



ARTICLES OF ASSOCIATION
of Public Limited Liability Company
ŠIAULIŲ BANKAS

1. GENERAL PROVISIONS

- 1.1. Public Limited Liability Company Šiaulių Bankas (hereinafter referred to as the Bank), shall be a credit institution established in the Republic of Lithuania, having a license for, and engaged in accepting deposits and other repayable funds from non-professional market participants and in lending of funds, and shall assume the related risks and liability. The Bank shall be established to act for an unlimited period.
- 1.2. The name of the Bank shall be Public Limited Liability Company Šiaulių Bankas.
- 1.3. The Bank shall be engaged in providing financial services as well as such other activities as those in the absence of which financial services cannot be provided, which assist in the provision of the financial services or are otherwise directly related to the provision of the financial services.
- 1.4. The Bank shall be a private legal entity with limited civil liability. The Bank shall not be liable for the obligations of its shareholders, and the shareholders shall, unless it is prescribed in the laws otherwise, only have an obligation towards the Bank to pay up any and all subscribed shares at their issue price.
- 1.5. The Articles of Association may be amended under the procedure laid down by the laws.
- 1.6. The objectives of the Bank's activities shall include aiming at profit-making by providing the financial services provided for herein, encouraging customers and prospects to effectively use the financial services, aiming at providing top-quality services to the customers, forming a positive image of the Bank and the banking system, raising public awareness of the financial and related services, rendering material and other support or aid to individuals or distinct fields, paying special attention to culture, arts, science, and sports.
- 1.7. The Bank, its employees, and other persons who know the Bank's confidential information or the information that constitutes the Bank's secret shall not disclose such information for an unlimited period, except in the cases provided for in the law. The list of confidential information and the data deemed to be the Bank's secret, as well as the procedure for storing thereof and delivering to other persons, shall be set by the Board of the Bank and the legislation.
- 1.8. The Bank shall provide other entities with data and information pertaining to the financial services rendered by the Bank as well as other activities of the Bank only in cases and under the procedure laid down by the law.
- 1.9. In its activities, the Bank shall comply with the applicable legislation of the Republic of Lithuania and the institutions of the European Union regulating the activities of banks.
- 1.10. The Bank's financial year shall coincide with the calendar year.
- 1.11. The Bank shall be entitled to grant support by the procedure laid down by the laws, other legal acts, and these Articles of Association.
- 1.12. If these Articles of Association are against the imperative rules of the law or in case they do not cover certain matters, provisions of the law shall apply.
- 1.13. The following terms shall be used in the Articles of Association:
 - 1.13.1. Meeting – shall mean the general meeting of shareholders of the Bank;
 - 1.13.2. Council – shall mean the Supervisory Council of the Bank;
 - 1.13.3. Board – shall mean the Management Board of the Bank;
 - 1.13.4. Head of the Bank – shall mean the head of administration of the Bank;
 - 1.13.5. Group Companies – shall mean subsidiaries of the Bank;
 - 1.13.6. Bank Group – shall mean the Bank and the Group Companies together.

2. THE BANK'S ACTIVITIES AND FINANCIAL SERVICES PROVIDED

- 2.1. Financial services rendered by the Bank shall be as follows:
 - 2.1.1. receipt of deposits and other repayable funds;

