

**ARTICLES OF ASSOCIATION**

**of**

**Private Limited Liability Company  
Urbo Bankas**

## **Section 1. GENERAL PROVISIONS**

1.1. Private Limited Liability Company Urbo Bankas (hereinafter referred to as the "Bank") is a credit institution collecting deposits and other repayable funds from unprofessional market participants, issuing loans as well as providing other financial services and taking on the relevant risks and assuming the appropriate responsibility. The Bank was established for an indefinite period.

1.2. The name of the Bank: Private Limited Liability Company Urbo Bankas. Short version of the Bank's name: Urbo Bankas UAB.

1.3. Legal form of the Bank: private limited liability company. The Bank is a private legal entity with limited civil liability. The Bank shall be liable for its obligations with the assets owned by it or managed by the Bank on the basis of the right of trust. The Bank shall not assume liability for obligations of its shareholders and the shareholders shall only be obliged to pay the Bank for all the subscribed shares the issue price unless the applicable laws provide otherwise.

1.4. Objectives of the Bank: to generate profits by providing financial services specified herein to its customers.

1.5. The Bank, employees of the Bank and any other persons aware of the Bank's confidential information or information that is a secret of the Bank shall be obliged not to disclose such information for an indefinite period, except in cases provided for in the applicable laws.

1.6. The Bank shall present documents and information about financial services provided by the Bank as well as other activities of the Bank to other entities only in accordance with the procedure and in cases provided for in the applicable laws.

1.7. In its activities, the Bank shall be guided by the legal acts of the Republic of Lithuania and the European Union institutions regulating banking activities, and by these Articles of Association. The Bank shall organise and perform its activities on the basis of decisions of governing bodies of the Bank.

1.8. Financial year of the Bank is the calendar year.

1.9. The Bank may provide support in accordance with the applicable laws and other legislation.

1.10. In cases, where these Articles of Association conflict with the peremptory norms of the applicable laws or where they fail to regulate certain issues, provisions of the laws shall apply.

1.11. Terms used in these Articles of Association:

1.11.1. Articles of Association: these Articles of Association of the Bank;

1.11.2. Meeting: General Meeting of Shareholders of the Bank;

1.11.3. Supervisory Board: Supervisory Board of the Bank;

1.11.4. Board: Board of Directors of the Bank;

1.11.5. Head of Administration: Head of Administration of the Bank.

1.12. The Articles of Association shall be amended in accordance with the procedure laid down by law.

1.13. Register that collects and stores data of the Bank: Register of Legal Entities.

## **Section 2. FINANCIAL SERVICES OFFERED BY THE BANK**

2.1. Financial services offered by the Bank are:

2.1.1. accepting deposits and other repayable funds;

2.1.2. lending (including mortgage loans);

2.1.3. issuing and administering travellers' cheques, bills of exchange and other payment instruments;

2.1.4. payment services;

2.1.5. financial lease (leasing);

2.1.6. financial surety and guarantees;

2.1.7. entering into transactions at the Bank's expense or at the expense of a customer for money market instruments (cheques, bills of exchange, deposit certificates, etc.), foreign currency, futures and options, determining currency exchange rates and interest rates, publicly traded securities;

2.1.8. investment services;

2.1.9. financial intermediation (agency activities);

2.1.10. money management;

2.1.11. providing information and consulting on credit- and payment-related issues;

2.1.12. renting safe deposit boxes;

2.1.13. currency exchange (cash);

- 2.1.14. storing and administering monetary funds;
- 2.1.15. consulting companies on the structure of capital, production strategies and the relevant issues, as well as consulting and services associated with reorganization, restructuring and acquisition of companies;
- 2.1.16. providing services related to issuance of securities;
- 2.1.17. issuing and managing electronic money;
- 2.1.18. reckoning in payments between credit institutions (clearing);
- 2.1.19. managing investment funds, closed-ended investment companies, pension funds or variable capital investment companies;
- 2.1.20. storing, accounting, and managing financial instruments at the expense of customers, including asset storage and other relevant services, such as management of money or financial securities.
- 2.2. Licensed financial services listed herein may be provided by the Bank, if it holds a licence issued in accordance with the applicable laws and other legislation. The licence shall be stored in the Bank's office.
- 2.3. The Bank shall provide financial services and engage in other activities necessary to provide financial services, helping to provide financial services or otherwise directly connected to the provision of financial services.

### Section 3. CAPITAL OF THE BANK

- 3.1. Capital of the Bank is comprised of equity capital and borrowed capital.
- 3.2. Equity capital of the Bank is comprised of:
  - 3.2.1. authorised capital (reduced by the value of acquired own shares);
  - 3.2.2. reserve capital (reserve);
  - 3.2.3. capital reserve (difference of issue prices);
  - 3.2.4. profit or loss brought forward;
  - 3.2.5. revaluation reserve of tangible fixed assets;
  - 3.2.6. revaluation reserve of financial assets;
  - 3.2.7. mandatory reserve or reserve capital;
  - 3.2.8. special-purpose reserve to cover losses;
  - 3.2.9. reserve for the purchase of own shares;;
  - 3.2.10. profit or loss brought forward for the current year.
- 3.3. Borrowed capital of the Bank is comprised of funds acquired by the Bank on the basis of the right of ownership as a result of lending-borrowing relationships through the issue of long-term debt securities (bonds) or entry into loan agreements, if repayment period of the funds received is at least 1 year and debt securities (bonds) as well as loans received have all characteristics of a (subordinated) loan.
- 3.4. The amount of components of equity capital of the Bank specified in paragraphs 3.2.1–3.2.4 above may not be less than the minimum amount specified in the Law on Banks.
- 3.5. **The authorised capital of the Bank is the sum of the nominal values of all registered shares. The authorised capital of the Bank is EUR 58,899,526.50 (fifty eight million eight hundred ninety nine thousand five hundred twenty six euros and 50 cents). The authorised capital of the Bank is divided into 117,799,053 (one hundred seventeen million seven hundred ninety nine thousand fifty three) ordinary registered shares. The nominal value of one share is EUR 0.50 (fifty hundredths ).**
- 3.6. Shares of the Bank are uncertificated and recorded as entries in personal securities accounts of the shareholders.
- 3.7. Reserve for the purchase of own shares shall be comprised of profit of the previous financial year and shall be used to purchase own shares on behalf of the Bank.
- 3.8. Special-purpose reserve to cover losses shall be comprised of additional contributions of the shareholders. The Meeting may decide to use the reserve to cover the Bank's losses.

