

**SUPPLEMENT DATED 1 DECEMBER 2022
TO THE BASE PROSPECTUS DATED 25 OCTOBER 2022**



AKCINĖ BENDROVĖ ŠIAULIŲ BANKAS

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

**EUR 250,000,000
Euro Medium Term Note Programme**

This document constitutes the first supplement (the “**Supplement**”) to the Base Prospectus for the issuance of Restricted Senior Preferred Notes of Akcinė bendrovė Šiaulių bankas (the “**Company**” or “**Issuer**”), approved by the Bank of Lithuania on 25 October 2022 (the “**Base Prospectus**”) by the decision regarding the approval of the Base Prospectus No. V 2022/(1.160.E-9004)-441-213).

This Supplement was prepared in accordance with Article 23 of the of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

This Supplement forms an integral part of the Base Prospectus and must be read in conjunction with the Base Prospectus (as supplemented and amended by this Supplement) in connection with its EUR 250,000,000 Euro Medium Term Note Programme (the “**Programme**”).

The terms with the first capital letter used in the Supplement shall have the meanings given to them in the Base Prospectus, unless stated otherwise in the Supplement.

This Supplement has been approved by the Bank of Lithuania (the “**BoL**”), which is the Lithuanian competent authority under the Prospectus Regulation. The BoL has only approved this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such 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 this Supplement. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to Notes which are to be admitted to listing on the Bond List and to trading on the Regulated Market of Nasdaq Vilnius AB.

Upon approval by the Bank of Lithuania, this Supplement will be published in the same manner as the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer, Mr. Vytautas Sinius (Chief Executive Officer), the information contained in this Supplement is in accordance with the facts and the Supplement contains no omission likely to affect its import.

Vytautas Sinius
Chief Executive Manager

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme since the publication of the Base Prospectus.

The purpose of this Supplement is to update the section “*Risk Factors*”, to supplement the subsection “*Material Contracts*” under section “*General Information*” and the subsection “*Major shareholders of the Issuer*” under section “*Description of the Issuer*” to reflect recent changes related to the upcoming merger of retail business of the Issuer.

The following amendments to the Base Prospectus are made by this Supplement:

AMENDMENTS TO THE “RISK FACTORS” SECTION

Risk Factor under the heading “*Risks associated with business development initiatives and changes to the Issuer’s operating model*” on page 10 of the Base Prospectus shall be deemed deleted in its entirety and replaced with the following:

“Risks associated with business development initiatives, possible company or portfolio acquisitions 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. As on 22 November 2022, the Issuer and Invalda INVL AB, legal entity code 121304349, registered at address Gynėjų str. 14, Vilnius, the Republic of Lithuania, signed an agreement to merge segments of their retail businesses. Following the provisions of the signed agreement, the transaction is expected to be completed until 22 November 2023. The goal of the merger is to gain a larger market and customer base, reduce competition, and achieve economies of scale. Regardless, for the implementation of this merger, the approval of the BoL is needed as well as certain anticipated changes in the activities of parties (for more information on this transaction, see *Description of the Issuer–Major shareholders of the Issuer* and *General Information–Material Contracts*).

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.”

AMENDMENT TO THE “DESCRIPTION OF THE ISSUER” SECTION

The subsection entitled “*Major shareholders of the Issuer*” of the section entitled “*Description of the Issuer*” on pages 74 and 75 of the Base Prospectus shall be deemed supplemented with the following paragraph after the “*Table 2. Shareholders of the Issuer, holding more than 5% of shares and votes of the Issuer as of the date hereof*”:

“On 22 November 2022, the Issuer and Invalda INVL AB, legal entity code 121304349, registered at address Gynėjų str. 14, Vilnius, the Republic of Lithuania, signed an agreement to merge segments of their retail businesses. Following the provisions of the signed agreement, the transaction is expected to be completed until 22 November 2023. Post the transaction, Invalda INVL AB would hold additional 62,270,383 shares of the Issuer which represents 9,39% of the Issuer’s shareholding. The Issuer would issue the new shares to be acquired by the Invalda INVL AB at EUR 0.645 per share (5% more than the Issuer’s share price on 22 November 2022 on the Nasdaq Vilnius). Following the completion of this and other planned share acquisition transactions announced, the Invalda INVL AB will increase its shareholding in the Issuer to approximately 20%.”

AMENDMENT TO THE “GENERAL INFORMATION” SECTION

The subsection entitled “*Material Contracts*” of the section entitled “*General Information*” on page 95 of the Base Prospectus shall be deemed deleted in its entirety and replaced with the following:

“Material Contracts

On 22 November 2022, the Issuer and Invalda INVL AB, legal entity code 121304349, registered at address Gynėju str. 14, Vilnius, the Republic of Lithuania, signed an agreement to merge segments of their retail businesses. Following the transaction, the Issuer, in addition to the financial services it already provides, will add the management of second and third-pillar pension and investment funds in Lithuania to its portfolio and will expand life insurance business throughout the Baltic States. The life insurance business in Lithuania, Latvia and Estonia is expected to be integrated into SB draudimas, legal entity code 110081788, registered at address Laisvės ave. 3, Vilnius, the Republic of Lithuania, a company controlled by the Issuer. The pension and investment funds business in Lithuania will be managed through a newly established company owned of the Issuer. The merged retail business would include 237,5 thousand retail clients of the INVL Group (UAB INVL Life (operating in the Republic of Lithuania, Republic of Latvia, Republic of Estonia) ir UAB INVL Asset Management)) and the management of EUR 1,04 billion of retail client assets (as at 30 September 2022), about 190 pension, investment fund management and life insurance professionals. The value of the transaction is EUR 40,2 million.

The Management Board and the Supervisory Council of the Issuer and its Audit Committee made the decisions necessary for the approval of the transaction on 22 November 2022. The Conflicts of Interest (the “COI”) were successfully managed during the process of adoption of respective decisions as two members of Supervisory Council Darius Šulnis and Valdas Vitkauskas who were in COI recused themselves from the decision taking.

The transaction is expected to be completed within one year, subject to the necessary approvals from the banking supervisory authorities and the competition supervisory authorities, the adoption of the necessary resolutions by the extraordinary shareholders' meetings of the Issuer and Invalda INVL AB, and the fulfilment of the other conditions set out in the agreement.

As the transaction signing date is 22 November 2022 and it is expected to be completed within one year from the signing (until 22 November 2023), the transaction price may be subject to the adjustments at the closing date. 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.”