- 2.1.2. lending (including mortgage loans);
 - 2.1.3. payment services;
 - 2.1.4. issuance and administration of, banker's drafts and other payment instruments, to the extent that these activities do not include a service mentioned in 2.1.3;
 - 2.1.5. financial lease (leasing);
 - 2.1.6. granting of financial securities and financial guarantees;
 - 2.1.7. conclusion of transactions for its own or a customer's account in connection with money market instruments (checks, drafts, deposit certificates, etc.), foreign currency, financial futures and options, instruments for setting currency exchange rates and interest rates, open-circulation securities, precious metals;
 - 2.1.8. investment services;
 - 2.1.9. financial mediation (agency activities);
 - 2.1.10. cash handling;
 - 2.1.11. credit rating services;
 - 2.1.12. rent of safe chambers;
 - 2.1.13. currency exchange (in cash);
 - 2.1.14. custody and administering of cash funds;
 - 2.1.15. consultations for companies on capital structure, production strategy, and related matters, also consultations and services related to reorganization, restructuring, and acquisition of companies;
 - 2.1.16. provision of services related to securities issues;
 - 2.1.17. issuance of electronic money;
 - 2.1.18. offset of settlements between credit institutions (clearing);
 - 2.1.19. management of investment funds, closed-end investment companies, pension funds or investment variable capital companies;
 - 2.1.20. custody, accounting, and management of financial instruments for the account of customers, including assets custody and other related services such as cash or financial collateral management.
- 2.2. The Bank shall provide licensed financial services listed above provided that it holds the relevant license issued under the procedure laid down by the law and other legal acts.
- 2.3. In addition to the provision of the licensed financial services specified in this article, the Bank shall be engaged in activities or shall enter into transactions that aid in providing financial services and are otherwise directly related to the provision of financial services.

3. CAPITAL OF THE BANK

- 3.1. The capital of the Bank shall consist of equity and borrowed capital.
- 3.2. The equity capital of the Bank shall consist of:
 - 3.2.1. authorized capital (reduced by the value of repurchased own shares);
 - 3.2.2. reserve capital (reserve fund);
 - 3.2.3. capital reserve (issue difference);
 - 3.2.4. previous year's undistributed profit or loss;
 - 3.2.5. fixed tangible assets revaluation reserve;
 - 3.2.6. financial assets revaluation reserve;
 - 3.2.7. statutory reserve or reserve capital;
 - 3.2.8. reserve for the acquisition of the own shares;
 - 3.2.9. current year's undistributed profit (loss)

- 3.2.10. general reserve to cover possible losses in the assets;
 - 3.2.11. reserve to allocate shares;
 - 3.2.12. accrued other comprehensive income;
 - 3.2.13. other reserves.
- 3.3. The borrowed capital of the Bank shall consist of the funds acquired by the Bank for ownership under borrowing relations, by issuing long-term debt securities (bonds) or by making loan agreements, provided that their duration term is longer than 1 year and bear all the characteristics of a trust (subordinated) loan.
- 3.4. The authorized capital of the Bank shall be the total amount of the par values of all registered shares. The authorized capital of the Bank shall amount to EUR 192 268 027.34. The authorized capital of the Bank shall be divided into 662 996 646 ordinary registered shares. The par value of one share shall be EUR 0.29.
- 3.5. Shares of the Bank shall be uncertificated; they shall be recorded by entries in the personal securities accounts of the shareholders.

4. SHAREHOLDERS OF THE BANK, THEIR RIGHTS AND DUTIES

- 4.1. A shareholder of the Bank shall be a person who has acquired at least one share of the Bank in accordance with the procedure laid down by the law and other legal acts. All shares of the Bank shall grant equal rights. One share shall be entitled to one vote.
- 4.2. Shareholders of the Bank shall have the following property rights:
- 4.2.1. to receive a part of the Bank's profit (dividend);
 - 4.2.2. to receive funds of the Bank when the authorized capital of the Bank is reduced in order to pay Bank's funds to the shareholders;
 - 4.2.3. to receive shares free of charge when the authorized capital is increased from the Bank's funds, except the cases provided for by the law;
 - 4.2.4. in case the shareholder is a natural person - to bequeath all or a part of his/her shares to one or several persons;
 - 4.2.5. under the terms and conditions laid down by the law, to sell or in other way dispose of all or part of the shares into other persons' ownership;
 - 4.2.6. with the pre-emptive right, to acquire newly issued shares or convertible bonds of the Bank, except in the case when the Meeting decides to revoke the pre-emptive right to all the shareholders under the procedure laid down by the law;
 - 4.2.7. to lend to the Bank under the procedures laid down by the laws;
 - 4.2.8. to receive a part of the assets of the Bank under liquidation;
 - 4.2.9. other property rights provided for by the law.
- 4.3. The rights specified in paragraphs 4.2.1, 4.2.2, 4.2.3, and 4.2.6 shall be vested in the persons who were shareholders of the Bank at the close of the tenth working day after the Meeting adopted the relevant resolution.
- 4.4. Shareholders of the Bank shall have the following non-property rights:
- 4.4.1. to participate in the Meetings;
 - 4.4.2. to submit to the Bank the issues related to Meeting agenda in advance;
 - 4.4.3. to vote in the Meetings by the rights granted by the shares;
 - 4.4.4. to receive information on the Bank, as provided for in the Law on Companies;
 - 4.4.5. to apply to court with the claim in cases laid down by the laws;
 - 4.4.6. to receive the information on the Bank referred to of Article 89(6) of the Law on Markets in Financial Instruments;
 - 4.4.7. other non-property rights set forth by the law.

