; + Other operating expenses; - Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts {presented in the notes of financial statements} <p>Operating income (which is a total of income statement lines):</p> <ul style="list-style-type: none"> + Net interest income; + Net fee and commission income; + Net gain from trading activities; + Net gain (loss) from derecognition of financial assets; + Net gain (loss) from disposal of tangible assets; + Revenue related to insurance activities; + Other operating income; - Investment result of the insurance company assets under unit-linked contracts {presented in the notes of financial statements} 	<p>SB draudimas customer portfolio on both the cost and income side. A lower value of the indicator shows the efficiency / ability of the company to generate higher income. The influence of SB draudimas customer portfolio is eliminated because in aggregate it is always zero: the investment result of the assets under unit-linked contracts is identical, only with the opposite sign reflected on the cost side as part of the change in technical insurance provisions. Adding identical amounts to income / expenses, depending on the direction of market changes, significantly distorts the values of the cost-income ratio, this elimination allows better comparison of them in the time entry</p>
Price to book (P/BV) value ratio	$\frac{\text{Share price}}{\text{Book value per share}}$ <p>Share price – presented on Nasdaq Vilnius stock exchange; Book value per share – calculated as ratio between total equity of the Bank (statement of financial position) and number of shares (annual report).</p>	<p>The ratio indicates the price investors pay for one euro of total equity</p>
Price/Earnings (P/E) indicator of the Group	$\frac{\text{Share price}}{\text{Earnings per share}}$ <p>Share last price – presented on Nasdaq Vilnius stock exchange; Earnings per share – presented in the income statement.</p>	<p>The price-earnings ratio indicates the price investors pay for one euro of the Issuer's earnings</p>
Dividends to net profit, %	$\frac{\text{Amount of dividends per share}}{\text{Earnings per share}} * 100$ <p>Amount of dividends paid per share – presented in explanatory notes to the financial statements; Earnings per share – presented in the income statement.</p>	<p>The ratio indicates the share of Issuer's earnings that is distributed in a form of dividends</p>
Dividend yield, %	$\frac{\text{Amount of dividends per share}}{\text{Share price}} * 100$	<p>The ratio indicates level of return that is</p>

Performance measure	Formula and components used for the calculation:	Interpretation
	Amount of dividends paid per share – generated from presented in explanatory notes to the financial statements; Share price – presented on Nasdaq Vilnius stock exchange.	dividends
Loan to deposit ratio, %	Loans / Deposit; Loans – Sum of amounts of loans granted to customers and receivables from Financial Lease (presented in the statement of financial position); Deposits – Amounts due to customers (presented in the statement of financial position).	The indicator compares issued loans to accepted deposits, showing the Issuer's liquidity. A higher value of the indicator indicates that the Issuer is in a higher risk area
Cost of risk (CoR), %	Allowance for impairment losses on loans / Average Loan portfolio*100 Allowance for impairment losses on loans - sum of allowance for impairment losses on loans and finance lease (presented in the notes of financial statements). Average Loan portfolio – calculated as a average of the total loans and finance lease (presented in statement of financial position) for the last four quarters.	The ratio indicates the loan portfolio's risk.

The Issuer does not publish performance measures related to future reporting periods in its regulated information disclosures.

USE OF PROCEEDS

The net proceeds of the issue of each Series of the Notes will be used for the general banking and other corporate purposes of the Issuer, including but not limited to meet mandatory minimum requirement on equity and eligible liabilities for the Issuer at the consolidated level.

DESCRIPTION OF THE ISSUER

Background of the Issuer

The Issuer is the consistently growing financial institution in Lithuanian market, paying special attention to business financing and consumer financing solutions. The Issuer serves its clients in 55 client service units in 36 cities and towns throughout Lithuania.

The Issuer was registered as a public company in the Enterprise Register of the Republic of Lithuania on 4 February 1992. The Issuer is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Banks of the Republic of Lithuania and the Articles of Association of the Bank. The Group of the Issuer also includes Subsidiaries, which operate in the fields of leasing, life insurance and real estate.

Key milestones in the Bank's development (year and event):

1992	The Bank is incorporated.
1994	Listing on Nasdaq Baltic Market.
2005	The ERPB became the Bank's major shareholder, acquiring 16% of the Bank's shares.
2013	Transfer of Ūkio bankas' insured liabilities and good assets (EUR 789 million).
2015	Acquisition of Finasta.
2018	ERPB shareholding increased to 26%.
2020	Acquisition of private client loan portfolio from the Lithuanian branch of Danske Bank A/S.
2020	Inclusion in the list of euro area banks directly supervised by the ECB. The ECB granted the Issuer the status of a significant Lithuanian financial institution.
2021	The first bond issue on international financial markets is launched.
2021	The EBRD announces the sale of its 18% share package in the Bank. Shall purchase share packages of "Invalda INVL", "Tesonet Global" and "Willgrow" by June 2024. 12% of the shares have already been sold by the end of III quarter of 2023.
2023	Moody's has upgraded the Bank's credit rating to Baa1 with a stable outlook. The Bank and "Invalda INVL" has completed retail businesses merger.

All the shares of the Issuer are listed and traded on a Regulated Market on Nasdaq Vilnius Main List. In addition to that, its (i) subordinated notes with a total nominal value of EUR 20,000,000 (ISIN LT0000404287; redemption date – 23 December 2029), qualifying as Tier 2 capital, (ii) restricted senior preferred notes with a total nominal value of EUR 210,000,000 (ISIN LT0000405771; redemption date – 7 October 2025), (iii) subordinated notes with a total nominal value of EUR 50,000,000 (ISIN LT0000407751; redemption date – 22 June 2033) qualifying as Tier 2 capital. All those bonds are listed and traded on Nasdaq Vilnius Bond List.

Dividend payment history of the Issuer for the last 5 years:

Dividends for the financial year	Percentage of nominal value	Dividends per share, EUR	Total dividends, EUR
2023	16.72	0,0485	32,094,712
2022	9.14	0.0265	15,919,246
2021	11.72	0.0340	20,424,693
2020	1.90	0.0055	3,303,994
2019	0	0	0

The Issuer is also an active broker on the Nasdaq Baltic market and is a member of all three stock exchanges – Vilnius, Riga and Tallinn and a participant in the Central Depository Nasdaq CSD, SE (the merged central securities depository of Lithuania, Latvia, Estonia and Iceland, “**Nasdaq CSD**”).

Information about the Issuer

Table 1: Key information about the Issuer

Legal and commercial name of the Issuer	Akcinė bendrovė Šiaulių bankas and Šiaulių bankas AB respectively
Legal form of the Issuer	Public limited liability company
Place of registration of the Issuer (registered office)	Tilžės str. 149, Šiauliai, Lithuania
Corporate ID code of the Issuer	112025254
LEI	549300TK038P6EV4YU51
Legislation under which the Issuer operates	The laws of the Republic of Lithuanian
Date of incorporation of the Issuer	4 February 1992
Operating period	Indefinite
Telephone number	+370 41 595 607
E-mail	info@sb.lt
Website	www.sb.lt The information on the website does not form part of the Prospectus, unless certain information is incorporated by reference into the Prospectus (please see Section <i>Information Incorporated by Reference</i>)

Business Overview

As a bank with Lithuanian roots, it has embodied a bold and provocative character since its founding day and is now even more firmly articulating its core purpose – the Bank's mission is 'Banking that empowers.' Modern banking is understood and defined as progressive, intimate, human-centric, nurturing, and above all, enabling the realization of dreams.

The Bank vision encompasses perspectives on customer relationships, reputation, visibility, and the bank's performance. The bank's vision is 'A bank one wants to grow with,' entailing the realization of the ambition to be a bank that is beloved and recognized by its customers, employees, and investors, one that fosters and facilitates financial and professional growth.

The Issuer accepts deposits, issues loans, makes money transfers and settlements, exchanges currencies for its clients, issues and processes debit and credit cards, is engaged in trade finance, investment services and securities trading, as well as performs other activities set forth in the Law on Banks of the Republic of Lithuania and the Articles of Association.

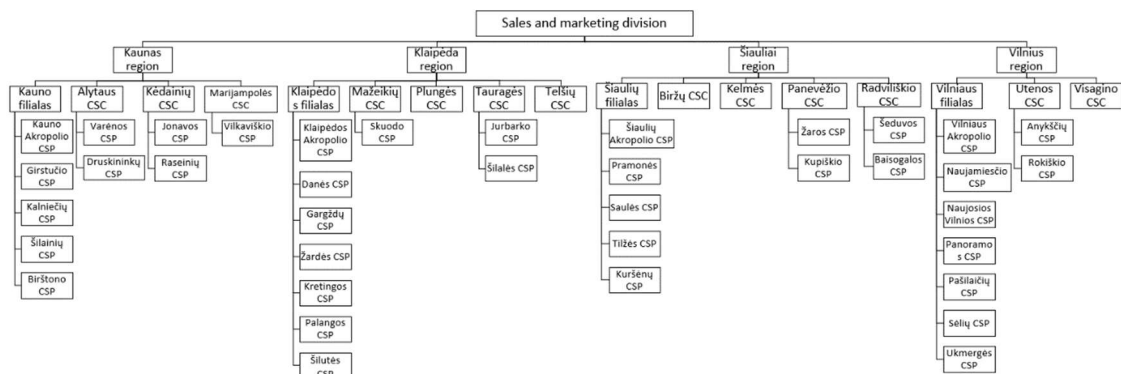
The Bank's activities is focused on three client groups with key strengths:

Corporate clients	Private clients	Investment clients
<ul style="list-style-type: none"> Recognised leader in Lithuanian SME and mid-size corporate lending Quick decision-making process enables rapid responsiveness to client requirements 	<ul style="list-style-type: none"> Full-suit product offering: more than 50 different banking, asset management and life insurance products Omnichannel client reach: the widest network in Lithuania (55 branches in 36 	<ul style="list-style-type: none"> Market leader in the small and medium-sized corporate bonds issuance Trading and brokering capabilities include repo transactions – unique offering in Lithuania

<ul style="list-style-type: none"> • Robust risk management framework and high asset quality • Ability to offer tailor-made solutions to meet our clients needs 	<p>cities), call center, mobile and online banking options</p> <ul style="list-style-type: none"> • Dedication to delivering exceptional client experiences • The best risk and return profile of pension funds in Lithuania 	<ul style="list-style-type: none"> • Market leader in issuer's registration and related services
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On 1 December 2023, Šiaulių Bankas and Invalda INVL completed the merger of retail businesses. Following the completion of the transaction, Šiaulių Bankas Group, in addition to the financial services it already provided, started to manage second- and third-pillar pension funds and investment funds for retail clients in Lithuania. The pension and investment fund business in Lithuania are managed through SB Asset Management UAB, controlled by the Bank. Šiaulių Bankas Group will also significantly expanded its life insurance business in the Baltic States, which are taken over by the bank-controlled life insurance company SB Draudimas UAB (operating in Latvia and Estonia through its own branches). The transaction involved more than 210 thousand clients and over EUR 1.2 billion of assets under management in the Baltics. As a result of the Transaction, the combined funds entrusted by clients to Šiaulių Bankas Group as deposits, assets under management and assets under custody will increased by a quarter and surpassed EUR 6 billion (as of end 2023). 160 specialists, investment managers and experts who worked for INVL joined Šiaulių Bankas Group, bringing the total number of employees in the Group to over 1,100.

Figure 1. Regions and customer service network of the Issuer



CSC – Customer Service Center
CSP – Customer Service Point

Source: the Issuer

As of 31 December 2023, the Issuer had 55 customer service outlets (31 December 2022: 56 outlets). As of 31 December 2023, the Issuer had 981 employees (31 December 2022: 817).

Issuer's rating

On 7 June 2023, the international rating agency Moody's Investor Service (Moody's) increased the long-term deposit rating to Baa1 from Baa2. The outlook for long-term deposit ratings has been confirmed as "stable". This is the highest rating assessment in the bank's history.

The Bank's previous short-term deposit rating of P-2 has also been affirmed. In its statement, Moody's said that the stable outlook on the long-term deposit ratings reflects Moody's expectations that the Bank will be able to absorb moderate deterioration in asset quality without any meaningful deterioration in capitalization, much due to the very strong profitability, which will be the main source of buffers if additional loan loss provisions are taken. Furthermore, Moody's expects that the Bank will repay its targeted longer-term

refinancing operations (TLTRO) during 2024 by using maturing securities. This will lead to an improvement in the funding structure ratio.

Strategy of the Issuer

On January 2024 the Bank announced its Strategy Update for 2024-2029, outlining its strategic ambition to become the best bank in Lithuania by 2029. The Bank is committed to achieving this goal by delivering an exceptional customer experience, fostering top-of-mind recognition among Lithuanian banking clients, expanding its customer base and loan portfolio at a faster pace than the market, and generating mid-to-high teen return on equity.

The Bank's strategic initiatives include upgrading the core banking platform, a comprehensive rebranding effort, reaffirming commitment to strong compliance & risk management and a heightened focus on ESG principles. The key priority remains a customer-centric approach, while also ensuring the highest standards of compliance and risk management.

The Bank has signed an agreement with Temenos for the implementation of a core banking platform. Temenos is one of the most advanced banking platforms, used by around 3,000 leading financial institutions worldwide. The cloud-based platform will ensure modular development, flexibility, resilience, and the best customer experience. Platform is planned to be deployed in two years.

The Bank is also analyzing rebranding needs. The aim is to ensure that the brand is in line with the Bank's strategic changes and evolving consumer expectations, and to increase the Bank's visibility among its target customer segments. The aim of this strategic move is to be top of mind of consumers in the Lithuanian banking sector.

The Bank sees compliance and risk management as one of the key priorities, which is essential for achieving the best customer experience and strategic growth. The Bank will strengthen its compliance culture, implement new AML, FRAUD, and sanctioning systems, automate data exchange and management systems, and update its customer risk assessment model.

The Bank's customer strategy in the short term is to implement strategic initiatives and grow the value of existing customers of Šiaulių Bankas Group by leveraging cross-selling opportunities and consistently improving the customer experience, and after renewing of the core banking platform and brand from 2026 onwards to attract new higher-value customer segments.

The Bank has renewed its organizational structure with a focus on customers, with the establishment of the Corporate Clients, Private Clients and Investment Clients divisions.

In the corporate clients segment, the Bank, being a leader in SME and mid-cap enterprise financing, aims to double the number of business customers to 40 thousand by 2029 and to reach 20% of the business financing market.

In the private clients segment, the goal is to reach 1 million customers by 2029 – twice as many as at present – and to ensure that one in three customers will use home banking services.

In the investment clients segment, the Bank aims to become a leader in the debt capital market by offering services to a broader segment of companies seeking for financing on the capital markets and to help businesses raise at least € 500 m annually on the capital markets as of 2029.

The strategy will aim to generate 20+ % average annual return (return on capital, dividends and share appreciation) to investors over the period 2024-2029.