### Section 4. SHAREHOLDERS OF THE BANK, THEIR RIGHTS AND OBLIGATIONS

- 4.1. A shareholder of the Bank is a person who acquired at least one share of the Bank in accordance with the procedure provided for in the applicable laws and other legal acts. All shares of the Bank grant the same rights. One share gives one vote.
- 4.2. Shareholders of the Bank shall have the following property rights:
  - 4.2.1. to receive their share of the Bank's profit (dividends);
  - 4.2.2. to receive their share of the Bank's assets in case of liquidation;

4.2.3. to receive shares for free, if the authorised capital is increased using the Bank's funds, except in cases provided for in the laws;

4.2.4. to receive funds from the Bank, if the authorised capital of the Bank is reduced to pay out the Bank's funds to the shareholders;

4.2.5. in cases, where shareholder is a natural person, to bequeath all or part of their shares to one or several persons;

4.2.6. to sell or otherwise transfer all or part of their shares to other persons in accordance with the procedure and terms prescribed by the applicable laws;

4.2.7. pre-emption right in acquiring shares issued or bonds converted by the Bank, except in cases, where the Meeting decides to withdraw the pre-emption right of all shareholders;

4.2.8. to lend to the Bank in the manner prescribed by law; however, when borrowing from its shareholders, the Bank may not pledge its assets to the shareholders. When the Bank borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has their place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Bank and shareholders shall be prohibited from negotiating a higher interest rate;

4.2.9. other rights provided for in the laws.

4.3. Shareholders of the Bank shall have the following non-property rights:

4.3.1. to attend Meetings;

4.3.2. to present to the Bank questions regarding the agenda of the Meetings in advance;

4.3.3. to vote at the Meetings according to voting rights granted by the shares;

4.3.4. to receive information about the Bank specified in the Law on Companies;

4.3.5. to file a claim with the court for reparation of damage caused to the Bank and resulting from nonfeasance or malfeasance by the Head of Administration, members of the Board and the Supervisory Board of their obligations prescribed by the applicable laws and the Articles of Association as well as in other cases provided for in the laws;

4.3.6. to authorise a natural person or legal entity to represent them in dealings with the Bank and other persons;

4.3.7. other non-property rights provided for in the laws.

4.4. At the shareholder's written request the Bank shall within 7 days from the receipt of the request grant him access to information and/or submit to him copies of the following documents: the Articles of Association, sets of annual and interim financial accounts, annual and interim reports of the Bank, auditor's reports and audit reports on financial statements, minutes of the Meetings or other documents whereby the decisions of the Meeting are executed, the Supervisory Board's recommendations and responses to the Meeting, the register of shareholders, the lists of Supervisory Board and Board members, also other company documents that must be publicly accessible under law as well as minutes of the Supervisory Board and Board meetings or other documents whereby the decisions of the above-mentioned bodies have been executed, unless the said documents contain a trade/industrial secret, confidential information of the Bank. The Bank may refuse to provide the shareholder with access to and/or copies of documents relating to the Bank's trade/industrial secrets, confidential information, except in cases where the Bank's information is necessary for the shareholder to comply with the imperative requirements provided for in other legal acts and the shareholder guarantees the confidentiality of such information. The Bank shall be obliged to make available to a shareholder access to other information of the Bank and/or provide copies of documents, if such information and documents, including information and documents relating to the Bank's trade/industrial secrets and confidential information, are necessary for the shareholder to fulfil the requirements provided for in other legal acts, and the shareholder shall ensure the confidentiality of such information and documents. The Bank shall refuse to provide the shareholder with copies of documents if the identity of the shareholder who requested the documents cannot be established. The refusal to give the shareholder access to and/or to provide copies of documents shall be documented in writing by the Bank if the shareholder so requests. Disputes over a shareholder's right to receive information shall be settled by a court. Documents, copies thereof and other information of the Bank shall be furnished to the shareholders free of charge.

4.5. A share shall not be divided into parts. If one share belongs to several owners, all owners of the share shall be considered to be one shareholder. In this case, the shareholder shall be represented by one of the owners under a written proxy executed by all owners and notarised. The owners of the share shall be jointly and severally liable for the shareholder's obligations.

4.6. Shares are subscribed to, paid up and transferred in accordance with the procedure prescribed by the applicable laws.

## **Section 5. BODIES OF THE BANK**

5.1. Bodies of the Bank are: the Meeting, the Supervisory Board, the Board and Head of Administration. Governing bodies of the Bank are: the Board and Head of Administration.

5.2. Governing bodies of the Bank shall act only for the benefit of the Bank and its shareholders, comply with the laws and other legal acts and the Articles of Association.