- 4.5. If a shareholder requests so in writing, the Bank shall provide publicly available information and documents to the shareholder free of charge. In the event the shareholder requests other documents and information that is reasonably needed for the shareholder to comply with the mandatory requirements provided for in other legislation, the Bank has the right to request the shareholder to reimburse the costs arising from the provision of such documents/information.
- 4.6. A share shall not be divisible into fractions. In case one share belongs to several owners, all such owners shall be deemed a single shareholder. In this case, the shareholder shall be represented by one of the owners by virtue of a notarised power of attorney. All owners of the share shall be jointly and severally liable for the obligations of the shareholder.
- 4.7. Shares shall be subscribed, paid up, and transferred in accordance with the law.

5. BODIES OF THE BANK

- 5.1. Bodies of the Bank shall be as follows: the Meeting, the Council, the Board, and the Head of the Bank.
- 5.2. The Board and Head of the Bank shall be the managing bodies of the Bank.
- 5.3. The managing bodies of the Bank shall act only in the interests of the Bank and its shareholders, shall observe laws and other legal acts, and shall comply with the Articles of Association.

6. GENERAL MEETING OF SHAREHOLDERS

- 6.1. The persons who are shareholders of the Bank at the close of the accounting day of the Meetings shall be entitled to participate and vote at the Meeting or repeated Meeting in person, except in the statutory exceptions, or be represented by persons authorized by them or persons with whom an agreement on the assignment of the voting right is made. The shareholder's right to participate in the Meeting also includes the right to speak and to ask. Board members, Council members, the Head of the Bank, the inspector of the Meeting, the auditor who draws up the auditor's opinion and audit report on financial statements, shall also be entitled to participate and speak at the Meeting.
- 6.2. Accounting day of the Meeting shall be the 5th working day before the Meeting or the 5th working day before the repeated Meeting.
- 6.3. The Meeting shall have the exclusive right to:
 - 6.3.1. amend the Articles of Association, save for the cases provided for in the law;
 - 6.3.2. change the seat of the Bank;
 - 6.3.3. elect the Council members;
 - 6.3.4. revoke the Council or its individual members;
 - 6.3.5. elect and revoke the audit company performing the audit of the annual financial statements set the terms of payment for audit services;
 - 6.3.6. approve the annual financial statements of the Bank, except for the exceptions established by law;
 - 6.3.7. set the class, number, par value and minimum issue price of the shares issued by the Bank;
 - 6.3.8. issue convertible bonds;
 - 6.3.9. cancel the pre-emptive right to acquire shares or convertible bonds of the Bank of a given issue for all of the shareholders;
 - 6.3.10. convert the Bank's shares from one class into another, approve the conversion order;
 - 6.3.11. decide on the distribution of profit/loss;
 - 6.3.12. decide on the formation, use, reduction, and cancellation of reserves;
 - 6.3.13. increase of the authorized capital;
 - 6.3.14. decrease of the authorized capital, except for the cases provided for by the law;

