

PRESS RELEASE
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Šiaulių Bankas and Invalda INVL agree deal to merge their retail businesses

Šiaulių Bankas, the largest bank with Lithuanian capital, and Invalda INVL, the leading investment management and life insurance group in the Baltic region, on 22 November 2022 signed an agreement to merge their retail businesses in order to create a modern and customer-focused next-generation financial market participant that will subsequently increase competitiveness in a market that is dominated by institutions with foreign capital and will create value for the wider Lithuanian economy.

After the closing of the transaction, the Šiaulių Bankas group, in addition to the financial services it already offers, will manage second-and third-pillar pension funds and mutual funds in Lithuania and will provide life insurance services throughout the Baltic countries. It is planned for the bank's subsidiary SB Draudimas to take over INVL's life insurance business in Lithuania, Latvia and Estonia, while the pension and mutual funds business in Lithuania will be carried out through a newly established company within the Šiaulių Bankas group.

Following completion of the transaction, the Invalda INVL group will remain active in the management of private equity and alternative investments, providing Family Office services as well as managing second-and third-pillar pension funds in Latvia.

The equity value of the transaction is EUR 40.2 million. Once the deal is completed, Invalda INVL will obtain 9.39% of the share capital of Šiaulių Bankas. To finalise the transaction, Šiaulių Bankas will issue a targeted share issue for purchase by the Invalda INVL group, at the price of EUR 0.645 per share (a premium of 5% over the bank's share price on the Nasdaq Vilnius exchange as of 22 November 2022).

Vytautas Sinius, CEO at Šiaulių Bankas, commented:

"The Šiaulių Bankas group already holds a strong market position for financing, in addition to a solid reputation for continually meeting customer needs, achieved through the largest network of customer service points in Lithuania and digital solutions, enabling customers to choose how they want to be serviced, while also ensuring the highest quality of service. Aiming for market leadership, we are also now strengthening our position in the retail business offering. By combining Šiaulių Bankas and INVL team that already has experience and knowledge of retail financial solutions needs, we will now enter a new chapter of development. This will see Šiaulių Bankas as a next-generation financial services provider, offering an extensive range of services from a single source, having flexibility to adapt to the needs of each customer and each unique solutions providing financial partner. We have no doubt that the synergy from combining experience of these two strong Lithuanian businesses will spur further competition in the market and create more economic value for Lithuania as a whole."

Darius Šulnis, President at Invalda INVL, commented:

"The merger of these retail businesses will deliver greater value for clients, employees and investors. INVL's existing clients will continue to receive professional saving, investment and life insurance solutions as well as having additional access to the bank's wider suite of services. The combined team's shared aim is for the bank's services to be the best choice available for customers. Employees, for their part, will have increased opportunities to develop and realise their potential. A bank that is actively growing, expanding its portfolio of services, maintaining high profitability and is attentive to its share value should become even more attractive to institutional and private investors."

Šulnis added:

"This deal benefits Invalda INVL shareholder's both due to anticipated faster growth in the value of the company's stake in Šiaulių Bankas and the disclosure of fair value of the INVL' retail business included in the process of the transaction. As required by international accounting standards, Invalda INVL's entire core investment management business is accounted for using the equity method which does not reflect its fair value, which is significantly higher."

The combined team of financial professionals that is being created will actively develop the retail business. Šiaulių Bankas has the largest customer service network in Lithuania, with 56 outlets in 37 Lithuanian cities. The INVL group's 237,500 retail clients and EUR1.04 billion of retail-client assets under management (as of 30 September

2022) are to be incorporated into the combined retail business, along with about 190 fund management and life insurance professionals. The Šiaulių Bankas group currently employs more than 850 financial services specialists.

After the completion of this and other announced planned share acquisitions, the Invalda INVL group's equity stake in Šiaulių Bankas will increase from the current 8% holding to approximately 20%.

At the end of September this year, Šiaulių Bankas' largest shareholders were the European Bank for the Reconstruction and Development ("EBRD"), with 20% of shares, Invalda INVL with 8.10%, ME Investicija with 5.71%, and the bank's longstanding shareholders Algirdas Butkus (with 5.33%) and Gintaras Kateiva (with 5.29%).

Earlier it has been announced that Tesonet technology group is joining the structure of the bank's shareholders, while ME Investicija, a holding company of Girteka Logistics, is increasing its ownership stake. In December last year, these companies and Invalda INVL signed independent agreements to acquire a total of 18.02% of Šiaulių Bankas's shares from the EBRD.

Completion of the merger of the retail businesses of Šiaulių Bankas and Invalda INVL is planned in late 2023. The transaction will be completed after it is approved by extraordinary meetings of the shareholders of Šiaulių Bankas and Invalda INVL respectively and after all the required regulatory permissions are obtained.

Talisman acted as the financial advisor to Šiaulių Bankas during the transaction and Ernst & Young Baltic carried out an independent valuation of Invalda INVL's retail business. Walless law firm advised Šiaulių Bankas on legal issues, while Sorainen advised Invalda INVL.

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