## **Section 6. GENERAL MEETING OF SHAREHOLDERS**

6.1. Persons who are shareholders of the Bank on the date of the Meeting shall be entitled to attend and vote at the Meeting, in person (subject to exceptions provided by law) or by proxy, or through persons with whom an agreement has been made for the transfer of voting right. A shareholder's right to attend a General Meeting of Shareholders also includes the right to speak and ask questions. Members of the Supervisory Board and the Board and the Head of Administration, the auditor who prepared the auditor's report and the audit report on financial statements may attend and speak at the Meeting. Other persons who are not entitled to attend the Meeting under the laws may attend the Meeting with the consent of the Meeting.

6.2. The Meeting shall have the exclusive right to:

- 6.2.1. amend the Articles of Association, unless otherwise provided for by the applicable laws;
- 6.2.2. change the office address of the Bank;
- 6.2.3. elect the Supervisory Board or its members;
- 6.2.4. remove the Supervisory Board or its members;
- 6.2.5. select and remove the firm of auditors for the audit of annual financial statements, set terms and conditions for the payment for audit services;
- 6.2.6. appoint and remove the auditor, audit firm or independent sustainability reporting service provider to provide sustainability reporting services;
- 6.2.7. approve the set of annual financial statements, except as otherwise provided by law;
- 6.2.8. determine the class, number, nominal value and the minimum issue price of the shares issued by the Bank and other terms of issue of the Bank's shares;
- 6.2.9. take a decision:
  - 6.2.9.1. to issue convertible bonds;
  - 6.2.9.2. to withdraw for all the shareholders the right of pre-emption in acquiring the shares or convertible bonds of a specific issue of the Bank;
  - 6.2.9.3. regarding conversion of shares of one class into shares of another class, approve the description of the share conversion procedure;
  - 6.2.9.4. to change the number and nominal value of shares of the same class issued by the Bank without changing the amount of the authorised capital;
  - 6.2.9.5. regarding distribution of profit/losses;
  - 6.2.9.6. on the formation, use, reduction and liquidation of reserves;
  - 6.2.9.7. to increase the authorised capital;
  - 6.2.9.8. to reduce the authorised capital, except as otherwise provided by law;
  - 6.2.8.9. for the Bank to purchase own shares;
  - 6.2.9.10. on the reorganisation or division of the Bank, and approve the terms of reorganisation or division, except as otherwise provided by law;
  - 6.2.9.11. to restructure the Bank;
  - 6.2.9.12. to liquidate the Bank, cancel the liquidation of the Bank, except as otherwise provided by law;
- 6.2.10. elect and remove the liquidator of the Bank, except as otherwise provided by law.

6.3. The Meeting may also decide on other matters, unless these have been assigned under the Articles of Association and the laws within the scope of powers of other bodies of the Bank and provided that according to their essence these are not the functions of the governing bodies of the Bank. The Meeting may not charge other governing bodies to address the issues assigned within the scope of its powers.

6.4. The Meeting may take decisions and shall be deemed valid if attended by shareholders who hold shares carrying not less than 1/2 of all votes. In cases provided for by the applicable laws, shareholders may not vote at the Meeting. At the beginning of the Meeting, the chairperson of the Meeting shall announce whether the quorum is present. After the presence of a quorum has been established, the quorum shall be deemed to remain continuously throughout the Meeting. If a quorum is not present, a repeat Meeting must be convened in

accordance with the laws, which shall be authorised to take decisions only on the issues on the agenda of the Meeting that has not been held. The quorum requirements shall not apply to the repeat Meeting.

6.5. If in the cases specified by the applicable laws a shareholder is not entitled to vote when taking decisions on separate issues, the results of the voting on these separate issues shall be determined according to the number of votes of shareholders present at the Meeting who are entitled to vote on deciding the issue.

6.6. The shareholders present at the Meeting shall be registered in the shareholder registration list. The shareholder registration list shall indicate the number of votes granted to each shareholder by the shares held by him. Registration of the shareholders shall be organised by the Head of Administration, or a person authorised by him, and the shareholder registration list shall be signed by Chairperson and Secretary of the Meeting. Where no Secretary of the Meeting is elected, the list shall be signed by the Chairperson of the Meeting. Where all shareholders present at the Meeting voted in writing, the list shall be signed by the Head of Administration.

6.7. A person attending the Meeting and entitled to vote shall produce a document which is a proof of their personal identity. A person who is not a shareholder shall in addition produce a document certifying their right to vote at the Meeting. The requirement to produce the identity document shall not apply if the voting is held in writing, by filling in the general ballot paper, and by electronic means of communication. At the same Meeting, a proxy may represent more than one shareholder and vote differently following the instructions of each shareholder who authorised him.

6.8. A decision of the Meeting shall be considered taken if more votes of the shareholders have been cast in favour than against it, unless the laws or the Articles of Association of the company prescribe a larger majority. If a shareholder has been registered in the shareholder registration list and their votes were included in the calculation of the quorum, but the shareholder did not participate in the voting, it shall be deemed that the shareholder did not vote.

6.9. Decisions of the Meeting on issues referred to in paragraphs 6.2.1, 6.2.7, 6.2.8.1, 6.2.8.3–6.2.8.8, 6.2.8.10–6.2.8.12 shall be taken by a majority of votes, which may not be less than 2/3 of all votes held by the shareholders attending the Meeting. Decisions of the Meeting on the issue referred to in paragraph 6.2.8.2 shall be taken by a majority of votes, which may not be less than 3/4 of all votes held by the shareholders attending the Meeting with the right to vote on the relevant issue.