- 6.3.15. decide on the acquisition by the Bank of its own shares;
 - 6.3.16. decide on approval of the rules for the allocation of shares to employees and/or members of the bodies;
 - 6.3.17. decide on reorganization or spin-off of the Bank and approval of the terms of such reorganization or spin-off except for cases provided for in the Law on Companies;
 - 6.3.18. restructure the Bank;
 - 6.3.19. liquidate the Bank, cancel the liquidation, except for the cases provided for by the law;
 - 6.3.20. decide on approval of the Remuneration Policy;
 - 6.3.21. change the number and the nominal value of shares of the same class issued by the Bank without changing the amount of the authorized capital;
 - 6.3.22. decide on the restructuring of the Bank in the cases provided in the Law on Insolvency of Legal Persons;
 - 6.3.23. elect and revoke the liquidator of the Bank, except for the cases provided for by the law.
- 6.4. The Meeting may also decide on other matters assigned to its competence under the Law on Companies, other legal acts, and these Articles of Association.
- 6.5. The procedure for convening the Meeting, determining the quorum at the Meeting, voting at the Meeting, and making decisions therein, as well as other matters relating to the Meeting and its activities, the organization and conduct of the Meeting, shall be governed by the Law on Companies, other legal acts applicable to the Bank, and these Articles of Association.

7. SUPERVISORY COUNCIL OF THE BANK

- 7.1. The Council shall be a collegial body supervising the activities of the Bank.
- 7.2. The Council shall consist of 8 members (at least 1/3 of which must be independent). The Council shall be elected by the Meeting for a 4-year term.
- 7.3. The Council shall be directed by its Chairperson. The Chairperson shall be elected from Council by the Council members.
- 7.4. The Council shall:
- 7.4.1. elect and remove from office the members of the Board, approve the decision of the Board on the election and removal from office of the Chairman of the Board. If the Bank is operating at a loss, the Council must consider whether the members of the Board are eligible to hold office;
 - 7.4.2. elect the members of the Audit Committee, the Risk Committee, the Nomination Committee, and the Remuneration Committee, and form other Council's committees and elect their members;
 - 7.4.3. supervise the activities of the Board and the Head of the Bank;
 - 7.4.4. analyse the Bank's income and expenses, own investments, capital adequacy issues;
 - 7.4.5. consider and approve the Rules of Procedure of the Council;
 - 7.4.6. decide on transactions with related parties as set out in the Law on Companies;
 - 7.4.7. approve the description of procedures and conditions for the assessment of transactions with related parties that are concluded under regular economic activities, as defined in the Law on Companies;
 - 7.4.8. ensure that the Bank has an effective internal control system;
 - 7.4.9. provide proposals and feedback to the General Meeting on the Bank's annual financial statements, the draft distribution of profit (loss) and the Bank's annual report, as well as on the performance of the Board and the Head of the Bank;
 - 7.4.10. provide feedback and suggestions to the General Meeting on the draft of rules for the granting of shares;