Key financial targets:

	2023	2024	2025	2026	2027–2029
Loan portfolio	€ 2,9 bn	€ 3,3 bn	€ 3,7 bn	€ 4,1 bn	8 % (CAGR)
Cost-to-income ratio	41,2 %	49,7 %	53,2 %	48,8 %	< 47,5 %.
Return on equity	15,5 %	13,7 %	13,1 %	15 %	> 15 %

Issuer's competitive position

The Lithuanian banking market is dominated by several large financial institutions. These are banks that have a long history in this market and are internationally active. Because of their size and capital, these banks can offer a wide range of services to their customers, invest in the latest technology, and participate in major projects. As a result, they represent a significant market share.

On the other hand, in recent years, technological innovation, particularly in the financial technology (FinTech) sector, has led to the emergence of many new players offering alternative banking services. These newcomers, although they do not have as much capital or a long history, are able to adapt quickly to market needs, offer innovative services and attract new customers.

Figure 2. Key ratios of the banking sector

As of 30 September 2023 (unaudited data)	Total capital adequacy ratio	Large exposure ratio	Liquidity coverage ratio	Return on Assets (RoA), %	Return on Equity (RoE), %	Loans and advances, mEUR	Deposits, mEUR
*Šiaulių bankas AB	21.34	15.37	183.39	2.05	18.67	2,898	3,029
*Swedbank AB	20.96	10.16	741.50	2.13	30.23	8,327	14,005
*SEB bankas AB	18.32	18.92	141.47	2.35	28.51	6,968	10,889
*Revolut Bank, UAB	19.11	19.95	886.81	0.59	12.58	511	10,266
*Medicinos bankas UAB	18.07	22.77	360.67	2.07	18.27	324	421
**„Luminor Bank“ AS Lithuanian branch	n.d.	n.d.	n.d.	n.d.	n.d.	4,939	7,065

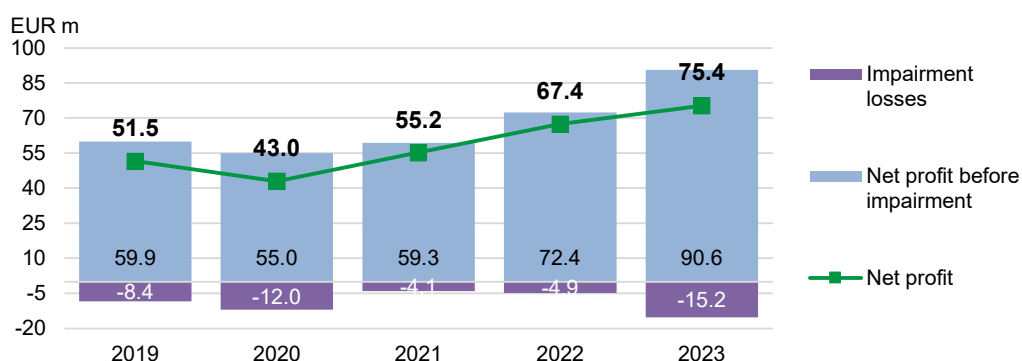
Source: *Statistics compiled and published by the BoL (it contains data of financial groups – i.e. regulatory scope of consolidation)
**Information available at the website of Lithuanian bank association at <https://www.lba.lt/statistika-1-1> (Pagrindiniai bankų veiklos rodikliai, 2023 m. III ketv. 1 dalis)

Information on the Issuer's performance results

Group's results for the year 2023:

- **Profit.** Šiaulių Bankas Group earned a record net profit of EUR 75.4 million.
- **Dividends.** A dividend of almost 43% of net profit for 2023, i.e., EUR 0.0485 per share, is approved to shareholders.
- **Portfolio.** Loan portfolio value increased steadily by 11% year-on-year to over EUR 2.9 billion.
- **Deposits.** The portfolio of funds held by clients grew by 14% per year to reach almost EUR 3.2 billion at the end of 2023.
- **Transaction.** Šiaulių Bankas and Invalda INVL successfully completed merger of retail businesses.
- **Strategy.** The Bank's 2024–2029 strategy has been updated and we aim to become the best bank in Lithuania by 2029..

Figure 3. Net Profit earned by the Group, EUR million



Source: the Issuer

Šiaulių Bankas Group generated audited net profit of EUR 75.4 million in 2023, an increase of 12% compared to 2022. Operating profit before impairment and corporate tax amounted to EUR 111.0 million, a 30% increase compared to an operating profit of EUR 85.3 million in 2022.

The net profit for Q4 2023 was EUR 9.7 million or 45% lower than in Q4 2022. The lower quarterly operating result was significantly impacted by one-off costs of EUR 6.6 million for the merger of retail business, solidarity tax reallocation and increase in minimal acquisition value for property, plant and equipment.

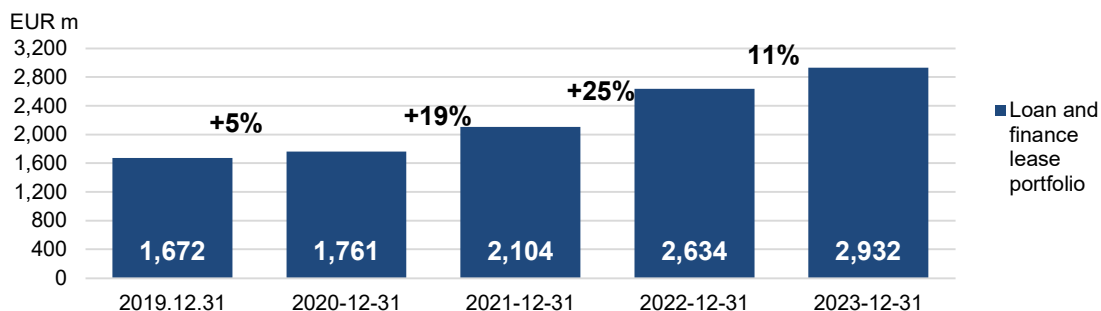
The Bank's revenue from operating activities grew rapidly throughout the year. Compared to 2022, net interest income grew by 47% to EUR 156.9 million, while net fee and commission income grew by 8% to EUR 20.3 million.

The revision of the parameters for the calculation of provisions in the light of updated macroeconomic forecasts resulted in provisions of EUR 6.8 million in the last quarter and EUR 15.2 million for the year (provisions amounted to EUR 4.9 million in 2022). In 2023, the cost of risk (CoR) for the loan portfolio was 0.5% (0.2% in 2022).

Šiaulių Bankas maintained high operational efficiency – the Group's cost-to-income ratio (excluding the impact of client portfolio of SB Draudimas) was 41.2% (43.4% in 2022) and return on equity – 15.5% (16.1% in 2022). Capital and liquidity position remains sound and prudential regulations are met with the solid buffers.

Business and Private Clients Financing

Figure 4. Loan portfolio in EUR million and yields



Source: the Issuer

All financing segments grew in 2023. The value of the loan portfolio increased by 1% in Q4 2023 and by 11% year-on-year to over EUR 2.9 billion. Last year, EUR 1.35 billion worth of new credit agreements were signed, i.e., 12% less than in 2022.

Business lending volumes remained stable at the end of the year, with new business loan agreements signed for EUR 740 million during the year, or 11% less than in 2022. The value of the portfolio remained stable over the last quarter and grew by 6% year-on-year to EUR 1.47 billion.

Despite the increase in base interest rates or continued uncertainty, Šiaulių Bankas grew its mortgage financing portfolio, which increased by 3% in the quarter and by 17% since the beginning of the year, reaching almost EUR 0.8 billion. During the year, new mortgage agreements were signed for EUR 175 million, i.e., 32% less than in 2022.

Slower domestic consumption and a more cautious attitude of the population towards borrowing for consumption and purchases led to slower portfolio growth at the end of the year. The consumer financing portfolio grew by 2% in Q4 2023 and by 29% for the whole of 2023, reaching almost EUR 300 million. In total, EUR 220 million worth of consumer credit agreements were signed during the year, or 17% more than in 2022.

The Bank continues to actively finance energy efficiency projects by participating in the renovation of multi-apartment buildings in Lithuania. In the last quarter of 2023, a significant milestone was reached – the amount of multi-apartment building renovation financing agreements signed on behalf of Šiaulių Bankas exceeded EUR 1 billion. Work on the establishment of the second modernisation fund SB Modernizavimo Fondas, worth EUR 200 million, has also gained momentum. The fund is expected to finance renovation of around 300 multi-apartment buildings and should start operating in March 2024.

The Bank, as a pioneer of securitisation in Lithuania, continues to actively use the experience gained not only in the establishment of the second multi-apartment building modernisation fund, but also in the use of synthetic securitisation for other loan products, thus meeting the Bank's objectives of efficient use of capital.

Daily Banking

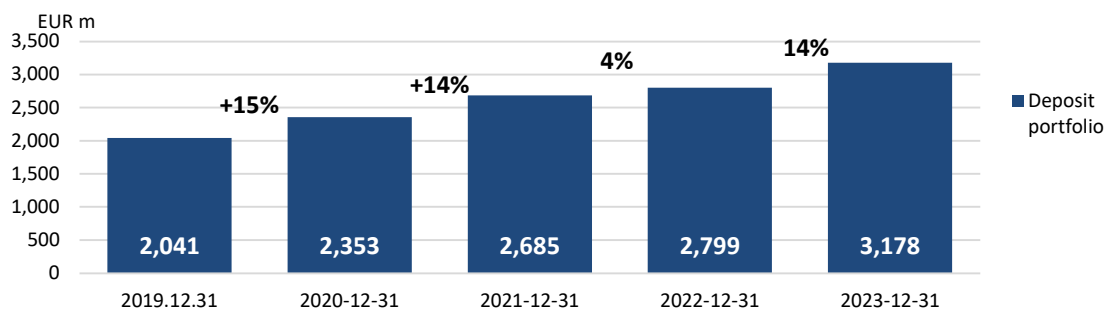
In Q4 2023, 7.1 thousand new private and business clients started using the Bank's services, and since the beginning of the year, more than 30 thousand have joined the Bank. The number of active clients of Šiaulių Bankas at the end of the year exceeded 180 thousand. Following the merger of the retail businesses, the total number of clients of Šiaulių Bankas Group, including clients of SB Asset Management, SB Draudimas and SB Lizingas, exceeds 500 thousand.

In 2023, Šiaulių Bankas placed great emphasis on digitisation and new more convenient smart solutions. In response to client needs, the Bank has developed digital channels as well as services in the Internet Bank and mobile app.

The Bank continues to provide the highest quality of customer service. In a mystery shopper survey conducted for Dive Lietuva in 2023, the Bank scored maximum in terms of quality of customer service, both in person at branches and over the phone.

Saving and Investing

Figure 5. Deposit portfolio in EUR million and deposit costs dynamics



Source: the Issuer

Seeing the increased demand from clients to protect their savings against inflation, we have been offering our clients some of the highest interest rates on term deposits among the major banks in Lithuania all year round. The portfolio of term deposits of clients grew by 68% year-on-year to EUR 634 million. The total portfolio of funds held by clients grew by 5% or EUR 152 million in Q4 2023 and by 14% or EUR 379 million year-on-year, reaching almost EUR 3.2 billion at the end of the year.

The second-pillar pension funds managed by SB Asset Management, the asset management company of Šiaulių Bankas Group, have earned more than EUR 100 million in investment returns for their participants in 2023, after deducting all fees. The clients' assets in the second-pillar pension funds managed by the company exceeded EUR 1 billion at the beginning of this year. The clients' assets in the third-pillar pension funds managed by SB Asset Management amounted to EUR 122 million at the end of 2023. The company was the largest in Lithuania in terms of assets under management in the third-pillar pension funds, with a 42% market share.

In the last quarter alone, investing clients invested more than EUR 50 million in the 13 corporate bond placements organised by the Bank. In total, clients invested over EUR 100 million in bond issues last year. The value of clients' investments held with the Bank doubled during the year to EUR 2 billion.

Regarding external environment factors

The Bank monitors the tense geopolitical situation in order to properly and timely assess and identify the potential impact of Russia's invasion of Ukraine on the Bank's operations and the quality of its portfolio due to the risks it poses to clients. The Bank has no operations in Russia, Belarus or Ukraine and does not have significant direct exposures in these countries. The Bank considers the secondary risk of direct insolvency of clients operating in Lithuania due to the geopolitical situation to be low: the Bank's largest clients are aware of the threats, the number of clients dependent on business relations with Ukraine and Russia is low, and clients with business relations in the countries mentioned above are reducing their dependence of their income on business transactions. To identify in a timely manner a potential increase in the risk of its clients, the Bank applies the procedures set out in the Bank's internal regulations, records Early Warning Indicators (EWI) for the impact of the geopolitical situation on the clients that have a moderate or greater dependence on the aforementioned countries through their supply or sales chains, or through their shareholding structure, and, in the event of a potentially significant risk, puts the client on the Watch List and implements enhanced monitoring for these clients, and approves action plans for the mitigation of risk. The greatest uncertainties and potential negative impacts arise from tertiary effects, i.e., the impact of Russia's invasion of Ukraine on the overall state of the economy. The Bank uses scenario assessments and stress testing to assess these impacts. These assessments indicate that the Bank's capital position is strong and that the Bank would be able to withstand significant shocks related to economic downturns.

The increased monitoring is not limited to credit risk, but also includes a stronger monitoring of the bank's liquidity position (except for the increased cash withdrawals a few days after the start of the invasion, there were no negative trends related to the invasion), increased focus on business continuity and IT security (business continuity plans have been updated with a number of additional scenarios, cybersecurity status is

constantly being monitored, additional cyber-protection measures have been implemented, and testing of measures and plans is ongoing). Also, due to the rapidly changing situation and the introduction of new sanction packages, the processes and procedures for complying with the sanctions for clients and payments are under considerable scrutiny, which may in some cases lead to longer process time.

The Russian invasion of Ukraine may further contribute to increased market volatility. The Bank has no direct investments (securities or other financial instruments) in Russia, Belarus or Ukraine. The Bank has no or close to zero open currency exposure in these countries.

The Bank is closely monitoring the situation regarding problems of some US and Swiss banks. The Bank has no direct positions in these credit institutions and does not notice any material second or third order effects to Bank's activities. Events unfolding in the Middle East also do not have a material direct impact on Bank's activities.