6.10. Voting at the General Meeting shall be decided on a show of hands. If at least one shareholder requests secret voting on an issue and shareholders attending the Meeting with at least 1/10 of votes support the request, secret voting shall be mandatory to all shareholders. Shareholders may vote in writing by filling in the ballot papers. The filled-in general ballot paper may be sent to the Bank by electronic means of communication, provided that security of the transmitted information is ensured and the shareholder can be identified. If the shareholder exercises their right to take a written vote, upon being presented for scrutiny the agenda of the Meeting and draft decisions, he shall fill in and submit to the Bank a general ballot paper notifying the Meeting whether he is “in favour” or “against” each decision. The shareholders who took a written vote in advance shall be considered as being present at the Meeting and their votes shall be included in the quorum of the Meeting and the results of voting. The general ballots papers of the Meetings which have not taken place shall be valid at repeat Meetings. A shareholder shall not be entitled to vote at the Meeting for the decision in respect of which he has expressed their will in advance in writing.

6.11. The right of initiative to convene the Meeting shall be vested in the Supervisory Board, the Board and the shareholders who have at least 1/10 of all votes.

6.12. The Meeting shall be convened on the decision of the Board. The Meeting shall be convened on the decision of the Head of Administration in cases, where the number of the Board members is not more than half of their number specified in the Articles of Association or the Board fails to convene the Meeting in the cases and within the time limits laid down in the Articles of Association.

6.13. The Meeting may be convened on the decision of the shareholders whose shares carry more than 1/2 of the votes, if the Board or, in the cases referred to in paragraph 6.12 of the Articles of Association, the Head of Administration fails to take the decision to convene the Meeting within 10 days from the receipt of the request of persons initiating the Meeting.

6.14. Meetings shall be general and extraordinary.

6.15. A General Meeting must be held every year at least within three months from the end of the financial year.

6.16. Extraordinary General Meeting must be convened if:

6.16.1. the number of the Supervisory Board members has declined to 2/3 of their number indicated in the Articles of Association or less than their minimum number prescribed by the laws;

6.16.2. equity capital of the Bank falls below 1/2 of the authorised capital specified in the Articles of Association and the issue has not been discussed at the General Meeting;

6.16.3. the audit firm terminates the contract with the Bank or is for any other reasons unable to audit the Bank's annual financial accounts;

6.16.4. this is requested by the shareholders having the right of initiative to convene the Meeting, the Supervisory Board or the Board;

6.16.5. this is requested by the supervisory authority;

6.16.6. it is necessary to deal with other issues falling within the powers of the Meeting;

6.16.7. it is required under the laws.

6.17. The body of the Bank, persons or the authority who adopted the decision to convene the Meeting shall provide the Bank with information and documents necessary to draw up a notice of the Meeting. The Head of Administration shall be required to deliver the notice of the Meeting to each shareholder against signature or to send it by registered mail no later than 21 days before the date of the Meeting. Notice of the Meeting, the agenda of which includes issues related to the application of measures of improvement of financial stability, shall be announced no later than 10 days before the date of the Meeting. Registered mail shall be sent to the address last specified by the shareholder. In case of repeat Meeting, the shareholders shall be informed as set out above no later than 5 days before the date of such Meeting. At the beginning of the Meeting, the Head of Administration shall be required to inform the shareholders about documents supporting the fact that the shareholders had been informed of the convening of the Meeting. These documents must be attached to the minutes of the Meeting.

6.18. Notices of the Meeting shall include information provided for in the laws.

6.19. The Meeting may be convened in derogation of the time limits set in paragraph 6.17 of the Articles of Association upon written consent of all the shareholders who hold shares conferring voting rights.

6.20. The Meeting shall not be entitled to take decisions on the issues that are not on the agenda except when the Meeting is attended by all shareholders who own shares conferring voting rights and no shareholder voted in writing. Only the agenda of the Meeting which was not held shall be valid at the repeat Meeting.

6.21. If the agenda of the Meeting presented in the notice of the Meeting has been supplemented, the shareholders shall be informed of the additions to the agenda the same way they were informed of the convening of the Meeting no later than 10 days before the Meeting. The announced draft agenda of the Meeting, the agenda of which includes issues related to the application of measures of improvement of financial stability, may not be amended.

6.22. Prior to discussing and voting on the issues included in the agenda, the Meeting shall deal with procedural matters, i.e. elect the Chairperson, Secretary of the Meeting, person responsible for the functions of the Inspector of the Meeting prescribed by the laws, and other matters. The Head of Administration shall act as the Chairperson of the Meeting until the Meeting elects the Chairperson of the Meeting. The election of the Secretary may be dispensed with if the Meeting is attended by less than 3 shareholders. The Chairperson and the Secretary shall not be elected if all the shareholders attending the Meeting took a written vote.

6.23. The Meeting, results of voting, decisions and other important circumstances of the Meeting shall be registered in the minutes.

6.24. The minutes of the Meeting shall be signed by the Chairperson and Secretary of the Meeting and may also be signed by the persons authorised by the Meeting. Where the Secretary of the Meeting is not elected, the minutes shall be signed by the Chairperson of the Meeting. In case all shareholders attending the Meeting voted in writing, the Head of Administration shall draw up and sign the minutes recording the votes cast. The minutes shall be drawn up and signed not later than within 7 days after the date of the Meeting.

6.25. The minutes of the Meeting must be accompanied by the documents specified in the Law on Companies.

## **Section 7. SUPERVISORY BOARD**

7.1. The Supervisory Board is a collegial body supervising the activities of the Bank. The Supervisory Board is managed by its Chairperson. The Supervisory Board comprised of 4 members shall be elected by the Meeting. During the election of the Supervisory Board members, each shareholder shall have the number of votes equal to the number of votes carried by the shares he owns multiplied by the number of members of the Supervisory Board being elected. The shareholder shall distribute the votes at their discretion, giving them in favour of one or several candidates. The candidates who receive the greatest number of votes shall be elected. If the number of candidates who received an equal number of votes is greater than the number of vacancies on the Supervisory Board, a repeat voting shall be held in which each shareholder may vote only for one of the

candidates who received an equal number of votes. The Supervisory Board shall be elected for a period of 4 years.