- 7.4.11. provide feedback and proposals to the General Meeting and the Board on the Bank's draft remuneration policy and draft remuneration report;
 - 7.4.12. propose to the Board and the Head of the Bank to revoke their decisions which are contrary to the laws and other legal acts, these Articles of Association, or the decisions of the General Meeting;
 - 7.4.13. approve the loan policy and determine the procedure for the granting of loans, which may be granted only with the approval of the Council;
 - 7.4.14. approve all policies relating to the Bank's activities, including the risk management policy, as well as the provisions for the selection of the members of the Council and the Board;
 - 7.4.15. consider and approve the Bank Group's activity strategy, analyse and evaluate information on the implementation of the activity strategy, report to the annual General Meeting on the implementation of the activity strategy;
 - 7.4.16. approve the Bank Group's annual objectives;
 - 7.4.17. approve decisions to change the nature of Bank's main activities or to discontinue its activity (except where such actions are required under the laws of the Republic of Lithuania);
 - 7.4.18. approve decisions to sell the assets of the Bank and Group Companies in one or more interrelated transactions if the value of such assets exceeds 3 % of the Bank's Tier 1 capital, with exceptions provided by the Council;
 - 7.4.19. approve decisions on operating costs and projects of the Bank and Group Companies in one or more interrelated transactions if their amount exceeds 3 % of the Bank's Tier 1 capital with exceptions provided by the Council;
 - 7.4.20. approve decisions for the Bank to become a founder or participant of other legal entities, with exceptions provided by the Council;
 - 7.4.21. approve decisions to establish branches and representative offices of the Bank and to terminate their activities;
 - 7.4.22. approve decisions on the appointment and removal from office of the Head of the Bank;
 - 7.4.23. determine the list of transactions and decisions, of the conclusion or implementation of which must be approved by the Council and/or the Board; when the conclusion or implementation of transactions and decisions must be approved by the Council – the Council shall decide to approve or disapprove the conclusion or implementation of such transactions and decisions;
 - 7.4.24. adopt decisions attributed to the competence of the Council in accordance with the internal legal acts approved by the Council, which must be adopted by the Council in accordance with the laws, these Articles of Association and the decisions of the General Meeting;
 - 7.4.25. decide on other matters of supervision of the activities of the Bank and its management bodies which are assigned to the competence of the Council in the Articles of Association, as well as in the decisions of the General Meeting.
- 7.5. The resolution of the Council shall be adopted if more votes for it are received than the votes against it, unless otherwise provided in these Articles of Association.
- 7.6. All other matters relating to the procedure for the formation of the Council, the competence of the Council, the procedure for decision-making and other matters relating to the Council and its activities which are not regulated by these Articles of Association shall be governed by the Law on Companies, the Law on Banks and other legal acts applicable to the Bank, the Rules of Procedure of the Council and other internal regulations of the Bank.

8. THE BOARD OF THE BANK

- 8.1. The Board shall be a collegial managing body of the Bank consisting of 8 members.
- 8.2. The Board shall be elected by the Council for a term of 4 years.

- 8.3. The Board shall elect the Chairperson of the Board and deputies of Board's Chairperson from among its members.
- 8.4. The Board shall consider and approve:
 - 8.4.1. annual report of the Bank;
 - 8.4.2. the structure of the Bank's management and positions;
 - 8.4.3. regulations of the branches, representative offices and other divisions of the Bank;
 - 8.4.4. procedure for loan granting by the Bank, following the loan granting policy approved by the Council;
 - 8.4.5. procedure for issuing guarantees, sureties and assuming of other liabilities;
 - 8.4.6. procedure for writing-off of loans and other debt liabilities;
 - 8.4.7. regulations of loan committee and risk management committee of the Bank;
 - 8.4.8. regulation for participation and voting at the Meeting by electronic means;
 - 8.4.9. Rules of Procedure of the Board.
- 8.5. The Board shall:
 - 8.5.1. elect (appoint) and remove from office the Head of the Bank and deputies of the Head of the Bank.
 - 8.5.2. set the salary of the Head of the Bank, approve regulations by positions, apply incentives and impose penalties on the Head of the Bank.
- 8.6. The Board shall determine the information to be considered the Bank's commercial secret and confidential information.
- 8.7. The Board shall adopt:
 - 8.7.1. decisions on the Bank's becoming the incorporator, member of other legal entities;
 - 8.7.2. decisions on opening branches, representative offices and other divisions of the Bank as well as on termination of their activities;
 - 8.7.3. decisions on the investment, transfer or lease of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
 - 8.7.4. decisions on the mortgage or hypothecation of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
 - 8.7.5. decisions on offering guarantee or surety for the discharge of obligations of other entities, when the amount of the obligations exceeds 1/20 of the Bank's authorized capital;
 - 8.7.6. decisions on the acquisition of long-term assets the price whereof exceeds 1/20 of the Bank's authorized capital;
 - 8.7.7. decisions on issuing of non-convertible bonds;
 - 8.7.8. decisions on other matters it has to consider or resolve under the law or the Articles of Association.
- 8.8. The Board shall establish:
 - 8.8.1. terms for issue of the shares of the Bank;
 - 8.8.2. procedure for issuing the bonds of the Bank. When the Meeting adopts a resolution regarding issuing of convertible bonds, the Board shall be entitled to establish additional terms of the issuing and to approve bond subscription agreements, power of signature whereof is vested in the Head of the Bank or his/her authorized person;
 - 8.8.3. procedure and cases of employment with the Bank, when the employees are engaged subject to the Board's approval.
- 8.9. The Board shall carry out the resolutions adopted by the Meeting and the Council.
- 8.10. The Board shall analyse and evaluate the material submitted by the Head of the Bank on:
 - 8.10.1. The Bank's strategic business plan and information on the implementation thereof;