Regulatory requirements applicable to the Issuer

- Issue is a subject to following ratios and prudential requirements: **Capital or own fund requirements.** Banks must hold sufficient capital for covering unexpected losses and remaining solvent during a crisis period. Banks must satisfy the following Pillar 1 own funds requirements:
 - a Common Equity Tier 1 capital ratio of 4.5%. This is the ratio between Tier 1 equity capital and risk weighted assets and off-balance sheet liabilities of the bank;
 - a Tier 1 capital ratio of 6%. This is the ratio between Tier 1 capital and risk weighted assets and off-balance sheet liabilities of the bank;
 - a total capital ratio of 8%. This is the ratio between the own funds and risk weighted assets and off-balance sheet liabilities of the bank;
 - a leverage ratio of 3%. This is the ratio between Tier 1 capital and the total exposure measure of the bank.
- **SREP capital requirements** consist of two parts:
 - Pillar 2 requirement or P2R, which covers risks underestimated or not covered by Pillar 1. P2R is binding and breaches can result in regulatory sanctions. The Issuer is subject to a P2R requirement which have been increased up to 2.05% from 1 January 2023 from 1.6% (31 December 2022);
 - Pillar 2 guidance or P2G, which indicates to banks the adequate level of capital to be maintained in order to have sufficient capital as a buffer to withstand stressed situations. P2G is not legally binding, but the regulators expect banks to comply with this buffer. The Issuer is subject to a P2G requirement of 1.75%;
- In addition to the capital requirements, banks must meet **additional capital buffer requirements:**
 - capital conservation (CCoB) buffer of 2.5%. The purpose of this requirement is to obligate banks to accumulate additional capital for covering unexpected losses. It is uniform across all European Union banks;
 - institution's special countercyclical capital (CCyB) buffer requirement. The supervisory authorities of Member States may, at their own discretion, set the amount of a specific countercyclical capital buffer for a particular institution or a group of institutions, thereby mitigating the risk of unsustainable growth and securing the banking sector and the economy against a credit boom. A special countercyclical capital buffer requirement of 0% is applied for positions in Lithuania recently and increased by 1% from 1 October 2023;
 - other systemically important institutions (O-SII) buffer requirement. The purpose of this requirement is to obligate banks to accumulate additional capital to cover losses arising from the impact of the bank's financial difficulties on the European Union market or a particular domestic financial market. It is set on an individual basis – up to 2% of risk weighted assets. For the Issuer, O-SII buffer currently is set at 1%;
 - the sectoral systemic risk (SyRB) buffer requirement. The purpose of this requirement is to increase the financial system's resilience in the presence of a higher risk of potential housing market overheating in Lithuania. It is introduced by Bank of Lithuania and set as 2% to the housing loan portfolios of housing credit issuers.
- **Liquidity requirements.** Banks must hold sufficient liquid assets to be able to cover net cash outflows under gravely stressed conditions within 30 days. The value of the liquidity coverage

ratio (“LCR”) must not be below 100%, i.e., a credit institution’s reserves of liquid assets must not be lower than net cash outflows over 30 calendar days under gravely stressed conditions. Banks must have sufficient stable funding to meet the funding needs for a one-year period both under regular and stressed conditions. The value of the net stable funding ratio (“NSFR”) should be no lower than 100%, i.e., the stable funding amount available for the credit institution should be no lower than the required stable funding amount over a one-year period.

- **The large exposure requirement.** Exposure to a client or a group of connected clients, i.e., loans granted, also any asset or off-balance-sheet asset share cannot exceed 25% of the institutions CET1 capital, or EUR 150 million, whichever the higher, provided that the sum of exposure values.

MREL requirements applicable to the Issuer

In February 2023, the Issuer received its MREL requirement, entailing the following MREL requirements that shall be met by 1 January 2024:

- the minimum requirement for own funds and eligible liabilities of the resolution entity with which the Issuer shall comply is 21.49% of total risk exposure (MREL-TREA) and 7.16% of leverage ratio exposure (MREL-LRE);
- subordinated instruments shall comprise 13.50% of total risk exposure (MREL-TREA, subordinated) and 5.99% of leverage ratio exposures (MREL-LRE, subordinated).

In February 2024, the Issuer has received updated targets which the Issuer shall comply from May 2024: such targets comprise MREL-TREA of 22.67% and MREL-LRE of 7.09%, subordinated MREL-TREA of 13.50% and subordinated MREL-LRE of 5.95%.

Combined buffer requirement (CBR) has to be included on top of MREL-TREA and MREL-TREA, subordinated requirements.

The Issuer’s MREL requirements can be summarised as follows:

	1 January 2023 <i>(intermediate target)</i>	1 January 2024 <i>(requirement)</i>	May 2024 <i>(requirement)</i>
MREL-TREA	15.43% + CBR	21.49% + CBR	22.67%+CBR
MREL-LRE	5.89%	7.16%	7.09%
MREL-TREA, subordinated	13.50% + CBR	13.50% + CBR	13.5%+CBR
MREL-LRE, subordinated	5.79%	5.99%	5.95%

CBR applicable to the Issuer as of 31 December 2023 is 4.7% and consists of Capital conservation buffer of 2.5%, O-SII buffer of 1.0%, SyRB buffer of 0.2% and Countercyclical buffer of 1%. Components of the CBR may be changed by the decision of institutions that are responsible for setting the buffers.

As of 31 December 2023, Issuer’s MREL-TREA was 29.62% MREL-TREA, subordinated was 21.17%, MREL-LRE 14.22%, MREL-LRE, subordinated 10.16%.

Capital requirements applicable to the Issuer

Capital management of the Issuer

The capital of the Issuer and its Subsidiaries in the prudential scope of calculation is calculated and allocated for the risk coverage following the capital requirements regulation and directive – CRR/CRD and local legal acts. The Issuer's objectives when managing own funds are as follows:

- to comply with the own funds requirements set by the European Parliament and the Council of the European Union as well as the internal target capital requirements;
- to safeguard the Issuer's and the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders;
- to support the development of the Group's business with the help of the strong capital base.

Capital adequacy assessment is performed on a quarterly basis in accordance with the Information guidelines in respect of risk management and capital adequacy disclosure (Pillar3) report.

During the 2023 and 2022, years e the Issuer complied with capital requirements.

The capitalisation of the Issuer is sufficient to ensure financial stability and provide the capital needed to deliver the business strategy. As of 31 December 2023, the total consolidated Capital Ratio of the Issuer, was 20,7% (19,0% as of 31 December 2022 on the consolidated level of the Group).

In its Capital Adequacy calculations, the Issuer uses the standardised method to calculate risk weighted exposure amounts for Credit and Market risk. Risk weighted exposure amounts for operational risk are calculated using the Basic Indicator Approach method.

Capital Ratios

Position	31 December 2023	31 December 2022
CET 1 Ratio	18.2 %	18.1%
T1 Capital Ratio	18.2 %	18.1%
Total Capital Ratio	20.7 %	19.0%

Risk Exposure

Composition of Risk Exposure Amount (REA)

	31 December 2023	31 December 2022
Credit Risk	2,098,153	2,122,021
Securitisation positions	44,055	47,521
Market Risk	23,082	30,230
Credit valuation adjustment	50	125
Operational Risk	273,992	221,464

Risk Exposure

	31 December 2023	31 December 2022
TOTAL RISK EXPOSURE AMOUNT	2,439,333	2,421,361
RISK-WEIGHTED EXPOSURE AMOUNTS FOR COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	2,142,208	2,169,542
Standardised approach (SA)	2,098,153	2,122,021
Central governments or central banks	4,476	5,170
Regional governments or local authorities	14	21
Public sector entities	2,966	11,871
Institutions	23,009	70,316
Corporations	330,189	482,673
Retail	553,328	431,813
Secured by mortgages on immovable property	795,688	768,708
Exposures in default	70,182	55,190
Items associated with particularly high risk	140,116	150,098
Collective investments undertakings (CIU)	35,929	62,052
Equity	82,044	29,959
Other items	60,212	54,150
Securitisation positions	44,055	47,521
Total risk exposure amount for position, foreign exchange and commodities risks	23,082	30,230
Total risk exposure amount for operational risk (OpR)	273,992	221,464
Total risk exposure amount for credit valuation adjustment	50	125

General Risk Management Principles

The risk management of the Issuer is described in section “Financial Risk Management” of the consolidated financial statements of the Group for the year ended 31 December 2023 (pages 25-74), incorporated into this Base Prospectus by reference.

Major shareholders of the Issuer

On the day of this Base Prospectus the authorised capital of the Company is EUR 192,269,027.34 and is divided into 662,996,646 ordinary registered shares with a nominal value of EUR 0.29 each. All the shares issued by the Company entitle equal voting rights to their holders.

31 December 2020 European Bank for Reconstruction and Development (EBRD) possessed 26.02% of the authorised capital and votes of the Issuer. On 22 December 2021 EBRD announced that it has agreed to sell an 18% stake in the Issuer. EBRD has signed 3 separate agreements with Akcinė bendrovė "Invalda INVL", an asset management group, Tesonet Global, part of the Tesonet group of companies, and ME Investicija, a holding company that owns Girteka Logistics, to sell stakes of 5.87%, 5.87% and 6.29% in the Issuer, respectively. Acquisitions of shares will take place through a series of transactions until June 2024 and in some cases might be subject to regulatory approvals. After this transaction as of 31 December 2023 EBRD possessed 12.69% of the authorised capital and votes of the Issuer.

On 22 November 2022 the Issue and Invalda INVL signed an agreement according which segments of their retail businesses were merged on 1 December 2023. After closing the transaction, 62,270,383 newly issued shares of the Issue which represents 9.39% of the Issuer shareholding were transferred to Invalda INVL on 15 December 2023. Following the completion of this share acquisition transaction, the Invalda INVL Group's shareholding in the Issuer increased to 18.45%. Following the completion of above mentioned transaction with EBRD and other planned share acquisition transactions announced, the Invalda INVL Group intends to increase its shareholding in the Issuer up to 20% threshold.

On December 2021 ME Investicija, now – Willgrow UAB announced about acquisition of 5.71% of Bank's shares, and on May 2023 acquired 2.09% of Bank's shares. On January 2022 Tesonet Global acquired 1.96% of Bank's shares, on May 2023 – 1.95%. After the said transactions as of 31 May 2023 EBRD possessed 14% of the authorised capital and votes of the Issuer.

In the table below the information is provided on shareholders of the Issuer on the date of this Base Prospectus.

Table 2. Shareholders of the Issuer, holding more than 5% of shares and votes of the Issuer as of the date hereof

No	Shareholder	Number of owned shares and votes directly	Percentage owned directly, %	Votes, held by other persons, acting in concert, %	Total, %
1.	EBRD	84,101,686	12.69	–	12.69
2.	Akcinė bendrovė "Invalda INVL"	118,384,452	17.846	0.39 ³	18.24
3.	Willgrow UAB (ME INVESTICIJA)	46,894,161	7.07	–	7.07
4	Algirdas Butkus	16,014,268	2.42	2.6 ⁴	5.02

Source: the Issuer

³Votes, held by its subsidiary UAB "INVL Asset Management" – 0.39%, .

⁴ Votes, held by the controlled entities: prekybos namai "Aiva" UAB – 1.81%, Mintaka UAB – 0.79%.

Table 3. Managers of the Issuer and their controlled companies, holding shares and votes in the Issuer as of the date hereof

No	Manager	Position	Number of owned shares and votes directly	Percentage owned directly, %	Number of owned shares and votes non-directly	Controlled companies	Total, %
1.	Gintaras Kateiva	Member of Supervisory Council	32,429,627	4.89	121,072	–	4.91
2.	Mindaugas Raila	Member of Supervisory Council	-	-	46,894,161	46,894,161	7.07
3.	Vytautas Sinius	Member of the Board	1,770,840	0.27	–	–	0.27
4.	Donatas Savickas	Member of the Board	836,601	0.13	–	–	0.13
5.	Mindaugas Rudys	Member of the Board	411,870	0.06	–	–	0.06
6.	Daiva Šorienė	Member of the Board	319,888	0.05	–	–	0.05
7.	Algimantas Gaulia	Member of the Board	53,886	0.01	–	–	0.01

Source: the Issuer

Apart from the information, indicated in this Section, the Issuer has no information about any other possible control over the Issuer, as well as the arrangements, the operation of which may at a subsequent date result in a change in control of the Issuer. Disregarding this, as it was indicated in the notification on material event of the Issuer, dated 12 April 2022⁵, on this date, as part of the annual variable remuneration for 2021, employees of the Issuer were granted an option right to receive 1,745,114 shares free of charge on 11 April 2025. The Issuer also confirmed proportional part (one third) of the number of shares granted for the employee's performance in 2020, 2019 and 2018 to be received after exercise of options: 757,526 shares on 12 April 2024, 830,437 shares on 14 April 2023 and 930,704 shares on 12 April 2022. Aforementioned options granted for the employee's performance in 2018 were exercised on 12 April 2022. Employee options granted for 2019 performance were exercised on 14 April 2023. Thirty-five employees of the Bank Group were granted 2 491 317 Bank shares upon exercise of these options.

Thus, execution of these Share option rights will change the structure of shareholders of the Issuer insignificantly.

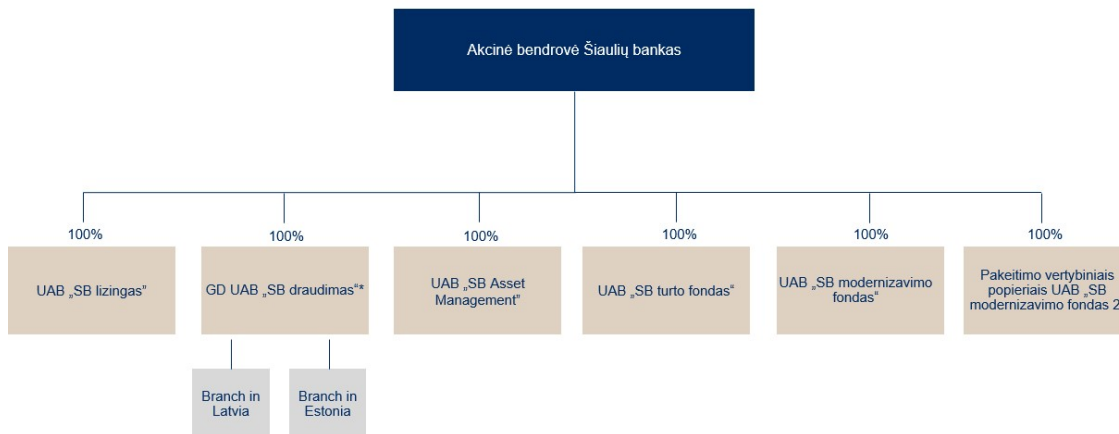
As indicated above, certain members of the Management Board and Supervisory Council are also shareholders of the Issuer. Thus, it is possible that these shareholders may favour any of their own interests rather than those of the Issuer.

Apart from the above, the Issuer is not aware of any potential conflict of interests between any duties to the Issuer of the members of the Management Board or the Supervisory Council (as defined in Section *Supervisory and Management Bodies*) of the Issuer as well as private interests or other duties of these persons.

⁵ <https://view.news.eu.nasdaq.com/view?id=b709dfc404521773fcc211e37b47e0c77&lang=en>

The Corporate organizational structure of the Issuer and its Group

Figure 6. Corporate structure of the Issuer and its Subsidiaries as of the date of the Base Prospectus



COB

AB Šiaulių bankas owns 100% of shares of UAB "SB lizingas", Gyvybės draudimo UAB "SB draudimas", UAB "SB Asset Management", UAB "SB turto fondas", UAB "SB modernizavimo fondas", , Pakeitimo vertybiniais popieriais UAB " SB modernizavimo fondas 2".

Source: the Issuer

The Issuer does not belong to the group of companies as it is described in the applicable Lithuanian laws, i.e., the Issuer is not controlled by any persons, as it is indicated in the Law on Companies of the Republic of Lithuania – none of shareholders of the Issuer has shares thereof, entitling to more than 1/2 of votes in the General Meeting.

The Issuer together with the Subsidiaries form a group of companies, as indicated in the above Figure 6. The Issuer is not dependent upon other Subsidiaries within the Group.

Supervisory and Management Bodies

The Issuer has a two-tier management system consisting of Supervisory Council, Management Board and CEO (Head of Administration), who together with the Management Board is responsible for the management of the Issuer. Business address of all the indicated bodies of the Issuer is Tilžės str. 149, Šiauliai, Lithuania.

Only people who have the necessary expertise, skills, experience, education and professional qualifications and an impeccable business reputation may be elected or appointed as a CEO, members of the Management Board or the Supervisory Council.

The Supervisory Council is a collegial supervisory body, which is responsible for supervising the activities of the Issuer and its management bodies, the appointment and removal of the members of the Management Board, submitting its comments and proposals to the General Meeting on the Issuer's operating strategy, sets of financial statements, drafts of profit/loss appropriation, the reports of the Issuer, the activities of the Management Board and the CEO, submitting proposals to revoke decisions of the Management Board or the CEO, etc.

The Management Board is a collegial management body, which is responsible for the strategic management of the Issuer, the appointment and removal of the CEO, calling the General Meetings, adoption of other corporate decisions which are economically feasible for the Issuer, etc.

The CEO is single person managing body of the Issuer who is responsible for the day-to-day management of the Issuer and enjoys the exclusive right of representing the Issuer vis-à-vis third parties.

In addition, the day-to-day management of the Issuer is carried out through Divisions, the heads of which currently are also the members of the Management Board (except for the IT Division), and which are responsible for the day-to-day organization of the work of the Division and the proper implementation of the functions and objectives assigned to it. The CEO and the Heads of Divisions have employment relations with the Issuer which are of unlimited duration.

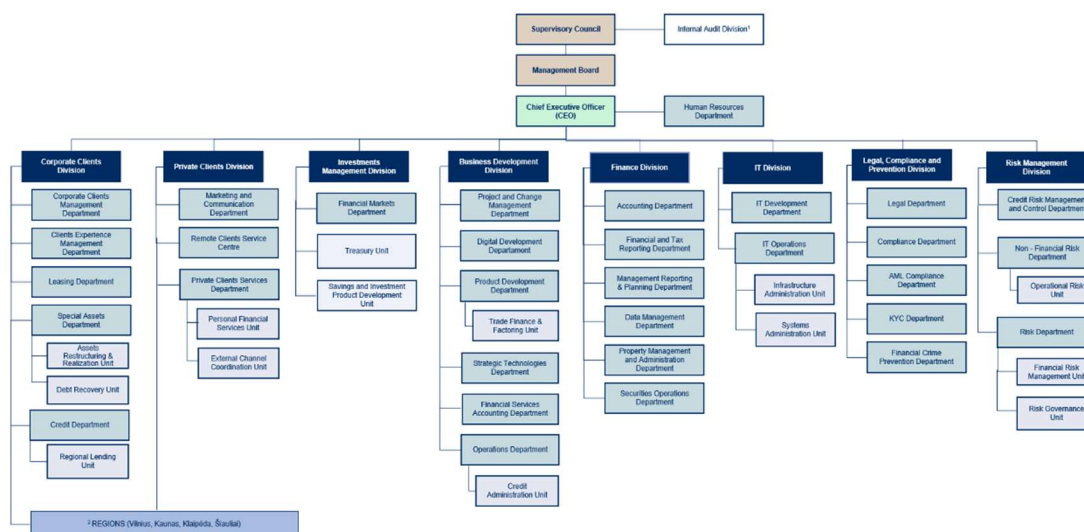
Compliance with the Corporate Governance Regime

The Issuer does not follow some of the requirements of the Nasdaq Vilnius Corporate Governance Code to its full extent. However, the Issuer aims and puts efforts to improve its compliance with this code to as to better meet the expectations of its investors. Detailed information on the compliance of the Issuer with this corporate governance regime is provided in the annex to the Annual Report for the year 2023 of the Issuer. The statements included therein are valid as at the date of this Base Prospectus.

Internal Management Structure of the Issuer

Detailed management system of the Issuer is provided in the Figure 7 below.

Figure 7. Management system of the Issuer since 12 February 2024



¹ The Internal Audit Division is directly subordinate and accountable to the Audit Committee of the Supervisory Board.

² Detailed subordination relationships of Regions positions to the Corporate Clients and Private Clients Divisions are represented in the drawing of the Region Management Structure.

Changes in organizational structure

The Issuer and the Group constantly strive to work efficiently, respond flexibly to changes and needs in the external environment, to implement the Issuer's strategic directions of activities so that the organizational structure meets business needs as much as possible, ensures optimal organization of activities, process efficiency and employee competence.

A new corporate structure of the Issuer has been adopted as of 25 September 2023, enabling the concentration of corporate customer, private customer and investment management functions and units into separate services. In creating the new structure, the 'product house' principle was employed, where the sales and the customer service departments are separated from the departments responsible for creating and supporting products. An Investment Management Division has been established, and sales activities are planned to be organised by customer segments and dedicated services: a Business Customer Division and a Private Customer Division. Overall product sales and customer service will be conducted through the Issuer's sales branches, while supporting functions such as information technologies, human resources, legal, marketing and communication, data management, asset management, administration and customer experience management will be provided by the respective Issuer departments or branches.

The Group is transitioning towards centralising supporting functions, meaning that some centralisation efforts began on the date of the implementation of the transaction with INVL, while others will be transitioned gradually.

As of 25 September 2023, the following structural changes have come into effect at the Bank:

1. The Sales and Marketing Division has been abolished, and the departments and functions under its authority have been assigned to new departments.
2. A new Corporate Clients Division has been established. Existing and newly created units have been assigned under the authority of the Corporate Clients Division:
 - the Clients Experience Management Department;
 - the Leasing Department;
 - the Special Assets Department;
 - the Credit Department;
 - the new Corporate Clients Management Department.
3. A new Private Clients Division has been established. Existing, reorganised or new departments have been assigned under the authority of the Private Clients Division:
 - reorganised Marketing and Communication Department;
 - existing Remote Clients Service Centre;
 - the new Private Clients Services Department.
4. The Markets and Treasury Department has been abolished and its functions have been assigned to the relevant units within the new Investments Management Division. New departments have been assigned under the authority of the Investments Management Division:
 - the Financial Markets Department;
 - the Treasury Unit, responsible for treasury management and control functions;
 - the Savings and Investment Product Development Unit.
5. To concentrate data management functions into one structural unit, a new Data Management Department has been established within the Finance Division, responsible for the development and maintenance of centralised data analytics systems, and ensuring the financial customer data analytics function.
6. To further strengthen the Bank's capabilities for strategic digital transformation, a new Digital Development Department and a Projects and Change Management Department have been established within the Business Development Division. The functions of the Projects and Change Management Department will include the definition of the end-to-end journey of private customers and the organisation of the necessary changes in sales and service processes and information systems. Previously, the Financial Services Accounting Department was assigned to this Business Development Division.

Supervisory Council

Table 4. Members of the Supervisory Council

Name, surname	Position within the Issuer	Beginning of term	End of term
Gintaras Kateiva	Member of the Supervisory Council	29 March 2024	
Darius Šulnis	Member of the Supervisory Council	29 March 2024	<i>Until 29 March 2028, in any case not later than</i>
Susan Gail Buyske	Member of the Supervisory Council (independent)	29 March 2024	<i>until the ordinary General Meeting in 2028</i>
Valdas Vitkauskas	Member of the Supervisory Council (independent)	29 March 2024	
Mindaugas Raila	Member of the Supervisory Council	29 March 2024	

Name, surname	Position within the Issuer	Beginning of term	End of term
Tomas Okmanas	Member of the Supervisory Council (independent)	29 March 2024	
Monika Nachyla	Member of the Supervisory Council (independent)	Upon permission of the ECB is received	

Source: the Issuer

The Supervisory Council is elected by the General Meeting. All the members of the Supervisory Council must be assessed by the ECB before they can be elected to the position. According to the Law on Companies of the Republic of Lithuania and Articles of Association of the Issuer the tenure of the Supervisory Council is 4 years and may not last longer than until the ordinary General Meeting convened in the last year of the tenure of the Supervisory Council. There is no limitation on the number of terms of office a member of the Supervisory Council may serve.

The Supervisory Council elects its chairperson from among its members. The chairperson manages work of the Supervisory Council, convenes its meetings and performs other functions, provided for in the rules of procedure of the Supervisory Council.

Each member of the Supervisory Council has one vote. If number of the voices “for” is equal with “against”, the chairperson’s vote is decisive. If there is no chairperson or he/she does not participate in the resolution adoption and there are equal votes, the resolution is deemed non-adopted.

Gintaras Kateiva (born in 1965) has more than 25 years of experience of holding managerial positions. His strengths lie in strategic management, financial planning. Education – in 1989 graduated from the Vilnius state pedagogical institute, where he gained Pedagogue qualification. From 1993 till 2015 he was the General Manager of UAB “LITAGRA”. Gintaras Kateiva currently also serves as a Chairman of the Board of UAB “LITAGRA”. Since 2008 he serves as a member of the Supervisory Council of the Issuer.

Darius Šulnis (born in 1971) has more than 20 years of experience in various financial and real estate industries. His strengths lie in strategic management, consulting and supervisory and control functions in organizations, coordination of compliance with the legal acts, regulating the Issuer’s activities. Education – in 1993 graduated from the Vilnius University, where he gained a Master’s in Economics. In 2013 he also graduated from the Duke University – The Fuqua School of Business, where he gained a Master’s in Business Administration. He has held different positions in INV L Asset Management IPAS (Latvia), INV L Atklatais Pensiju Fonds AB (Latvia), LP Grupē UAB, UAB "INV L Asset Management", Invalida INV L Investments UAB, bank Finasta AB, MP Pension Funds Baltic UAB, INV L Baltic Farmland AB, INV L Technology AB, INV L Baltic Real Estate AB and in many other companies.

He currently serves as a CEO of Akcinē bendrovē Invalida INV L, Chairman of the Board of UAB "INV L Asset Management", Chairman of the Supervisory Council of FERN Group, UAB and member of the Board of UAB “LITAGRA”. He is also a member of the Supervisory Council of the Issuer since 2016.

Susan Gail Buyske (born in 1954). Education – Bachelor of Arts degree in Russian language from Middlebury College (USA), a Master of Public Administration degree in international relations (the Woodrow Wilson School, Princeton University (USA), Phd in political science. Susan Gail Buyske currently serves as an independent member of the Supervisory Council of the Issuer since 2020 and as a Chair of the Board of the America for Bulgaria Foundation. Gail Buyske is a financial sector development consultant and non-executive director with a great experience on banks’ boards of directors like Swedbank AB, OJSC “URSA Bank”, JSC “Kazkommertsbank”, and others. Prior to consulting practice, Gail Buyske was successfully working in the field of international banking services at the European Bank for Reconstruction and Development (three years) and was holding a senior position at the Chase Manhattan Bank, USA. She has also worked as non-executive director and Chair of Risk Committee of First Ukrainian International Bank, Universal bank in Ukraine; non-executive director of SA Advans SICAR Holding company for microfinance institutions in Africa and Asia..

Valdas Vitkauskas (born in 1968). Education – Master’s in Applied Economics, Southern Methodist University, Dallas, TX, USA, Bachelor of Business Administration, Vytautas Magnus University, Kaunas,

Lithuania. He currently serves as an independent member and a Chairman of the Supervisory Council of the Issuer.

Work experience and previous positions: January 2022 – 30 May 2022 Head of Strategy, UAB “INVL Asset Management”, Lithuania; 2020 – 2022 Supervisory Council chairman of UAB “Sovereign Investment Management Agency” (“Valstybės investicijų valdymo agentūra”), Lithuania; 2011 – 2021 Associate Director, Senior Banker, Regional Business Leader at Financial Institutions Team, European Bank for Reconstruction and Development (EBRD), London, UK; 2016 – 2019 Independent Non-Executive Board Member of UAB “EPSO-G”, Lithuania; 2014 – 2018 Supervisory Council member of the Issuer; 2013 – 2016 Supervisory Council member of Mobias Banca Societe Generale, Moldova; 2007 – 2011 Head of Office, Senior Banker of EBRD Minsk Resident Office, Belarus; 1998 – 2007 Principal Banker of EBRD Vilnius RO, Lithuania; 1995 – 1996 Project Manager of Lithuanian Development Bank, Lithuania.

Mindaugas Raila (born in 1972). Education – Business administration and management (Owner/President management program), Harvard Business school, Boston, USA.

He currently serves as Chairman of the Board of “ME investicija”, UAB (from 2012). Also, he is Founder and Co-owner of “Girteka Logistics”, UAB (from 1996). He also serves as a member of the Supervisory Council of the Issuer (from 2023).

Tomas Okmanas (born in 1987). Education - Master’s in E-Business management, Mykolas Romeris University, Lithuania; Bachelor of History in Vilnius university, Lithuania.

He currently serves as Board Member of “Hostinger”, UAB (from 2018); Founder and Co-owner of “Tesonet” (from 2008); member of the Board and CEO of Tesonet global, UAB (company belongs to Tesonet group) (from 2020); executive CEO of 360 IT, UAB (belongs to Nord Security group); CEO of Tesonet Ventures, UAB (company belongs to Tesonet group) (from 2020); CEO of Hypervisor X, UAB (from 2020); member of the Board of Trustees of VU TSPMI (from 2020). Also, he is CEO (from 2017) and Board Member (from 2022) of Nord security group; member of the Founding Board of DATAQUAKE B.V. (Oxylabs Group). He also serves as an independent member of the Supervisory Council of the Issuer (from 2023).

Work experience and previous positions: 2007 – 2016 Senior Unix system administrator, Project Manager, Head of Network Operations Center and CIO, International Business Development Manager, IT Consultant of “Penki kontinentai” group. Mr. Okmanas serves as an independent member of the Supervisory Council of the Issuer since the beginning of the year 2023.

Monika Nachyla (born in 1968). Education – Master of Economics, Degree in Foreign Trade, specialization in International Finance and Insurance, Warsaw School of Economics, Poland. Also Post Graduate Studies in Psychology, Agriculture and Food Studies.

She currently serves as Supervisory Council and Audit Committee member of Orange Polska S.A.; Supervisory Council member of Graal S.A.; Partner and member of the Management Committee of Abris Capital Partners.

Work experience and previous positions: 2018 – 2023 Chair of the Supervisory Council of Velvet Care Sp. z o.o.; 2015 – 2020 BNP Paribas Bank Polska member of the Supervisory Council, member of the Audit and Risk Committees; 2016 – 2017 Euler Hermes S.A. member of the Supervisory Council, member of the Audit Committee; 2015 – 2017 Mykogen Polska S.A. Chair of the Supervisory Council; 2015 – 2017 TFI Allianz Polska S.A. member of the Supervisory Council, member of the Audit Committee; 2015 – 2017 TUiR Allianz Polska S.A. member of the Supervisory Council, Chair of the Audit Committee; 2011 – 2013 BGŻ BNP Paribas S.A. member of the Supervisory Council, member of the Risk and Audit Committee’s; 2013 – 2015 Bank BGŻ S.A. Vice President Strategy and Development; 2011 – 2013 “1480” Luxury jewellery Entrepreneur - founder and CEO; 2011 – 2013 Bank BGŻ S.A. an independent Supervisory Council member and member of the Audit Committee; 2007 – 2011 Enterprise Investors (Private Equity/ Venture Capital), Warsaw, Poland, Partner; 2000 – 2007, Innova Capital (Private Equity/ Venture Capital), Warsaw, Poland, Vice President Portfolio Management, Vice President Fund Operations and member of the Management Committee; 1996 – 2000 Sanofi, (at present Sanofi-Aventis) Warsaw, Poland, Financial Manager; 1994 – 1995 Salustro Reydell, Paris, France and Warsaw, Senior Consultant / Supervisor; 1991 – 1993 Arthur Andersen, Warsaw, Poland Audit Team / Senior Consultant (Audit and Business Advisory).

Monika Nachyła was elected to the Issuer’s Supervisory Council as an independent member on 29 March 2024. The elected member to the Supervisory Council of the Issuer will take office only after the permission of the ECB is received.

Management Board

The Management Board is responsible for the strategic management of the Issuer, the appointment and removal of the CEO, calling the General Meetings, adoption of other corporate decisions which are economically feasible for the Issuer, provision of the Issuer financial services as required by law, etc. The Nomination Committee evaluates the candidates for the members of the Management Board and after the evaluation, proposes the candidates for the members of the Management Board and recommends them to the Supervisory Council for consideration.

Table 5. Members of the Management Board

Name, surname	Position within the Issuer	Beginning of term	End of term
Vytautas Sinius	Chairman of the Management Board, CEO	29 March 2024	
Donatas Savickas	Member of the Management Board, Head of Finance Division	29 March 2024	
Daiva Šorienė	Member of the Management Board, Head of Sales and Marketing Division	29 March 2024	
Mindaugas Rudys	Member of the Management Board, Head of Business Development Division	29 March 2024	<i>Until 29.03.2028, in any case not later than until the ordinary General Meeting in 2028</i>
Algimantas Gaulia	Member of the Management Board, Head of Risk Management Division	29 March 2024	
Agnė Duksienė	Member of the Management Board responsible for AML/CFT compliance, Chief Compliance Officer Head of Legal, Compliance & Prevention Division	29 March 2024	
Laura Križinauskienė	Member of the Management Board, Head of Private Clients Division	Upon permission of the ECB is received	
Tomas Varenbergas	Member of the Management Board, Head of Investment Management Division	Upon permission of the ECB is received	

Source: the Issuer

According to the Law on Companies of the Republic of Lithuania and the Articles of Association of the Issuer, the tenure of the Management Board is 4 years and may not last longer than until the ordinary General Meeting convened in the last year of the tenure of the Management Board. There is no limitation on the number of terms of office a member of the Management Board may serve. The Management Board elects its chairperson from among its members. The chairperson manages work of the Management Board, convenes its meetings and performs other functions, provided for in the work regulation of the Management Board.

At voting each member of the Management Board has one vote. If number of the voices “for” is equal with “against”, the chairperson’s vote is decisive. If there is no chairperson or he/she does not participate in the resolution adoption and there are equal votes, the resolution is deemed non-adopted.

Vytautas Sinius (born in 1976). Education – in 2002 graduated from the Vilnius University, where he gained a Bachelor’s in Economics. In 2009 he also graduated from the Vytautas Magnus University, where he gained a Master’s in Management and Business Administration. From 2006 till 2010 he was the Executive Vice President, Head of Retail Banking of SEB bankas AB. Since 2014 till 18 August 2022 he was a Deputy Chairman of the Board (he serves in the Management Board since 2011). Since 2014 he is a Chief Executive Officer and from 19 August 2022 also a Chairman of the Management Board of the Issuer (he was re-elected as a Chairman of the Management Board for a new term of office on 29 March 2024).

Donatas Savickas (born in 1969). Education – in 1993 graduated from the Vilnius University, where he gained an economist-analyst qualification. In 2009 he also graduated from the Vytautas Magnus University, where he gained a Master’s in Management and Business Administration. Since 1995 he is a Deputy Chairman of the Board. He also is a Deputy Chief Executive Officer (since 2005) and Head of the Finance Division of the Issuer.

Daiva Šorienė (born in 1966). Education – in 1989 graduated from the Vilnius University, where she gained a Master’s in Economics. In 2007 she also graduated from the BMI, where she gained Executive Master of Business Administration and in 2007 from the Vytautas Magnus University, where she gained a Master’s in Business Management. From 1998 she occupies many positions at the Issuer (Deputy Chairman of the Board, Head of Business and Retail Banking, Head of Šiauliai region, Head of Business Development division, Head of Sales and Marketing Division). She is also a Deputy Chief Executive Officer (since 2014) and the Head of the Corporate Clients Division of the Issuer.

Mindaugas Rudys (born in 1982). Education – in 2007 graduated from the Vilnius University, where he gained a Bachelor’s in International Economics. In 2014 he also graduated from Mykolas Romeris University, where he gained Master’s in Economics and in 2015 from Baltic Management Institute, he gained Executive Master’s in Business Administration. He is a member of the Board since 2020 and the Head of Business Development Division of the Issuer since 2018.

Algimantas Gaulia (born in 1980). Education – in 2002 graduated from the Kaunas University of Technology, where he gained a Bachelor’s in Economics also in 2004, he gained Master’s in Economics (graduated with honours). From 2013 till 2015 he was Deputy Head of Accounting and Reporting division, from 2015 till 2021 – Director of Risk Management and Reporting department. He serves as a member of the Management Board and Head of Risk Management division of the Issuer since 2021.

Agnė Duksienė (born in 1985). Education – in 2007 graduated from the Mykolas Romeris University, where she gained a Bachelor’s in Law and Management degree. In 2011 she also graduated from Vilnius University, where she gained Master’s in Commercial law degree and in 2022 from International Compliance Association (together with the University of Manchester, Alliance Manchester Business School), she gained International diploma in Anti Money laundering. She serves as a member of the Management Board since 2023, with a legal responsibility of being a member of the management body responsible for implementation of the AML/CFT obligations. She is also a Head of Legal, Compliance and Prevention Division since 2022.

Laura Križinauskienė (born in 1981). Education – in 2004 -2006 graduated from the Vilnius Gediminas Technical University, where she gained a Bachelor’s and Master’s in Management and Business Administration. Prior to joining the Bank, Laura Križinauskienė worked in the financial sector as a Managing Director, Member of the Management Board, Member of the Supervisory Council, and other

positions. Laura Križinauskienė has been working at the Bank since 1 December 2023, following the implementation of the transaction between the Bank and Invalda INVL, and is currently the Head of Private Client Division.

Laura Križinauskienė was elected to the Issuer's Management Board as a member on 29 March 2024. The elected member to the Management Board of the Issuer will take office only after the permission of the ECB is received.

Tomas Varenbergas (born in 1985). Education – in 2008 graduated from the Vilnius Gediminas Technical University, where he gained a Bachelor's in Management and Business Administration also in 2010, he gained Master's in International Business Management. From 2015 till 2023 Tomas Varenbergas was a Director of Markets and Treasury Department. He is also a Head of Investments Management division of the Issuer since 2023.

Tomas Varenbergas was elected to the Issuer's Management Board as a member on 29 March 2024. The elected member to the Management Board of the Issuer will take office only after the permission of the ECB is received.

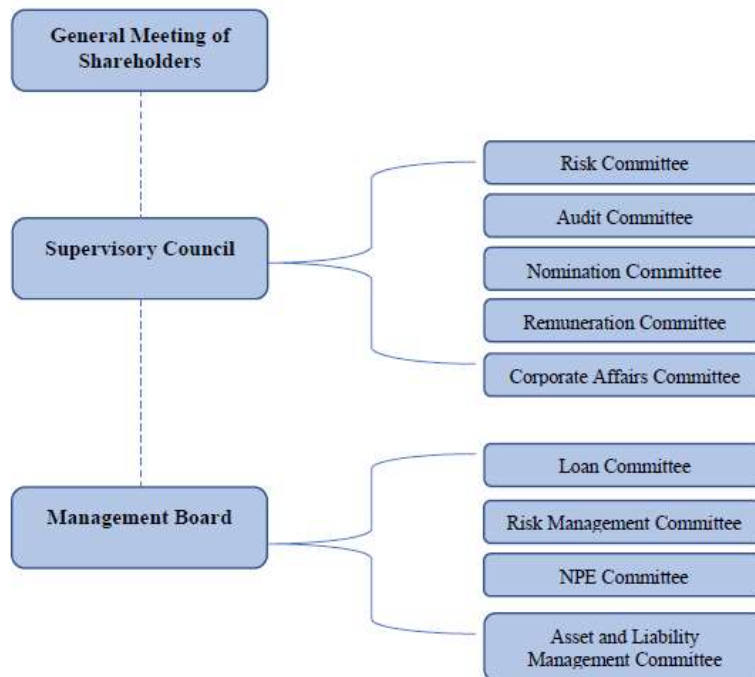
Other decision-making bodies of the Issuer

The Issuer is committed to ensuring maximum alignment of internal processes and routines to provide qualitative day to day support to local and group-wide functions across its organisation.

To ensure and support such commitment, specialised committees of the Supervisory Council and the Management Board support the management bodies of the Issuer in specific areas. Such committees have been established in all cases when the Issuer is obliged by applicable regulatory enactments to establish the respective committees. The management bodies of the Issuer also establish committees when doing so increases efficiency and facilitates a deeper focus in specific areas- or is otherwise necessary or desirable to help the management bodies carry out their responsibilities effectively. Each committee has a documented mandate, including the scope of its responsibilities, defined by the legal acts of the Republic of Lithuania, legal acts of the BoL as well as regulations of certain committees approved by the Management Board or Supervisory Council of the Issuer. Establishment of committees does not release the management bodies of the Issuer from collectively fulfilling their respective duties and responsibilities in any way.

An overview of the committees established by the Management Board and Supervisory Council is described in the Articles of the Association of the Issuer and is also provided in the following figure:

Figure 8. Committees formed in the Issuer



The role and purpose of the committees is described below.

Committees under authority of the Supervisory Council

The main purpose of the Committees of the Supervisory Council is to assist the Supervisory Council in specific areas and to assist in the development and implementation of a sound internal governance system for the Bank.

The Risk Committee

The Risk Committee advises the Supervisory Council of the Issuer on the overall current and future risk acceptable to the Issuer and strategy and assist in overseeing the implementation of the strategy at the Issuer, verifies whether prices of liabilities and assets offered to clients take fully into account the Issuer’s business model and risk strategy and also carries out other functions provided for in its regulations.

The Risk Committee consists of at least four members selected from amongst the members of the Supervisory Council. The majority of the members of the Risk Committee shall be composed of and the Risk Committee shall be chaired by independent members of the Supervisory Council. Members of the Risk Committee must have sufficient experience and knowledge of risk management and control practices, and specifically of the risk strategy of the Issuer and of supervising its implementation.

Members of the Risk Committee are S. G. Buyske (Chairwoman), Valdas Vitkauskas, and Darius Šulnis. Meetings of the Risk Committee are held at least four times per year.

The Audit Committee

The Audit Committee addresses the matters related to improving the internal control system of the Issuer, monitors and discusses the process of preparation of the financial statement, the efficiency of the Issuer’s internal control, risk management and internal audit systems, the processes of the audit and internal audit performance on regular basis and performs other functions foreseen by the legal acts of the supervisory authority and regulations of the Audit Committee. The Audit Committee acts as the Audit Committee of the Issuer and all the public-interest entities of the Group. Following the laws and legal acts of the supervisory authority the composition, competences and arrangement of activities of the Audit Committee are formed and controlled by the Supervisory Council.

The Audit Committee consists of at least three members selected from amongst the Supervisory Council members. The majority of the members of the Audit Committee shall be composed of and the Audit Committee shall be chaired by independent members of the Supervisory Council. Current members of the Audit Committee are Monika Nachyła (Chairwomen), Susan Gail Buyske, Valdas Vitkauskas. Meetings of the Audit Committee are held at least at least three times per year.

The Nomination Committee

The Nomination Committee nominates candidates to fill management body vacancies and recommends, for the approval of the management bodies of the Issuer or for approval of the General Meeting, evaluates the balance of skills, evaluates the target number of the underrepresented gender within the Bank's bodies, knowledge and experience of the management body of the Issuer, submits comments and findings related to the matter, assesses the structure, size, composition, operating results of the Issuer's bodies and carries out other functions provided for in its regulations.

The Nomination Committee consists of at least three members selected from amongst the Supervisory Council members. The majority of the members of the Nomination Committee shall be composed of and the Nomination Committee shall be chaired by independent members of the Supervisory Council. Current members of the Nomination Committee are Supervisory Council members: Valdas Vitkauskas (Chairman), Darius Šulnis and Monika Nachyła. Meetings of the Nomination Committee are held at least three times per year.

The Remuneration Committee

The main responsibilities of the Remuneration Committee are to competently and independently assess variable remuneration policies, practices and ensure that the remuneration system takes into account all risks, performance, capital and liquidity and is consistent with sound and effective risk management and the Issuer's business strategy, objectives, long-term operational interests of continuing operations, also to supervise independent control functions including remuneration to managers in charge risk management and compliance, drafts variable remuneration decisions and performs other functions set forth in its regulations.

The Remuneration Committee consists of at least three members selected from amongst the Supervisory Council members. The majority of the members of the Remuneration Committee shall be composed of and the Remuneration Committee shall be chaired by independent members of the Supervisory Council. Current members of the Remuneration Committee are Valdas Vitkauskas (Chairman), Gintaras Kateiva and Tomas Okmanas. Meetings of the Remuneration Committee are held at least three times per year.

Corporate Affairs Committee

The main responsibilities of the Corporate Affairs Committee are to participate in the development/review of the annual objectives of the Bank Group, of the annual objectives of the Bank Group, also participate in the preparation/review of the strategy of the Bank Groups and provide comments and proposals to the Council and to perform other functions set forth in its regulations.

The Corporate Affairs Committee consists of at least three members selected from amongst the Supervisory Council members. Current members of the Corporate Affairs Committee are Darius Šulnis (Chairman), Valdas Vitkauskas, Mindaugas Raila and Tomas Okmanas. Meetings of the Corporate Affairs Committee are held at least three times per year.

Committees under authority of the Management Board

The Loan Committee

Main function of Loan Committees is approval of credit granting, amendment, review or restructuring decisions within its powers and limits set by internal credit granting procedures with a special view to ensuring that the requested loan or proposed amendment is in line with the respective risk appetite limits set in Risk Appetite Statement and credit risk management principles and requirements set in internal credit risk management procedures.

The Management Board appoints members of the Loan Committee. Ordinary Meetings of the Loan Committee are held weekly.

The Risk Management Committee

The Risk Management Committee performs functions related to the organization, coordination and control of the Issuer's risk management system, determines and controls risk measurement indicators corresponding to the risk appetite acceptable to the Issuer, monitors and assesses specific types of risk, mitigation actions and makes decisions in accordance with the Issuer's approved risk management policy and risk tolerance / appetite, as well as performs other functions provided for in its regulations.

The Management Board appoints the members of the Risk Management Committee. The committee meets at least once a month.

The Non-Performing exposure (NPE) Committee

The NPE Committee's main purpose is to address issues related to NPE restructuring, additional funding, recovery, etc., to ensure the proper implementation of the NPE strategy, to actively reduce the Bank's NPE portfolio, and to carry out other functions set out in its regulations.

The Management Board appoints members of the NPE Committee. Ordinary Meetings of the NPE Committee are held weekly.

Asset and Liability Management Committee

The Asset and Liability Management Committee's main purpose is to ensure sustainable management of the Bank's assets, liabilities, and capital, implementing the Bank's strategic business plan.

The Management Board appoints the members of the Asset and Liability Management Committee. The committee meets at least once a month.

Supervision of the Issuer

Since 1 January 2020 the Issuer is considered significant for the purpose of relevant regulatory enactments and, therefore, it is under the direct supervision of the ECB, acting within the Single Supervisory Mechanism. Ongoing supervision of the Issuer being carried out by a dedicated Joint Supervisory Team comprising staff of the ECB and the BoL. The Issuer is subject to Supervisory Review and Evaluation Process (SREP) assessment that is conducted annually as well as other supervisory examination activities and exercises according to the program. In addition, certain Subsidiaries of the Issuer, namely, UAB "SB lizingas", SB draudimas and UAB "SB Asset Management", are under the supervision of the BoL as well.

Trend Information

There has been neither material adverse change in the prospects, financial performance of the Group nor material changes to the Group's borrowing and funding structure since 31 December 2023. The Management is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects at least for the current financial year, save for the ongoing uncertainty related to the war in Ukraine. The factors that may have a negative impact on the results and operations of the Issuer and the Group are further described in Section "*Risk Factors*" above.

Legal Proceedings and Investigations

Within the framework of the normal business operations, the Issuer faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. As at the date of this Base Prospectus, none of the current disputes may have, or have had a significant adverse effect on the Issuer or its financial position.

Anti-Money Laundering, Combating the Financing of Terrorism Activities and Sanctions Implementation Activities

The Issuer has a continuous focus on AML, CFT as well as international sanctions and restrictive measures (“**Sanctions**”). Existing AML and CFT measures are being reviewed and new ones developed in regards to relevant national, EU and international legislation, national and EU supranational risk assessments, best banking and business practices, international guidelines and recommendations developed by international anti-money laundering and counter-terrorist financing working groups.

The Issuer conducts Enterprise-Wide AML/CFT and Sanctions Risk Assessments, taking into account customer risk, country or geographic region risk, product or service risk and product or service channel risk. The assessment is conducted at least annually. If it is determined that existing measures are insufficient to manage the risks, a risk management/mitigation plan is being developed and presented to the Management Board and the Risk Management Committee, together with the assessment results.

To ensure compliance, the Issuer, employing a three lines of defence model, has developed and implemented a comprehensive set of measures to identify, manage and control its risks. The risks are being addressed by ensuring that internal control functions are designed properly, applying a risk-based approach, and implemented to effectively mitigate inherent risks, and by engaging in a proactive dialogue with correspondent banks to match their risk appetite and systematic co-operation with the supervisory as well as law enforcement authorities. Among other controls, the Issuer organises and delivers different types of AML, CFT and Sanctions training for its employees in different positions.

To mitigate related risks of not detecting sanctioned persons, organisations and entities, the Issuer focuses on compliance with applicable Sanctions laws and guidelines, recommendations and standards issued by local regulatory and supervisory authorities and relevant international organisations, as well as those issued by Lithuanian Banking Association.

The Issuer reevaluates its customer base for AML/CFT risk level with regard to each customer on an ongoing basis. In accordance with the AML/CFT risk level assigned to them, customer data is periodically updated and reevaluated. Customer specific risk is continuously updated to reflect the change in customer risk profile. In addition, the internal customer risk scoring system is being evaluated on a regular basis by the internal compliance function.

The Issuer monitors transactions according to predefined scenarios and thresholds that are based on legislative requirements, international standards, industry guidance and internal assessment of risks posed by customers, products, services, channels and geographies, including frequency and volumes of transactions, as well as external and emerging threats. The scenarios and thresholds are reviewed at least annually. In addition, staff are able to raise any concerns or suspicions through an internal reporting process. Any identified suspicious transactions and activity is reported to the national FIU, Financial Crime Investigation Service, as required by national law.

MARKET ENVIRONMENT

The information presented in this section has been extracted from publicly available sources and documents. The source of external information is always given if such information is used in this section. While reviewing, searching for and processing macroeconomic, market, industry or other data from external sources such as the European Commission or government publications none of it has been independently verified by the Issuer, the Arranger (the Dealer) or any of their affiliates or the Issuer's advisers in connection with the Programme.

The Issuer does not intend to and does not warrant to update the data concerning the market or the industry as presented in this section, unless such duties arise out of generally binding regulations.

Lithuania

The Lithuanian banking market is considered stable and well-developed. It has a strong regulatory framework in line with European Union (EU) standards and operates under the supervision of the Bank of Lithuania, the country's central bank. The Lithuanian banking market is dominated by a few major players (including Swedish banking groups Swedbank and SEB as well the Luminor Lithuanian branch). These banks hold significant market share and provide a wide range of services to both individuals and businesses. While a few banks dominate the market, there has been a gradual increase in competition in recent years. This has been partly driven by the entry of new market players, the expansion of existing banks, and the development of financial technology (fintech) companies offering innovative financial services. Banks in Lithuania are increasingly focusing on innovation to enhance customer experience and offer new products and services. This includes the development of online and mobile banking platforms, digital payment solutions, and other technological advancements to meet evolving customer expectations.

Despite cyclical macroeconomic challenges and ongoing geopolitical threats, the Lithuanian banking sector achieved record profitability in 2023 while maintaining a high level of loan quality and continuing to increase liquidity reserves. All banks complied with the safe margins with the capital adequacy and liquidity requirements in 2023.

The challenges of 2023 did not halt lending activity. The banking loan portfolio increased by EUR 1.6 billion (6%) over the year to EUR 27.5 billion. The slowdown in economic growth and rising interest rates worsened the quality of the loan portfolio only marginally; the level of non-performing loans still remains lower than the eurozone average.

Deposits continued to grow in 2023, albeit at a slower pace than in 2022. The outstanding amount of deposits in banks increased by 9.4% to EUR 50.8 billion last year (excluding the influence of the Revolut group - by 4.4% to EUR 39.9 billion). With rising interest rates, deposits were rapidly shifted to term deposits.

Following the European Central Bank's decisions to raise interest rates, the sector's net interest income last year exceeded EUR 2 billion - 2.5 times more than in 2022. In response to exceptional circumstances, a temporary windfall tax was introduced at the beginning of 2023. This tax reduced the sector's profits, allocating EUR 250 million to finance the increasing country's military and defence needs. Nonetheless, the banking sector's unaudited profit in 2023 reached a record of EUR 986 million, twice as much as in 2022 (EUR 491 million).

Economy in which the Issuer and its Subsidiaries operate (Lithuania)

The turbulent geopolitical landscape and weaker external demand weighed on the performance of Lithuania's small open economy last year. Persisting geopolitical uncertainty, weakness in export markets, tightened financial conditions, and cost inflation ripples interrupted business growth ambitions and cooled down propensity to invest, while stickier than anticipated inflation weakened purchasing power and suppressed consumer appetite. Moreover, after years of strong expansion driven by external factors, negative base effects also came into play last year. All these factors piled up and sent Lithuania's output results into negative territory. The country's GDP shrank by 0.3%, as economic activity was held back by sluggish private consumption, weaker private investments, and shrinking exports facing significant base effects.

External environment remained sluggish. After the pandemic-induced fiscal and monetary stimulus, companies and households in the developed countries have been facing a radically different economic reality.

Decreasing liquidity, tighter credit conditions, persistent costs pressures, suppressed propensity to invest and to consume are not conducive to growth. Consequently, the crucial Lithuanian export markets, challenged by the aftermath of the energy crisis in 2022 have gradually been adapting to the environment of high interest rates. As a result, it was a challenging chapter for the cornerstone of Lithuania's exports – manufacturing. Sharp declines in production volumes were registered across various industries, including manufacturing of wood and paper, chemicals, furniture, rubber and plastics, textiles, machinery and equipment. These industries were either energy-intensive, strongly affected by the energy crisis, or cyclically sensitive, reacting painfully to the rapid contraction in consumption appetite in Western export markets. Among the most resilient were many branches of the engineering industry and food industry, which proved resistant to business cycles. Despite weaknesses in exports, net exports contributed positively to growth, as import volumes fell faster than exports.

From a sectoral perspective, finance and insurance, ITC services, civil-engineering construction, and some higher value business services contributed to the resilience of the economy. Meanwhile, manufacturing, *HoReCa* and other domestically oriented service activities, as well as market driven construction subsectors and real estate operations faced cyclical pressures and slipped into negative territory.

While geopolitical threats, high interest rates and other cyclical macroeconomic factors deterred companies from investments, public investment processes gained momentum. The development of engineering structures mostly financed by EU structural support – such as investments in roads, viaducts, other engineering structures, and energy infrastructure – accelerated and acted countercyclically, somewhat alleviating losses in other economic activities.

Despite relatively optimistic consumer expectations, households' consumption appetite was still hampered by the looming inflation last year. However, non-economic energy inflation gradually dissipated, and in the second half of the year, nominal wage growth already outpaced the annual growth of consumer prices. Over time, these trends will become more pronounced and allow consumers to regain lost purchasing power and consumption appetite. The consumption growth pillar is also expected to strengthen due to the projected decrease in interest rates in the second half of 2024. On the negative side, persistent growth in earnings, fuelled by sharp increases in minimum and public wages, will continue to exacerbate excessive inflation of services.

The labour market has been only marginally affected by the weaker economic development. It had to absorb significant inflows of refugees from the Belarus and Ukraine in recent years. Nevertheless, even in the face of such atypical challenges, the unemployment rate remained at healthy levels, and immigrant flows even helped bridge some long-term structural imbalances. As a result, the number of the employed in 2023Q3 reached 1.472 million – the highest reading since 2007, before the Great Recession and the subsequent wave of emigration it had triggered. The average unemployment rate stood at 6.8%, which was only slightly higher than before the pandemic (it stood at 6.3% in 2019). Strong labour market indicators reflect that companies maintain their capacities and are striving to be prepared flexibly to respond to the awaited recovery of export markets.

Despite cyclical and geopolitical challenges still tilting the balance of risks to growth to the downside, Lithuania's economy demonstrates resilience and is relatively well-prepared to catch the first waves of the recovering external demand. Given the dominating “soft landing” scenario for Developed Markets, Lithuania's economy is anticipated to rebound as well. Real GDP is expected to increase by 1.7% in 2024 and gather pace up to 2.9% in 2025, as borrowing costs subside and investment as well as private consumption drive growth. Low levels of public and private debt, along with substantial financial reserves, leave enough room to act countercyclically. While persisting geopolitical uncertainty, higher interest rates and other cyclical macroeconomic factors will continue suppressing private propensity to invest, public investment – especially EU-funded – is projected to remain high, particularly in national defense and energy-related construction projects. Moreover, economic recovery will benefit from a pick-up in private consumption, aided by easing inflation and improved purchasing power of households. Inflationary pressures are set to fade further, with HICP annual inflation slipping sharply below 3% in the short-term forecast horizon. Meanwhile, the labour market is expected to remain resilient, with the unemployment rate staying within a sound corridor of 6.3-6.6% in 2024-2026 and the growth of earnings inching slightly down from 7.6% in 2024 to 5% in 2025-2026.

Sources: Eurostat, State Data Agency, Economic Development Scenario for 2023–2026 (December 2023) by the Ministry of Finance of the Republic of Lithuania.

TAXATION

The following is a general description of certain 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 which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus. It does not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall Lithuanian, Latvian or Estonian tax consequences of the ownership of the Notes.

THE REPUBLIC OF LITHUANIA

The information contained within this section is limited to Lithuanian withholding and income tax issues and prospective purchasers of Notes are advised to consult their own tax advisers concerning the overall Lithuanian tax consequences of the ownership and disposition of Notes.

A “**resident individual**” means an individual whose permanent place of residence is in the Republic of Lithuania, or whose personal, social or economic interests are located in the Republic of Lithuania or who is present in the Republic of Lithuania for more than 183 days in the relevant tax period or more than 280 days in two consecutive tax periods and at least 90 days in one of these tax periods, and a “**resident entity**” means an entity which is legally established in the Republic of Lithuania, and a “**non-resident individual**” means an individual whose permanent place of residence is outside the Republic of Lithuania, whose personal, social or economic interests are located outside the Republic of Lithuania and who is present in the Republic of Lithuania for less than 183 days in the relevant tax period and less than 280 days in two consecutive tax periods or who is present in the Republic of Lithuania for more than 280 days in two consecutive tax periods, but less than 90 days in one of these tax periods, and a “**non-resident entity**” means an entity which is legally established or otherwise organised outside the Republic of Lithuania.

Taxation of interest income and capital gains earned by non-resident entities acting through a permanent establishment in the Republic of Lithuania is the same as that of resident entities defined above, therefore, it is not separately outlined in the further sections of this Base Prospectus. For relevant details on the taxation of Lithuanian permanent establishments as Noteholders, please refer to the taxation of resident entities. Taxation of non-resident individuals acting through a fixed base in the Republic of Lithuania is the same as that of resident individuals defined above, if such non-resident individual earns interest income performing activity through a fixed base in the Republic of Lithuania.

Withholding Tax, Income Tax

Taxation of interest

Payments to individuals

Payments in respect of interest on the Notes (including, to the extent applicable, the positive difference between the redemption price and the issue price of the Notes) to a resident or non-resident individual will be subject to personal income tax at progressive tax rates of (i) 15%, in respect of income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by an individual during a calendar year does not exceed the sum of 120 Lithuanian gross average salaries, which shall be determined on the basis of the gross average monthly salary set forth in the Law on Approval of the State Social Funds Budgets Indicators for the relevant year (in 2024, the threshold amount would be EUR 228,324) and (ii) 20%, which shall be applied to any income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by an individual during the calendar year, exceeding the aforementioned threshold. When calculating the threshold for the non-resident individuals, the following Lithuanian-sourced income is taken into account: interest, royalties, income from sports and entertainment activities, capital gains and income from the rent from real estate located in the Republic of Lithuania and capital gains from movable property registrable in the Republic of Lithuania.

Part of the total amount of interest (including interest on the Notes) received during the calendar year up to

the amount of EUR 500 will be exempt from personal income tax. The tax exemption will not apply to the interest received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven. Personal income tax on the interest is to be paid by the resident individual himself/herself.

When interest is earned by a non-resident individual, the Issuer, as a Lithuanian interest-paying entity, will withhold 15% personal income tax and if it turns out at the end of the year that a part of the amount was subject to 20% rate, the non-resident individual is to pay the difference himself/herself.

Separate double taxation treaties with the Republic of Lithuania can provide for a lower tax rate for non-resident individuals.

Payments to entities

Payments in respect of interest on the Notes (including, to the extent applicable, the positive difference between the redemption price and the issue price of the Notes):

- (i) to a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to 15% corporate income tax (5% for small-sized entities or an incentive rate applicable to the Noteholder). Banks and credit unions, including central credit unions and branches of foreign banks in the Republic of Lithuania, shall pay an additional 5% corporate income tax on taxable profits (subject to special calculation rules) exceeding EUR 2 million. Banks and central credit unions' financial groups established and operating in the Republic of Lithuania, including branches of foreign banks in the Republic of Lithuania, for the period from 16 May 2023 until 2024 shall pay an additional 60% temporary solidarity contribution on the net interest income (subject to special calculation rules) exceeding by 50% the average amount of net interest income during the four regular financial years preceding the last financial year (conditions apply).
- (ii) to a non-resident entity, which is registered or otherwise organised in a state of the European Economic Area or in a state with which the Republic of Lithuania has concluded and brought into effect a double tax treaty, will not be subject to withholding tax in the Republic of Lithuania.
- (iii) to a non-resident entity other than those listed above will be subject to 10% withholding tax.

If the Issuer as an interest-paying person is unable to identify the Noteholder and determine such Noteholder's eligibility for a lower tax rate or exemption from withholding tax, payments of interest in respect of the Notes (including, to the extent applicable, the positive difference between the redemption price and the issue price of the Notes) to any such Noteholder will be subject to 15% personal income tax to be withheld and paid to the budget of the Republic of Lithuania by the Issuer.

Taxation on Disposition of Notes

Payments to individuals

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident individual will be subject to progressive tax rates of (i) 15%, respect of income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by a resident individual during the calendar year does not exceed the sum of 120 Lithuanian gross average salaries, which shall be determined on the basis of the gross average monthly salary set forth in the in the Law on Approval of the State Social Funds Budgets Indicators for the relevant year (in 2024, the threshold amounts to EUR 228,324) and (ii) 20%, which shall be applied to any income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by a resident individual during the calendar year, exceeding the aforementioned threshold. Part of the capital gains received from the sale of securities (including the Notes) during the calendar year up to the amount of EUR 500 will be exempt from personal income tax. The tax exemption will not apply if the sale proceeds are received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven.

The disposition of Notes by non-resident individuals will not be subject to any Lithuanian income or capital gains tax.

Payments to entities

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident entity will be included into calculation of its taxable profit. Taxable profit will be

subject to 15% corporate income tax (5% for small-sized entities or an incentive rate applicable to the Noteholder). Banks and credit unions, including central credit unions and branches of foreign banks in the Republic of Lithuania shall pay additional 5% corporate income tax on taxable profits (subject to special calculation rules) exceeding EUR 2 million.

The disposition of Notes by a non-resident entity will not be subject to any Lithuanian income or capital gains tax.

Registration and Stamp Duty

Transfers of Notes will not be subject to any registration or stamp duty in the Republic of Lithuania.

THE REPUBLIC OF LATVIA

Taxation of the Noteholders individuals

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 (in Latvian – *likums "Par iedzīvotāju ienākuma nodokli"*) the interest income from the Notes for resident individuals will be subject to 20%. The tax shall be deducted before the payment and withheld if the payer is a Latvian legal entity otherwise the payment is made by the individual him/herself. The income from the alienation of the Notes (gain - calculated as a positive difference between the sale price and acquisition costs) will be subject to 20% tax, but the tax would be payable by the individual him/herself. Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Law on Personal Income Tax (in Latvian – *likums "Par iedzīvotāju ienākuma nodokli"*). In such case taxation of income (including interest income) is deferred until the moment when the amount withdrawn from the investment account exceeds the contributed amount, and any such tax would be payable by the individual him/herself.

Non-resident individuals

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*) the interest income from the Notes being circulated publicly as well as income from the alienation of the publicly circulated Notes will not be subject to tax in Latvia.

Taxation of the Noteholders entities

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 (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) retained earnings are exempt from corporate income tax and only distributions are taxed. Corporate income tax rate on gross profit distribution is 20% Corporate income tax on net amount of profit distribution is determined by dividing net amount with a coefficient of 0.8 (i.e., effective tax rate on net distributed profit is 25%).

Non-resident entities

In accordance with the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) the interest income and income from the alienation of the Notes for non-resident entities will not be taxable in Latvia.

Taxation of low-tax non-residents

In general, payments (including interest payments) to non-residents 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 NoTax or Low-Tax Countries and Territories”, adopted on 27 June 2023; effective as of 1 July 2023 (“**LowTax Non-Latvian Residents**”) are subject to withholding tax of 20 per-cent if the payer is a Latvian legal entity or 23 per-cent if the payer is a Latvian individual resident having obligation to withhold tax. However, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) payments by Latvian legal entities to Low-Tax Non-Latvian Residents for securities publicly circulated in the EU or EEA are exempt from withholding tax if made at the market price. The State Revenue Service of the Republic of Latvia in a legally non-binding explanation to the Issuer has confirmed that pursuant to Article 5(6) of the of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) there is no withholding tax also on the interest payments made by the Issuer to the holders of the notes publicly circulated in the EU or EEA who are Low-Tax Non-Latvian Residents, provided that the payments are made at the market price.

THE REPUBLIC OF ESTONIA

An individual will be considered as a resident of Estonia for taxation purposes:

- if the individual’s place of residence is in Estonia, or
- if the individual stays in Estonia for at least 183 days over the course of a period of 12 consecutive calendar months.

A person shall be deemed to be a resident as of the date of his or her arrival in Estonia.

A legal person, excluding a trust fund, is a resident if it is established pursuant to Estonian law. European public limited companies (SE) and European associations (SCE) whose registered office is registered in Estonia are also Estonian residents.

A non-resident is a natural or legal person not specified above.

Capital Gains from Sale or Exchange of Notes

Gains realised by an Estonian resident individual upon the sale or exchange of securities (including the Notes) are subject to income tax at the rate of 20% (the tax rate changes to 22% from January 1, 2025). Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution (in Estonia corporate income tax is charged only on the distributed profit with the reinvested profits remaining untaxed until distribution), capital gains accruing to resident legal persons are not subject to immediate taxation. As a rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia (except for certain securities related to the Estonian real estate). Non-resident Noteholders receiving capital gains from the sale or exchange of the Notes may be subject to declaring and paying income tax in their respective countries of residence. For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Notes) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as a result of the exchange. The expenses directly related to the sale or exchange of Notes may be deducted from the gains but are generally rather limited.

Taxation of Interest.

Estonian resident individuals are subject to paying income tax (20%, the tax rate changes to 22% from January 1, 2025) on the interest received from loans, securities (including the Notes) and other debt

obligations. Therefore, interest (coupon payments) received by Estonian resident individuals from the Notes is subject to income tax in Estonia. Such income tax is subject to withholding by the Company unless the resident individual notifies the Company that Notes were acquired from funds held in the Investment Account. Since all earnings of resident legal persons are taxed only upon distribution (as described above), interest received by Estonian resident legal persons is not subject to immediate taxation. As a rule, interest payments received by non-residents are exempt in Estonia (i.e. no withholdings are made). Note, however, that non-resident Noteholders receiving interest from the Notes may be subject to declaring and paying income tax in their respective countries of residence.

Investment Account.

Estonian resident individuals may postpone the taxation of their investment income by using an investment account (in Estonian: investeerimiskonto) for the purposes of making transactions with certain financial assets (including the Notes). An investment account is a monetary account opened with a European Economic Area or the Organisation for Economic Co-operation and Development (OECD) member state credit institution, through which the transactions with the financial assets, taxation of income from which (e.g. capital gains, etc.) a person wants to postpone, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid in to the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Pension Investment Account.

Estonian resident individuals who have decided to grow their Estonian mandatory funded pension (II Pillar) via pension investment account (PIA, in Estonian: pensioni investeerimiskonto), can also acquire the Notes through PIA. Pension investment account is a separate bank account opened with an Estonian credit institution, which, on the one hand, is part of the mandatory funded pension system (incl. relevant benefits, such as additional contributions from the state), but on the other hand allows the person to make their own investment decisions. Like the ordinary investment account, PIA allows making of transactions with financial assets, whereas taxation of income from such assets (e.g., capital gain or interest from the Notes) is deferred until income is withdrawn from PIA. Monetary means withdrawn from PIA are, generally, taxed at a 20% income tax rate (the tax rate changes to 22% from January 1, 2025), unless withdrawn after reaching the retirement age, in which case a 10% income tax rate or a tax exemption (depending on the method of payment) applies.

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 passthrough payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Lithuania) 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 date on which final regulations defining foreign passthrough payments are published in the U.S. Federal Register and Notes that are characterised as debt (or which are not otherwise characterised as equity and have a defined term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “**foreign passthrough payments**” are filed with the U.S. Federal Register generally would be “**grandfathered**” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under “*Terms and Conditions of the Notes - Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to

withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer or any other person will not be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

By subscribing the Subordinated Notes, each Investor confirms having read this Base Prospectus, including Terms and Conditions, Final Terms and documents which are incorporated by reference to this Base Prospectus and form an integral part hereof (please see Section Information incorporated by reference), having accepted the terms and conditions set out in the Base Prospectus and having made the subscription according to the terms herein.

General structure of the Offering

The Offering shall be structured in the following order:

- (i) The subscription of the Notes will be organized through Nasdaq Vilnius as an Auction and Auction Rules will be applied, thus the Subscription Orders shall be submitted by the Investors through the Exchange Members and Nasdaq Auction Rules;
- (ii) the Issue Price shall be paid by the investors according to the order described further in this Base Prospectus and the Final Terms;
- (iii) based on the decision of the Issuer the Notes shall be allocated to the Investors;
- (iv) the Notes shall be registered with Nasdaq CSD and distributed to the Investors.

Cancellation of the Offering

The Issuer, at its own discretion, may cancel the primary distribution of the Notes at any time prior to the relevant Issue Date without disclosing any reason for doing so. In such event, Subscription Orders for the Notes that have been made will be disregarded, and any payments made in respect of the submitted Subscription Orders will be returned without interest or any other compensation to the Investors.

Subscription procedure; invalidity of the Subscription Orders

In order to subscribe for the Notes, the Investor must have a Securities Account with the Exchange Member and fill in a Subscription Order form provided by the Exchange Member during the Offering Period only in order for the Exchange Member to enter a buy order in Nasdaq's Vilnius trading system. The list of Exchange Members is available on the website <https://nasdaqbaltic.com/statistics/en/members>. The Subscription Orders shall be submitted by means accepted and used by the Exchange Members (e.g. physically, via the internet banking system or by any other available means). The Investor may submit multiple subscriptions which shall be merged for the purposes of allocation. The Offering Period will be indicated in the Final Terms.

By submitting a Subscription Order to the Exchange Member, every Investor (besides other acknowledgments and undertakings provided in the Base Prospectus):

- (i) authorizes and instructs the Exchange Member through which the Subscription Order is submitted to arrange the settlement of the subscription on its/his/her behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the subscription;
- (ii) shall ensure that when submitting a Subscription Order there are sufficient funds on the cash account connected to its/his/her Securities Account to cover the amount subscribed (i.e. the Issue Price multiplied by the amount of the Notes subscribed);
- (iii) authorizes and instructs the Exchange Member through which the Subscription Order is submitted to block the whole Subscription amount on the investor's cash account connected to its/his/her Securities Account until the allotment of Notes pursuant to this Document and Auction Rules, and registration with the Register is completed on the Issue Date;
- (iv) authorizes the Exchange Member, Issuer and Nasdaq Vilnius to process, forward and exchange its/his/her personal data and information in the Subscription Order in order to participate in the Offering, to accept or reject the Subscription Order and comply with the Document and fulfil the Issuer's obligations under the Base Prospectus;
- (v) acknowledges that the Offering does not constitute an offer (in Lithuanian: *oferta*) of the Notes by the Issuer in legal terms, and that the submission of a Subscription Order does not constitute the acceptance of an offer, and therefore does not in itself entitle the investor to acquire the Notes, nor results in a contract for the sale of the Notes between the Issuer and the Investor, unless the Notes are allotted to the investor pursuant this Base Prospectus and the Notes are registered with the Register on the Issue Date;

- (vi) confirms that it/she/he has got familiarized with this Base Prospectus, Final Terms and Auction Rules.

The Subscription Order shall not be considered valid and shall not be processed in the following cases:

- (i) the purchase amount indicated in the Subscription Order is less than the Minimum Investment Amount (if any indicated in the Final Terms); or
- (ii) the Subscription Order was received after the Offering Period; or
- (iii) the Issuer and/or the Dealer (if any) rejects the Subscription Order due to any other reasons (e.g. oversubscription, violation of legal acts governing anti-money laundering prevention and/or sanctions).

The Exchange Members acting in accordance with internal rules and applicable laws shall inform the investors on rejection of provided Subscription Orders.

An investor shall bear all costs and fees charged by the respective account operator or a custodian accepting the Subscription Order in connection with the submission, cancellation or amendment of a Subscription Order.

Change and Withdrawal of the Subscription Orders

The Subscription Order may be amended, cancel or withdrawn and new Subscription Order placed at any time until the end of the Offering Period. The Investor wishing to amend, cancel or withdraw placed Subscription Order shall submit a written statement on the subscription cancellation to the entity through which the Subscription Order has been submitted. This may result in costs and fees charged by the intermediary through which the Subscription Order is submitted.

Payment for the Notes

By submitting a Subscription Order each Investor authorises and instructs the Exchange Member through which the Subscription Order is submitted to immediately block the whole subscription amount on the Investor's cash account connected to its/his/her securities account until the settlement is completed or funds are released in accordance with these terms and conditions.