7.2. Only a natural person with full capacity may be a member of the Supervisory Board. New members may be elected to take up vacant positions in the Supervisory Board at the Meeting in accordance with the general procedure for a period ending upon the expiry of the term of office of the current Supervisory Board.

7.3. Prohibited from serving on the Supervisory Board shall be:

7.3.1. Head of Administration of the Bank;

7.3.2. member of the Board of the Bank;

7.3.3. an auditor, assurance specialist, employee of an audit firm or independent assurance provider who is and/or has been involved in an audit of the Bank's financial statements, a review of the sustainability disclosures made in the management report, which is not within a period of 2 years;;

7.3.4. member of the governing body of a subsidiary of the Bank;

7.3.5. a person who under the legal acts may not serve in this office.

7.4. Members of the Supervisory Board may be re-elected for subsequent term of office. There is no limitation on the number of terms of offices a member of the Supervisory Board may serve. A member of the Supervisory Board may resign from office prior to the expiry of their term of office by giving a written notice thereof to the Bank at least 14 days in advance. Bonuses may be paid to members of the Supervisory Board for their work on the Supervisory Board according to the procedure laid down in the laws. Members of the Supervisory Board may not assign their duties to other persons.

7.5. The Supervisory Board or its members shall commence in office upon the completion of the Meeting which elected the Supervisory Board or its members and shall continue in office for the period laid down in paragraph 7.1 of the Articles of Association or until a new Supervisory Board is elected and assumes the office but for not longer than the General Meeting during the final year of its term of office.

7.6. The first meeting of the Supervisory Board shall be convened, and its agenda shall be proposed by a member of the Supervisory Board appointed by the Meeting. Other meetings shall be convened by the Chairperson of the Supervisory Board. Meetings of the Supervisory Board may also be convened by a decision taken by at least 1/3 of the Supervisory Board members. Meetings of the Supervisory Board shall be convened in accordance with the procedure laid down in the Rules of Procedure of the Supervisory Board.

7.7. The Supervisory Board shall elect the Chairperson of the Supervisory Board from among its members.

7.8. The Supervisory Board shall act in accordance with the Rules of Procedure approved by it. Members of the Supervisory Board shall have equal rights.

7.9. The Supervisory Board shall be entitled to take decisions and its meeting shall be considered to have been held if attended by more than a half of the members of the Supervisory Board. The members of the Supervisory Board who voted in advance shall also be considered to have attended the meeting. Members of the Supervisory Board may issue a power of attorney in a simple written form to a member of the Supervisory Board of the Bank who shall represent them during voting at the meeting of the Supervisory Board.

7.10. The decision of the Supervisory Board shall be taken if the number of votes cast in favour of it is greater than the number of votes cast against. The decision to remove a member of the Supervisory Board from office may be taken if at least 2/3 of the Supervisory Board members present at the meeting vote in favour of it. If a member of the Supervisory Board is unable to attend the meeting, they may express their will by taking a written vote "in favour" or "against" the decision put for vote, provided that he has familiarised himself with the draft decision. Votes may also be cast by electronic means of communication, provided that security of the transmitted information is ensured and the person who cast the vote can be identified. Decisions of the Supervisory Board may also be taken by voting by a written poll if no members of the Supervisory Board take objection. During voting each member shall have one vote. In the event of a tie, the Chairperson of the Supervisory Board shall have the casting vote. If there is no Chairperson or they do not participate in the taking of the decision, the latter shall not be deemed taken in the event of a tie.

7.11. Minutes shall be kept of all meetings of the Supervisory Board. The minutes of a meeting of the Supervisory Board shall be delivered to all members of the Supervisory Board, including those who did not attend the meeting, no later than within 5 days; where this is not possible, the minutes shall be delivered as soon as possible. Each member of the Supervisory Board shall be required to confirm in writing that they have read the minutes of the meeting of the Supervisory Board and, where they do not agree with the decisions taken, to immediately express their objection in writing to the Supervisory Board.

7.12. The Supervisory Board shall:

- 7.12.1. elect the members of the Board and remove them from office. If the Bank is operating at a loss, the Supervisory Board must consider the suitability of the Board members for their office;
- 7.12.2. supervise the activities of the Board and the Head of Administration;
- 7.12.3. approve the Rules of Procedure of the Supervisory Board;
- 7.12.4. approve operational plans of the Bank;
- 7.12.5. approve policies governing the Bank's activities;
- 7.12.6. ensure that the Bank has effective internal control and internal audit systems;
- 7.12.7. establish the Audit Committee and approve its Regulations;
- 7.12.8. elect and remove the members of the Audit Committee;
- 7.12.9. approve the description of procedures and conditions for the valuation of transactions with related parties that are entered into on an arm's length basis and in the ordinary course of business, as defined in the Law on Companies;
- 7.12.10. submit its comments and proposals to the Meeting on the operating strategy, set of annual financial accounts, draft of profit or loss distribution and the Management Report of the Bank as well as the activities of the Board and the Head of Administration;
- 7.12.11. establish the procedure of lending, which may be carried out only with the consent of the Supervisory Board;
- 7.12.12. submit its proposals to the Board and the Head of Administration to revoke their decisions which are not in conformity with the laws and other legal acts, Articles of Association or the decisions of the Meeting;
- 7.12.13. address other issues assigned within its powers by the laws and Articles of Association of the company as well as by the decisions of the Meeting and the Supervisory Board;
- 7.12.14. establish a list of transactions and decisions which are not part of the Bank's ordinary activities and which may have a significant impact on its assets or liabilities and for which the Bank's governing bodies must obtain the approval of the Supervisory Board.
- 7.13. Each member of the Supervisory Board shall be required to take every possible measure to make sure that the Supervisory Board addresses issues assigned within its powers and that its decisions comply with the statutory requirements. A member of the Supervisory Board who fails to perform this duty or other duties prescribed by legal acts or who improperly performs these duties shall assume the same liability as that assumed by members of the governing bodies of the Bank under the laws, Articles of Association, agreements signed with the Bank.
- 7.14. The Supervisory Board shall not be entitled to assign or delegate its functions prescribed by the laws and the Articles of Association to other bodies of the Bank.
- 7.15. The Supervisory Board shall be entitled to ask the Board and the Head of Administration at any time to immediately submit the documents, information and other details related to the activities of the Bank.