- 8.10.2. Organising of the Bank's activities;
- 8.10.3. Financial situation of the Bank;
- 8.10.4. Results of business activities, income and expenditure estimates, stock-taking data and other records of the changes in assets.
- 8.11. The Board shall analyse, assess:
 - 8.11.1. the Bank's annual financial statements and draft of the profit/loss distribution and, together with Bank's annual report, shall submit them, together with proposals and comments, to the Council and the Meeting;
 - 8.11.2. the draft rules for the allocation of shares and the draft remuneration policy and shall submit them to the Council and the Meeting, together with its feedback and proposals thereon.
- 8.12. The Board shall also address other matters of the Bank's activities if by law or under the present Articles of Association they have not been attributed to the competence of other managing bodies.
- 8.13. The Board shall also have such other competences as may be provided for by laws and these Articles of Association, as well as such competences as may be assigned to the Board by the Council and as may be laid down in the procedures adopted by the Board.
- 8.14. All other matters relating to the determination of the quorum of the meetings of the Board, the procedure for the formation of the Board, the procedure for the adoption of decisions, and other matters relating to the Board and its activities that are not regulated by these Articles of Association shall be governed by the Law on Companies, the Law on Banks, other applicable legal acts, the Rules of Procedure of the Board and the internal legal acts.
- 8.15. The chairperson of the Board shall simultaneously act as the Head of the Bank or deputy of the Head of the Bank; deputies of the chairperson of the Board shall simultaneously act as the Head of the Bank or the deputy of the Head of the Bank. The Board members can also simultaneously hold other positions in the Bank in accordance with relevant employment contracts concluded with them.

9. HEAD OF THE BANK

- 9.1. Head of the Bank shall be a single-person managing body of the Bank. Head of the Bank shall have at least one deputy. Both the Head of the Bank and his/her deputy must be the members of the Board.
- 9.2. The Head of the Bank shall:
 - 9.2.1. arrange day-to-day activities of the Bank;
 - 9.2.2. recruit and dismiss employees of the Bank, conclude and terminate employment contracts with them, apply incentives and impose penalties on them. The Head of the Bank shall be entitled to authorize another Bank employee for carrying out the aforementioned actions;
 - 9.2.3. without a special authorization represent the Bank in its relations with other persons, in court and arbitration;
 - 9.2.4. grant and revoke powers of attorney for representing the Bank and procurements;
 - 9.2.5. issue orders;
 - 9.2.6. perform other actions necessary to perform his/her functions, to implement decisions of the Bank's bodies and to ensure the Bank's activities.
- 9.3. The Head of the Bank shall be responsible for:
 - 9.3.1. arrangements on the Bank's performance and achievement of its objectives;
 - 9.3.2. compiling of the annual financial statements and drawing up of the Bank's annual report;
 - 9.3.3. drafting the remuneration policy, the remuneration report and the rules for the allocation of shares;
 - 9.3.4. making of a contract with an audit company;
 - 9.3.5. delivery of information and documents to the Meeting, the Board and the Council in the cases provided for by the law or upon their request;