Allotment of the Notes to the Investors

After expiry of the relevant Offering Period, the Company shall decide which Investors shall be allotted with the Notes and to what amount, and which Investors shall not be allotted with the Notes. The Notes will be allocated to the investors participating in the Offering in accordance with the following principles: (i) the division of Notes between the retail and institutional investors has not been predetermined. The Company will determine the exact allocation in its sole discretion; (ii) under the same circumstances, all investors shall be treated equally, whereas dependent on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Notes allocated to one investor; (iii) the allocation shall be aimed to create a solid and reliable investor base for the Company; (iv) the Company shall be entitled to prefer Bank's existing clients (natural and corporate persons, but excluding financial institutions and financial intermediaries and their clients) who have bank account with the Bank on the last date of the Offering Period; (v) possible multiple Subscription Orders submitted by an investor shall be merged for the purpose of allocation; (vi) Subscription Orders via a nominee accounts (incl. if made on the account of pension investment accounts) are treated as Subscription Orders from separate independent investors only if the Bank was disclosed with relevant information. Although each investor subscribing via a nominee account is considered as an independent investor during the allocation process, the nominee account holder is responsible for the allocation of the Notes to the investor; and (ix) each investor entitled to receive the Notes shall be allocated a whole number of Notes and, if necessary, the number of Notes to be allocated shall be rounded down to the closest whole number. Any remaining Notes which cannot be allocated using the above-described process will be allocated to investors on a random basis.

By placing a Subscription Order the Investors shall be considered as have consented to being allotted a lower number of Notes than the number specified in such Investor's Subscription Order, or to not being allotted any Notes at all, pursuant to this Base Prospectus.

Return of funds to Investors

If the Offering or a part thereof is cancelled, or if the Investor has not been allotted any Notes, or allotted a lower number of Notes than the number specified in such Investor's Subscription Order, or the Subscription Order has been cancelled or rejected, the funds blocked on the Investor's cash account, or the excess part thereof (the amount in excess of payment for the allocated Notes), will be released by the respective Exchange Member and pursuant to its agreement with the investor.

Regardless of the reason for which funds are released, neither the Issuer nor the Lead Manager shall be responsible for any relationships between the Investor and Exchange Member in connection with any operations happening on the cash account connected to the Investors' Securities Account.

Settlement

The Notes allocated to the Investors will be transferred to their securities accounts on or about the Settlement Date provided in the Final Terms through the "delivery versus payment" (DVP) method, meaning that the settlement procedure is carried out by Nasdaq CSD and Exchange Members on the Issue Date in accordance with the Auction Rules and title to the Notes purchased in the subscription process is obtained upon Notes transfer to respective Securities Account which is done simultaneously with making the cash payment for the purchased Notes. The title to the Notes will pass to the relevant investors when the Notes are recorded to their securities accounts. If an investor has submitted several Subscription Undertakings through several securities accounts, the Notes allocated to such investor will be transferred to all such securities accounts proportionally to the number of the Notes indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Neither Issuer nor any dealer (whether or not participating in the offering), except as permitted by the Dealer Agreement, will offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Issuer by Dealer within the United States or to, or for the account or benefit of, U.S. persons, and Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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 the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Issuer has represented, warranted and agreed, and each further dealer appointed (if any) will be required to represent, warrant and agree, that:

- (a) **Financial promotion:** 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 any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United

Kingdom.

The Dealer Agreement

If Dealer is being appointed, it has represented, warranted and agreed that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it offers, sells or delivers Notes or distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement (if any) provides that the Dealer shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer described in the paragraph headed "*General*" above.

Neither the Issuer nor Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

1. Authorisation

The establishment of the Programme was authorised by the resolution of the Management Board of the Issuer dated 23 April 2023.

2. Legal and Arbitration Proceedings

The Group Companies are not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have or have had in the recent past significant effects on the Issuer and/or Group's financial position or profitability.

3. Significant/Material Change

Since 31 December 2023 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries nor any significant change in the financial position or performance of the Issuer or the Issuer and its Subsidiaries.

4. Auditors

KPMG Baltics UAB has audited the consolidated financial statements of the Group for the year ended 31 December 2023, for the year ended 31 December 2022. No other information presented in this Base Prospectus has been audited or reviewed by auditors. All these financial statements are incorporated into this Base Prospectus by reference. Audit company issued unqualified auditor's reports regarding all these financial statements.

KPMG Baltics UAB is member of the Lithuanian Chamber of Auditors.

5. Documents on Display

Electronic copies of the following documents (together with English translations thereof, where applicable) may be obtained from during normal business hours at the offices of the Issuer at Tilžės str. 149, Šiauliai, the Republic of Lithuania, and Šeimyniškių str. 1A, Vilnius, the Republic of Lithuania, or at www.sb.lt for 12 months from the date of this Base Prospectus:

- (i) the Articles of Association of the Issuer;
- (ii) this Base Prospectus.

For the avoidance of doubt, unless specifically incorporated by reference to this Base Prospectus, information on the website of the Issuer does not form part of this Base Prospectus.

6. Material Contracts

On 21 December 2023 the Issuer has signed an agreement with TEMENOS CLOUD SWITZERLAND SA for the implementation and support of a new core banking platform of the Issuer. Temenos is one of the most advanced banking platforms, used by around 3,000 leading financial institutions worldwide. The cloud-based platform will ensure modular development, flexibility, resilience, and the best customer experience. Platform is planned to be deployed in two years.

There are no other contracts except the above-mentioned (not including contracts entered into in the ordinary course of business) that have been entered into by the Issuer that are, or may be, material or contain provisions under which the Issuer or any of its Subsidiaries has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

7. Clearing of the Notes

The Notes have been accepted for clearance through Nasdaq CSD. The appropriate common code and the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be

specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

8. Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches \ of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

9. Representation of Noteholders and the Agreement with the Trustee

In April 2024 the Issuer has concluded the Agreement on Noteholders' Protection with UAB „AUDIFINA“, a private limited liability company, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, LT-09310 Vilnius, the Republic of Lithuania, which undertakes to safeguard the interests of the Noteholders in their relations with the Issuer.

Contact data of the Trustee: e-mail: info@audifina.lt; representative: Jolanta Ruzgienė; Website: <https://www.audifina.lt/>.

Each Noteholder is entitled to receive a copy of the Agreement on Noteholders' Protection concluded between the Issuer and the Trustee, applying via an e-mail of the Trustee indicated above.

Main obligations of the Trustee: (i) to take actions in order that the Company would fulfilled its obligations towards the Noteholders; (ii) to convene Noteholders' Meetings; (iii) to publish information regarding the Noteholders' Meetings being convened under procedure of the Law on Protection of Interests of Bondholders; (iv) to provide the Noteholders' Meetings with all relevant documents and information; (v) to provide Noteholders' Meeting, in which the question is being addressed regarding approval of the enforcement measures in respect of Issuer's outstanding commitments to Noteholders, the recommendatory opinion, whereby the reasoned opinion to approve or reject the enforcement measures suggested by the Issuer is provided; (vi) to execute the decisions of the Noteholders' Meetings; (vii) no later than within 5 business days as from the day of receipt of a request of the Noteholder(s) to provide information, to gratuitously present all the information about the Issuer, Notes or other information related to the protection of their interests; (viii) no later than within 3 business days from the receipt date of the Noteholder's request to provide a copy of the Agreement on Noteholders' Protection free of charge; (ix) to provide the Noteholder(s) with all other information related to the protection of their interests; (x) no later than on the next business day to inform the Issuer that the Trustee has lost the right to provide audit services (in this particular case), or acquired legal status "in bankruptcy" or "in liquidation".

10. Rights Conferred by Notes to be Offered and Admitted to Trading

The Notes of the Issue under the same Series shall grant the Noteholders equal rights. As from the Maturity Date of the Notes, the Noteholders shall have a right to receive from the Company the Nominal Amount and the interest accrued and unpaid to dates. If the Company does not redeem the Notes on their maturity, all settlements with the Noteholders shall be made through the account of the Trustee.

The Noteholders shall have the rights provided in Law on Protection of Interests of Bondholders, the civil Code, the Law on Companies and other laws regulating the rights of Noteholders, including the following rights: (i) to receive the interest accrued; (ii) to receive the Nominal Amount and the interest accrued at the Maturity Date; (iii) to sell or transfer otherwise all or part of the Notes; (iv) to bequeath all or part of owned Notes to the ownership of other persons (applicable only towards natural persons); (v) to pledge all or part of the Notes owned; (vi) to participate and vote in the Noteholders' Meetings; (vii) to initiate the convocation of the Noteholders' Meetings following the procedure and in cases provided for in the Law on Protection of Interests of Noteholders; (viii) to adopt a decision to convene the Noteholders' Meeting

following the procedure and in cases provided for in the Law on Protection of Interests of Noteholders; (ix) to obtain (request) the information about the Issuer, the Notes or other information related to the protection of his/her/its interests from the Trustee, except for cases established in the Prospectus when Noteholder has a right to request the Issuer to provide his/her/its Subscription Order and Confirmation addressed to him/her/it; (x) to receive a copy of the Agreement on Noteholders' Protection concluded between the Issuer and the Trustee from the Trustee; (xi) other rights, established in the applicable laws, the Agreement on Noteholders' Protection or in the constitutional documents of the Issuer.

No Noteholder shall be entitled to exercise any right of set-off against moneys owed by the Issuer in respect of the Notes.

11. The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 549300TK038P6EV4YU51.

12. Issuer Website

The Issuer's website is www.sb.lt. Unless specifically incorporated by reference to this Base Prospectus, information contained on the website does not form part of this Base Prospectus and has not been scrutinised or approved by the BoL.

13. Validity of prospectus and prospectus supplements

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

GLOSSARY

Term	Definition
AML	Anti-money laundering.
Articles of Association	The Articles of Association of the Company effective as at the date of this Prospectus.
Audited Financial Statements	The audited consolidated financial statements of the Company of and for the year ended 31 December 2023 and 31 December 2022.
Bail-in and Loss Absorption Powers	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, any laws, regulations, rules or requirements in effect in the Republic of Lithuania, relating to (i) the SRM Regulation, (ii) the transposition of the BRRD (including but not limited to the Law on Financial Sustainability of the Republic of Lithuania (in Lithuanian: <i>Lietuvos Respublikos finansinio tvarumo įstatymas</i>) as amended or replaced from time to time), 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).
BoL	The Bank of Lithuania, legal address Totorių str. 4, LT-01121, Vilnius, Lithuania; phone: +370 800 50 500; e-mail: info@lb.lt .
BRRD	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.
CET1	Common equity tier 1.
CFT	Combating the financing of terrorism.
CIT	Corporate income tax.
Company/Bank/Issuer	Akcinė bendrovė Šiaulių bankas, a public limited liability company incorporated in, and operating under the laws of, the Republic of Lithuania, and registered with Register of Legal Entities of Lithuania under the registration number: 112025254, legal address: Tilžės g. 149, LT-76348 Šiauliai, Lithuania.
CRD Directive	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.
CRR	Regulation (EU) No 575/2013, as the same may be amended or replaced from time to time (including as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019) or similar laws in Lithuania).
Delegated Regulation	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) No 809/2004, as supplemented or amended from time to time.
ECB	European Central Bank.
EEA	European Economic Area.
ESMA	European Securities and Markets Authority.
EU	European Union.
EUR	The official currency of Eurozone countries, including Lithuania, the euro.
Eurozone	Economic and monetary union (EMU) of the European Union member states, which have adopted euro as their single official currency.

Excluded Territories	Australia, Canada, Hong Kong, Japan, South Africa and any other jurisdiction where the distribution of this Prospectus and/or the transfer of the Notes would breach applicable law.
Final Terms	The set of terms and conditions of the Terms and Conditions of the Notes established separately for each Tranche of the Note issue as determined by the Terms and Conditions of the Notes.
General Meeting	General Meeting of shareholders of the Company, the highest governing body of the Company.
Group	The Company and its consolidated Subsidiaries, taken as a whole.
IAS	International accounting standards.
ICT	Information and Communications Technology.
IFRS	International Financial Reporting Standards as adopted by the European Union.
Issue Price	The price payable for one Note upon the issue thereof as determined in accordance with the relevant Final Terms.
Law on Protection of Interests of Bondholders	Law on Protection of Interests of Bondholders of the Republic of Lithuania.
Management	The CEO together with the Management Board and the Supervisory Council of the Company.
Management Board	The Management Board of the Company.
Member State	Member state of the EEA.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) as supplemented or amended from time to time.
MiFID Product Governance Rules	MiFID Product Governance rules under EU Delegated Directive 2017/593.
Moody's	Moody's Investor Service Inc.
MREL	Minimum requirement for own funds and eligible liabilities.
Nasdaq CSD	Nasdaq CSD SE Lithuanian branch, registered with Register of Legal Entities of Lithuania under register code 304602060, having its registered address at Konstitucijos ave. 29-1, Vilnius, Lithuania.
Nasdaq Vilnius	Regulated market operated by Nasdaq Vilnius AB (register code 110057488).
Notes	Up to 100,000 subordinated notes with the nominal value of EUR 1,000 issued by the Company in accordance with the Terms and Conditions.
Offering	Offering of the Bonds to institutional and retail investors in Lithuania, Latvia and Estonia, which is a public offering of securities within the meaning of the Prospectus Regulation.
Offering Period	The period within which the persons who have the right to participate in the Offering may submit Subscription Undertakings for the Notes. The Offering Period of each Offering will be announced separately.
Programme	All series of Note issues in the aggregate principal amount of EUR 100,000,000 as established by the Company in accordance with the Terms and Conditions.
Prospectus	This public offering, listing and admission to trading base prospectus document.
Prospectus Regulation	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, as supplemented or amended from time to time.
Resolution Authority	The European Single Resolution Board, the BoL, or such other regulatory authority or governmental body with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Company and/or the Group.
Restricted Territories	Member States of the European Economic Area (excluding Lithuania).
Section	A section of this Prospectus.

Share	The ordinary share of the Company with the nominal value of EUR 0.29, registered in the Nasdaq Vilnius Main List under ISIN code LT0000102253.
SME	Small and medium-sized enterprise.
SREP	Supervisory Review and Evaluation Process.
SRM Regulation	Regulation (EU) No 806/2014, as the same may be amended or replaced from time to time.
Subsidiary/ Subsidiaries	Each consolidated subsidiary of the Company and their respective subsidiaries, as of the date of the Prospectus they are UAB "SB lizingas", Gyvybės draudimo UAB "SB draudimas", UAB "SB Asset Management", UAB "SB turto fondas".
Supervisory Council	The Supervisory Council of the Company.
Terms and Conditions	The Terms and Conditions of Tier 2 Subordinated Notes as established by this Prospectus.
UK	The United Kingdom of Great Britain and Northern Ireland.
UCITS	Undertakings for the collective investment in transferable securities, i.e. investment funds regulated at EU level mainly by the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as supplemented or amended (UCITS).

REGISTERED OFFICE OF THE ISSUER

Šiaulių bankas AB
Tilžės str. 149
Šiauliai
Lithuania

LEGAL ADVISERS

As to Lithuanian law:
TGS Baltic
Konstitucijos ave. 21A
Vilnius
Lithuania

AUDITORS TO THE ISSUER

KPMG Baltics UAB
Lvivo str. 101
Vilnius
Lithuania