## **Section 8. BOARD**

- 8.1. The Board is a collegial governing body of the Bank comprised of **6** members. The Board shall govern the Bank, handle its affairs, represent it and is responsible for the proper provision of financial services of the Bank in accordance with the law.
- 8.2. The procedure of work of the Board shall be laid down in the Rules of Procedure of the Board.
- 8.3. The Board shall be elected by the Supervisory Board for a term of 4 years. If individual members of the Board are elected, they shall only serve until the expiry of the term of office of the current Board.
- 8.4. Only a natural person with full capacity may be elected to serve on the Board. There is no limitation on the number of terms of offices a member of the Board may serve. Members of the Supervisory Board of the Bank may not be members of the Board. A person who is not entitled to hold such a position under the law, as well as an auditor or an employee of an audit firm, who is and/or has been involved in the audit of the Bank's set of financial statements, after which a period of 2 years has not elapsed, who has been contracted to audit the Bank's set of financial statements, shall not be allowed to serve as a member of the Board.
- 8.5. The Board shall elect its Chairperson from among its members. Bonuses may be paid to members of the Board for their work on the Board according to the procedure laid down in the laws.
- 8.6. Members of the Board may not assign their duties to other persons.
- 8.7. A member of the Board may resign from office prior to the expiry of their term of office by giving a written notice thereof to the Board at least 14 days in advance.

8.8. Meetings of the Board shall be convened by the Chairperson of the Board. Every member of the Board shall have the right of initiative to convene a Board meeting. Meetings are convened and held in accordance with the Rules of Procedure of the Board.

8.9. The Board may adopt decisions and its meeting shall be deemed to have taken place when the meeting is attended by at least 4 members of the Board. A Board member may express their will by taking a written vote "in favour" or "against" the decision put for vote, provided that he has familiarised himself with the draft decision. Votes may also be cast by electronic means of communication, provided that security of the transmitted information is ensured and the person who cast the vote can be identified. The members of the Board who voted in advance shall also be deemed to be present at the meeting. The decision of the Board shall be adopted if more votes in favour of it are received than the votes against it. Decisions of the Board may also be taken by voting by a written poll if no members of the Board take objection. During voting each member shall have one vote. In the event of a tie, the Chairperson of the Board shall have the casting vote. If there is no Chairperson or they do not participate in the taking of the decision, the latter shall not be deemed taken in the event of a tie. A member of the Board shall not be entitled to vote when the meeting of the Board discusses the issue related to their work on the Board or the issue of their responsibility. Members of the Board may issue a power of attorney in a simple written form to a member of the Board of the Bank who shall represent them during voting at the meeting of the Board of the Bank.

8.10. The Board shall draw up and consider operational plans of the Bank and present them for approval to the Supervisory Board.

8.11. The Board shall consider and approve:

8.11.1. the Bank's Management Report;

8.11.2. the management structure of the Bank and the positions of the employees of the Bank as well as the positions to which employees are recruited with the consent of the Board and positions to which employees are recruited by holding competitions;

8.11.3. regulations of branches, representative offices and individual divisions of the Bank;

8.11.4. the Regulations and composition of the Loan Committee and the Risk Management Committee;

8.11.5. procedure for write-off of loans and other debentures;

8.11.6. Rules of Procedure of the Board.

8.12. The Board shall elect (appoint) and remove from office the Head of Administration and their deputy. The Board shall fix salary of the Head of Administration and set other terms of the employment contract, approve their job description, provide incentives for them and impose penalties.

8.13. The Board shall determine the information that shall be considered to be the Bank's trade/industrial secret and confidential information.

8.14. The Board shall take the following decisions:

8.14.1. decisions for the Bank to become an incorporator or a member of other legal entities;

8.14.2. decisions to open branches, representative offices and other individual divisions of the Bank, and to terminate their operation;

8.14.3. decisions to invest, transfer or lease the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the Bank (calculated individually for every type of transaction);

8.14.4. decisions to pledge or mortgage the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the Bank (calculated for the total amount of transactions);

8.14.5. decisions to offer surety or guarantee for the discharge of obligations of other persons the amount whereof exceeds 1/20 of the authorised capital of the Bank;

8.14.6. decisions to acquire the fixed assets the price whereof exceeds 1/20 of the authorised capital of the Bank;

8.14.7. decisions to issue bonds;

8.14.8. other decisions within the powers of the Board as prescribed by the laws and the Articles of Association.

8.15. The Board shall set forth:

8.15.1. the procedure of issue of bonds of the Bank. When the Meeting decides on the issue of convertible bonds, the Board may establish additional terms of issue thereof and approve bond subscription agreements, which may be signed by the Head of Administration or a person authorised by them.

8.15.2. the procedure for recruitment of employees to the Bank and the cases where employees shall be recruited with the approval of the Board.