- 9.3.6. delivery of the Bank's documents and data to the manager of the Register of Legal Entities;
 - 9.3.7. delivery of the documents to the Bank of Lithuania and to the Central Securities Depository;
 - 9.3.8. public announcement of the information established by the law and other legal acts, in the sources specified in the Articles of Association;
 - 9.3.9. submission of information to the shareholders;
 - 9.3.10. drafting of the procedures for participation and voting at the Meeting by electronic means;
 - 9.3.11. drafting of the procedures and conditions for the valuation of transactions with related parties which are carried out in the ordinary course of business at arm's length;
 - 9.3.12. performance of other duties prescribed by the law and legal acts, these Articles of Association and work regulations by position established by the Head of the Bank.
- 9.4. The Head of the Bank shall act on the Bank's behalf and shall be entitled to enter into transactions at his/her sole discretion, save for the exceptions stated herein or in the resolutions of the bodies of the Bank.
- 9.5. The Head of the Bank and the Deputy, acting jointly and having the same opinion, shall be entitled to enter into subordinated loan agreements specified in par. 8.13.3 to 8.13.6 above, provided that the Board has approved the entering into such transactions. If the procedures of the Bank and resolutions of the Council require the approval of the Council for entering into the transactions referred to in the paragraph, the Head of the Bank and his/her deputy shall only be entitled to conclude such transactions only upon obtaining the approval of the Council.
- 9.6. The Head of the Bank and his/her deputy, failing to perform or performing improperly their duties prescribed by legal acts or the Articles of Association, shall be liable in accordance with the law, the Articles of Association and the contracts made with the Bank. Liability of other employees of the Bank in connection with any damage incurred by the Bank through the fault of such employees shall be established under the law of the Republic of Lithuania.

10. BRANCHES, REPRESENTATIVE OFFICES AND OTHER DIVISIONS OF THE BANK

- 10.1. The Bank (in the relevant cases holding the necessary licenses) shall be entitled to open branches and representative offices within and outside the Republic of Lithuania.
- 10.2. The Bank shall also be entitled to open other separate divisions of the Bank (customer service units, etc.) and work places and to set up automated outlets.
- 10.3. The Board shall adopt resolutions regarding incorporation, merger and closing of branches, representative offices and other separate divisions of the Bank with the prior approval of the Council. The Board shall approve the by-laws of branches, representative offices and other separate divisions of the Bank with the prior approval of the Council.
- 10.4. The Board shall establish the procedure for appointment of the heads of branches and representative offices of the Bank, approve candidacies proposed by the Head of the Bank to the posts of the heads of the branches and representative offices of the Bank.
- 10.5. Branches, representative offices and other separate divisions of the Bank can have a stamp. They shall act in accordance with the laws, other legal acts and the Articles of Association, without exceeding the powers granted by the Bank, following the regulations approved by the Board. The powers granted shall be stated in the relevant regulations.
- 10.6. Operations performed by the branches and other separate divisions of the Bank shall be included in the Bank's balance sheet.
- 10.7. Customer service departments shall be territorial divisions of the Bank located in places other than the Bank's seat, acting without exceeding the powers granted by the Bank and following the regulations approved by the Bank.

11. COMMITTEES OF THE BANK

- 11.1. The Bank shall have the following standing non-structural subdivisions: a loan committee, an audit committee, a remuneration committee, a nomination committee, a risk committee, and a risk

management committee. The Bank may also have other committees provided for in the Bank's internal regulations.

- 11.2. Procedure for forming, acting and competence of the committees shall be established in accordance with legal acts, these Articles of Association, regulations of the committees and other documents approved by the bodies of the Bank.