8.16. The Board shall execute decisions taken by the Meeting and the Supervisory Board.

8.17. The Board shall analyse and assess information provided by the Head of Administration:

8.17.1. the draft of the Bank's strategic plan and information on its implementation, and together with feedback and proposals submits to the Supervisory Board;

8.17.2. information on the organisation of the Bank's activities;

8.17.3. information on the financial situation of the Bank;

8.17.4. information on the results of economic activities, revenue and cost estimates, inventory data and other data pertaining to the accounting of changes of the assets.

8.18. The Board shall analyse and assess a set of annual financial accounts and draft of profit or loss distribution of the Bank and shall present them to the Supervisory Board and the Meeting along with the Management Report of the Bank.

8.19. The Board shall also address other matters related to the activities of the Bank, if these are not within the powers of other bodies of the Bank under the laws or the Articles of Association.

8.20. The Board shall be responsible for the timely convening and holding of the Meetings and for the performance of other functions assigned within the powers of the Board.

8.21. The Board must submit to the Supervisory Board the documents, data and other information related to the activities of the Bank requested by it.

8.22. Minutes shall be taken of all meetings of the Board in accordance with the procedure prescribed by the laws. The minutes of a meeting of the Board shall be delivered to all members of the Board, including those who did not attend the meeting, no later than within 5 days; where this is not possible, the minutes shall be delivered as soon as possible. Each member of the Board shall be required to confirm in writing that they have read the minutes of the meeting of the Board and, where they do not agree with the decisions taken, to immediately express their objection in writing to the Board.

8.23. The Board shall continue in office for the period laid down in the Articles of Association or until a new Board is elected and assumes the office but for not longer than the General Meeting during the final year of its term of office. The Supervisory Board may remove from office the entire Board or its individual members before the expiry of their term of office.

8.24. The Chairperson of the Board shall govern the activities of the Board, convene meetings of the Board and perform other functions provided for in the Rules of Procedure of the Board.

8.25. The Chairperson of the Board shall also act as the Head of Administration. Members of the Board may hold other positions in the Bank under employment contracts signed with them.

8.26. Each member of the Board shall be required to take every possible measure to make sure that the Board addresses issues assigned within its powers and that its decisions comply with the statutory requirements. A member of the Board who fails to perform this duty or other duties prescribed by legal acts or who improperly performs these duties shall assume liability under the laws, Articles of Association, agreements signed with the Bank.

## **Section 9. HEAD OF ADMINISTRATION**

9.1. The Head of Administration is a single-person governing body of the company. The Head of Administration shall have at least one deputy.

9.2. The Head of Administration and their deputy must be natural persons. A person may not be the Head of Administration or their deputy if under the laws or other legal acts they are not entitled to hold the position.

9.3. The employment contract shall be concluded with the Head of Administration and their deputy. The contract with the Head of Administration shall be signed on behalf of the Bank by a member authorised by the Board. The contract with the Deputy Head of Administration shall be signed on behalf of the Bank by the Head of Administration. If the Board adopts the decision to remove the Head of Administration or their deputy from office, their employment contracts shall be terminated.

9.4. The Head of Administration shall:

9.4.1. organise daily activities of the Bank;

9.4.2. hire and dismiss employees of the Bank, conclude and terminate employment contracts with them, provide incentives and impose penalties. The Head of Administration may authorise another employee of the Bank to carry out functions specified herein;

9.4.3. without a separate authorisation, represent the Bank in dealings with other persons, in courts and arbitration tribunals;

9.4.4. issue and withdraw powers of attorney for representation of the Bank and proxies;

9.4.5. passes orders;

9.4.6. carry out other activities necessary to perform their functions, execute the decisions of the bodies of the Bank and ensure operation of the Bank.

9.5. The Head of Administration shall be responsible for:

9.5.1. the organisation of activities and the implementation of objectives of the Bank;

9.5.2. the drawing up of a set of annual financial accounts and the drafting of the Management Report of the Bank;

9.5.3. drafting a description of procedures and conditions for the valuation of arm's length transactions with related parties in the ordinary course of business;

9.5.4. the conclusion of the contract with the firm of auditors, contracting with an auditor, audit firm or independent sustainability reporting service provider when the management report is required to include sustainability disclosures under the Companies and Groups Act;

9.5.7. the submission of information and documents to the Meeting, the Supervisory Board and the Board in cases laid down in the laws or at their request;

9.5.8. the submission of documents and particulars of the Bank to the manager of the Register of Legal Entities;

9.5.9. submission of documents to the Bank of Lithuania and the Central Securities Depository;

9.5.10. the publication of information referred to in the laws and other legal acts in the sources specified in the Articles of Association;

9.5.11. the submission of information to shareholders;

9.5.12. the drawing up of the list of shareholders of the Bank and its submission to the Register of Legal Entities;

9.5.13. drafting the remuneration policy;

9.5.14. the fulfilment of other duties laid down in the laws and legal acts as well as in the Articles of Association and the job description of the Head of Administration.

9.6. The Head of Administration shall act on behalf of the Bank and shall be entitled to enter into transactions at their own discretion in all areas of activity of the Bank, except in cases specified in the laws, Articles of Association or procedures of the Bank, where entry into certain transactions requires a decision or consent of other bodies of the Bank. In cases, where entry into such transactions requires a decision or consent of the relevant body of the Bank, the Head of Administration may enter into such transactions only after obtaining the decision or consent of such body.

9.7. Transactions specified in paragraphs 8.14.3–8.14.6. of the Articles of Association may be entered into by the Head of Administration and their deputy, acting together and sharing the same opinion, provided that the Board has taken a decision to enter into such transactions.

9.8. In cases, where the Head of Administration is absent due to a business trip, vacation or sickness, their functions shall be performed by a deputy appointed by the appropriate order.

9.9. Should the Head of Administration and/or their deputy fail to perform their duties under the legal acts or Articles of Association, or should they perform such duties improperly, they shall assume liability under the laws, Articles of Association, agreements signed with the Bank. Liability of other employees of the Bank for damages caused to the Bank through their fault is specified in the laws of the Republic of Lithuania.

## **Section 10. PROCEDURE OF TAKING DECISIONS REGARDING OPENING OF BRANCHES, REPRESENTATIVE OFFICES AND OTHER INDIVIDUAL DIVISIONS OF THE BANK, AND TERMINATION OF ACTIVITIES THEREOF, AND THE APPOINTMENT AND REMOVAL FROM OFFICE OF MANAGERS OF BRANCHES AND REPRESENTATIVE OFFICES OF THE BANK**

10.1. The Bank (holding the relevant permits in cases provided for in the laws) may open its branches and representative offices in the Republic of Lithuania and abroad in accordance with the procedure prescribed by the laws.

10.2. The Bank may also open other individual divisions, i.e. service divisions for the customers of the Bank or its branches, acting on behalf of the Bank in accordance with the approved regulations in localities other than that of the office of the Bank or its branch, and workplaces as well as to install automated service points.

10.3. Decisions regarding opening, merging and termination of activities of branches and other individual divisions of the Bank as well as representative offices of the Bank shall be taken by the Board. Regulations of branches, representative offices and other individual divisions of the Bank shall be approved by the Board. Operations completed by branches, representative offices and other individual divisions of the Bank shall be included in the balance sheet of the Bank.

10.4. The Board shall elect/appoint and remove from office managers of branches and representative offices of the Bank.

10.5. The Bank's branches and representative offices shall act in accordance with the laws, other legal acts, and the Bank's Articles of Association, within the scope of the powers granted to them by the Bank, and in accordance with the regulations approved by the Board. The powers conferred shall be set out in the regulations of these branches and representative offices.

## **Section 11. COMMITTEES OF THE BANK**

11.1. The Bank shall have permanent non-structural units, i.e. the Loan Committee, the Audit Committee and the Risk Management Committee. Procedures for establishment and work, and the competence of the Loan, the Audit and the Risk Management Committees is defined in the legal acts of the supervisory authority, the Articles of Association, regulations of the committees and other documents passed by the bodies of the Bank.

11.2. The Loan Committee shall consider loan application documents, decide on the issuance of loans and amendment of terms thereof, assess loan risks, monitor loans, submit proposals regarding the issuance of loans, interest rates, improvement of loan administration procedures, and perform other functions prescribed by the regulations approved by the Board. The Loan Committee shall be established, and its activities shall be controlled by the Board.

11.3. The Risk Management Committee shall identify, assess, monitor, and control all types of risk encountered by the Bank and the financial group of the Bank, and control the acceptable risk parameters as well as perform other integrated functions provided for in its regulations while controlling the interest rate, capital and liquidity. The Risk Management Committee shall be established, and its activities shall be controlled by the Board.

11.4. The Audit Committee shall hold periodic discussions regarding the effectiveness of the internal control system of the Bank, coordinate and periodically assess the work of the internal audit, discuss the results of the internal and external audits, and perform other functions prescribed by the legal acts of the supervisory authority and the regulations of the Audit Committee. The Audit Committee shall be established, its regulations shall be approved, and its activities shall be controlled by the Supervisory Board guided by the laws and the legal acts of the supervisory authority.

11.5. Members of the committees may receive any information and documents related to the Bank's activities from the management of the Bank and all structural as well as non-structural units and employees of the Bank.

## **Section 12. INTERNAL CONTROL OF ACTIVITIES OF THE BANK**

12.1. Requirements of the internal control of activities of the Bank are defined in the laws and the legal acts of the supervisory authority. The internal control of activities of the Bank shall be ensured by a reliable and properly functioning internal control system as well as an independent and properly functioning Internal Audit Division of the Bank. The Internal Audit Division shall be managed by the Head of the Internal Audit Division. Only a natural person may act as the Head of the Internal Audit Division.

12.2. The Internal Audit Division of the Bank shall be a division of the Bank developing assessment methods for the internal control system, examining and assessing whether the internal control system of the Bank is appropriate and effective, and how individual internal control procedures are applied, checking whether the risk taken on is within the limits specified by the Bank, and how requirements of the legal acts and the supervisory authority are complied with, how the operating strategy of the Bank and policies of the Bank are being implemented, how procedures of the Bank are being complied with, and performing other functions prescribed by its regulations. Procedures for establishment and work of the Internal Audit Division as well as its regulations shall be approved by the Audit Committee.

## **Section 13. PROCEDURE FOR PUBLISHING THE NOTICES OF THE BANK**

13.1. The Notices of the Bank shall be published and disseminated by the Head of Administration in accordance with the documents and information presented to them.

13.2. Notices which, in the cases stipulated by laws and other legal acts, must be made public shall be published in an electronic publication intended for the public notices, which is issued by the manager of the Register of Legal Entities in accordance with the procedure established by the Government. Notices may also be

served on the addressee in person against signature or by mail (including registered mail). Where laws or other legal acts prescribe a particular method of publication, notices must be published in the manner specified therein.

13.2. In cases provided for in the laws or the Articles of Association, the notices may be delivered by other means of communication (e.g. in writing, by fax, e-mail).

#### **Section 14. FINAL PROVISIONS**

14.1. The Articles of Association shall enter into force from the registration thereof in the Register of Legal Entities in accordance with the procedure prescribed by laws and other legal acts.

14.2. Amendments to the Articles of Association shall be valid if registered in the Register of Legal Entities in accordance with the procedure prescribed by laws and other legal acts.

A person authorised by the Board of the Private Limited Liability Company Urbo Bankas:

Head of Administration

Marius Arlauskas

The Articles of Association were signed on \_\_\_\_\_  
(Date)