Committees established by the Council

- 11.3. In compliance with the law and regulations of the supervisory authorities, the composition, competences and performance of the audit committee, the remuneration committee, the nomination committee and the risk committee shall be approved by the Council. The Council shall have the right to establish other committees, in such case the Council shall determine their competencies and operating procedures, as well as approve their regulations.
- 11.4. The audit committee shall address the matters related with improving of the internal control system of the Bank and work improvement of the internal audit subdivision, shall ensure independence of performance of the internal audit subdivision, organize the selection of an external audit firm, coordinate allocation of the auditable fields between the internal and external auditors, consider other matters provided for in the legal acts of supervision authorities and regulations of the audit committee. In compliance with the legal acts of supervisory authorities, the audit committee shall be formed, its competence and performance shall be defined, regulations approved, and performance supervised by the Council.
- 11.5. The remuneration committee shall assess the variable remuneration policy, practices and incentives established for the management of the Bank's risks, capital and liquidity, supervise the independent control functions including remuneration to managers in charge of risk management and compliance function, draft resolutions on variable remuneration, advise the Council on the gender neutrality of remuneration policies and perform other functions provided for in its regulations.
- 11.6. The nomination committee shall nominate and recommend, for the approval of the bodies of the Bank or for the approval of the Meeting, candidates to fill the vacancies in the Bank's bodies, shall evaluate the balance of the skills, evaluate the target number of the underrepresented gender within the Bank's bodies, knowledge and experience of the members of the bodies of the Bank and suitability for the position, shall submit respective comments and findings, shall assess the structure, size, composition, performance results and shall carry out other functions provided for in its regulations.
- 11.7. The risk committee shall advise the bodies of the Bank on the overall current and future risk acceptable to the Bank, the strategy, and shall assist in supervising the implementation of that strategy at the Bank, shall verify whether in the offering of the prices of liabilities and assets to clients, the Bank's business model and risk strategy are fully taken into account, and shall also carry out other functions provided for in its regulations.

Other committees

- 11.8. The Loan Committee shall examine loan presentation materials, decide whether or not to approve the granting of loans or changes to their terms and conditions, assess the risk of the loan, carry out the review and monitoring of loans, make proposals on the granting of loans, the improvement of the procedures for the administration of loans, and carry out such other functions as may be set out in its regulations.
- 11.9. The Risk Management Committee shall carry out functions relating to the efficiency of the Bank's operations within acceptable risk parameters and through the integrated application of interest rate, capital, and liquidity management, and shall perform such other functions as may be specified in its regulations.

12. INTERNAL CONTROLS OF ACTIVITIES OF THE BANK

- 12.1. Requirements for internal control over the activities of the Bank shall be established by the law and legal acts of the supervisory authority. the internal control over the activities of the Bank shall be ensured by a reliable and duly functioning internal control system as well as an independent and duly functioning internal audit division. The internal audit division shall be directed by the head of the internal audit division. The position of the head of the internal audit division may only be held by a natural person.

12.2. The internal audit division shall be the Bank's subdivision rendering conclusions regarding the quality and observation of the policies and procedures which shall analyse and assess the adequacy and effectiveness of the internal control system, the application of different internal control procedures, which shall check whether the risks assumed are within the risk limits set by the Bank, which shall perform special audits that are in line with the regulations of the internal audit division, also shall perform other functions set forth in its regulations. The audit committee shall set the functions of the internal audit division as well as its formation and the rules of procedure.

13. PROCEDURE FOR MAKING OF ANNOUNCEMENTS BY THE BANK

13.1. Notices of the Bank shall be announced and publicized by the Head of the Bank based on the documents and information provided.

13.2. Notices of convention of the Meeting shall be made public and related information shall be provided to the shareholders in accordance with the procedure set out in the Law on Companies and the Law on Securities.

13.3. Notices that in cases prescribed by the law and other legal acts must be public, except for the notices referred to in 13.2, shall be published in the electronic bulleting of the manager of the Register of Legal Entities according to the procedure prescribed by the Government. Notices may also be delivered to the addressee upon signed acknowledgment or sent by post (including registered post). If the laws and other legal acts prescribe any specific way of publication, notices must be published in the prescribed manner.

13.4. In the cases prescribed by the law or the Articles of Association, notices may be sent by means of communications.

14. FINAL PROVISIONS

14.1. The present Articles of Association shall come into effect after they are registered with the Register of Legal Entities under the procedure prescribed by the law and other legal acts.

14.2. Amendments to the Articles of Association shall come into effect after they are registered with the Register of Legal Entities under the procedure prescribed by the law and other legal acts.

The person authorized by the General Meeting of the Bank:

Head of the Bank

Vytautas Sinius

The Articles of Association signed on: