



AKCINĖ BENDROVĖ ŠIAULIŲ BANKAS

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

€300,000,000 4.853 per cent. Fixed Rate Reset Callable Senior Preferred Notes due 2028

The €300,000,000 4.853 per cent. Fixed Rate Reset Callable Senior Preferred Notes due 2028 (the "Notes") will be issued by Akcinė bendrovė Šiaulių bankas (the "Issuer") on 5 September 2024 (the "Issue Date").

The issue price of the Notes is 100 per cent. of their principal amount.

The Notes will bear interest from (and including) the Issue Date to (but excluding) the Reset Date at the rate of 4.853 per cent. per annum annually in arrear on 5 December in each year, starting on (and including) 5 December 2024. From and including the Reset Date, the Notes will bear interest at the Reset Rate of Interest determined in accordance with Condition 4 (*Interest Payments*). Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Republic of Lithuania to the extent described under "*Terms and Conditions of the Notes – Condition 8 (Taxation)*".

Unless previously redeemed or purchased and cancelled or substituted, the Notes will be redeemed at their principal amount on 5 December 2028.

The Notes may be redeemed at the option of the Issuer if a Tax Event or an MREL Disqualification Event occurs or if, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued (including, for these purposes, any Further Notes (as defined in the Conditions)). The Notes may also be redeemed on the Reset Date at the option of the Issuer. Any such redemption of the Notes would be in whole, but not in part, at their principal amount together with accrued and unpaid interest up to (but excluding) the date fixed for redemption. Any such redemption would be subject to Condition 5(b) (*Conditions to Redemption, Substitution, Variation and Purchase*). See "*Terms and Conditions of the Notes – Condition 5 (Redemption, Substitution, Variation and Purchase)*".

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list of Euronext Dublin (the "**Official List**") and to trading on the regulated market (the "**Market**") of Euronext Dublin. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**"). This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank of Ireland**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside the United States by the Joint Lead Managers (as defined in "*Subscription and Sale*") in reliance on Regulation S under the Securities Act ("**Regulation S**") and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the Securities Act.

The Notes will be issued in registered form and will be available and transferable in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will initially be represented by a global certificate in registered form (the "**Global Certificate**") which will be registered in the name of a nominee of a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or prior to the Issue Date. The Notes will be issued in the new safekeeping structure as they are intended to be held in a manner which would allow them to be recognised as eligible collateral for Eurosystem monetary policy, dependent upon the other Eurosystem eligibility criteria being met. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except in limited circumstances as described herein, definitive certificates ("**Certificates**") for Notes will not be issued in exchange for interests in the Global Certificate. See "*Summary of Provisions relating to the Notes in Global Form*".

The Notes are expected to be assigned a rating of Baa1 by Moody's Investor Services (Nordics) AB ("**Moody's**"). Moody's is established in the European Economic Area (the "**EEA**") and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**"). Moody's appears on the latest update of the list of registered credit rating agencies (as of the date of this Prospectus) published by ESMA, which can be found at <http://www.esma.europa.eu>. The rating Moody's is expected to give to the Notes will be endorsed by Moody's Investors Service Ltd., which is established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, "**EUWA**") (the "**UK CRA Regulation**").

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Reset Rate of Interest in respect of the Notes will be (subject as provided in Condition 4 (*Interest Payments*)) calculated by reference to the applicable annualised mid-swap rate for swap transactions in euro (with a maturity equal to 12 months) as displayed on Reuters page ICESWAP2 at 11.00 a.m. (Central European Time) on the Reset Determination Date and by reference to the Euro Inter-bank Offered Rate ("**EURIBOR**"), which is provided by the European Money Markets Institute (the "**Administrator**"). As at the date of this Prospectus, the Administrator appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**").

An investment in the Notes involves certain risks; for a discussion of these risks see "*Risk Factors*" below.

Joint Lead Managers

Citigroup	Erste Group
Goldman Sachs Bank Europe SE	Morgan Stanley
Šiaulių bankas	

The date of this Prospectus is 3 September 2024

IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus make no omission likely to affect its import.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Information Incorporated by Reference*").

Certain information in this Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has confirmed to Citigroup Global Markets Europe AG, Erste Group Bank AG, Goldman Sachs Bank Europe SE, Morgan Stanley Europe SE and Akcinė bendrovė Šiaulių bankas (in its capacity as a manager) (the "**Joint Lead Managers**") that this Prospectus contains all information which is required by the Prospectus Regulation; this Prospectus is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading and are based on reasonable assumptions; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading; all proper enquiries have been made to ascertain or verify the foregoing; and this Prospectus has been made available to the public as required by the Prospectus Regulation.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, Citibank, N.A., London Branch (the "**Agent**"), Citibank, N.A., London Branch (the "**Registrar**"), Citibank, N.A., London Branch (the "**Transfer Agent**") or Citibank, N.A., London Branch (the "**Agent Bank**") (the Agent, Fiscal Agent, Registrar, Transfer Agent and Agent Bank together the "**Agents**").

None of the Joint Lead Managers (except for Akcinė bendrovė Šiaulių bankas where it acts as the Issuer), the Agents or any of their respective directors, affiliates, advisers or agents have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer or any other person in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus. The Joint Lead Managers (except for Akcinė bendrovė Šiaulių bankas where it acts as the Issuer) expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Lead Managers or the Agents. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in, or incorporated by reference in, it or any other information supplied in

connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should either on its own or with the help of its financial and other professional advisers:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in, or incorporated by reference in, this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

An investment in the Notes may give rise to higher yields than a bank deposit placed with the Issuer or any of its subsidiaries acting as a deposit-taking bank. However, an investment in the Notes carries risks which are very different from the risk profile of such a bank deposit. The Notes may provide greater liquidity than a bank deposit since bank deposits are generally not transferable. Conversely, unlike certain bank deposits, holders of the Notes have no ability to require repayment of their investment unless an event of default occurs and then only in limited circumstances (see "*Terms and Conditions of the Notes*") and (ii) holders of the Notes will not have the benefit of any insurance or deposit guarantee from any government agency in Lithuania or elsewhere.

Offer restrictions

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

MiFID II Product Governance / Professional Investors and ECPs only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each

as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR Product Governance / Professional Investors and ECPs only target market: Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the COBS, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to EEA Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Stabilisation

In connection with the issue of Notes, Goldman Sachs Bank Europe SE (the "**Stabilisation Manager**"), or persons acting on behalf of the Stabilisation Manager, may over-allot Notes or effect transactions with a view to supporting

the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager, or person(s) acting on behalf of the Stabilisation Manager, in accordance with all applicable laws and rules.

General

In this Prospectus, unless otherwise specified, references to "€" or "**euro**" are to the lawful currency for the time being of the EEA. References to "**billions**" are to thousands of millions.

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

References herein to a "**Condition**" or "**Conditions**" shall be to the "*Terms and Conditions of the Notes*".

FORWARD-LOOKING STATEMENTS

Certain statements included in this Prospectus may constitute "forward-looking statements". Forward-looking statements provide the Issuer's current expectations or forecasts of future events. Forward-looking statements include statements about the Issuer's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Certain words including "anticipate", "believe", "continue", "estimate", "expect", "intend", "may", "on-going", "plan", "potential", "predict", "project", "will", "schedule", and similar words or expressions, or the negatives of those word or phrases, may identify forward-looking statements. However, the absence of those words or phrases does not necessarily mean that a statement is not forward-looking.

In addition, all statements other than statements of historical facts included in this Prospectus, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Issuer and the plans and objectives of the Issuer for its future operations (including development plans and objectives relating to the Issuer's operations), are forward-looking statements.

Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, in the "*Risk Factors*" and "*Description of the Issuer*" sections of this Prospectus.

Investors are cautioned that forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Issuer to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous estimates and assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Any forward-looking statements in this Prospectus speak only as of the date of this Prospectus, reflect the Issuer's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer's operations, results of operations, growth strategy and liquidity. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, those described in "*Risk Factors*". All of the forward-looking statements made in this Prospectus are qualified by these cautionary statements.

None of the Issuer or any employees and agents of the Issuer assumes: (i) any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect. All subsequent written and forward-looking statements attributable to the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by such cautionary statements.

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OVERVIEW

This overview refers to certain provisions of the "Terms and Conditions of the Notes" and must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole.

Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this overview.

Issuer:	Akcinė bendrovė Šiaulių bankas.
Legal Entity Identifier (LEI):	549300TK038P6EV4YU51.
Joint Lead Managers:	Citigroup Global Markets Europe AG, Erste Group Bank AG, Goldman Sachs Bank Europe SE, Morgan Stanley Europe SE and Akcinė bendrovė Šiaulių bankas.
Fiscal Agent, Agent Bank, Registrar and Transfer Agent:	Citibank, N.A., London Branch.
Notes:	€300,000,000 4.853 per cent. Fixed Rate Reset Callable Senior Preferred Notes due 2028.
Issue Date:	5 September 2024.
Issue Price:	100 per cent. of the principal amount of the Notes.
Form and Denomination:	<p>The Notes will be issued in registered form and represented upon issue by a Global Certificate which will be delivered to, and registered in the name of a nominee for, a common safekeeper for Euroclear and Clearstream, Luxembourg on or about the Issue Date. The Notes will be issued in the new safekeeping structure.</p> <p>The Global Certificate will be exchangeable for Certificates only in certain limited circumstances (see "<i>Summary of Provisions relating to the Notes in Global Form</i>").</p> <p>The Notes will be issued in denominations of €100,000 each and integral multiples of €1,000 in excess thereof.</p>
Status of the Notes:	The Notes will be senior preferred notes of the Issuer and will constitute senior, unsecured, unsubordinated, unguaranteed, direct, general and unconditional obligations of the Issuer and shall at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured obligations of the Issuer.
Interest:	The Notes will bear interest from (and including) the Issue Date to (but excluding) the Reset Date at the rate of 4.853 per cent. per annum annually in arrear on 5 December in each year, starting on (and including) 5 December 2024 (short first coupon). From and including the Reset Date, the Notes will bear interest at the Reset Rate of Interest determined in accordance with Condition 4 (<i>Interest Payments</i>).

Maturity Date:	5 December 2028 (the " Maturity Date ").
Waiver of Set-Off:	No Holder shall be entitled to exercise any right of set-off, netting, compensation, counterclaim, or retention in respect of any amount owed to it by the Issuer in respect of such Notes. See Condition 3(b) (<i>Set-off, etc.</i>).
Final Redemption:	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.
Optional Redemption:	Subject to Condition 5(b) (<i>Conditions to Redemption, Substitution, Variation and Purchase</i>), on giving not less than 15 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) in accordance with Condition 12 (<i>Notices</i>), the Registrar and the Agent, the Issuer may elect to redeem the Notes in whole, but not in part, on 5 December 2027 (the " Reset Date "), at their principal amount, together with interest accrued and unpaid to (but excluding) the date fixed for redemption. See Condition 5(c) (<i>Issuer's Call Option</i>).
Early Redemption	<p>Except as described in "Optional Redemption" above, early redemption will only be permitted, subject to Condition 5(b) (<i>Conditions to Redemption, Substitution, Variation and Purchase</i>), (a) for tax reasons, as described in Condition 5(d) (<i>Redemption Due to Tax Event</i>), (b) upon the occurrence of an MREL Disqualification Event, as described in Condition 5(e) (<i>Redemption Due to MREL Disqualification Event</i>) or (c) if, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes (as defined in the Conditions) shall be deemed to have been originally issued), as described in Condition 5(f) (<i>Clean-up Call</i>).</p> <p>In such circumstances, the Issuer may elect to redeem the Notes in whole, but not in part at any time, at their principal amount, together with interest accrued and unpaid to (but excluding) the date fixed for redemption.</p>
Substitution and Variation:	On giving not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 12 (<i>Notices</i>), the Registrar and the Agent (which notice shall be irrevocable), but without any requirement for the consent or approval of the Holders, the Issuer may at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes as provided in Condition 5(g) (<i>Substitution or Variation</i>).
Default:	The Notes will have the benefit of a default provision as described in Condition 7(a) (<i>Default</i>). Holders' remedies in the event of a default will be limited as described in Condition 7(c) (<i>Extent of Holders' Remedy</i>).
Withholding Tax:	All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (being the Republic of Lithuania as at the Issue Date) or any political subdivision thereof or by any authority therein or thereof having

power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will pay such additional amounts as will result in receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, subject to certain exceptions, as further described under "*Terms and Conditions of the Notes—Condition 8 (Taxation)*".

Rating:

The Notes are expected to be assigned a rating of Baa1 by Moody's, which is established in the EEA and registered under the EU CRA Regulation.

The rating Moody's is expected to give to the Notes will be endorsed by Moody's Investors Service Ltd., which is established in the UK and registered under UK CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, the laws of England, save that the provisions of Conditions 3 and 15(d) will be governed by, and shall be construed in accordance with, Lithuanian law.

Listing and Trading:

Application has been made for the Notes to be admitted to listing on the Official List and to trading on the Market of Euronext Dublin.

Clearing Systems:

Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**").

Use of Proceeds:

The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering materials in the United States, the EEA, the UK, Singapore and Lithuania see "*Subscription and Sale*".

Risk Factors: Investing in the Notes involves risks. See "*Risk Factors*".

ISIN: XS2887816564.

Common Code: 288781656.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. The Notes may not be a suitable investment for all investors. Prospective investors should ensure they understand the risks of investing in the Notes before they make any investment decision. They should make their own independent decision whether to invest in the Notes based upon their own judgement and advice from such of their own advisers as they consider necessary.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for assessing the market risks associated with the Notes are also described below.

The Issuer believes the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest or other amounts on or in connection with the Notes or to repay the principal amount of the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of acquiring or holding the Notes are exhaustive. Additional risks and uncertainties relating to the Issuer, the industries in which it and its subsidiaries operate and/or the Notes that are not currently known to the Issuer, or that are currently deemed immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Group and, if any such risk should arise or contingency occur, the price of the Notes may decline and investors could lose all or part of their investment. Prospective investors should also read the detailed information contained elsewhere in this Prospectus (including the documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section. Unless otherwise specified, the risks relating to the Issuer, as discussed in this section below, apply to the Issuer together with its branches and subsidiaries operating in Lithuania, as well as Latvia and Estonia (through the branches of the life insurance undertaking Gyvybės draudimo UAB "SB draudimas" ("SB Draudimas GD")).

General geopolitical risks

The Group is exposed to geopolitical conditions impacting Lithuania

Each of the Group's operating segments is affected by general geopolitical conditions. Elevated geopolitical uncertainty and widening global geo-economic polarisation are likely to have a negative influence on the overall economic landscape and financial market conditions in Lithuania and the European Union ("EU") more generally.

In February 2022, Russia initiated a war against Ukraine, in a major escalation of a conflict that had begun in 2014. Consequently, the current geopolitical situation in Russia and Belarus, marked by international sanctions and embargoes, poses an economic risk to the Baltic region. The United States, the United Kingdom and the EU have implemented substantial economic sanctions against Russia and Belarus, which have material impacts on the economic sentiments, the investment climate, international trade, the energy sector, and potentially the functioning of the banking system in Europe, including Lithuania. These effects may, in turn, lead to changes in economic or regulatory policy. Together with persisting uncertainty and elevated risks of potential escalation of the war and new sanctions, these factors may negatively affect economic activity. Any consequent policy changes or negative impact on economic activity in Lithuania, or in the countries where the Group's customers and counterparties operate, could have a direct negative impact on the Group's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

Negative macroeconomic effects triggered by these geopolitical shifts might potentially have the most significant adverse impacts on customers' ability to service their loans and on the cost for funding resources. The Issuer uses stress testing scenarios to assess such potential impacts. The Issuer's exposures to Russian, Ukrainian and Belarus

counterparties are low, though the potential severity of this risk is judged by the Issuer to be high due to uncertainties around the future consequences of this conflict on the Issuer's business.

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

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

All of the foregoing factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, as well as the Issuer's ability to fulfil its obligations under the Notes.

General business risks

The Group has significant customer and sector concentration in the real estate market

As a part of the Group's business activities, the Group finances entities operating in the Lithuanian real estate sector. As at 31 December 2023, credit exposure to entities operating in the real estate, rental and construction sectors accounted to 20.0 per cent. (as at 31 December 2022, 19.0 per cent.) of total gross loans provided by the Group before taking into account collateral held and before making allowances for credit losses. In addition to that, the Group uses real estate as a main type of collateral securing both corporate and individual loans provided. As at 31 December 2023, real estate with a fair value as recorded in the financial statements of the Group of EUR 4,972 million (as at 31 December 2022, EUR 4,039 million) was used as collateral for loans provided by the Group.

Investments in real estate are characterised by low liquidity as compared with other types of investments and such liquidity may further deteriorate in periods of economic downturn. Any potential negative development in the Lithuanian real estate market could have a negative impact on both real estate values and on transaction volumes. Such decreases in values and volumes could have an adverse effect on the Group's debtors operating in the real estate sector and could degrade the value and liquidity of real estate used by the Group as collateral. Any factors which negatively impact the real estate sector in Lithuania could result in the Group having to make significant additional impairments charges for credit losses and/or experiencing significantly reduced interest income, each of which could have a material adverse effect on the Group. The Issuer may also be unable to enforce security in an effective manner or to sell property held as collateral on favourable terms or at all. This, in turn, could have an adverse effect on the Group's business, financial condition, results of operations and prospects, as well as the Issuer's ability to fulfil its obligations under the Notes.

The Group could be adversely affected by changes in interest rates

The operations of the Group are inherently exposed to interest rate risk. There is a pricing gap between the Group's interest-rate sensitive assets and liabilities; as with all banking and similar institutions, this exposes the Group to fluctuations in interest rates.

The Group could be adversely affected by a loss or reduction of future net income following changes in interest rates, including connected to changes in price on the sale of assets or closing of positions. In the normal course of business, such interest rate risk arises due to timing differences in the maturity (for fixed rate) and re-pricing (for floating rate) of the Issuer's assets, liabilities and off-balance sheet items.

Due to differences between the Issuer's borrowing and deposit interest rates, the Issuer may face considerable interest rate risk, as changes in interest rates, yield curves and credit margins can affect the interest rate margin realised between borrowing and deposits. Changes in interest rates can also affect the Issuer as such changes can have a disproportionate or unexpected impact on the return on interest-bearing assets or the cost of interest-bearing

liabilities, or otherwise have a negative effect on the Issuer's financing costs. An increase in interest rates can affect demand for housing loans and other loan products as customers incur increased loan costs. At the same time, the Group's ability to pass on declining interest rates to its depositors is potentially limited by the actions of its competitors who may seek to increase their market share of deposits by lowering their deposit interest rates more slowly than the Group. The Issuer is also exposed to the risk that the fair value of instruments in its liquidity portfolio may be affected due to changes in credit spreads.

The amount of net interest income earned by the Group materially affects the revenues and the profitability of the operations of the Group. During the financial year ended 31 December 2023, net interest income accounted for 79.84 per cent. of the Group's total operating income (73.0 per cent. during the financial year ended 31 December 2022). Interest rates are affected by numerous factors beyond the control of the Group and it may not be possible to project or anticipate such movements or fluctuations in advance. Such factors include changes in the overall economic environment, levels of inflation and European Central Bank ("ECB") and US monetary policy decisions.

Due to unforeseen fluctuations of market interest rates there may be a mismatch between the interest income earned from lending and crediting operations of the Group and the interest costs paid on interest-bearing liabilities, which may have material adverse effect on the Group's operations, financial condition and results of operations. It is difficult to anticipate changes in the market situation and to predict the impact that these changes could have. A material change in interest rates and the Issuer's inability to maintain interest rate margins may result in lower net income and could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects, as well as the Issuer's ability to fulfil its obligations under the Notes.

The Group could be adversely affected by market risks relating to the price of its securities held for trading or investment

The Group may incur losses from its investment in securities. The Group has a substantial portfolio of securities primarily held to serve as secondary liquidity as well as smaller portfolios held either for trading purposes or for investment. As at 31 December 2023, the total securities portfolio accounted for 21.5 per cent. of the Group's assets (26.7 per cent. as at 31 December 2022). Investment grade debt securities make up the vast majority of the Group's securities portfolio (82.7 per cent. as at 31 December 2023; 92.9 per cent. as at 31 December 2022). Much of the securities portfolio is valued on an amortised cost basis (and not on a fair value basis) and serves as a secondary liquidity reserve. Certain geopolitical, economic or other factors may lead to a situation where unforeseen market fluctuations or a disappearance in a liquid market for securities may have a material adverse effect on the Group's own liquidity, financial condition, results of operations and prospects, as well as the Issuer's ability to fulfil its obligations under the Notes.

Technological advancements may be to the detriment of the Group if it is unable to compete effectively

In recent years, the banking industry has been a focus of a number of digital technology-based business initiatives and business ventures ("**fintechs**") which aim to transform the banking business model and compete with conventional banking institutions.

New technology-based market players have entered the market of banking services. Together with current market players seeking to respond to such new entrants, they may significantly change the competitive landscape of the industry, including in creating price pressure and providing a better, or alternative, customer experience via their digital channel presence. Such changes could have an adverse effect on the Issuer's business operations and profitability position in the medium to long-term.

The Issuer is aware that its current information systems may not be available or at least continue to be supported in the future (for example, the vendor of its main information system, IS Forpost, may not be able to sustain competition from other information system providers due to a decrease in the number of its clients using the system) and some of its systems, including those developed partially by the Issuer itself (for example, the systems used by the Group to value securities), do not have reliable maintenance processes in place.

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

It is important to acknowledge that while this shift minimises certain risks, it introduces new significant risks relating to the migration to the new system. Transitioning to a sophisticated SaaS cloud solution involves complex data migration, system integration, and user training. Any missteps in this process may lead to service interruptions, data integrity issues and cybersecurity vulnerabilities. Therefore, a meticulous, well-planned migration strategy is crucial. This strategy must include rigorous testing, phased rollouts where feasible, thorough training for staff, and robust contingency plans to address potential issues during the transition. By carefully managing this migration risk, the Issuer will aim to realise the full benefits of its new core banking system while minimising disruptions to its operations and services. However, there can be no assurance of a smooth migration to the new system or that the core banking system will continue functioning at all times without disruption. This may have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects, as well as the Issuer's ability to fulfil its obligations under the Notes.

Further, if the Group fails to respond to a more competitive environment by offering attractive and profitable products and service solutions, it may experience a loss of market share and a decrease in profitability.

The Group could be adversely affected by market risks relating to changes in foreign exchange rates

The Group invests in and trades securities denominated in foreign currencies and has foreign currency receivables and liabilities. However, as at the date of this Prospectus, the Group has a low volume of foreign currency deposits and equity investments and has not granted loans denominated in currencies other than euro or invested in foreign currency denominated debt securities. Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, the balance of payments between countries, the extent of any governmental surplus or deficit, and from the monetary, fiscal and trade policies pursued by the governments of the relevant currencies. Devaluation, depreciation or appreciation of foreign currency may have significant adverse effect on the value of the Group's assets denominated in foreign currency or increase the euro value of the Group's foreign currency liabilities.

The Group also calculates its foreign exchange overall net open position ("**ONOP**"), which is the higher of its total short or total long positions. As at 31 December 2023, the Group's ONOP to eligible capital ratio was 0.54 per cent. (0.07 per cent. as at 31 December 2022); the Issuer's ONOP to eligible capital ratio was 0.03 per cent. (0.07 per cent. as at 31 December 2022). However, there can be no assurance that the Issuer will not increase its ONOP over time; for example, if it initiated a greater level of foreign currency borrowings or lending in foreign currencies without effectively hedging or matching those positions.

The Issuer is subject to environmental, social and governance risks that could adversely affect its reputation, business, financial condition, results of operations and/or prospects

Regulators, investors and other market participants have become increasingly more focused on environmental, social and governance ("**ESG**") risks and, in particular, climate-related risks. There are also new and continuously evolving ESG-related regulations which apply to the Group and its counterparties.

ESG considerations are critical to the Issuer's future business and ESG risk management is set as one of the key areas within the Group's ESG strategy, which is itself an integral part of the Group's strategy. The Group monitors

ESG risks on a separate basis as well as incorporating such monitoring into existing financial and non-financial risks.

The key risks to which the Issuer is exposed are climate transition-related risks and the impact on the Issuer's loan portfolio, including:

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

The Issuer has constructed the relevant metrics for monitoring these risks and is continuously upgrading its risk management. However, there can be no assurance that these actions will be effective in mitigating the relevant risks, nor can the Issuer make any assurances that its regulators, investors or other market participants will find its efforts to be sufficient. For example, the Issuer may be required to terminate certain existing customer relationships as a result of potential exposure to ESG risks or may be subject to reputational damage if its measures are deemed to be insufficient. In addition, the increased focus on ESG matters may subject the Issuer to increased regulatory scrutiny, new disclosure requirements or other additional costs. ESG-related risks may therefore materialise and may cause a material adverse effect on the Group's reputation, business model and strategy, financial condition, results of operations and/or prospects.

Risk factors specific to banking activities of the Issuer

The Group has significant exposure to counterparty credit risk including that associated with its credit portfolio

The Group is exposed to counterparty risk arising from the potential inability of its counterparties, including customers, banks and other financial institutions, to fulfil their contractual obligations - both under transactions and services agreements entered into with the Group and under financial instruments issued to the Group.

While the risk may also materialise in relation to cash and cash equivalents held with third parties (such as deposits with banks and other financial institutions), bonds and derivatives, the key risk relates to credit exposures to customers on outstanding loans as well as other receivables and commitments. The Group's maximum exposure to credit risk before collateral held or other credit enhancements amounted to EUR 5.05 billion as at 31 December 2023 (EUR 4.58 billion as at 31 December 2022).

The quality of the assets in the Issuer's loan portfolio is affected by changes in the creditworthiness of its customers, their ability to repay loans on time or at all and the Issuer's ability to enforce its security interests on customers' collateral. Should the customers fail to repay their loans, and the value of the relevant collateral proves to be insufficient to cover the full amount of the outstanding liabilities, the Issuer's financial position, the Issuer's ability to fulfil its obligations under the Notes and the value of the Notes may be adversely affected.

Factors which may increase the risk include, in particular, bankruptcies, a lack of market or individual customer liquidity, economic downturns, inflation, adverse financial and market movements (e.g. in interest rates or foreign currency exchange rates, commodity prices, real estate prices or the implied volatility of foreign exchange options), operational failures and increased economic and political uncertainty. A reduction in the ability of the Group's counterparties to fulfil such obligations, or a default by, or even concerns about the creditworthiness and financial standing of, one or more of the Group's counterparties could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The assessment and pricing of credit risks, the real value and realisation times for collateral, the granting of lending powers and the following up of loan decisions are associated with uncertainty, which means that any value impairments realised in the loan portfolio could weaken the profitability of the Issuer's business operations and its

financial position. There can be no assurance that any provisions made will be sufficient to cover the amount of loan losses as they occur. A significant increase in the size of the Issuer's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Issuer's business, financial condition, results of operations and/or prospects.

Third order effects, which come from the Russia-Ukraine war (including higher energy prices and a global economic slowdown), impact the whole economy and may potentially have an adverse effect on the ability of customers to service their loans and on their overall cost of funding. The Issuer is closely monitoring the situation related to the Russia-Ukraine war and its direct and indirect impacts. The Issuer has no direct exposure to clients in war-affected countries. The Issuer has assessed the indirect exposure of its credit portfolio to second order effects (i.e., Lithuanian counterparties with supply, sales or ownership ties with Russia, Ukraine and Belarus) and ascertained that the overall second order effect is limited; customers with the risk assessed as medium or above comprise less than 5 per cent. of the Issuer's total loan portfolio. Monitoring has been increased for those customers that, according to the assessment, could have potential adverse effects. Most of the customers were able to decrease their second order effect during recent years by substituting vulnerable trade channels with new safe channels which are not related to countries involved in the conflict.

There is no certainty as to how the Russia-Ukraine war may develop and on its global, country and sector-specific impacts. There is therefore a probability that some of the Group's customers will have disruptions in their cash flows due to negative macroeconomic or geopolitical developments and will be unable to meet their obligations on time or at all and so the Group may incur additional credit losses as a result. A major scale deterioration in credit exposures could have a material impact on the Group's regulatory capital levels and lead to an insufficiency of capital, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, as well as the Issuer's ability to fulfil its obligations under the Notes.

The Issuer continues to use stress testing scenarios to assess such potential impacts. The potential severity of this risk is judged as high (even though the Issuer's exposures to Russian, Ukrainian and Belarusian counterparties are minor) due to uncertainties around the future consequences of this conflict on the Issuer's business and those of its counterparties.

The Group has concentrations in its loan portfolio

The operations of the Group are subject to loan portfolio concentration risk, being a risk arising from the overall spread of outstanding loan accounts over the number and variety of its clients. As at 31 December 2023, the Group's largest exposure amounted to 15.36 per cent. of regulatory tier 1 capital (31 December 2022: 11.94 per cent. of tier 1 capital) compared to a prudential regulatory limit of less than 25 per cent. of regulatory tier 1 capital. As at 30 June 2024, the three industries with the largest exposures measured by reference to the aggregate value of gross corporate non-financial loans provided by the Group were (i) real estate (29 per cent.), (ii) administrative and support services (15 per cent.) and (iii) manufacturing (13 per cent.). Exposures as at 30 June 2024 within other sectors were: (i) wholesale and retail trade (10 per cent.), (ii) construction (eight per cent.), (iii) transportation and storage (six per cent.), (iv) accommodation and food services (four per cent.), (v) agriculture (three per cent.), (vi) electricity, gas, steam supply and air conditioning (three per cent.), (vii) human health (three per cent.), (viii) professional, scientific and technical activities (two per cent.), (ix) water supply (one per cent.), (x) information and communication (one per cent.), (xi) arts and entertainment activities (one per cent.) and (xii) other sectors generally (one per cent.).

Loans to related parties make up 13.76 per cent. of tier 1 capital as at 30 June 2024. However, as at the date of this Prospectus the Issuer remained in line with its concentration limits for exposures to IFRS related parties and for internal lending (per the Bank of Lithuania definition) to CET1 (excluding subsidiaries) at less than 25 per cent. Decisions on internal lending (to executives of the Issuer and related persons) and/or lending to related parties are made in accordance with the Group's Conflicts of Interest Avoidance and Management Policy. Internal lending transactions and related party lending transactions must be concluded on normal market terms on an arm's length basis. The terms and conditions for internal lending are not permitted to be more favourable than those for

lending to other clients or to staff of the Issuer and must be within the normal risk appetite of the Issuer. Decisions on lending to related parties and internal lending in excess of EUR 500,000 must also be approved by the Supervisory Council.

Nonetheless, concentrations may have a material adverse effect on the Group's operations, financial condition and results of operations. If the concentrations are not properly managed and a severely adverse credit situation occurs in a segment where the Group has a high concentration this could lead to credit impairments and to an insufficiency of capital, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group is exposed to liquidity risk and liquidity could be significantly adversely affected should the Group be unable to raise deposits, access money and capital markets or to sell assets on favourable terms

The Issuer's business is reliant on its ability to finance its current operations on reasonable terms and to meet its obligations as these fall due, including meeting deposit withdrawals and other financial commitments. If an institution has insufficient liquidity, it may be unable to meet its obligations to its creditors. As at 31 December 2023, the Issuer's liquidity coverage ratio ("LCR") was equal to 213.65 per cent. (31 December 2022: 179.46 per cent.).

The Issuer relies on deposits from retail and corporate customers in order to service most of its liquidity needs. The volume of such liquidity is, however, dependent on factors which are beyond the Issuer's control, such as changes in general interest rates levels, household savings ratios, the propensity to save by making money deposits and changes in the tax regime applicable to bank deposits. The Issuer's liquidity position may also be affected negatively by a large and unexpected outflow of deposits. The availability of ongoing funding from customer deposits is subject to factors such as depositors' concerns relating to the economy in general, the financial services industry and the Group specifically, and any significant deterioration in economic conditions in Lithuania or the countries in which its customers and counterparties operate. Any of these factors separately or in combination could lead to a sustained reduction in the Group's ability to access customer deposit funding on appropriate terms in the future.

Notwithstanding that the Issuer's current LCR is high, in the long-term the Issuer may face the risk of not being able to raise funds from deposits or money and/or capital markets on acceptable terms or to sell assets on favourable terms, which may have an adverse effect on the Group's business, financial condition, results of operations and/or prospects. As a result, the Issuer's ability to meet its obligations under the Notes may be affected.

Business development initiatives, changes to the Issuer's operating model and business acquisitions could adversely affect its reputation, business, financial condition, results of operations and/or prospects

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. The Issuer has a project management structure in place, which aims to ensure the ongoing review of its project portfolio in order to effectively allocate the resources and intervene if needed. It is also possible that the Issuer will acquire or merge with companies or their portfolios in the future, in order to expand its business operations, for example, or to have new resources at its disposal.

Growth built on company or portfolio acquisitions is associated with certain risks, such as assessing the feasibility of planned investments and the integration of the business operations and new employees acquired. If the Issuer does not succeed in implementing such measures, future company acquisitions may have an adverse effect on the Issuer's business operations, its performance or its regulatory capital, liquidity or 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 customer 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 Group's business, financial condition, results of operations and/or prospects.

Dependency on information technology systems

The Issuer's business operations are dependent on its ability to process a large number of transactions efficiently and accurately, with uninterrupted operation of numerous information technology ("IT") systems, including computer hardware and software systems, data centres, third party telecommunications networks and the systems of third parties, while complying with applicable regulations. Any critical IT system failure, instability, material loss of service availability, material breach of data security or any other serious error could reduce the Issuer's ability to serve its customers, which could result in reputational damage, compensation costs and regulatory sanctions.

The Group has developed and uses a variety of IT systems and web-based solutions in carrying out its everyday business operations and providing services for its clients. This means that the Group is open to IT related risks over which it does not have control, including system-wide failures of communication infrastructure, quality and reliability of equipment and software supplied by third parties and other similar risks. It is possible that third-party contractors may fail to deliver the specific products and services on time and on the terms agreed with the Issuer and/or its subsidiaries. Furthermore, should the Group experience a significant cybersecurity incident or other significant disruption to its information technology systems, sensitive information could be compromised, which in turn could result in civil and administrative liability of the Group to its customers, counterparties and state authorities. In addition, potential illegal attacks on the Group's internal and external IT systems may limit access to both online and offline services of the Group, which could have a material adverse effect on the operations of the Group and its financial position. The Group may, despite its efforts, fail to mitigate all IT related risks or fail to take appropriate and effective countermeasures if its IT systems fall under attack, which in turn may subject the Group to claims for losses and regulatory fines and penalties and have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Issuer's continued ability to compete effectively in its businesses depends on its ability to attract qualified employees and to retain and motivate its existing employees

The Issuer's performance is largely dependent on the talents and efforts of highly skilled individuals. Individual employees have a high workload and complex planning of resources is required in order to prioritise both business-driven and regulatory-driven developments while simultaneously managing day-to-day operations.

The Issuer's continued ability to compete effectively in its businesses depends on the Issuer's ability to attract qualified employees and to retain and motivate its existing employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees is intense. Staff costs comprise the main part of the Issuer's annual operating costs (42.4 per cent. in 2023; 50.4 per cent. in 2022). The need for higher cost efficiency could result in a lower rate of wage increases in the coming years, which may also impact the Issuer's ability to retain or recruit employees. This may impact the Issuer's ability to take advantage of business opportunities, potential efficiencies, or profitably manage its existing or new assets. Conversely, increases in staff costs which are greater than market expectations could lead to potentially worse evaluations from investors, rating agencies and other stakeholders and impair the Issuer's ability to generate capital and attract funding.

The impact of employee-related risks could materially adversely affect the business, financial condition, results of operations and/or prospects of the Issuer.

Any deterioration, suspension, or withdrawal of one or more of the credit ratings of the Group could result in increased funding costs, may damage customer and counterparty perception, and may have other material adverse effects on the Group

Credit ratings represent the opinion of a rating agency on the credit standing or financial strength of an entity and assess the likelihood of delay and default on payments by the entity. They are significant for the Group since they

affect both the willingness of customers and other counterparties to do business with the Group and the cost and other terms on which creditors are willing to transact with the Group.

The Issuer's credit ratings do not always mirror the risk related to the Notes. Any credit rating agency may suspend its ratings, lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of the Issuer has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Issuer may be lowered. If any of the ratings assigned to the Issuer is lowered, suspended or withdrawn, the market value of the Notes may be reduced. Furthermore, such ratings may not reflect the potential impact of all risks related to the structure, market, and other factors that may affect the financial standing of the Issuer. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. The Issuer's ratings may decline as a result of adverse macroeconomic developments or regulatory activities in the countries and regions in which rated entities operate or as a result of company-specific developments or changes in the rating agencies' support assumptions. They may also decline if the sovereign credit rating of Lithuania is downgraded regardless of any direct correlation with the Issuer's activities.

The Issuer can at any time choose to stop cooperating with the relevant credit rating agency, which may result in the Issuer and its debt securities no longer being rated, unless the Issuer chooses to be rated by one or several other credit rating agencies. A decline in the rating of the Issuer or suspension or withdrawal of the rating by a rating agency may result in increased funding costs, may damage customer and other counterparty perceptions and may have other material adverse effects on the business, financial condition, results of operations and/or prospects of the Group.

The Issuer is exposed to a range of operational risks

The Issuer is exposed to operational risk and the potential for losses arising from the inadequacy or failure of internal processes and procedures, errors by employees, failures to document transactions properly or to obtain proper internal authorisations, failure to comply with legal and regulatory requirements and conduct of business rules, fraud, misconduct, information system and equipment failures and flaws, natural disasters and/or the failure of external systems operated by third parties.

Such risks include both internal risks (including theft and fraud by employees, development and process failures, business interruptions or breakdowns in information systems including in the course of technology transformation) and external risks (including property damage, cyber-attacks and fraud by customers).

The Issuer's business operations may be interrupted as a result of sudden and unforeseen events such as denial-of-service attacks against the bank's internet service, interruptions in the electricity supply and data communication systems, or fire and water damage. Risks to technology and cyber security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. These risks are also present when the Issuer relies on critical service providers (suppliers) or third party vendors or outsources certain activities, including with respect to the implementation of technologies and responding to regulatory and market changes.

The Group has implemented risk controls (including IT measures, internal controls, incident reporting procedures and incident review processes) and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures, to staff training and to developing an operational risk excellence culture, but it is not possible to eliminate entirely each of the potential operational risks that the Group faces or to detect or deter all types of fraud or misconduct. Losses from the failure of the Group's system of internal controls could have a material adverse effect on its business generally and its reputation. Damage to reputation may trigger a 'run on the bank', where a large number of depositors could withdraw their funds, which would negatively affect the Issuer's liquidity position. Any inadequate or failed internal or external risk-related processes may affect the Issuer's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

The Group is exposed to risks associated with information security and cybercrime attacks

The Group's operations rely on the correct and secure processing and communication of large amounts of information, which is often of a confidential nature. As part of its business operations, the Group records personal identifiable information and financial information that it receives from its customers. Significant costs may be incurred if information security risks materialise, including those relating to confidentiality, integrity or availability of information. Costs may also be incurred by the Group in protecting itself against breaches of data protection rules and in remediation as a result of such breaches.

The Issuer is also subject to the EU General Data Protection Regulation. If any member of the Group or any of their third-party service providers fails to store or transmit customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, the Issuer could be subject to investigative and enforcement actions by relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates or could face liability under data protection laws. Should some or all of these risks materialise, this may have an adverse effect on the reputation of the Issuer and a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer. The Issuer also expects to face new regulatory requirements, such as the EU Digital Operational Resilience Act, going forward in relation to cybersecurity. Non-compliance by the Issuer with new regulations could lead to administrative penalties or remedial measures, as well as criminal penalties under national law. Such increased regulatory engagement, supervision and enforcement is uncertain in relation to the scope, cost, consequence and the pace of change, which may adversely affect the Issuer's business, financial condition, results of operations and prospects, as well as the Issuer's ability to fulfil its obligations under the Notes.

The Issuer may be subject to cyber-attacks, more so after the Russian invasion of Ukraine in 2022. The Issuer is reliant on technology, against which there is a constantly evolving series of attacks that are increasing in terms of frequency, sophistication, impact and severity in general. The Issuer is aware of the dangers posed by 'Advanced Persistent Threats', sophisticated cyber-attacks that aim to stealthily infiltrate systems over extended periods. These state-sponsored or highly organised criminal activities are a growing concern, especially in light of geopolitical tensions.

As is the case for all major financial institutions, the Issuer's activities have been, and could continue to be, subject to an increasing risk of cyber-attacks, the nature of which is continually evolving. Digital transformation can make it a potential target for cybercrime attempts and that is primarily related to the Issuer's internet and mobile bank users and includes identity theft, unauthorised access to and disclosure of privileged and sensitive customer information, including internet bank credentials as well as payment and credit card information. Ransomware attacks have emerged as a formidable challenge, with attackers demanding a ransom in exchange for decrypting data or ceasing disruption of operations.

The Issuer could continue to experience security breaches or unexpected disruptions to its systems and services in the future. Such security breaches and unexpected disruptions could in turn result in liability towards the Issuer's customers and/or third parties. Further, work to solve such problems can cause interruptions or delays in the Issuer's customer service, which in turn could damage the Issuer's reputation, discourage customers from using the Issuer's services or cause customers to bring claims for compensation against the Issuer. Any of these situations could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

Risks associated with the market environment and macroeconomic conditions

The Group is exposed to the general market environment and economic conditions in Lithuania

The Group operates principally in Lithuania and the vast majority of the Group's assets and business are located in Lithuania. As a result, the Issuer is affected by the macroeconomic conditions and trends in the financial markets in general as well as by the economic conditions in Lithuania in particular. The economy of Lithuania is a small and open economy that is closely linked to the global economy and especially to the macroeconomic conditions

in the EU and the Nordic countries. Lithuania is member of the EU and the North Atlantic Treaty Organisation. Any deterioration in the economic environment of Lithuania, or in the countries where its customers and counterparties operate, could have a direct negative impact on the Issuer's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

During recessionary periods, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates and in ratings in the Eurozone influence its performance.

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

Should any negative development in the economy of Lithuania or in the financial markets generally occur, the demand for banking services may decrease and lead to a reduced net interest income from the banking business as well as reduced commissions from the asset management and real estate brokerage businesses. Weaker demand, an increase in unemployment or rises in interest rates may also lead to difficulties for the Issuer's customers in meeting their payment obligations, thereby causing increased defaults in the repayments of loans on time or at all, write-downs of credit exposures and loan losses. The market value of financial assets held by the Issuer may also be affected. Furthermore, investors' demand for returns may increase, thus increasing the Issuer's refinancing costs and hampering the Issuer's refinancing options. The materialisation of such risks could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

The Issuer is exposed to risks associated with the reputation of Lithuania and of other Baltic countries

Being a bank incorporated and authorised in Lithuania, the Issuer's reputation and its market perception are affected by the international reputation of Lithuania and the Baltics more broadly, especially regarding how companies from the region, particularly financial institutions from Baltic countries, are perceived globally. In recent years, Baltic countries, and Baltic financial institutions specifically, have received attention due to the emergence of several high-profile money laundering cases.

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ("**MONEYVAL**") is a regional body which is, among other things, tasked with conducting regular member country mutual anti-money laundering ("**AML**") and combating the financing of terrorism ("**CFT**") framework evaluations based on compliance with Financial Action Task Force ("**FATF**") recommendations and guidelines. These checks are not annual but are conducted in 'rounds', during each of which all countries covered by MONEYVAL are evaluated and a mutual evaluation report ("**MER**") is issued as a result. In its fifth round MER for Lithuania issued in 2018, MONEYVAL highlighted threats related to money laundering, including corruption, the significant size of the shadow economy, organised crime and widespread use of cash, and placed the country in an 'enhanced follow-up' procedure.

In 2019 the Bank of Lithuania ("**BoL**") carried out a scheduled inspection and identified shortcomings in the Issuer's processes for compliance with AML and CFT requirements. The BoL imposed a fine of EUR 880,000, which was reduced to EUR 440,000 on appeal, but neither BoL nor the Issuer identified any cases where the violations and deficiencies specified in the BoL's inspection report would have resulted in money laundering or terrorist financing. The Issuer eliminated most of the deficiencies identified by BoL before the results of the

inspection were considered by the Board of the BoL, and the remaining deficiencies were eliminated according to a plan agreed with BoL.

In December 2022, MONEYVAL published its third follow-up report, which showed the progress Lithuania had made in its AML/CFT frameworks. Specifically, improvements in the transparency of ownership of legal persons and in the powers of customs authorities were noted. Overall, Lithuania has achieved full compliance with eight of the 40 FATF recommendations and retains minor deficiencies in the implementation of 27 recommendations where it has been found 'largely compliant'. Five recommendations remain 'partially compliant' and Lithuania has no 'non-compliant' ratings. A fourth enhanced follow-up report was published in December 2023, which noted further progress made by the country. Improvement in AML/CFT co-ordination framework, particularly in relation to proliferation financing, was acknowledged. However, the report also pointed out that the rating for three other recommendations, which were also assessed, remained unchanged and continued to be rated as 'partially compliant'.

Additionally, eight countries (Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden) of the Nordic-Baltic Constituency of the International Monetary Fund ("IMF") have voluntarily taken the initiative to engage the IMF to conduct a regional analysis of money laundering and terrorist financing threats and vulnerabilities. The IMF presented the final report of its findings and recommendations in September 2023. The report gives an overall positive assessment of the region's AML/CFT frameworks and efforts in its development. It also highlights Lithuania's progress in the area. At the same time, it is noted that Lithuania must ensure close cooperation and coordination between institutions when addressing emerging challenges and notes that further efforts are needed to mitigate money laundering risks in the financial sector, particularly from the dynamic and growing fintech sector. The IMF highlighted that Lithuania's sizeable and rapidly growing virtual asset sector poses significant money laundering and terrorism financing risks. While the latest legal framework amendments have increased requirements for virtual asset service providers the IMF is of the view that, in practice, there is no market entry control in place.

The Baltic region's progress in strengthening AML/CFT frameworks is, however, indicated by high AML country rankings. In the public edition of the annual Basel AML Index published by the Basel Institute on Governance in 2023, each of Lithuania, Latvia and Estonia were placed in the top 20 lowest risk jurisdictions globally (Lithuania in ninth, Latvia – twentieth and Estonia – third place).

While, as at the date of this Prospectus, no money laundering allegations have been made against the Issuer, the reputation of other Baltic financial institutions may affect its ability to raise funding from the international capital markets on favourable terms. There is also a risk that some of the Issuer's direct or indirect counterparties (for example, correspondent banks) and/or customers may wish to terminate or limit the scope of their business relationships with Baltic financial institutions, including the Issuer, or subject Baltic financial institutions, including the Issuer, to more rigorous controls. Furthermore, it is possible that the Issuer's business partners or international or supranational authorities (for example, the FATF or the European Commission) may apply mandatory enhanced due diligence measures against financial institutions established and/or operating in any or all of the Baltic countries, thus affecting the business operations of the Issuer. The materialisation of such risks could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

The Group operates in a highly competitive market which may adversely affect its results of operations if it is unable to compete effectively

The Lithuanian banking market is dominated by several large financial institutions. These are banks that have a long history in this market and which are internationally active (SEB, Swedbank, Luminor and Citadele). Because of their size and financial strength, these banks can offer a wide range of services to their customers, invest in the latest technology, and invest in major projects. They have also built up brand loyalty and customer confidence. As a result, they represent a significant market share across banking products and services in Lithuania and the other Baltic states. Conversely, technological innovation, particularly in the fintech sector, has led to the

emergence of a significant number of new players offering alternative banking services which may not be subject to regulatory and capital requirements as burdensome as those to which the Group and other large credit institutions are subject. These newcomers, although they do not have the same scale, financial strength or heritage, are able to adapt quickly to market needs, offer innovative products, services and solutions and attract new customers. Therefore, while the large banks maintain their dominance, they also must respond to these new challenges and change their strategies. This means that competition between banks in Lithuania is intensifying and will intensify significantly in the future which may result in price pressure on the products and services offered by the Group. Increased competition for deposits may lead to a higher loans-to-deposit ratio and an increase of the Issuer's cost of funding.

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

There is no guarantee that (i) the Issuer's strategies will be sufficiently competitive or that (ii) such strategies will meet customer needs and expectations in the future as competition increases and the availability of products and services grows on the international markets, or that they will otherwise be successful. It is also possible that the Issuer may not be able to put its strategies into practice and succeed in integrating the different services from its various business areas, thus creating synergy effects between them. Additionally, changes in business strategy entail risks of their own, including in relation to operational risks, risks of insufficient training of personnel and IT risks.

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

Risks associated with the legal and regulatory environment

The Group is exposed to risks associated with the abuse of the financial system

The regulations applicable to the financial sector on the prevention of money laundering, corruption and terrorism financing have been and are subject to ongoing tightening in response to the increasing risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism.

The Issuer applies AML/CFT measures and the effectiveness of such AML/CFT measures is under the scope of regular control, internal audit and clear reporting lines (including escalation to senior management). However, the risk that banks globally may become the subject of, or be exploited for, the purposes of money laundering or the financing of terrorism continues to increase. Any breach of the rules that aim to prevent the illegal exploitation of the financial system or even the suspicion of such infringements could have grave legal consequences for the Issuer and its reputation, which, in turn, could have a significant adverse effect on the Issuer in terms of regulatory fines and reputational damage.

The geopolitical situation significantly increased sanctions risks with the Russia-Ukraine war that started at the end of February 2022. The Issuer has two corporate customers that are incorporated in Lithuania but which are under the ownership or control of Russian or Belorussian sanctioned subjects and are therefore subject to EU-wide asset freezes. These business relationships pre-dated such sanctions and the Issuer has applied the required freezes on the relevant customer accounts as well as subjecting the relevant counterparties to enhanced monitoring. The Issuer has limited the provision of services to both clients only to outgoing payment transfers which are

authorised by the national competent authority. The Issuer has informed both clients that their accounts will be closed and the business relationships terminated once their accounts are empty.

Regardless of the risk mitigation measures that the Issuer is taking, there can be no assurance that the AML, CFT and sanctions measures of the Issuer are and have in the past been always sufficient and that there will be no proceedings, investigations or allegations involving the Issuer. The Issuer's screening and monitoring approach, supporting processes and systems may not fully prevent the execution or facilitation of transaction(s) which have exposure to money laundering, sanctions and/or terrorism financing offences. Further, the regulations applicable to the financial sector on the prevention of money laundering, corruption and the financing of terrorism, as well as the implementation of international sanctions have been and are subject to ongoing tightening.

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

The introduction of further sanctions regimes (especially to combat the circumvention of sanctions) and enforcement actions throughout the world are expected. Because of the evolving complexity of sanctions regimes and sanctions evasion schemes there is a risk that the Issuer may not be able to adopt to changes quickly and detect the new patterns of sanctions evasion or circumvention which could lead to potential fines for sanctions breaches, regulatory criticism and reputational damage.

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

The Group is exposed to risks associated with regulatory requirements and the Issuer's legal obligations

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

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

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

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

The Bank of Lithuania approved Responsible Lending Regulations in 2011, the aim of which is to promote responsible lending practices of credit providers, market discipline and transparency in activities with a view to minimising systemic risk of credit providers, preventing unsustainable developments in real estate prices and over-indebtedness of borrowers. The regulations establish maximum-loan-to-value ratios for real estate loans to natural persons and maximum debt service ratios. Any tightening of consumer protection laws (whether applicable generally or to banks specifically) or the interpretation thereof by courts or other competent authorities could result in lower profitability of certain of its products and services, which may impair its ability to offer certain products and services or to enforce certain clauses and thus have an adverse effect on the results of operations of the Issuer. Likewise, limitations imposed by, and the cost of compliance with the rules imposed by UK MiFIR and MiFID II and related legislation may result in further limitations, increased cost and lower profitability of the Issuer's banking business involving financial instruments.

Furthermore, banking activities are largely dependent on contractual relations. The Group's operations are materially dependent on the validity and enforceability of the transactions and agreements it enters into, high volumes of which may be based on standard templates. These transactions and agreements may be subject to the laws of Lithuania or to the laws of other countries. While due care is taken to ensure that the terms of these transactions and agreements are fully enforceable under the laws applicable to them, human error or new laws and regulations and changes in interpretation of existing laws and regulations by the competent authorities and courts may create uncertainty or render part or all of a particular agreement unenforceable by the Group. Consequently, the Group may not be able to always enforce its contractual rights. Particularly in the context of a template agreement which has been replicated extensively or standard terms of business, this could have a material adverse effect on the Group.

In the ordinary course of its business, Group companies are exposed to a significant risk of claims, disputes and legal proceedings. In many cases, the Group will be the plaintiff, typically seeking to recover money advanced and it may not always be successful in this endeavour and, even where it is successful, the costs involved in the litigation may reduce its recoveries. In cases where a Group company is a defendant, demands may, for example, concern liability towards customers with regard to the sale of unsuitable products or with regard to incorrect advice. If the Issuer or any of its subsidiaries is deemed to have neglected its legal duties or to have breached the terms of a contract it may be liable to pay significant damages in addition to the cost of defending the claim. Any legal action against any member of the Group may also have a negative impact on the Issuer's reputation.

The materialisation of such risks could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

Risks associated with tax regulation

The Issuer is exposed to tax risks associated with changes in tax rates or tax legislation or the incorrect interpretation of the rules and regulations in force. If tax risks are realised, this could lead to an increase in taxes or penalties which, in turn, could cause financial losses for the Issuer.

In Lithuania, starting with the calculation of corporate income tax for the year 2022, an increased corporate income tax rate of 20 per cent. is applied on the taxable profits of banks exceeding the threshold of EUR 2 million. For the year 2025, the corporate income tax rate will increase to 21 per cent. on the taxable profits of banks exceeding the threshold of EUR 2 million.

On 9 May 2023, the Lithuanian Law on a Temporary Solidarity Contribution was adopted, which established a solidarity contribution (windfall tax) payable by Lithuanian and EU credit institutions operating in Lithuania. The base of the solidarity contribution is 50 per cent. of the net interest income (calculated by applying a special coefficient) which exceeds the average net interest income of the previous four years (i.e., 2018-2021 for FY2023

and 2019-2022 for FY2024.). The contribution is levied at a rate of 60 per cent. and is paid, starting from 16 May 2023, for the years 2023 and 2024. On 18 June 2024, an amendment to the Lithuanian Law on a Temporary Solidarity Contribution was adopted, by virtue of which the term of the solidarity contribution will be extended to the year 2025. The contribution will be levied at a rate of 50 per cent. for the year 2025. However, there is no guarantee that the term will not be extended further or other similar contributions will not be adopted in the future.

The implementation of global minimum corporate taxation levels (EU member states have implemented or will implement relevant measures or an exception from 2024) may adversely impact the Issuer's profitability and the Issuer's business, should the Issuer qualify for the relevant regime.

The Issuer is unable to predict future changes to any of the laws or regulations applicable to its businesses or their interpretation and the level of the tax payable by the Issuer. The introduction of any such changes in taxation or new regulatory requirements may adversely impact the Issuer's business, prospects, financial condition and profitability.

The Group is exposed to risks associated with prudential regulatory requirements

The Issuer is subject to supervision by the ECB through the Single Supervisory Mechanism and is subject to prudential regulatory requirements that credit institutions and financial holding companies must observe. These requirements serve as safeguards that help ensure safe and sound banking activities. The Issuer is subject to (among other things) own funds, capital buffers, MREL (as defined below), liquidity, leverage ratio, large exposure and stress testing requirements.

Capital adequacy is one of the main indicators for the assessment of the solvency of credit institutions. Failure to maintain sufficient capital to absorb the losses from all the risks the Group is exposed to may lead to failure of the institution to meet its obligations to its creditors. As at the date of this Prospectus, the Issuer complies with all applicable prudential capital requirements. The Issuer's consolidated CET1 ratio as at 31 December 2023 was 18.16 per cent. (2022: 18.14 per cent.), i.e. higher than the required minimum level of 12.10 per cent.; the overall capital adequacy ratio of the Issuer on a consolidated basis as at 31 December 2023 was 20.67 per cent. (2022: 18.96 per cent.) i.e. higher than the required minimum level of 16.49 per cent.

In addition to the minimum own funds requirements, the competent authorities may require additional so called Pillar 2 capital to be maintained by a credit institution relating to elements of risk which are not fully captured by other own funds requirements. The Pillar 2 capital requirement and the Pillar 2 guidance are subject to an annual review by the competent authorities as part of the supervisory review and evaluation process (SREP). The prudential regulatory requirements adopted in Lithuania and in the EU may also change, whether as a result of further changes in legislation, global standards or the interpretation thereof. The supervisory institutions may also set other ratios to be monitored and/or met from time to time.

CRD has been subject to several reforms intended to further strengthen the resilience of EU banks, among others, the reform of the CRR and the CRD (together the "**CRR II and CRD V Package**"), the latter of which was transposed into Lithuanian law in 2021 and came into force in January 2022. The CRR II and CRD V Package covers multiple areas, including the pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities and macro-prudential tools, the framework for MREL and the integration of the TLAC standard into EU legislation. Further, a separate asset class of "non preferred" senior debt was introduced by the Directive 2017/2399/EU (the "**Creditor Hierarchy Directive**") which has been implemented in Lithuania and which stipulates, among other things, the ranking of "non-preferred" senior debt in the bankruptcy of a credit institution. In late 2023, the preparatory bodies of the European Parliament and of the Council of the EU endorsed the draft legislative acts for further amendments to the CRR ("**CRR III**") and the CRD for the purposes of implementation of certain final elements of the international Basel III agreement and for further strengthening the prudential framework. CRR III was published in the Official Journal on 19 June 2024 and will bring new requirements for the calculation of risk weighted assets for credit risk, operational risk, CVA (Credit Valuation Adjustment) risk, market risk and the output floor. CRR III will have an application date (with

certain exceptions) of 1 January 2025 and may result in higher capital requirements as well as high implementation costs. With regard to the market risk rules and the so-called Fundamental Review of the Trading Book ("**FRTB**"), the European Commission adopted a Delegated Act on 24 July 2024 which delayed the application by one year to 1 January 2026. The amendments to CRD with regard to supervisory powers, sanctions, third-country branches and ESG risks are expected to be transposed into Lithuanian law and to take effect on or before 11 January 2026.

The Issuer structures and plans its activities to ensure compliance with regulatory requirements with sufficient buffers to cover stressed conditions but the realisation of a single risk factor, or a combination of multiple risk factors, beyond the Issuer's expectations could result in a larger shock than expected and then lead to deterioration of either (or both) the capital and liquidity positions of the Group and failure to satisfy prudential regulatory requirements. The Issuer may or may not be able to raise any necessary capital, decrease leverage or improve its liquidity position in order to cure the relevant breach of regulatory requirements but, if it is able to do so, it may not be able to do so on commercially attractive terms.

A breach of existing laws relating to minimum capital adequacy ratios or the Group's minimum requirement for own funds and eligible liabilities ("**MREL**") may result in entities in the Group being subject to regulatory intervention or administrative sanctions. The Issuer may also be subject to restrictions on its ability to pay discretionary distributions to holders of its Tier 1 capital (ordinary shares) which may have an adverse effect on the Group's ability to raise capital or funding to support its operations.

Any failure by the Issuer to satisfy prudential regulatory requirements more generally, and any further increases in such requirements, could result in regulatory intervention or administrative sanctions or significant reputational harm, which may have a material adverse effect on the reputation, business, financial condition, results of operations and/or prospects of the Group.

The Group may need to raise eligible liabilities and capital and it may not be able to do so as and when needed on commercially attractive terms

The capital of banks and investment firms in the EU is subject to the legal framework of the CRR, the CRD and the BRRD. The requirements imposed under this framework have been constantly evolving over time and can be expected to undergo further developments in the future. This will likely necessitate further and potentially significant changes to the Group's operations, including the Group's procedures, rules and reporting systems, as well as to the calculation systems of the capital requirements applicable to the Group.

Currently, the Group is required to hold a minimum amount of regulatory capital equal to 8 per cent. of its risk exposure amounts, which must be covered by a combination of common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital. In addition to these so called minimum Pillar 1 requirements, the regulation also prescribes the combined buffer requirement. The combined buffer requirement applies to the total risk exposure amount and must be met by common equity Tier 1 own funds.

In addition to the minimum own funds requirements described above, the competent authorities may require additional so called Pillar 2 capital to be maintained by a credit institution relating to elements of risk which are not fully captured by other own funds requirements. The Pillar 2 capital requirement and the Pillar 2 guidance are subject to an annual review by the competent authorities as part of the SREP.

As part of the crisis resolution plan provided for in the BRRD, the MREL obliges banks and banking groups to have sufficient own funds and unsecured long-term liabilities that can be used to cover losses under the crisis resolution plan. The preferred resolution strategy for the Issuer is a "single point of entry" strategy, with the Issuer being the resolution entity of the Group. There is no certainty that MREL requirements will not be increased further in the future.

In addition to regulatory requirements, a variety of other factors may affect the Group's need for additional capital and eligible liabilities. For example, a significant increase in lending, reduced profitability or any losses experienced would reduce its capital adequacy and MREL ratios. The Group may also need to increase their

capital or eligible liabilities as a result of market perceptions of adequate capitalisation levels and the perceptions of rating agencies.

The Group is likely to need to obtain additional capital and eligible liabilities in the future to support the future growth of its business. Such capital and funding, whether in the form of debt financing or additional equity, may not be available on commercially favourable terms, or at all. Moreover, should the Group's or any of the Group's regulated entities' capital and MREL ratios fall close to regulatory minimum levels or the Group's own internal minimum levels, the Group or any of the Group's banking entities may need to adjust their business practices, including reducing the risk and leverage of certain activities or limiting asset growth. If either the Group or any of the Group's regulated entities are unable to maintain satisfactory capital adequacy and MREL ratios, the Issuer's credit ratings may be lowered, its cost of funding may increase and it may suffer regulatory sanctions. Any such development may have a material adverse effect on the Group.

Certain developments could affect the Group's ability to continue to satisfy the minimum capital and MREL requirements, including: (i) deterioration of asset quality leading to a higher level of regulatory expected loss, which would cause an increased amount of capital deductions; (ii) the Issuer's ability to raise capital and MREL (whether due to the Group's financial condition, domestic and international economic, political and other conditions or financial market conditions or disruptions); (iii) losses resulting from an increase in legal risk provisions and costs, a deterioration in the Group's asset quality, a reduction in income levels, an increase in expenses or a combination of all of the above; (iv) a decline in the values of the Group's securities portfolio; (v) changes in accounting rules or in the guidelines regarding, among others, the calculation of the regulatory risk parameters and calculation of the capital adequacy ratios of banks; and (vi) additional capital and/or MREL requirements or changes in the minimum capital or MREL requirements imposed by the Issuer's regulators.

The Issuer is obliged to contribute to the Single Resolution Fund and to the Lithuanian Deposit Insurance Fund

The Single Resolution Fund ("**SRF**") has been established by the SRM Regulation and is composed of contributions by credit institutions (including the Issuer) and certain investment firms in the participating member states of the Banking Union. The SRF has been gradually built up over a period of eight years (from 2016 to 2023). The target size of the SRF of at least 1 per cent. of the amount of covered deposits of the credit institutions in all countries of the Banking Union (including the Issuer) was reached on 31 December 2023. No regular annual contributions will be collected in 2024 from the institutions falling in scope of the SRF, i.e., contributions would (only) be collected in the event of specific circumstances or resolution actions involving the use of the SRF.

The separate Lithuanian Deposit Insurance Fund is funded from contributions paid by participants in the Lithuanian deposit insurance scheme, i.e. banks and credit unions established in Lithuania (including the Issuer). The annual contribution rate is set annually by the Lithuanian Ministry of Finance. The annual rate is set with a view to accumulating in the Lithuanian Deposit Insurance Fund by 3 July 2038 a national target level of two per cent. of total insured deposits. See also the risk factor entitled "*Credit risk of the Issuer*" below.

The Issuer's obligation to make such contributions may result in an additional financial burden for the Issuer and may have a negative impact on its financial position and results of operation.

Risks associated with the Notes

The Notes may be subjected to the bail-in and loss absorption resolution tool by the Relevant Resolution Authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result in their write-down in full

The Lithuanian legislation implementing the BRRD, the Law on Financial Sustainability of the Republic of Lithuania (the "**Law on Financial Sustainability**"), entered into force on 3 December 2015, with subsequent amendments. Under the Law on Financial Sustainability, powers have been granted to the Relevant Resolution Authority which include the 'bail-in and loss absorption' tool through which a credit institution subjected to resolution may be recapitalised either by way of write-down or conversion of liabilities into ordinary shares. The

bail-in and loss absorption tool may be imposed either as a sole resolution measure or in combination with the rest of the resolution tools that may be imposed by the Relevant Resolution Authority in the case of the resolution of a failing credit institution.

If the Issuer is subjected to resolution measures in the future the Relevant Resolution Authority may cancel all or a portion of the principal amount of, and interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or convert certain debt claims (which could include the Notes) into another security, including equity instruments of the surviving issuer entity, if any. Furthermore, the Notes may be subject to modifications to, or the disapplication of, provisions in the Conditions of the Notes, including alteration of the principal amount or any interest payable on the Notes, an extension of the maturity date or an amendment to any other dates on which payments may be due, as well as the suspension of payments for a certain period.

Pursuant to Condition 15(d) (*Acknowledgement of Bail-in and Loss Absorption Powers*), each Holder of the Notes acknowledges and accepts that any liability of the Issuer arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

See also the risk factors entitled "*The Issuer may be subject to statutory resolution*" and "*The Lithuanian resolution legislation implementing the BRRD*" below.

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

The rules under the Applicable Banking Regulations prescribe certain conditions for the granting of permission by the Relevant Resolution Authority to a request by the Issuer to redeem or repurchase the Notes. The Issuer may redeem or repurchase the Notes only if such redemption or repurchase is in accordance with applicable provisions of the Applicable Banking Regulations, and, where necessary, has been granted the approval of or permission from the Relevant Resolution Authority (to the extent such approval is then required under the Applicable Banking Regulations). The rules under the Applicable Banking Regulations relating to redemption and repurchase of the Notes may be modified further after the Issue Date.

Remedies in case of default on the Notes are severely limited

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

In such circumstances, as described in more detail in Condition 7 (*Default*) of the Conditions, a Holder may institute proceedings for the winding-up or dissolution of the Issuer in Lithuania and prove or claim in the winding-up, insolvency or bankruptcy of the Issuer.

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

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

In certain circumstances (being where a Tax Event or MREL Disqualification Event has occurred and is continuing, or in order to ensure the effectiveness of Condition 15(d) (*Acknowledgement of Bail-in and Loss Absorption Powers*)), the Issuer may, in accordance with Applicable Banking Regulations and without the consent or approval of the Holders, substitute or vary the terms of the Notes such that they remain, or become, Qualifying Securities. See also the risk factor entitled "*Modifications and waivers*" below.

While the Issuer cannot make changes to the terms of such Notes that are materially less favourable to an investor than the terms of the Notes, the governing law of Condition 15(d) (*Acknowledgement of Bail-in and Loss Absorption Powers*) may be changed in order to ensure the effectiveness and enforceability of Condition 15(d) (*Acknowledgement of Bail-in and Loss Absorption Powers*).

There can be no assurance as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

Modification and waivers

The Conditions of the Notes contain provisions for calling meetings of Holders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting, or as the case may be, did not sign the written resolution including those Holders who voted in a manner contrary to the majority.

Furthermore, the Conditions of the Notes provide that the Notes and the Conditions of the Notes may be amended without the consent of the Holders upon the occurrence of a Benchmark Event pursuant to and in accordance with Condition 4(i), in connection with the variation of the Notes so that they remain or become Qualifying Securities pursuant to Condition 5(g) or to correct a manifest error in accordance with Condition 10(b). The Issuer cannot foresee, as at the date of this Prospectus, what such changes may entail, however, any changes made will be binding on holders.

Credit risk of the Issuer

An investment in the Notes is subject to credit risk, which means that the Issuer may fail to meet its obligations arising from the Notes at all or in a timely manner. The Issuer's ability to meet its obligations arising from the Notes and the ability of the holders of the Notes to receive payments arising from the Notes depends on the financial position and the results of operations of the Issuer, which are subject to other risks described in this Prospectus.

The Notes are not bank deposits of the Issuer and are not insured by the Public Institution Deposit and Investment Insurance (in Lithuanian: *Viešoji įstaiga "Indėlių ir investicijų draudimas"*). Thus, in the event of the insolvency of the Issuer, the Holders would not receive any payments related to Notes from this public institution or benefit from any other state insurance or guarantee.

There may be no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. Holdings in the Notes upon issue may be concentrated as they may be purchased by a limited number of initial investors, one or more of whom may hold a significant proportion of the total issuance. Investors may find it difficult to sell their Notes or to sell them at prices producing a return comparable to returns on similar investments in the secondary market.

If a market does develop, it may not be very liquid. Therefore, no liquidity of any market in the Notes can be assured; nor the ability of the Holders to sell their Notes or the prices at which they would be able to sell their Notes. Therefore, the investors may find it difficult to sell their Notes or to sell them at prices producing a return comparable to returns on similar investments in the secondary market.

If the Notes are traded after their initial issuance, they may be traded at a discount or at a premium to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. It is possible that the market for the Notes will be subject to disruptions or volatility. Any such disruption or volatility may have a negative effect on holders of the Notes, regardless of the Issuer's prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, Holders may not be able to resell their holding of the Notes at a fair value, if at all.

Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in euro (the "**Specified Currency**"). This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, holders of the Notes may receive less interest or principal than expected, or no interest or principal.

The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Notes and, if the EU Commission's CMDI proposal is adopted, the Notes would rank junior to all of the Issuer's depositors

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the quantum of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Holders in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer.

In addition, the European Commission has proposed amendments to the Crisis Management and Deposit Insurance Framework (the "**CMDI**") which would, if implemented, amend the current hierarchy of creditor claims in insolvency to introduce a new preferential ranking for all bank deposits, with the result that all bank deposits with the Issuer (including certain deposits of large corporates and deposits by other banks) would rank above unsubordinated and unsecured obligations (including the claims of the Holders of the Notes), thereby increasing the impact of the risk. The CMDI proposal, if implemented, may also lead to a rating downgrade for the Notes. The proposals will be subject to triologue negotiation and then national implementation. See "*Credit Ratings*" below for further information on credit ratings.

The Notes will be structurally subordinated to the claims of creditors of the Issuer's subsidiaries

If a subsidiary of the Issuer incurs indebtedness, the claims of the secured and unsecured creditors of that subsidiary, including trade creditors, banks and other lenders, will have priority with respect to such subsidiary's assets over any claims that the Issuer or the creditors of the Issuer, as applicable, may have with respect to such assets. Accordingly, if the Issuer became insolvent at the same time, claims of the Holders against the Issuer in respect of the Notes would be structurally subordinated to the claims of all such creditors of the relevant subsidiary. The Conditions of the Notes do not restrict the amount of indebtedness that the Group may incur, including indebtedness of the Issuer's subsidiaries.

No rights of set-off, netting or counterclaim

Holders of Notes shall not be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of such Notes. Therefore, such Holders will not be entitled (subject to applicable law) to set off the Issuer's obligations under such Notes against obligations owed by them to the Issuer.

Interest rate risks

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Particularly long-term fixed-rate notes involve a high risk of a material decline in value if the market rate exceeds the rate paid in accordance with the fixed-rate notes. On the other hand, holders of Notes that are subject to redemption at the option of the Issuer should not expect, in case of falling market rates, that the

price would substantially exceed the redemption price. The yield to maturity on the Notes is affected by number of factors that cannot be predicted at the time of the investment.

The interest rate on the Notes will be reset on the Reset Date, which may affect the market value of the Notes

The Notes will initially accrue interest at the Initial Fixed Interest Rate to, but excluding, the Reset Date. However, the interest rate will be reset on the Reset Date to the Reset Rate of Interest (as described in Conditions 4(d) (*Reset Rate of Interest*) and 4(e) (*Determination of Reset Rate of Interest*)). The Reset Rate of Interest could be less than the Initial Fixed Interest Rate, which could affect the amount of any interest payments under the Notes and the market value of an investment in the Notes. As the Notes bear interest at a fixed rate (reset with effect from the Reset Date), an investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Regulation and reform of "benchmarks" could adversely affect the Notes

From and including the Reset Date, amounts payable under the Notes will be calculated by reference to the applicable annualised mid-swap rate for swap transactions in euro (with a maturity equal to 12 months) as displayed on Reuters page ICESWAP2 at 11.00 a.m. (Central European Time) on the Reset Determination Date and by reference to EURIBOR. Interest rates and indices which are deemed to be 'benchmarks', such as EURIBOR, are the subject of ongoing national, international and other regulatory guidance and proposals for reform, with further changes anticipated. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation could have a material impact on the Notes, in particular, if the methodology or other terms of the 'benchmark' are changed in order to comply with the terms of the EU Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. The euro risk-free rate working group for the euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. On 4 December 2023, the group issued its final statement, announcing completion of its mandate.

The elimination of the EURIBOR benchmark or any other benchmark or changes in the manner of administration of any benchmark or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on debt securities (including the Notes) linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the Notes, the return on the Notes and the trading market for securities (including the Notes) based on the same benchmark.

The Conditions of the Notes provide for certain fallback arrangements in the event that the Reset Reference Rate (including any page on which such rate may be published (or any successor service)) becomes unavailable or a Benchmark Event (as defined in the Conditions) otherwise occurs in respect of an Original Reference Rate (as defined in the Conditions). Such fallback arrangements include the possibility that the Reset Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (each as defined in the Conditions of the Notes), with the application of an Adjustment Spread (as defined in the Conditions of the Notes) (which could be positive, negative or zero), and may include amendments to the Conditions of the Notes to ensure the proper operation of the new benchmark, all as determined by the Issuer (in consultation with the Independent Adviser) and as more fully described in Condition 4(i) (*Benchmark Discontinuation*). It is possible that the adoption of a Successor Rate or Alternative Rate, including any Adjustment Spread, may result in the Notes performing differently (which may include payment of a lower Interest Rate) than they would if the Original Reference Rate were to continue to apply in its current form. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

In certain circumstances, the ultimate fallback rate of interest for the purposes of calculation of the Reset Rate of Interest may result in the Initial Fixed Interest Rate continuing to be used. Further, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Applicable Banking Regulations. Any such consequences could have a material adverse effect on the value of and return on the Notes. Moreover, any of the above matters could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should consider these matters and consult their own independent advisers when making their investment decision with respect to the Notes.

The Notes may be redeemed prior to maturity

Subject to certain regulatory conditions and approvals, if a Tax Event or an MREL Disqualification Event occurs or if, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued (including, for these purposes, any Further Notes), the Issuer may elect to redeem the Notes. In addition, on the Reset Date, the Issuer may elect to redeem the Notes. In each case the Notes would be redeemed at their principal amount together with any accrued but unpaid interest to (but excluding) the date fixed for redemption.

The Issuer may choose to redeem the Notes (subject to certain regulatory conditions and approvals) at times when prevailing interest rates may be relatively low. In such circumstances a holder of the Notes may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a significantly lower rate. The exercise of any optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may, or is perceived to be able to, elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The qualification of the Notes as "eligible liabilities" is subject to uncertainty

The Notes are intended to be 'eligible liabilities' (or any equivalent or successor term) ("**MREL Eligible Liabilities**") which are available to count towards the Issuer's and/or the Group's eligible liabilities and/or loss absorbing capacity. However, there remains some uncertainty regarding the final substance of the applicable MREL regulations and how those regulations are to be interpreted and applied and the Issuer cannot provide any assurance that the Notes will be (or thereafter remain) MREL Eligible Liabilities. The Issuer may be entitled to redeem the Notes in whole (but not in part) if a MREL Disqualification Event occurs.

The Issuer may be subject to statutory resolution

On 15 May 2014, the EU Council adopted the BRRD. The BRRD sets out the necessary steps and powers to ensure that bank failures across the EU are managed in a way which mitigates the risk of financial instability and minimises costs for taxpayers. The BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contemplates that powers will be granted to the designated resolution authorities including (but not limited to) the introduction of a statutory "**write-down and conversion power**" (exercisable in relation to Tier 1 capital instruments and Tier 2 instruments) and a "bail-in and loss absorption" power (exercisable also in relation to other securities that are not Tier 1 or Tier 2 capital instruments such as the Notes), which will give the designated resolution authority under Directive 2014/59/EU and Regulation (EU) No 806/2014, as amended (the "**Relevant Resolution Authority**"), the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including equity instruments of the surviving issuer entity, if any. The Lithuanian legislation implementing the BRRD, the Law on Financial Sustainability of the Republic of Lithuania (the "**Law on Financial Sustainability**"), entered into force on 3 December 2015 and has subsequently been amended. For more information on the implementation of the BRRD in Lithuania, see "*The Lithuanian resolution legislation implementing the BRRD*" below.

As well as a write-down and conversion power and a bail-in and loss absorption power as described above, the powers granted to the Relevant Resolution Authority under the BRRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a 'bridge bank' (a publicly controlled entity) and (iii) transfer assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. In addition, among the broader powers granted to the Relevant Resolution Authority under the BRRD, the BRRD provides powers to the Relevant Resolution Authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments.

Pursuant to Condition 15(d) (*Acknowledgment of Bail-in and Loss Absorption Powers*), each Holder acknowledges and accepts that any liability of the Issuer arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority. The exercise of any such power or any suggestion of such exercise could materially adversely affect the value of any Notes subject to the BRRD and could lead to the Holders losing some or all of their investment in the Notes. Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of the BRRD. See also the risk factor entitled "*The Notes may be subjected to the bail-in and loss absorption resolution tool by the Relevant Resolution Authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result in their write-down in full*" above.

In addition to the BRRD, the EU has adopted a directly applicable regulation governing the resolution of the most significant financial institutions in the Eurozone, i.e., a regulation establishing a Single Resolution Mechanism for them (806/2014, "**SRM Regulation**"). The SRM Regulation establishes a single resolution board (consisting of representatives from the ECB, the European Commission and the relevant national resolution authorities) (the "**Resolution Board**") having resolution powers over the entities that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities. On 5 December 2019, the Issuer was informed that it was classified as a 'significant entity' directly supervised by the ECB as one of the three largest credit institutions in Lithuania and as such, the Issuer became subject to the SRM Regulation. The ECB has directly supervised the Issuer since 1 January 2020.

Under Article 5(1) of the SRM Regulation, the Resolution Board has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the Resolution Board is able to apply the same powers that would otherwise be available to the relevant national resolution authority. These resolution powers include the sale of business tool, the bridge institution tool, the asset separation tool, the bail-in and loss absorption tool and the mandatory write-down and conversion power in respect of own funds instruments. The use of one or more of these tools will be included in a resolution scheme to be adopted by the Resolution Board. National resolution authorities will remain responsible for the execution of the resolution scheme according to the instructions of the Resolution Board.

The Resolution Board is responsible for preparing and adopting a resolution plan for the entities subject to its powers, including the Issuer. It also determines, after consulting competent authorities including the ECB, the MREL which the Issuer is expected to be required to meet at all times (the MREL requirements applicable to the Issuer with effect from 1 January 2024 and the legally non-binding interim targets for 2023 issued by the Resolution Board to the Issuer in February 2022 have been summarised in "*Description of the Issuer – MREL requirements applicable to the Issuer*"). The Resolution Board will also have the powers in relation to the early intervention as set forth in the SRM Regulation, including the power to require the Issuer to contact potential purchasers in order to prepare for resolution of the Issuer. The Resolution Board will have the authority to exercise the specific resolution powers under the SRM Regulation. These will be launched if the Resolution Board assesses that the following conditions are met: (i) the Issuer is failing or is likely to fail; (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action or the write-down or conversion of relevant capital instruments, taken in respect of the Issuer, would prevent its failure within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest.

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

The Lithuanian resolution legislation implementing the BRRD

The Law on Financial Sustainability and the SRM Regulation provide for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the Resolution Board, result in the partial or complete suspension of the performance of agreements entered into by the Issuer. While the primary authority for taking of resolution-related decisions in respect of the Group is vested with the Resolution Board, the national resolution authority remains responsible for implementing the decisions taken by the Resolution Board, in particular for exercising control over the relevant entities and ensuring the compliance with appropriate safeguards provided for in the BRRD. For this purpose, the Law on Financial Sustainability provides for certain measures to be taken by the national resolution authority, including, for instance, the right to appoint a special manager to the Issuer or to exercise control over the Issuer through exercise of shareholder rights and management and disposal of the Issuer's assets. More broadly, the Law on Financial Sustainability (when read together with the SRM Regulation) grants powers to take a number of resolution measures which may apply to the Issuer, including (i) a forced sale of the credit institution (sale of business), (ii) the establishment of a bridge institution bank, (iii) the forced transfer of all or part of the assets, rights or obligations of the credit institution (asset separation) and (iv) the application of the general bail-in and loss absorption tool. In addition, the Law on Financial Sustainability (when read together with the SRM Regulation) sets forth that the Issuer must at all times meet the MREL requirement determined by the Resolution Board.

The powers set out in the resolution legislation will impact how credit institutions are managed as well as, in certain circumstances, the rights of creditors. If the bail-in and loss absorption tool becomes applicable to the Issuer, the Notes may be subject to write-down or conversion into equity on any application of the bail-in and loss

absorption tool, which may result in Holders losing some or all of their investment. Subject to certain conditions, the terms of the obligations owed by the Issuer may also be varied by the Relevant Resolution Authority (e.g., as to maturity, interest and interest payment dates). The exercise of any power under the resolution legislation or any suggestion of such exercise could materially adversely affect the rights of Holders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The Issuer's gross-up obligation under the Notes is limited

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and payable under such Notes and not to payments of principal.

As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, such Holders would, upon repayment or redemption of such Notes, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld or deducted. Therefore, Holders may receive less than the full amount due under such Notes, and the market value of such Notes may be adversely affected as a result.

Minimum Denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Holder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Certificate except in certain limited circumstances described in the Global Certificate. The Global Certificate will be registered in the name of a nominee for, and deposited with, the nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in respect of the Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Credit Rating

The Issuer has been rated Baa1 and the Notes will be rated Baa1 by Moody's. The rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other

factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes. In general, European regulated investors are restricted under the EU CRA Regulation from using a rating for regulatory purposes in the EEA, unless such ratings are not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies unless (1) the relevant credit ratings are endorsed by an EEA-registered credit rating agency or (2) the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

Changes in laws or administrative practices could entail risks

The Conditions (other than the provisions relating to the status of the Notes and the acknowledgement of bail-in powers) are based on the laws of England in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Prospectus. Furthermore, the Issuer and the Group operate in a heavily regulated environment and have to comply with extensive regulations in the Republic of Lithuania. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices of Lithuania after the date of this Prospectus.

Recognition of choice of court agreements and enforcement of foreign judgments in Lithuania

In accordance with Condition 15 (*Governing Law and Jurisdiction*), the courts of England have jurisdiction to settle any dispute arising out of or in connection with the Notes (including Conditions 3 and 15(d) which are governed by Lithuanian law and any non-contractual obligation arising out of or in connection with the Notes). Notwithstanding Condition 15(b) (*Jurisdiction*), any Holder may take proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent proceedings in any number of jurisdictions.

Proceeding from the principles of the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the EU and the European Atomic Energy Community (the "**Withdrawal Agreement**"), for legal proceedings initiated, instruments drawn up or registered, and court settlements approved or concluded on

or after 1 January 2021, the recognition of the choice of jurisdiction of English courts and the recognition and enforcement of judgments of English courts would be assessed and carried out in Lithuania in accordance with the Hague Convention of 30 June 2005 on Choice of Court Agreements and the Lithuanian Code of Civil Procedure, if and as applicable. On 12 January 2024, the UK signed, and on 27 June 2024 ratified, the Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgements in Civil or Commercial Matters (the "**Hague 2019 Convention**"), which will enter into force on 1 July 2025 for the UK. The Hague 2019 Convention provides for the mutual enforcement of judgements between the UK and other contracting states, including EU member states, in proceedings commenced after the Hague 2019 Convention comes into force in the UK. Asymmetric and non-exclusive jurisdiction clauses will be covered by the Hague 2019 Convention, and will apply to judgements given in proceedings initiated after the Hague 2019 Convention comes into effect, regardless of when the agreement was made.

The validity of the parties' agreement on jurisdiction, including as stipulated in Condition 15(b) would be assessed by the Lithuanian courts in accordance with, firstly, the Hague Convention on the Choice of Court Agreements, and, secondly, the Lithuanian Code of Civil Procedure. The provisions of the Lithuanian Code of Civil Procedure would also apply to recognition of choice of court and enforcement of judgments of courts of other countries which are not subject to the Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (recast), subject to the entry into force of the Hague 2019 Convention, or international agreements or conventions.

The Lithuanian Code of Civil Procedure stipulates that parties are generally free to contractually agree on a jurisdiction of their choice, provided that, among others, the contract is concluded in the course of their business activities, in writing or in a format which can be reproduced in writing and does not relate to a matter in respect of which the exclusive jurisdiction of the Lithuanian courts is stipulated by the Lithuanian Code of Civil Procedure. In order to be valid, the relevant agreement concerning applicable jurisdiction should not in bad faith exclude a party's right to use Lithuanian jurisdiction. The validity of asymmetric jurisdiction clauses is not expressly regulated in the Lithuanian Code of Civil Procedure and have received limited review by the Lithuanian courts¹. With respect to the recognition of judgments of foreign courts, the Lithuanian Code of Civil Procedure provides that a court may refuse, on the application of an interested party, to recognise the judgment based on the grounds stipulated in the Lithuanian Code of Civil Procedure. Such grounds include, above all, conflict with public policy, failure to deliver the action and procedural documents to the defendant, existence of the conflicting court decisions and inappropriate jurisdiction, amongst others.

Thus, subject to the entry into force of the Hague 2019 Convention, the ability of Holders to bring proceedings against the Issuer in the English courts or other foreign courts and the recognition and enforcement of the judgements of English courts and other foreign courts in Lithuania may be subject to limitations and conditions arising from, as applicable in each particular situation, international agreements or conventions or the Lithuanian Code of Civil Procedure.

Recognition and enforcement of the choice of English law to govern the majority of the provisions of the Notes and procedural rules applied in court proceedings in Lithuania

Under item (a) of Article 66 of the Withdrawal Agreement, Regulation (EC) 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (the "**Rome I Regulation**") shall apply with respect to contracts concluded before 1 January 2021. For contracts concluded on or after 1 January 2021, recognition of choice of law to govern any contractual obligations would, in a situation where a relevant dispute is brought to a Lithuanian court (and provided that such Lithuanian court has jurisdiction over the dispute) be decided by the Lithuanian court in accordance with the Civil Code of Lithuania. In accordance with the Civil Code of Lithuania, as a general principle, an agreement shall be governed by the law (or laws) chosen by the parties and, by their choice, parties may select the law applicable to the whole or part of the

¹ The validity of an asymmetric jurisdiction clause according to the provisions of Brussels I bis (Regulation 1215/2012) and 2007 Lugano Convention has been affirmed by the Court of Appeal of Lithuania.

agreement. However, a foreign law chosen by the parties shall not be applied by the Lithuanian courts in certain circumstances, above all, if: (i) application of a provision of foreign law is manifestly incompatible with the public policy of Lithuania; (ii) provisions of foreign law allow the parties to deviate from the provisions of Lithuanian law that have extraterritorial application or overriding mandatory provisions; or (iii) the substance of the applicable foreign law cannot be established by the Lithuanian court, regardless of all reasonable efforts, within a reasonable time. In such circumstances Lithuanian courts may apply Lithuanian law instead.

Further to the above, in any proceedings taken in Lithuanian courts or other authorities for the enforcement of the Notes, the courts and the authorities would apply procedural rules of Lithuanian law, and the enforcement would thus be subject to the limitations arising from Lithuanian law. Such limitations include, *inter alia*, that the enforcement of the Notes in the Lithuanian courts may be subject to restrictions based upon principles of reasonableness and fairness, statutory limitations for filing of claims and the general discretionary authority of the courts to mitigate damages. In addition, restrictions on the enforcement of the Notes could (depending on the circumstances) arise from applicable bankruptcy, insolvency, moratorium and other laws of general application relating to or affecting generally the enforcement of creditors' rights and remedies from time to time in effect. Any of the above may adversely affect the enforcement by Holders of their claims against the Issuer arising from the Notes.

INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the Central Bank of Ireland and shall be deemed to be incorporated in, and to form part of, this Prospectus *provided however* that any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement:

- the audited separate and consolidated financial statements of the Issuer and of the Issuer and its subsidiaries (the "**Group**") for the financial year ended 31 December 2023, together with the notes thereto (the "**2023 Financial Statements**"), which appear on pages 4 to 132 of the Issuer's annual report and accounts for the year ended 31 December 2023 (the "**2023 Annual Report**");
- the independent auditor's report to the 2023 Financial Statements (the "**2023 Auditor's Report**");
- the audited separate and consolidated financial statements of the Issuer and of the Group for the financial year ended 31 December 2022, together with the notes thereto (the "**2022 Financial Statements**"), which appear on pages 4 to 129 of the Issuer's annual report and accounts for the year ended 31 December 2022 (the "**2022 Annual Report**"). Figures contained in the 2022 Financial Statements have been restated due to IFRS 17, and those updated figures appear in the 2023 Financial Statements;
- the independent auditor's report to the 2022 Financial Statements (the "**2022 Auditor's Report**");
- the condensed separate interim financial information of the Issuer and condensed consolidated interim financial information of the Group for the six months ended 30 June 2023, together with the independent review report thereon, which appear on pages 3 to 38 of the Issuer's unaudited interim results for the six months ended 30 June 2023 (the "**2023 Interim Report**");
- the condensed separate interim financial information of the Issuer and condensed consolidated interim financial information of the Group for the six months ended 30 June 2024, together with the independent review report thereon, which appear on pages 3 to 35 of the Issuer's unaudited interim results for the six months ended 30 June 2024 (the "**2024 Interim Report**"); and
- the information included in the following sections of the 2023 Annual Report and the 2024 Interim Report:

2023 Annual Report	Page(s)
"Accounting Policies"	12-15
"Share-based payment"	18
"Regarding External Environment Factors"	136 – 137
"Authorized Capital, Shareholders"	138 – 140
"Management of the Bank"	141 – 143
Report on the Bank's Corporate Governance for 2023	161 – 181

Since 1 January 2023, the Group has applied a new accounting standard, IFRS 17 (*Insurance contracts*). This standard was applied retrospectively and has had an impact on comparable figures as detailed in the 2023 Financial Statements. These figures have therefore been restated in previous periods (see "*Historical Financial Information of the Issuer*"). For further information on the impact of the transition to IFRS 17 on the Group, see the section titled "*Accounting Policies*" of the 2023 Annual Report (pages 12-15), incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

Such documents will be made available, free of charge, on the website of the Issuer at <https://www.sb.lt/en/investors/financial-info/siauliu-bankas-ab-and-the-groups-financial-statements>, unless such documents have been modified or superseded.

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the Issuer's website does not form part of this Prospectus.

Any document which is incorporated by reference into any of the documents deemed to be incorporated in, and form part of, this Prospectus shall not constitute a part of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to alteration and completion and other than any italicised paragraphs, are the terms and conditions of the Notes which will be endorsed on each Certificate in definitive form (if issued).

The issue of the €300,000,000 4.853 per cent. Fixed Rate Reset Callable Senior Preferred Notes due 2028 (the “**Notes**”, which expression shall in these terms and conditions (the “**Conditions**”) unless the context otherwise requires, include any Further Notes issued pursuant to Condition 13) of Akcinė bendrovė Šiaulių bankas (the “**Issuer**”) was authorised by resolutions of the Management Board of the Issuer passed on 27 and 29 August 2024. A fiscal agency agreement dated 5 September 2024 (such agreement, as amended and/or supplemented and/or restated from time to time, the “**Fiscal Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, Citibank, N.A., London Branch as fiscal agent (the person for the time being the fiscal agent and under the Fiscal Agency Agreement, the “**Agent**”), Citibank, N.A., London Branch as the initial agent bank (the person for the time being the agent bank under the Fiscal Agency Agreement, the “**Agent Bank**”), Citibank, N.A., London Branch as the initial registrar (the person for the time being the registrar under the Fiscal Agency Agreement, the “**Registrar**”), and the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Fiscal Agency Agreement, the “**Transfer Agent(s)**”). “**Agents**” means the Agent, the Agent Bank, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Notes have the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated 5 September 2024 executed by the Issuer relating to the Notes. The Fiscal Agency Agreement includes the form of the Notes. Electronic copies of the Fiscal Agency Agreement and the Deed of Covenant are available upon written request by the Holders to the Agent, the Registrar and any Transfer Agents subject to the provision of proof of holding in a form satisfactory to the Agent, the Registrar and any Transfer Agents.

1 Form, Denomination and Title

(a) *Form and Denomination*

The Notes are serially numbered in the denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Holder.

(b) *Title*

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, “**Holder**” means the person in whose name a Note is registered.

2 Transfers of Notes

(a) *Transfer*

A holding of Notes may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one

Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Holder upon written request and provision of proof of holding and identity (in a form satisfactory to the Registrar or the Transfer Agent, as the case may be).

(b) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) *Transfer Free of Charge*

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) *Closed Periods*

No Holder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption or substitution of that Note pursuant to Condition 5 or (ii) during the period of seven days ending on (and including) any Record Date.

3 Status

(a) *Status*

The Notes are senior preferred notes of the Issuer and so constitute senior, unsecured, unsubordinated, unguaranteed, direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer.

The rights of the Holders shall be subject to any present or future Lithuanian laws or regulations relating to the insolvency, recovery and resolution of credit institutions and investment firms in Lithuania, which are or will be applicable to the Notes only as a result of the operation of such laws or regulations.

(b) *Set-off, etc.*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, netting, compensation, counterclaim or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes and each Holder shall, by virtue of his holding of any Note (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, netting, compensation, counterclaim or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off or netting, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

4 Interest Payments

(a) *Interest Rate*

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Interest shall be payable on the Notes annually in arrear on each Interest Payment Date and shall save as set out below, during the Initial Fixed Rate Interest Period, amount to €48.53 per Calculation Amount, as provided in this Condition 4.

Save as expressly provided below in respect of the first Interest Payment Date, where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

For the avoidance of doubt, the first Interest Period shall be a short first Interest Period for the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and the amount of interest payable in respect of each Calculation Amount on the first Interest Payment Date shall be €12.07.

(b) *Interest Accrual*

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 5(a), (c), (d), (e) or (f) or the date of substitution thereof pursuant to Condition 5(g), as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 4(a) for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Note, is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

(c) ***Initial Fixed Interest Rate***

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 4.853 per cent. per annum (the “**Initial Fixed Interest Rate**”).

(d) ***Reset Rate of Interest***

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 4 on the Reset Date. The Reset Rate of Interest will be determined by the Agent Bank on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin.

(e) ***Determination of Reset Rate of Interest***

The Agent Bank will, as soon as practicable after 11:00 a.m. (Central European time) on the Reset Determination Date, determine the Reset Rate of Interest in respect of the Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) ***Publication of Reset Rate of Interest***

The Agent Bank shall cause notice of the Reset Rate of Interest determined by it in accordance with this Condition 4 in respect of the Reset Period to be given to the Issuer, the Agent, the Registrar and each of the Transfer Agents, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 12, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If there is a failure to pay principal or interest on the Notes or the Notes become due and payable pursuant to Condition 7(a), the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4 but no publication of the Reset Rate of Interest or the amount of interest payable per Calculation Amount so calculated need be made.

(g) ***Agent Bank and Reset Reference Banks***

The Issuer will maintain an Agent Bank and (where the Reset Rate of Interest is to be calculated by reference to them) the number of Reset Reference Banks provided below. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may from time to time replace the Agent Bank or any Reset Reference Bank with another leading investment or commercial bank or financial institution in the eurozone. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 4(d), the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution (of international repute) in the eurozone to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) ***Determinations of Agent Bank Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by or on behalf of the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent, the Registrar, the Agent Bank and the Transfer Agents and all Holders and (in the absence of wilful default, fraud or gross negligence) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) **Benchmark Discontinuation**

Notwithstanding the provisions above in this Condition 4, if the Issuer determines that a Benchmark Event has occurred in relation to the Original Reference Rate when the Reset Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the following provisions of this Condition 4(i) shall apply:

(a) *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(b)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(d)). The Independent Adviser appointed pursuant to this Condition 4(i) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, Agents, or the Holders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(i).

(b) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes; or
- (ii) there is no Successor Rate but there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes.

(c) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(d) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall,

subject to the Issuer having received the Regulatory Permission and to giving notice thereof to Holders in accordance with Condition 12, without any requirement for the consent or approval of Holders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such modifications in accordance with this Condition 4(i), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Applicable Banking Regulations.

(e) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 12, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Holders of the same, the Issuer shall deliver to the Agents a certificate signed by one or more Authorised Signatories of the Issuer:

- (i) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Agent shall display such certificate at its offices, for inspection by the Holders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any)) be binding on the Issuer, the Agents and the Holders.

(f) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under this Condition 4(i), the Original Reference Rate and the fallback provisions provided for in the definition of “Reset Reference Rate” in Condition 17 will continue to apply unless and until a Benchmark Event has occurred.

5 Redemption, Substitution, Variation and Purchase

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled or (pursuant to Condition 5(g)) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on

5 December 2028. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) *Conditions to Redemption, Substitution, Variation and Purchase*

Any redemption, substitution, variation or purchase of the Notes in accordance with Conditions 5(c), (d), (e), (f), (g) or (h) is subject to (i) the Issuer obtaining prior Regulatory Permission (if required under the Applicable Banking Regulations) therefor; and (ii) in the case of any substitution or variation, such substitution or variation (a) being permitted by, and conducted in accordance with, any other applicable requirement of the Applicable Banking Regulations at such time and (b) not resulting in any event or circumstance which gives the Issuer a right to redeem the Notes by reason of a Tax Event or an MREL Disqualification Event.

Any refusal by the Relevant Resolution Authority to give its Regulatory Permission as contemplated above shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Applicable Banking Regulations permit the redemption, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 5(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 5 (other than redemption pursuant to Condition 5(c)), the Issuer shall deliver to the Agent to make available at its registered office to the Holders (i) a certificate signed by one or more Authorised Signatories stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary the Notes are satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Securities comply with the definition thereof in Condition 17 and (ii) in the case of a redemption pursuant to Condition 5(d) only, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in paragraph (a) or (b) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking reasonable measures available to it).

(c) *Issuer’s Call Option*

Subject to Condition 5(b), the Issuer may, by giving not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 12, the Registrar and the Agent (which notice shall, save as provided in Condition 5(b), be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Notes on the Reset Date at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 5(b), redeem the Notes.

(d) *Redemption Due to Tax Event*

If, prior to the giving of the notice referred to below in this Condition 5(d), a Tax Event has occurred, then the Issuer may, subject to Condition 5(b) and having given not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 12, the Registrar and the Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date

fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 5(b), redeem the Notes.

(e) *Redemption Due to MREL Disqualification Event*

If, prior to the giving of the notice referred to below in this Condition 5(e), an MREL Disqualification Event has occurred, then the Issuer may, subject to Condition 5(b) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 12, the Registrar and the Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 5(b), redeem the Notes.

(f) *Clean-up Call*

If, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 13 shall be deemed to have been originally issued), the Issuer may, subject to Condition 5(b) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 12, the Registrar and the Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 5(b), redeem the Notes.

(g) *Substitution or Variation*

If a Tax Event or an MREL Disqualification Event has occurred and is continuing or where otherwise required to ensure the effectiveness and enforceability of Condition 15(d), then the Issuer may, subject to Condition 5(b) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 12, the Registrar and the Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities. Upon the expiry of such notice, the Issuer shall either vary the terms (including, without limitation, by changing the governing law of Condition 15(d)) of or substitute the Notes in accordance with this Condition 5(g), as the case may be.

In connection with any substitution or variation in accordance with this Condition 5(g), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(h) *Purchases*

The Issuer or any of its Subsidiaries may, subject to Condition 5(b), in the circumstances permitted by the Applicable Banking Regulations at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders.

(i) ***Cancellation***

All Notes redeemed or substituted by the Issuer pursuant to this Condition 5 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer may, subject to obtaining any Regulatory Permission therefor be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Registrar. Notes so surrendered, shall be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be permanently and irrevocably discharged.

6 Payments

(a) ***Method of Payment***

- (i) Payments of principal shall be made in euro (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as is provided for payments of interest in paragraph (ii) below.
- (ii) Interest on each Note shall be paid to the person shown in the Register at the close of business on the business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in euro by transfer to an account in euro maintained by the payee with a bank in a city in which banks have access to T2.

(b) ***Payments Subject to Laws***

Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents agree(s) to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) ***Payment Initiation***

Payment instructions (for value the due date), or if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Agent is open for business and on which the relevant Certificate is surrendered.

(d) ***Delay in Payment***

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Holder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) ***Non-Business Days***

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 6, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and which is a T2 Business Day.

7 Default

(a) *Default*

If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of ten Business Days or more or (in the case of any other amount in respect of the Notes) shall not make payment for a period of ten Business Days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default (a “**Default**”) under the Notes and any Holder may, notwithstanding the provisions of Condition 7(b), institute proceedings for the winding-up or dissolution of the Issuer, in each case, in Lithuania and not elsewhere, and prove or claim in the winding-up or dissolution of the Issuer.

In the event of any Winding-up Proceedings, save for the purposes of a solvent reorganisation on terms previously approved by an Extraordinary Resolution, any Holder may in its discretion prove or claim in the winding up or dissolution of the Issuer, whether in Lithuania or elsewhere and instituted by the Issuer itself or by a third party, such claim being as contemplated in Condition 3(a).

(b) *Enforcement*

Without prejudice to Condition 7(a), any Holder may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions unless Regulatory Permission therefor has been received.

(c) *Extent of Holders’ Remedy*

No remedy against the Issuer, other than as referred to in this Condition 7, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes.

For the avoidance of doubt, a resolution of the Issuer or any moratorium in respect of the Issuer or any exercise of any Bail-in and Loss Absorption Power will not constitute an event of default or a breach of the Issuer's obligations in respect of the Notes, or a failure to perform any of the Issuer's obligations in respect of the Notes in any manner whatsoever, and shall not, of itself, entitle Holders to institute or cause the institution of proceedings for the winding-up or dissolution of the Issuer in the Lithuania.

8 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holders of such amounts as would have

been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Relevant Jurisdiction other than a mere holding of such Note;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate representing the Note is presented for payment; or
- (c) in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include to any Additional Amounts which may be payable under this Condition 8.

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

- (i) *to a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to 15 per cent. corporate income tax (5 per cent. for small-sized entities or an incentive rate applicable to the Holder) in 2024. Taxable profit will be subject to 16 per cent. corporate income tax (6 per cent. for small-sized entities or an incentive rate applicable to the Holder) as of 2025. Banks and credit unions, including central credit unions and branches of foreign banks in the Republic of Lithuania, shall pay an additional 5 per cent. corporate income tax on taxable profits (subject to special calculation rules) exceeding EUR 2 million. Banks and central credit unions' financial groups established and operating in the Republic of Lithuania, including branches of foreign banks in the Republic of Lithuania, for the period from 16 May 2023 until 31 December 2025 shall pay an additional 60 per cent. temporary solidarity contribution on the net interest income (subject to special calculation rules) exceeding by 50 per cent. the average amount of net interest income during years 2018-2021 for the year 2023 and years 2019-2022 for the years 2024 and 2025 (conditions apply);*
- (ii) *to a non-resident entity, which is registered or otherwise organised in a state of the European Economic Area or in a state with which the Republic of Lithuania has concluded and brought into effect a double tax treaty, will not be subject to withholding tax in the Republic of Lithuania.; and*
- (iii) *to a non-resident entity other than those listed above will be subject to 10 per cent withholding tax.*

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

These paragraphs in italicised text shall not form part of the Conditions.

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations

thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Meetings of Holders, Modification and Waiver

(a) Meetings of Holders

The Fiscal Agency Agreement contains provisions for convening meetings of Holders (including in a physical place or by any electronic platform (such as conference call or videoconference) or a combination of such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing 10 per cent. in principal amount of the Notes for the time being outstanding, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions set out in Condition 3, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or the interest rate applicable to the Notes or varying the method of calculating the interest rate applicable to the Notes) the quorum will be one or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Fiscal Agency Agreement in the circumstances described in Condition 4(i) or in connection with the variation of the terms of the Notes so that they remain or become Qualifying Securities pursuant to Condition 5(g).

The Fiscal Agency Agreement provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the Holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

No modification to these Conditions or any other provisions of the Fiscal Agency Agreement shall become effective unless (if and to the extent required at the relevant time by the Applicable Banking Regulations) the Issuer shall have received Regulatory Permission therefor.

(b) Modification

The Notes, these Conditions and the Deed of Covenant may be amended without the consent of Holders to correct a manifest error. In addition, the Issuer and the Agent may agree, without the consent of the Holders, to:

- (i) any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement; or
- (ii) any modification of these Conditions or the Fiscal Agency Agreement which is of a formal, minor or technical nature or is made to comply with mandatory provisions of law,

in each case, if to do so could not reasonably be expected to be prejudicial to the interests of the Holders.

(c) Notices

Any such modification, waiver, authorisation or determination shall be binding on all Holders and any such modification shall be notified to the Holders in accordance with Condition 12 as soon as practicable thereafter.

11 Replacement of the Notes

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Notices

Notices required to be given to the Holders pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

13 Further Notes

The Issuer may from time to time without the consent of the Holders, but subject to any Regulatory Permission required, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding Notes (“**Further Notes**”). References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes.

14 Agents

The initial Agent, the Registrar, the Agent Bank and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer and do not assume any obligation or relationship of

agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent, the Registrar, the Agent Bank and the Transfer Agents and to appoint replacement agents as additional or other Transfer Agents, provided that it will:

- (i) at all times maintain an Agent, a Registrar and a Transfer Agent; and
- (ii) whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 12. If any of the Agent Bank, Registrar or the Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Fiscal Agency Agreement (as the case may be), the Issuer shall appoint an independent financial institution to act as such in its place. All calculations and determinations made by the Agent Bank, the Registrar or the Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Agent Bank, the Registrar, the Agent and the Holders.

15 Governing Law and Jurisdiction

(a) *Governing Law*

The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, save that the provisions of Conditions 3 and 15(d) are governed by, and shall be construed in accordance with, Lithuanian law.

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England in respect of any such Proceedings and to the jurisdiction of the courts of the Republic of Lithuania in respect of any Proceedings relating to Conditions 3 and 15(d).

(c) *Service of Process*

The Issuer irrevocably appoints Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London EC2N 4AG as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) *Acknowledgement of Bail-in and Loss Absorption Powers*

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 15(d), includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes (or any interest therein), each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
 - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

17 Definitions

In these Conditions:

“**Additional Amounts**” has the meaning given to it in Condition 8;

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Issuer, following consultation with an Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (where neither paragraph (i) above nor this paragraph (ii) applies);
- (iii) the Issuer, following consultation with an Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

“**Agent**” has the meaning given to it in the preamble to these Conditions;

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 4(i)(b) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in euro for a period of 12 months;

“Applicable Banking Regulations” means, at any time, the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy and/or to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity then in effect in the Republic of Lithuania including, without limitation to the generality of the foregoing, CRD, the SRM Regulation, BRRD, the Creditor Hierarchy Directive and those regulations, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liability and/or loss absorbing capacity and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Competent Authority, the Relevant Resolution Authority or any other national or European Union authority from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

“Authorised Signatories” means the Director or any other person duly authorised as such by the Issuer and confirmed in writing as such by the Issuer to the Agent;

“Bail-in and Loss Absorption Powers” means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with the SRM Regulation, or any laws, regulations, rules or requirements in effect in the Republic of Lithuania, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created thereunder, as applicable, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

“Benchmark Amendments” has the meaning given to it in Condition 4(i);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published on a permanent or indefinite basis (and, in either case, has not been published for a period of at least five Business Days) or ceasing to exist; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes; or
- (v) an official announcement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its underlying market; or
- (vi) it has become unlawful for the Agents or the Issuer to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that in the case of sub-paragraphs (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate or the prohibition of use of the Original Reference Rate, as the case may be, and not (unless they coincide) the date of the making of the relevant public statement.

“**BRRD**” means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time (including, without limitation, by Directive (EU) 2017/2399 and by Directive (EU) 2019/879);

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in the Republic of Lithuania and, if on that day a payment is to be made, a day which is also a T2 Business Day;

“**Calculation Amount**” means €1,000 in principal amount of the Notes;

“**Certificate**” has the meaning given to it in Condition 1(a);

“**Conditions**” has the meaning given to it in the preamble to these Conditions;

“**Competent Authority**” means any authority having primary responsibility for the prudential supervision of the Issuer at the relevant time (being, as at the Issue Date, the European Central Bank);

“**CRD**” means the legislative package consisting of the CRD Directive, the CRR and any CRD Implementing Measures;

“**CRD Directive**” means Directive 2013/36/EU, as the same may be amended or replaced from time to time, including without limitation as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019;

“**CRD Implementing Measures**” means, at any time, any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis, as the case may be) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

“**Creditor Hierarchy Directive**” means Directive (EU) 2017/2399 or any equivalent legislation that supersedes or replaces it or implements it in Lithuania;

“**CRR**” means Regulation (EU No. 575/2013) of the European Parliament and of the Council on prudential requirements for credit institutions dated 26 June 2013, as amended or replaced from time to time (including, without limitation, by Regulation (EU) 2019/876 and of the Council of 20 May 2019 or similar laws in Lithuania);

“**Director**” means the chief executive officer of the Issuer;

“**€**” or “**euro**” means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities as amended;

“**Extraordinary Resolution**” has the meaning given to it in the Fiscal Agency Agreement;

“**Further Notes**” has the meaning given to it in Condition 13;

“**Group**” means the Issuer and its consolidated Subsidiaries, taken as a whole;

“**Holder**” has the meaning given to it in Condition 1;

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 4(i)(a);

“**Initial Fixed Interest Rate**” has the meaning given to it in Condition 4(c);

“**Initial Fixed Rate Interest Period**” means the period from (and including) the Issue Date to (but excluding) the Reset Date;

“**Interest Payment Date**” means 5 December in each year, starting on (and including) 5 December 2024;

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means the Initial Fixed Interest Rate or the Reset Rate of Interest, as the case may be;

“**Issue Date**” means 5 September 2024, being the date of the initial issue of the Notes;

“**Margin**” means 2.35 per cent.;

an “**MREL Disqualification Event**” shall be deemed to have occurred if, as a result of any amendment to, or change in, or replacement of, the relevant Applicable Banking Regulations, in any such case becoming effective after the Reference Date, the whole or any part of the outstanding principal amount of the Notes ceases or (in the opinion of the Issuer) will cease to count towards the Issuer’s or the Group’s eligible liabilities and/or loss absorbing capacity (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations), provided that an MREL Disqualification Event shall not occur where the relevant cessation is (in the opinion of the Issuer) due to the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria for such eligible liabilities and/or loss absorbing capacity under the Applicable Banking Regulations effective with respect to the Issuer and/or the Group on the Reference Date;

“**Notes**” has the meaning given to it in the preamble to these Conditions;

“**Original Reference Rate**” means the rate described in paragraph (i) of the definition of “Reset Reference Rate” (or any component part thereof);

“**Qualifying Securities**” means securities issued directly by the Issuer that:

- (a) other than in respect of the effectiveness and enforceability of Condition 15(d) (including, without limitation, by changing its governing law), have terms which are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation) of one or more Authorised Signatories shall have been delivered to the Agent to make available at its registered office to the Holders prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current Applicable Banking Regulations in order to be eligible to qualify towards the Issuer’s eligible liabilities and/or loss absorbing capacity, in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations to at least the same extent as the Notes prior to the occurrence of the relevant MREL Disqualification Event or Tax Event; (2) provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes; (3) rank at least *pari passu* with the ranking of the Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral; and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (b) are listed (i) on the regulated market of Euronext Dublin or (ii) on such other internationally recognised stock exchange as may be selected by the Issuer; and

- (c) where the Notes which have been substituted or varied had a published rating from a Rating Agency at any time in the 12 months prior to their substitution or variation and such rating was solicited by or on behalf of the Issuer, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the Qualifying Securities;

“**Rating Agency**” means Moody’s Investor Services (Nordics) AB and/or its successors and affiliates;

“**Record Date**” has the meaning given to it in Condition 6(a);

“**Reference Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 13;

“**Register**” has the meaning given to it in Condition 1(b);

“**Registrar**” has the meaning given to it in the preamble to these Conditions;

“**Regulatory Permission**” means, in relation to any action, such notice, regulatory permission (and/or, as appropriate, consent, approval or waiver) as is required therefor under prevailing Applicable Banking Regulations;

“**Relevant Amounts**” means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority;

“**Relevant Date**” means (i) in respect of any payment other than a sum to be paid by the Issuer in Winding-up Proceedings, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in Winding-up Proceedings, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding up or dissolution of the Issuer or any other liquidation or bankruptcy proceedings are so instituted;

“**Relevant Jurisdiction**” means the Republic of Lithuania or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the European Commission, the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Relevant Resolution Authority**” means the resolution authority with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer and/or the Group and/or the Notes (being, as at the Issue Date, the Bank of Lithuania and/or the Single Resolution Board, subject to the distribution of functions as

specified in accordance with the SRM Regulation) or with primary supervisory authority with respect to the Issuer's and/or the Group's eligible liabilities and loss absorbing capacity from time to time;

"Reset Date" means 5 December 2027;

"Reset Determination Date" means the day falling two T2 Business Days prior to the Reset Date;

"Reset Period" means the period from and including the Reset Date to but excluding the Maturity Date;

"Reset Rate of Interest" has the meaning given to it in Condition 4(d);

"Reset Reference Banks" means five leading swap dealers in the principal interbank market relating to euro selected by the Issuer;

"Reset Reference Rate" means in respect of the Reset Period, (i) the applicable annualised mid-swap rate for swap transactions in euro (with a maturity equal to 12 months) as displayed on the Screen Page at 11.00 a.m. (Central European Time) on the Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the Reset Reference Bank Rate on the Reset Determination Date, where:

"Mid-Swap Quotations" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (a) has a term commencing on the Reset Date which is equal to 12 months; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 3-month EURIBOR rate (calculated on an 30/360 day count basis);

"Reset Reference Bank Rate" means the percentage rate determined on the basis of the Mid-Swap Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and notified to the Agent Bank at or around 11:00 a.m. (Central European Time) on the Reset Determination Date and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be the Initial Fixed Interest Rate less the Margin; and

"Screen Page" means Reuters screen page "ICESWAP2", or such other screen page as may replace it on Reuters or, as the case may be, on such other page provided by such information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

"SRM Regulation" means Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 as the same may be amended or replaced from time to time;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system;

“**T2 Business Day**” means any day on which T2 is open for the settlement of payments in euro;

“**Tax Event**” is deemed to have occurred if, as a result of a Tax Law Change:

- (a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it); or
- (b) the Issuer is no longer entitled to claim a deduction in respect of any payments of interest in respect of the Notes on the next Interest Payment Date in computing its taxation liabilities or the amount or value of such deduction would be materially reduced;

“**Tax Law Change**” means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment (a) (subject to (b)) becomes effective on or after the Reference Date, or (b) in the case of a change, if such change is enacted, on or after the Reference Date;

“**Transfer Agent**” has the meaning given to it in the preamble to these Conditions; and

“**Winding-up Proceedings**” means (i) any order made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or (ii) any other liquidation or bankruptcy proceedings in respect of the Issuer in the Republic of Lithuania are instituted on the basis of applicable legal acts of the Republic of Lithuania, including (without limitation) a decision of the shareholders to discontinue the activities of the Issuer, save, in either case, for the purposes of a solvent reorganisation of the Issuer on terms previously approved by an Extraordinary Resolution.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Global Certificate which will apply to, and in some cases modify, the Conditions as they apply to the Notes evidenced by the Global Certificate.

Initial Issue of Global Certificate

The Notes will be represented by a Global Certificate, in fully registered form, without interest coupons, deposited with a common safekeeper for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**").

Depositing the Global Certificate with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Upon the registration of the Global Certificate in the name of a nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Safekeeper, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid as represented by the Global Certificate.

Accountholders

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") (as the case may be) as the holder of a particular aggregate principal amount of the Notes represented by the Global Certificate (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or such other Alternative Clearing System (as the case may be) as to the outstanding principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the term "**Holders**" and references to "**holding of Notes**" and to "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, for which purpose the registered holder (the "**Registered Holder**"), shall be deemed to be the holder of such aggregate principal amount of the Notes in accordance with and subject to the terms of the Global Certificate.

Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for their share of each payment made by the Issuer to or to the order of the Registered Holder and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Each Accountholder shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to or to the order of the Registered Holder in respect of each amount so paid.

Exchange of the Global Certificate

The following will apply in respect of transfers of Notes represented by the Global Certificate held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2(a) (*Transfer*) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and such clearing system is closed for business for a

continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or has announced an intention permanently to cease business or does in fact do so; or

- (ii) upon or following any failure to pay principal in respect of any Notes when it is due and payable,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of such Registered Holder's intention to effect such transfer. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Any such transfer will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and exchange of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer and exchange of the Global Certificate.

Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear or Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and/or, Clearstream, Luxembourg and their respective direct and indirect participants.

Calculation of Interest

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest payable to the Registered Holder shall be calculated on the basis of the aggregate principal amount of the Notes represented by the Global Certificate, and not per Calculation Amount as provided in Condition 4 (*Interest Payments*).

Payments

For so long as the Registered Holder is shown in the register of Holders as the holder of the Notes evidenced by the Global Certificate, the Registered Holder shall (subject as set out above under "*Accountholders*") in all respects be entitled to the benefit of such Notes. Payments of all amounts payable under the Conditions in respect of the Notes as evidenced by the Global Certificate will be made to the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear and/or Clearstream, Luxembourg will be credited, to the extent received by the Agent, to the cash accounts of Euroclear and/or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the register, which entry shall constitute *prima facie* evidence that the payment has been made.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer or any of its Subsidiaries will be effected by a reduction in the aggregate principal amount of the Notes in the relevant register of Holders and by the annotation of the appropriate schedule to the Global Certificate.

Partial Redemption

In the event that less than all the Notes are redeemed, selection of such Notes or portions thereof for redemption will be made only in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion). The Global Certificate will be written down to reflect the partial redemption.

Notices

For so long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, notices to Holders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for communication by it to entitled Accountholders in substitution for notification and publication as required by Condition 12 (*Notices*) except that, so long as the Notes are admitted to listing on the Official List and to trading on the Market of Euronext Dublin, notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Holders on the date on which the notice is delivered to Euroclear and/or Clearstream, Luxembourg or the Alternative Clearing System (as applicable).

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Notes represented by the Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined for these purposes in the Conditions).

Meetings

The holder of a Global Certificate will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Holders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of Notes for which the Global Certificate may be exchanged.

Written Resolution and Electronic Consent

For so long as the Notes are evidenced by the Global Certificate and such Global Certificate is registered in the name of any nominee for any one or more of Euroclear and Clearstream, Luxembourg or another clearing system, then, in respect of any resolution proposed by the Issuer:

- (i) where the terms of the proposed resolution have been notified to the Holders through the relevant clearing system(s), the Issuer shall be entitled to rely upon approval of such resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding ("**Electronic Consent**") by close of business on the Relevant Date (as defined for these purposes in Schedule 3 of the Agency Agreement). Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) Accountholders in the clearing system(s) with entitlements to the Global Certificate and/or, (b) where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that Accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant Alternative Clearing System (the "**Relevant Clearing System**") and, in the case of (b) above, the Relevant Clearing

System and the Accountholder identified by the Relevant Clearing System for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the Relevant Clearing System (including Euroclear's EUCLID or Clearstream, Luxembourg's Xact system) in accordance with its usual procedures and in which the Accountholder of a particular principal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The estimated net proceeds of the issue of the Notes, amounting to approximately €299,250,000 (after deduction of estimated fees and expenses) will be used by the Issuer for its general corporate purposes.

HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

The information set out in the tables below is a summary of the Group's financial performance and key performance indicators for the six months ended 30 June 2024 and 30 June 2023 (where relevant), and financial years ended 31 December 2023 and 31 December 2022. The information set out in the tables below (except for information relating to the six months ended 30 June 2024 and 30 June 2023 (where relevant)) has been extracted (without any material adjustment) from and is qualified by reference to and should be read in conjunction with the 2023 Annual Report and the 2022 Annual Report, which are incorporated by reference in this Prospectus and form an integral part hereof (see "*Information Incorporated by Reference*"). The Issuer's annual financial statements are prepared according to IFRS and the Issuer's quarterly financial statements are prepared according to IAS.

From 1 January 2023, the Group has applied a new accounting standard, IFRS 17 (*Insurance contracts*) the impact of which is detailed in the 2023 Financial Statements. This standard was applied retrospectively and has had an impact on comparable figures. These figures have therefore been restated in previous periods, as noted below.

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

Consolidated Financial Statements of the Group for the six months ended 30 June 2024 and 30 June 2023 (where relevant) and the years ended 31 December 2023 and 31 December 2022

Group Income Statements

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	<i>(EUR thousands)</i>			
Continuing operations				
Interest revenue calculated using the effective interest method	120,647	87,053	195,726	107,650
Other similar income	13,027	9,526	21,242	12,041
Interest expense and similar charges	(53,044)	(21,112)	(60,115)	(12,910)
Net interest income	80,630	75,467	156,853	106,781
Fee and commission income.....	18,140	13,311	28,610	26,295
Fee and commission expense.....	(4,403)	(3,706)	(8,358)	(7,546)
Net fee and commission income.....	13,737	9,605	20,252	18,749
Net gain from trading activities	10,893	6,442	11,948	10,832
Net gain (loss) from derecognition of financial assets	(91)	319	809	1,034
Net gain (loss) from disposal of tangible assets.....	23	721	864	810
Revenue related to insurance activities.....	6,975	2,347	5,684	6,418
Other operating income	305	256	41	1,658
Salaries and related expenses.....	(23,174)	(16,838)	(36,226)	(30,729)
Depreciation and amortization expenses	(3,676)	(2,612)	(5,490)	(4,642)
Expenses related to insurance activities.....	(11,436)	(4,046)	(12,514)	(3,972)
Other operating expenses.....	(17,130)	(11,526)	(31,247)	(21,618)
Operating profit before impairment losses.....	57,056	60,135	110,974	85,321
Allowance for impairment losses on loans, finance lease receivables	(3,984)	(5,380)	(15,518)	(5,409)
(Allowance for)/ reversal of allowance for impairment losses on other assets.....	68	41	286	453

			Year ended	
			31	
			December	
			2022	
			(restated)	
	Six months	Six months	Year ended	Year ended
	ended 30	ended 30	31	31
	June 2024	June 2023	December	December
	2024	2023	2023	2022
	<i>(EUR thousands)</i>			
Allowance for impairment losses on investments in subsidiaries	-	-	-	-
Share of the profit or loss of investments in subsidiaries accounted for using the equity method ...	-	-	-	-
Profit from continuing operations before income tax.....	53,140	54,796	95,742	80,365
Income tax expense	(10,148)	(13,338)	(20,367)	(12,916)
Net profit from continuing operations for the year / period.....	42,992	41,458	75,375	67,449
Profit (loss) from discontinued operations, net of tax.	-	-	-	-
Net profit for the year / period	42,992	41,458	75,375	67,449
Net profit attributable to:				
Owners of the Issuer	42,992	41,458	75,375	67,449
From continuing operations.....	42,992	41,458	75,375	67,449
From discontinued operations.....	-	-	-	-
Non-controlling interest.....	-	-	-	-
Basic earnings per share (in EUR per share) attributable to owners of the Issuer.....	0.07	0.07	0.13	0.11
Diluted earnings per share (in EUR per share) attributable to owners of the Issuer.....	0.07	0.07	0.13	0.11

Statements of the Group's Comprehensive Income

			Year ended	
			31	
			December	
			2022	
			(restated)	
	Six months	Six months	Year ended	Year ended
	ended 30	ended 30	31	31
	June 2024	June 2023	December	December
	2024	2023	2023	2022
Net profit for the year/ period	42,992	41,458	75,375	67,449
Other comprehensive income (loss):				
Items that may be subsequently reclassified to profit or loss:				
Gain from revaluation of financial assets	1,322	390	3,356	(9,407)
Deferred income tax on gain (loss) from revaluation of financial assets.....	(264)	(79)	(671)	1,879
Items that may not be subsequently reclassified to profit or loss:				
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk.....	-	-	-	-
Other comprehensive income (loss), net of deferred tax.....	1,058	311	2,685	(7,528)
Total comprehensive income for the year / period.	44,050	41,769	78,060	59,921

Total comprehensive income attributable to:

Owners of the Issuer	44,050	41,769	78,060	59,921
Non-controlling interest	-	-	-	-

Consolidated Statements of the Group's Financial Position

	30 June	31 December	31 December
	2024	2023	2022
	(restated)		
	(EUR thousands)		
ASSETS			
Cash and cash equivalents	675,846	751,499	384,758
Securities in the trading book	218,793	207,677	58,301
Due from other banks	3,354	3,013	2,733
Derivative financial instruments	856	251	897
Loans to customers	2,874,480	2,645,104	2,391,629
Finance lease receivables	313,542	286,533	242,448
Investment securities at fair value	59,455	74,500	90,225
Investment securities at amortized cost	797,902	751,227	969,036
Investments in subsidiaries and associates	200	100	100
Intangible assets	44,846	45,138	8,283
Property, plant and equipment	15,389	15,781	16,151
Investment property	976	993	1,827
Current income tax prepayment	224	35	6
Deferred income tax asset	6,805	7,577	5,659
Assets held for sale	150	150	150
Other assets	23,314	19,743	10,453
Total assets	5,036,132	4,809,321	4,182,656
LIABILITIES			
Due to other banks and financial institutions	576,629	569,994	685,075
Derivative financial instruments	213	1,041	7,152
Due to customers	3,322,711	3,162,657	2,784,968
Special and lending funds	17,518	15,718	14,184
Debt securities in issue	305,169	276,480	171,231
Current income tax liabilities	2,702	6,412	4,374
Deferred income tax liabilities	6,149	6,125	1,463
Liabilities related to insurance activities	189,053	179,318	36,185
Other liabilities	60,516	48,448	35,118
Total liabilities	4,480,660	4,266,193	3,739,750
EQUITY			
Share capital	192,269	192,269	174,211
Share premium	25,534	25,534	3,428
Treasury shares (-)	(900)	(1,500)	-
Reserve capital	756	756	756
Statutory reserve	61,027	47,803	37,113
Financial instruments revaluation reserve	(4,368)	(5,426)	(8,111)
Reserve for acquisition of own shares	20,000	20,000	20,000
Other equity	1,480	1,697	2,355

	30 June 2024	31 December 2023	31 December 2022 (restated)
Retained earnings	259,674	261,995	213,154
Non-controlling interest.....	-	-	-
Total equity	555,472	543,128	442,906
Total liabilities and equity	5,036,132	4,809,321	4,182,656

The Group's Statement of Changes in Equity (EUR thousands)

	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to Bank shareholders											
31 December 2021	174,211	3,428	(516)	756	(583)	21,893	10,000	3,288	193,950	406,427	-	406,427
Impact of change in accounting principles	-	-	-	-	-	-	-	-	(2,607)	(2,607)	-	(2,607)
1 January 2022 (restated)	174,211	3,428	(516)	756	(583)	21,893	10,000	3,288	191,343	403,820	-	403,820
Transfer to/from statutory reserve.....	-	-	-	-	-	15,220	-	-	(15,220)	-	-	-
Transfer to reserve for acquisition of own shares...	-	-	-	-	-	-	10,000	-	(10,000)	-	-	-
Acquisition of own shares...	-	-	(1,557)	-	-	-	(234)	-	-	(1,791)	-	(1,791)
Share-based payment	-	-	2,073	-	-	-	234	(933)	7	1,381	-	1,381
Payment of dividends.....	-	-	-	-	-	-	-	-	(20,425)	(20,425)	-	(20,425)
Total comprehensive income (restated).....	-	-	-	-	(7,528)	-	-	-	67,449	59,921	-	59,921
Net profit (restated)	-	-	-	-	-	-	-	-	67,449	67,449	-	67,449
Other comprehensive income (restated).....	-	-	-	-	(7,528)	-	-	-	-	(7,528)	-	(7,528)
31 December 2022	174,211	3,428	-	756	(8,111)	37,113	20,000	2,355	213,154	442,906	-	442,906
Transfer to statutory reserve	-	-	-	-	-	10,690	-	-	(10,690)	-	-	-
Increase in share capital	18,058	22,106	-	-	-	-	-	-	-	40,164	-	40,164
Acquisition of own shares...	-	-	(3,368)	-	-	-	-	-	-	(3,368)	-	(3,368)
Share-based payment	-	-	1,868	-	-	-	-	(658)	75	1,285	-	1,285
Payment of dividends.....	-	-	-	-	-	-	-	-	(15,919)	(15,919)	-	(15,919)
Total comprehensive income	-	-	-	-	2,685	-	-	-	75,375	78,060	-	78,060
Net profit	-	-	-	-	-	-	-	-	75,375	75,375	-	75,375
Other comprehensive income	-	-	-	-	2,685	-	-	-	-	2,685	-	2,685
31 December 2023	192,269	25,534	(1,500)	756	(5,426)	47,803	20,000	1,697	261,995	543,128	-	543,128

KEY FINANCIAL RATIOS AND ALTERNATIVE PERFORMANCE MEASURES OF THE ISSUER

The Issuer considers each measure set out below to constitute an 'alternative performance measure' (an "APM") as described on the ESMA Guidelines on Alternative Performance Measures published on 5 October 2015. These include Average equity, Return on average equity, Average assets, Return on average assets, Average interest earning assets, Net interest margin, Cost/Income ratio, Credit Impairment ratio, Loans to customers, Deposits from customers, Loans/Deposits ratio. Gross impaired loans vs Gross Loans (NPL ratio).

The financial measures presented in this section are not defined in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). An APM should not be considered in isolation from, or as a substitute for any analysis of, financial measures defined according to IFRS. Investors are advised to review these APMs in conjunction with the consolidated financial statements of the Issuer contained in this Prospectus.

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

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

It should be noted that APMs are calculated for the six months ended 30 June 2024, and the twelve months ended 31 December 2023 and 31 December 2022 for the Group.

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Net profit, EUR million	43.0	75.4	67.4
Average total assets, EUR million.....	4,797.8	4,418.3	4,021.8
Return on average assets (ROAA), %	1.8	1.7	1.7
Average total equity, EUR million	531.3	487.4	417.9
Return on average equity (ROAE), %	16.2	15.5	16.1
Cost to income ratio, %	49.3	43.5	41.7
Cost to income ratio (adjusted due to the impact of SB draudimas GD clients' portfolio), %.....	45.4	41.2	43.4
Price to book (P/BV) value ratio	0.8	0.8	0.9
Price/Earnings (P/E) indicator of the Group.....	5.3	6.1	6.1
Dividends to net profit, %.....	-	37.3	24.1
Dividend yield, %	-	7.0	3.9
Loan to deposit ratio, %	95.9	92.7	94.6
Cost of risk (CoR), %	0.29	0.54	0.20

Reconciliation

Return on average assets (ROAA), %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	<i>(EUR)</i>		
Net profit, EUR million	43.0	75.4	67.4
Average total assets, EUR million	4,797.8	4,418.3	4,021.8
Return on average assets (ROAA), %	1.8	1.7	1.7

Return on average equity (ROAE), %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	<i>(EUR)</i>		
Net profit, EUR million	43.0	75.4	67.4
Average total equity, EUR million	531.3	487.4	417.9
Return on average equity (ROAE), %	16.2	15.5	16.1

Cost to income ratio, %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	<i>(EUR thousands)</i>		
Salaries and related expenses.....	(23,174)	(36,226)	(30,729)
Depreciation and amortization expenses	(3,676)	(5,490)	(4,642)
Expenses related to insurance activities.....	(11,436)	(12,514)	(3,972)
Other operating expenses.....	(17,130)	(31,247)	(21,618)
Operating Costs	(55,416)	(85,477)	(60,961)
Net interest income	80,630	156,853	106,781
Net fee and commission income	13,737	20,252	18,749
Net gain from trading activities	10,893	11,948	10,832
Net gain (loss) from derecognition of financial assets.....	(91)	809	1,034
Net gain (loss) from disposal of tangible assets.....	23	864	810
Revenue related to insurance activities.....	6,975	5,684	6,418
Other operating income	305	41	1,658
Operating income	112,472	196,451	146,282
Cost to income ratio, %.....	49.3	43.5	41.7

Cost to income ratio (adjusted due to the impact of the SB draudimas clients' portfolio), %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	<i>(EUR thousands)</i>		
Salaries and related expenses.....	(23,174)	(36,226)	(30,729)
Depreciation and amortization expenses	(3,676)	(5,490)	(4,642)
Expenses related to insurance activities.....	(11,436)	(12,514)	(3,972)
Other operating expenses.....	(17,130)	(31,247)	(21,618)

Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts	7,911	7,738	(4,501)
Operating Costs	(47,505)	(77,739)	(65,462)
Net interest income	80,630	156,853	106,781
Net fee and commission income	13,737	20,252	18,749
Net gain from trading activities	10,893	11,948	10,832
Net gain (loss) from derecognition of financial assets	(91)	809	1,034
Net gain (loss) from disposal of tangible assets	23	864	810
Revenue related to insurance activities	6,975	5,684	6,418
Other operating income	305	41	1,658
Investment result of the insurance company assets under unit-linked contracts	(7,911)	(7,738)	4,501
Operating income	104,561	188,713	150,783
Cost to income ratio (adjusted due to the impact of the SB draudimas clients' portfolio), %	45.4	41.2	43.4

Price to book (P/BV) value ratio

	As at the six months ended 30 June 2024	As at the year ended 31 December 2023	As at the year ended 31 December 2022 (restated)
	(EUR)		
Share price,	0.689	0.693	0.686
Total equity, EUR (thousands)	555,472	543,128	442,906
Number of shares	662,996,646	662,996,646	600,726,263
Book value per share	0.838	0.819	0.737
Price to book (P/BV) value ratio	0.8	0.8	0.9

Price/Earnings (P/E) indicator of the Group

	As at the six months ended 30 June 2024	As at the year ended 31 December 2023	As at the year ended 31 December 2022 (restated)
	(EUR)		
Share price	0.689	0.693	0.686
Earnings per share (in EUR per share) attributable to owners of the Issuer	0.07	0.13	0.11
Price/Earnings (P/E) indicator of the Group	5.3	6.1	6.1

Dividends to net profit, %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	(EUR)		
Amount of dividends per share	-	0.0485	0.0265
Earnings per share (in EUR per share) attributable to owners of the Issuer	0.07	0.13	0.11
Dividends to net profit, %	-	37.3	24.1

Dividend yield, %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	(EUR)		
Amount of dividends per share	-	0.0485	0.0265
Share price	0.689	0.693	0.686
Dividend yield, %	-	7.0	3.9

Loan to deposit ratio, %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	(EUR)		
Loans to customers	2,874,480	2,645,104	2,391,629
Finance lease receivables.....	313,542	286,533	242,448
Loans.....	3,188,022	2,931,637	2,634,077
Due to customers	3,322,711	3,162,657	2,784,968
Deposits.....	3,322,711	3,162,657	2,784,968
Loan to deposit ratio, %.....	95.9	92.7	94.6

Cost of risk (CoR), %

	Six months ended 30 June 2024	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
	(EUR)		
Allowance for impairment losses on loans, finance lease receivables	(4,306)	(15,261)	(4,956)
Allowance for impairment losses on loans.....	(4,306)	(15,261)	(4,956)
Average Loan portfolio	3,014,871	2,827,206	2,427,901
Cost of risk (CoR), %	0.29	0.54	0.20

Selected Quarterly Balance Sheet Data

	2024				2023				2022					
	Six months ended 30 June	Three months ended 31 March	Twelve months ended 31 December	Nine months ended 30 September	Six months ended 30 June	Three months ended 31 March	Twelve months ended 31 December	Nine months ended 30 September	Six months ended 30 June	Three months ended 31 March	Twelve months ended 31 December	Nine months ended 30 September	Six months ended 30 June	Three months ended 31 March
Loans to customers	2,874,480	2,759,453	2,645,104	2,609,832	2,519,009	2,440,832	2,391,629	2,281,598	2,135,662	2,010,831	1,900,000	1,800,000	1,700,000	1,600,000

Finance lease receivables	313,542	285,407	286,533	285,133	272,280	250,099	242,448	232,025	217,260	200,150
Total Assets	5,036,132	4,922,957	4,809,321	4,422,662	4,210,497	4,230,799	4,182,656	4,003,335	3,952,585	3,948,729
Total Equity	555,472	533,336	543,128	493,315	469,441	443,789	442,906	425,594	409,734	393,504

Description of Issuer's alternative performance measures

Performance measure	Formula and components used for the calculation	Interpretation
Return on average assets ("ROAA"), %	<p>Net profit for the year / Average total assets Net profit for the year – presented in the income statement*; Average total assets – calculated as an average of the total assets (presented in statement of financial position) for the last four quarters.</p> <p><i>*Note: Net profit is converted to annual by multiplying it by a coefficient according to the financial reporting period, i.e. net profit for Q1 is multiplied by 4, net profit for H1 is multiplied by 2, profit for three quarters multiplied by 4/3.</i></p>	The ratio shows the percentage return the company earns from assets. The higher the ratio, the more efficient use of assets
Return on average equity ("ROAE"), %	<p>Net profit for the year / Average total assets Net profit for the year – presented in the income statement*; Average total assets – calculated as an average of the total assets (presented in statement of financial position) for the last four quarters.</p> <p><i>*Note: Net profit is converted to annual by multiplying it by a coefficient according to the financial reporting period, i.e. net profit for Q1 is multiplied by 4, net profit for H1 is multiplied by 2, profit for three quarters multiplied by 4/3</i></p>	The ratio shows the percentage return the company earns from assets. The higher the ratio, the more efficient use of assets
Cost to income ratio, %	<p>Operating costs / Operating income</p> <p>Operating costs (which is a total of income statement lines): + Salaries and related expenses; + Depreciation and amortization expenses; + Expenses related to insurance activities; + Other operating expenses.</p> <p>Operating income (which is a total of income statement lines): + Net interest income; + Net fee and commission income; + Net gain from trading activities; + Net gain (loss) from derecognition of financial assets; + Net gain (loss) from disposal of tangible assets; + Revenue related to insurance activities; + Other operating income.</p>	The ratio indicates the amount of cost used to earn one euro of income. Lower cost to income ratio is considered as better

Performance measure	Formula and components used for the calculation	Interpretation
Cost to income ratio (adjusted due to the impact of the SB draudimas GD clients' portfolio), %	<p>Operating costs (adjusted due to the impact of the SB draudimas GD clients' portfolio) / Operating income (adjusted due to the impact of the SB draudimas GD clients' portfolio)</p> <p>Operating costs (which is a total of income statement lines): + Salaries and related expenses; + Depreciation and amortization expenses; + Expenses related to insurance activities; + Other operating expenses; - Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts {presented in the notes of financial statements } Operating income (which is a total of income statement lines): + Net interest income; + Net fee and commission income; + Net gain from trading activities; + Net gain (loss) from derecognition of financial assets; + Net gain (loss) from disposal of tangible assets; + Revenue related to insurance activities; + Other operating income; - Investment result of the insurance company assets under unit-linked contracts {presented in the notes of financial statements }</p> <p><i>*Note: ratio is calculating from 2020-03</i></p>	<p>The indicator shows the cost spent per euro of income, eliminating the impact of SB Draudimas GD customer portfolio on both the cost and income side. A lower value of the indicator shows the efficiency / ability of the company to generate higher income. The influence of SB Draudimas GD customer portfolio is eliminated because in aggregate it is always zero: the investment result of the assets under unit-linked contracts is identical, only with the opposite sign reflected on the cost side as part of the change in technical insurance provisions. Adding identical amounts to income / expenses, depending on the direction of market changes, significantly distorts the values of the cost-income ratio, this elimination allows better comparison of them in the time entry</p>
Price to book ("P/BV") value ratio	<p>Share price / Book value per share</p> <p>Share price – presented in AB Nasdaq Vilnius regulated market; Book value per share – calculated as ratio between total equity (statement of financial position) and number of shares (annual report)</p>	<p>The ratio indicates the price investors pay for one euro of total equity</p>
Price/Earnings ("P/E") indicator of the Group	<p>Share price / Earnings per share</p> <p>Share price – presented in AB Nasdaq Vilnius regulated market; Earnings per share – presented in the income statement.</p>	<p>The price-earnings ratio indicates the price investors pay for one euro of the company's earnings</p>
Dividends to net profit, %	<p>Amount of dividends per share / Earnings per share</p> <p>Amount of dividends per share – presented in explanatory notes to the financial statements; Earnings per share – presented in the income statement</p>	<p>The ratio indicates the share of Issuer's earnings that is distributed in a form of dividends</p>
Dividend yield, %	<p>Amount of dividends per share / Share price</p> <p>Amount of dividends per share – presented in explanatory notes to the financial statements; Share price – presented in Nasdaq Vilnius regulated market.</p>	<p>The ratio indicates level of return that is generated from dividends</p>
Loan to deposit ratio, %	<p>Loans / Deposit</p>	<p>The indicator compares issued loans to accepted deposits,</p>

Performance measure	Formula and components used for the calculation	Interpretation
Cost of risk (CoR), %	<p>Loans – Sum of amounts of loans granted to customers and receivables from Financial Lease (presented in the statement of financial position);</p> <p>Deposits - Amounts due to customers (presented in the statement of financial position)</p> <p>Allowance for impairment losses on loans / Average Loan portfolio</p>	<p>showing the Issuer's liquidity. A higher value of the indicator indicates that the Issuer is in a higher risk area.</p> <p>The ratio indicates the loan portfolio's risk.</p>
	<p>Allowance for impairment losses on loans - sum of allowance for impairment losses on loans and finance lease (presented in the notes of financial statements and taken from the income statement)</p> <p>Average Loan portfolio – calculated as an average of the total loans and finance lease (presented in statement of financial position) for the last four quarters</p>	
	<p><i>*Note: Allowance for impairment losses on loans is converted to annual by multiplying it by a coefficient according to the financial reporting period, i.e. net profit for Q1 is multiplied by 4, net profit for H1 is multiplied by 2, profit for three quarters multiplied by 4/3</i></p>	

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

DESCRIPTION OF THE ISSUER

Background of the Issuer

The Issuer operates as a financial institution in the Lithuanian market, specialising in business financing and consumer financing solutions. The Issuer serves its clients in 54 branches across 36 cities and towns throughout Lithuania and as of 30 June 2024 continues to experience profitable growth.

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

Key milestones in the Issuer's development:

1992	The Issuer was incorporated.
1994	Listing on Nasdaq Baltic Market.
2005	The European Bank for Reconstruction and Development (" EBRD ") became the Issuer's major shareholder, acquiring 16 per cent. of the Issuer's shares.
2006	Listing on the Main list of Nasdaq Vilnius.
2013	Transfer of certain of Ūkio bankas' insured liabilities and performing assets (EUR 789 million) to the Issuer.
2015	Acquisition of Bank Finasta AB.
2018	EBRD's shareholding increased to 26 per cent.
2020	Acquisition of private client loan portfolio from the Lithuanian branch of Danske Bank A/S.
2020	Inclusion in the list of euro area banks directly supervised by the ECB. The ECB granted the Issuer the status of a significant Lithuanian financial institution.
2021	The Issuer issued its first bonds in the domestic and international financial markets.
	The EBRD announced the sale of part of its 18 per cent. share in the Issuer to Invalda INVL, Tesonet Global and Willgrow, which completed on 31 May 2024.
2023	The first EUR 50,000,000 subordinated bond issue was placed in the domestic and international financial markets.
	Moody's upgraded the Issuer's credit rating to "Baa1" with a stable outlook.
	The Issuer and Invalda INVL completed a merger of their retail businesses.

Key information about the Issuer

Legal and commercial name of the Issuer	Akcinė bendrovė Šiaulių bankas and Šiaulių bankas AB respectively
Legal form of the Issuer	Public limited liability company
Place of registration (registered office)	Tilžės str. 149, Šiauliai, Lithuania
Corporate ID code	112025254
LEI	549300TK038P6EV4YU51
Legislation under which the Issuer operates	The laws of the Republic of Lithuania

Date of incorporation	4 February 1992
Operating period	Indefinite
Telephone number	+370 41 595 607

All of the Issuer's shares are listed and traded on a Regulated Market on the Nasdaq Baltic Main List. In addition, the following bonds are listed and traded on the Nasdaq Baltic Regulated bond market list:

- (i) €20,000,000 6.15 per cent. Tier 2 Subordinated Notes due 23 December 2029 (ISIN: LT0000404287) callable on 23 December 2024;
- (ii) €210,000,000 1.047 per cent. Senior Preferred Notes due 7 October 2025 (ISIN: LT0000405771) and callable on 7 October 2024;
- (iii) €50,000,000 10.75 per cent. Subordinated Notes due 22 June 2033 (ISIN: LT0000407751) and callable on 22 June 2028; and
- (iv) €25,000,000 7.7 per cent. Tier 2 Subordinated Notes due 22 May 2034 (ISIN: LT0000409013) and callable on 2 May 2029.

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

Financial year	Percentage of nominal value	Dividends per share, EUR	Total dividends, EUR
2023	16.72	0.0485	32,094,723
2022	9.14	0.0265	15,919,246
2021	11.72	0.0340	20,424,693
2020	1.90	0.0055	3,303,994
2019	0	0	0

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

Business Overview

The Issuer is the oldest domestic operating bank in Lithuania. The Issuer accepts deposits, issues loans, provides foreign exchange, payment and settlement services, issues debit and credit cards, engages in trade finance, investment services and securities trading, as well as performing other activities set forth in the Law on Banks of the Republic of Lithuania and the Articles of Association of the Issuer.

The Issuer's core purpose and mission is 'Banking that empowers', which emphasises the importance of the Issuer's customer relationships, reputation, visibility and performance. The Issuer's vision is to be 'a bank one wants to grow with', and to be a bank that is beloved and recognised by its customers, employees, and investors as a bank that fosters and facilitates financial and professional growth.

On 1 December 2023, Šiaulių Bankas and Invalda INVL completed the merger of their retail businesses (the "**Transaction**"). Following completion of the Transaction, the Group, in addition to the financial services it already provided, started to manage second and third-pillar pension funds and investment funds for retail clients in Lithuania. The pension and investment fund businesses in Lithuania are managed through UAB "SB Asset Management" ("**SB Asset Management**") and controlled by the Issuer. The merger has significantly expanded the Group's life insurance business in the Baltic States, which is controlled by SB Draudimas GD (operating in Latvia and Estonia through its own branches). The Transaction involved more than 210,000 clients and over EUR 1.1 billion of assets under management in the Baltics. As a result of the Transaction, the combined funds entrusted by clients to the Group as deposits, assets under management and assets under custody increased by a quarter and

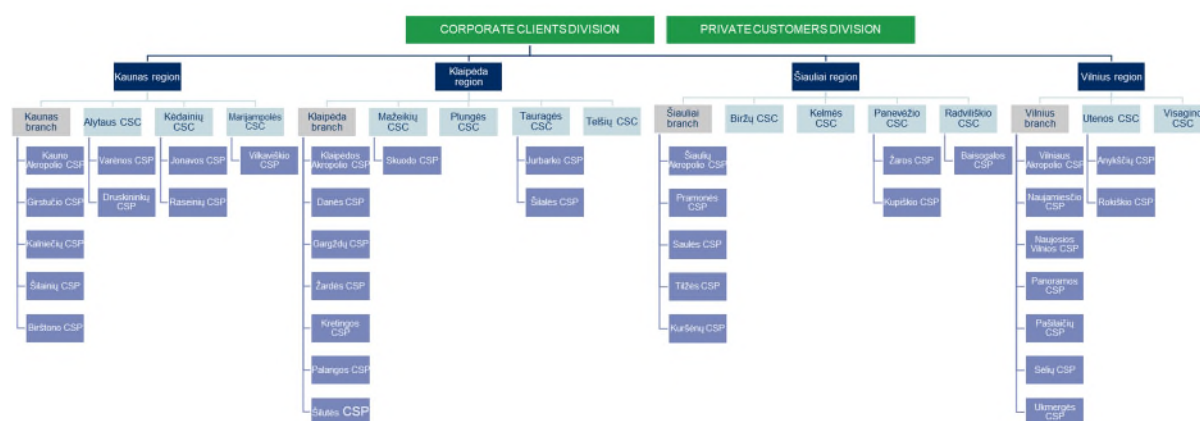
surpassed EUR 6 billion (as at 31 December 2023). Following completion of the Transaction, 160 specialists, investment managers and experts who worked for Invalda INVL joined Šiaulių Bankas Group.

Strengths

The Issuer has the following key strengths in the below three client groups:

Corporate	Private clients	Investment
<ul style="list-style-type: none"> • Quick decision-making process enables rapid responsiveness to client requirements. • Robust risk management framework and high asset quality. • Ability to offer tailor-made solutions to meet client needs. • The Issuer is established in the Lithuanian domestic small and medium enterprise ("SME") and mid-sized corporate lending market. 	<ul style="list-style-type: none"> • Full-suite product offering: more than 50 different banking, asset management and life insurance products. • Omnichannel client reach: one of the widest networks in Lithuania (54 branches across 36 cities and towns) (<i>Source: Issuer data</i>), call centre, mobile and online banking options. • Retained proximity to the customer will allow us to win new clients as our competitors continue closing down the branches and scaling down the operations. 	<ul style="list-style-type: none"> • The Issuer is the market leader in Lithuanian domestic debt capital markets, participating in approximately 86 per cent. of the total number of bond issues originated in Lithuania in 2023 (<i>Source: Nasdaq CSD data</i>). • One of the market leaders in the small and medium-sized corporate bonds issuance market (<i>Source: Nasdaq CSD data</i>). • Unique trading and brokering capabilities including repo transactions. • The best risk and return profile of pension funds in Lithuania²

Regions and customer service network of the Issuer



CSC – Customer Service Center
CSP – Customer Service Point

As at 30 June 2024, the Issuer had 54 customer service outlets compared to 55 outlets as at 30 June 2023. As at 30 June 2024, the Issuer has one of the widest branch networks of banks in Lithuania (*Source: Issuer data*). In order to keep costs associated with its branch network contained and as reflected in its cost to income ratio, the Issuer prioritises strict cost management (including by staffing its branches efficiently) without compromising

² According to the last three year results of INVL P2 (89/95, 82/88, 75/81) and INVL P3 pension funds in Lithuania for the years ended 31 December 2023, 2022 and 2021.

customer service. The Issuer also monitors branch performance, demographic trends and projections to ensure that branches run optimally or are replaced with alternative solutions like enhance online banking.

As at 30 June 2024, the Issuer had 1,039 employees compared to 857 as at 30 June 2023.

Issuer's credit rating

On 22 May 2024, Moody's affirmed the Issuer's long-term deposit rating as "Baa1". The outlook for long-term deposit ratings remains marked as "stable". This is the highest rating assessment in the Issuer's history.

The Issuer's previous short-term deposit rating of P-2 has also been affirmed in its rating action notice dated 22 May 2024.

Strategy of the Issuer

In January 2024 the Issuer announced its Strategy Update for 2024-2029, outlining its ambition to become the best bank in Lithuania by 2029 as measured by rate of growth, shareholder returns and client experience. The Issuer is committed to achieving this goal by delivering exceptional customer experience, fostering top-of-mind recognition among Lithuanian banking clients, expanding its customer base and loan portfolio at a faster pace than competitors in the Lithuanian market, and generating consistent mid-to-high teens return on equity.

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

The Issuer has signed an agreement with Temenos for the implementation of a new core banking platform. Temenos is one of the most advanced banking IT platforms, ranked as the global market leader in eight categories (including "Core Banking") by IBS Intelligence in its IBSi Sales League Table 2024, and is used by around 3,000 leading financial institutions worldwide. The cloud-based platform is scheduled to be deployed by the end of 2026 and will ensure modular development, flexibility, resilience, and excellent customer experience.

The Issuer is also analysing its rebranding needs following the Transaction and the need to appeal to a broader audience, with the aim of announcing a new, modern brand identity in 2025. The aim is to ensure that its brand is in line with the Issuer's strategic changes and evolving consumer expectations, and to increase the Issuer's visibility among its target customer segments. The aim of this strategic move is to be at the forefront of consumer minds in the Lithuanian banking sector. This rebranding exercise is expected to coincide with the Issuer's core banking platform upgrade, which the Issuer expects will provide an opportunity to implement branding changes efficiently and cost-effectively.

The Issuer's strategy also includes the refurbishment and rebranding of its branch network. The Issuer is committed to maintaining the widest branch network in Lithuania. It actively reviews the key performance indicators of its branches; this may result in the Issuer closing certain branches and/or opening new branches.

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

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

On 25 September 2023, the Issuer has reorganised its structure, focussing on customers, with the establishment of the Corporate Client, Private Client and Investment Client divisions having the following goals:

- Corporate Clients: the Issuer, being one of the market leaders in SME and mid-cap enterprise financing, aims to double the number of business customers to 40,000 by 2029 and reach 20 per cent. market share of the corporate lending market in Lithuania.
- Private Clients: to provide services to 1 million customers by 2029, twice the number as serviced during the year ended 31 December 2023, and to ensure that one in three customers will use the Issuer as his or her primary bank (measured as a bank with inflows of at least EUR 300 per month for a continuous period of at least three months, and with at least one additional product besides the account itself (such as a payment card, insurance etc)).
- Investment Clients: the Issuer aims to become a leader, in terms of market share, in the Lithuanian domestic debt capital market by offering services to a broader segment of companies seeking finance in the debt capital markets and to help companies raise at least EUR 500 million annually in the debt capital markets by 2029.

The strategy aims to generate over 20 per cent. average annual return (including return on capital, dividends and share appreciation) to investors during the period 2024-2029.

Key financial targets

	2023	2024	2025	2026	2027–2029
Loan portfolio	€ 2.9 bn	€ 3.3 bn	€ 3.7 bn	€ 4.1 bn	8% compound annual growth rate
Cost-to-income ratio (adjusted due to the impact of SB draudimas GD clients' portfolio) (%)	41.2	49.7	53.2	48.8	< 47.5
Return on average equity (%)	15.5	13.7	13.1	15.0	> 15.0

Issuer's competitive position

The Lithuanian banking market is dominated by several large financial institutions that have a long history in this market and are internationally active. Due to their size and capital, these banks can offer a wide range of services to their customers, invest in the latest technology, and participate in major funding and investment projects. As a result, they represent a significant market share within Lithuania. As at 31 March 2024, the Issuer's market share in Lithuania stood at 10.0 per cent. (loan portfolios), 13.6 per cent. (corporate lending) and 7.9 per cent. (deposits) (*Source: Bank of Lithuania and Lithuanian Banking Association data 2024*).

In recent years, technological innovation, particularly in the fintech sector, has led to the emergence of many new players offering alternative banking services within Lithuania. These newcomers, although they do not have as much capital or as long a history of operation in Lithuania as the Issuer and other more established competitors, are able to adapt quickly to market needs, offer innovative services and attract new customers.

For further information on the Lithuanian banking market, see the section "*Market Environment*".

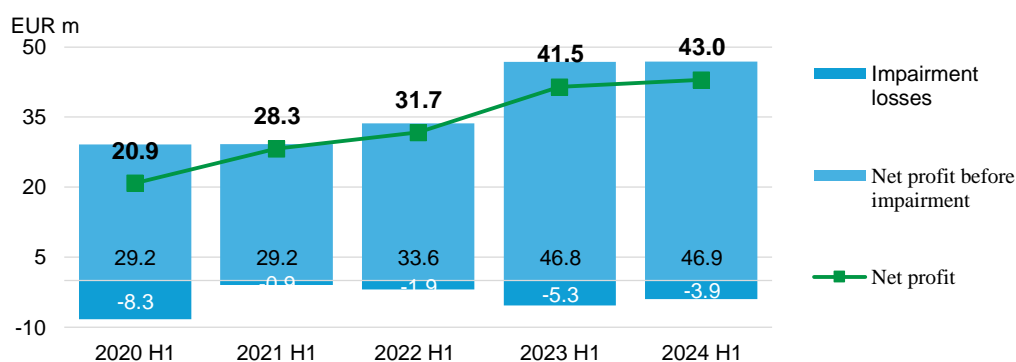
Financing of the Issuer

As at the date of the Prospectus, the Issuer is primarily financed by institutional investors from Lithuania, Latvia and Estonia, with the main institutional investors being pensions funds (with total assets under management amounting to approximately EUR 20 billion, of which more than EUR 2 billion is allocated to the Baltic fixed-income market), insurance companies and other banks. The offering and issuance of the Notes is intended to further diversify the Issuer's debt investor base.

Information on the Group's and the Issuer's performance results

The Group's results for the six months ended 30 June 2024 :

- **Profit:** the Group generated a net profit of EUR 43.0 million.
- **Portfolio:** Loan portfolio value increased steadily by 14 per cent. year-on-year to over EUR 3.2 billion.
- **Deposits:** The portfolio of funds held by clients grew by 16 per cent. year-on-year to reach EUR 3.3 billion as at 30 June 2024.
- **Strategy:** The Issuer's Strategy Update 2024–2029 has been updated and was announced on 15 January 2024, outlining the Issuer's aim to become the best bank in Lithuania by 2029, measured by shareholder returns, growth rate, client experience and brand recognition.



The Group generated net profit of EUR 43.0 million for the six months ended 30 June 2024, an increase of 4 per cent. compared to EUR 41.5 million generated for the six months ended 30 June 2023. Operating profit before impairment and income tax amounted to EUR 57.1 million for the six months ended 30 June 2024, a 5 per cent. decrease compared to an operating profit of EUR 60.1 million for the six months ended 30 June 2023.

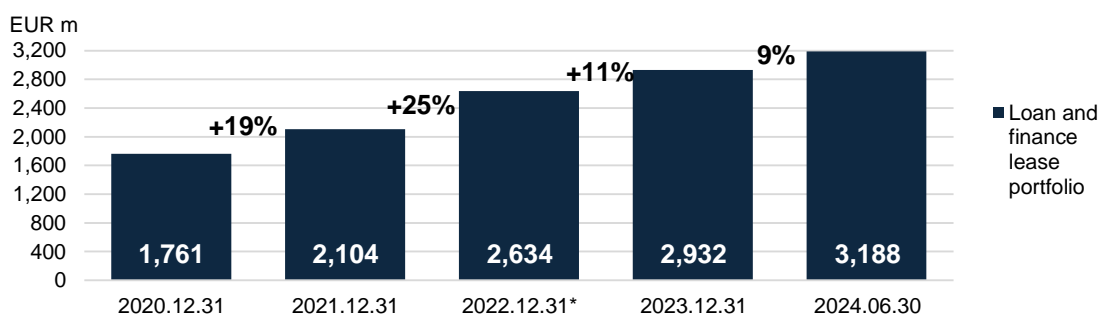
The Issuer's revenue from operating activities grew rapidly throughout the six months ended 30 June 2024. In the six months ended 30 June 2024, net interest income grew by 7 per cent. to EUR 80.6 million, while net fee and commission income grew by 43 per cent. to EUR 13.7 million compared to the six months ended 30 June 2023. For the six months ended 30 June 2024, net fee and commission income was generated through daily banking (34 per cent.), renovation (25 per cent.), asset management (23 per cent.), capital markets (13 per cent.) and other (4 per cent.) activities.

The revision of the macroeconomic parameters for the calculation of provisions in the light of updated macroeconomic forecasts from the Ministry of Finance of the Republic of Lithuania resulted in provisions of EUR 3.9 million for the six months ended 30 June 2024 compared to provisions of EUR 5.3 million for the six months ended 30 June 2023. In the six months ended 30 June 2024, the cost of risk for the loan portfolio was 0.3 per cent., compared to 0.4 per cent. in the six months ended 30 June 2023.

The Group has maintained high operational efficiency. The Group's cost-to-income ratio (excluding the impact of client portfolio of SB Draudimas GD) was 45.4 per cent. in the six months ended 30 June 2024, compared to 35.1 per cent. in the six months ended 30 June 2023, and return on average equity was 16.2 per cent. in the six months ended 30 June 2024, compared to 18.6 per cent. in the six months ended 30 June 2023. The Group's capital and liquidity position remains sound and prudential regulations are met with solid buffers.

Business and Private Clients Financing

Loan portfolio in EUR million and yields



*Restated

All financing segments (comprising corporate financing, consumer financing, mortgages and other loans) grew in the year ended 31 December 2023. The value of the loan portfolio increased by 9 per cent. in the six months ended 30 June 2024 compared to 2023 and by 11 per cent. in the year ended 31 December 2023 compared to the year ended 31 December 2022 to over EUR 3.2 billion. In the six months ended 30 June 2024, EUR 0.8 billion worth of new credit agreements were signed, 7 per cent. more than in the six months ended 30 June 2023.

Loan portfolio credit quality remained stable in the six months ended 30 June 2024. After a slight increase in the proportion of 'stage 2' loans (assets for which a significant increase in credit-risk has been observed since initial recognition) in the portfolio in the second half of 2023, the proportion of 'stage 2' loans as at 31 May 2024 decreased to less than a 7 per cent. share. At the same time, the level of forbearance has continued to decrease to approximately 3 per cent. as at 31 May 2024. Further, the level of non-performing loans ("NPLs") decreased to 2.7 per cent, the coverage level remained stable at 3.5 per cent. and the average loan-to-value was 43 per cent. in the portfolio as at 31 May 2024.

NPLs are managed internally by the Issuer's Special Assets Management department – a special unit with NPLs management competencies. The quality of NPLs is regularly reviewed by the Credit Risk Management and Control Department, providing information about NPLs ratios to the Risk Management Committees and Management Boards. However, consumer loan NPLs (being NPLs granted by the Group company SB Leasing) are sold to third parties with average selling prices typically above 50 per cent. of gross value.

Business lending volumes grew throughout the six months ended 30 June 2024, with new business loan agreements signed with an aggregate total of EUR 461 million, 5 per cent. more than in the six months ended 30 June 2023. The value of the portfolio over the six months ended 30 June 2024 grew by 15 per cent. compared to the six months ended 30 June 2023 to EUR 1.7 billion.

Commercial real estate constitutes a significant proportion of the Issuer's corporate financing portfolio and is well diversified. Assets financed include shopping centres (which constituted 27 per cent. of the portfolio), office space (which constituted 21 per cent. of the portfolio), warehouses (which constituted 13 per cent. of the portfolio) and residential (which constituted 12 per cent. of the portfolio), in each case as at 31 March 2024. As at 30 June 2024, the loan-to-value of the commercial real estate segment was 34 per cent., with 'stage 2' and 'stage 3' (assets that are credit-impaired) corporate commercial real estate NPL exposures at 7.8 per cent. and 1.8 per cent., respectively and total loan book exposures at 6.5 per cent. and 2.8 per cent., respectively. Long-term financing and lending to corporate entities is generally secured and collateral for the commercial real estate segment is diversified geographically within Lithuania, with 49 per cent. located in Vilnius, 22 per cent. in the Kaunas region, 18 per cent. in the Klaipeda region and 11 per cent. in the Šiauliai region as at 30 June 2024.

Demand for mortgages is showing a positive trend in the Lithuanian market. The Issuer grew its mortgage financing portfolio, which increased by 16 per cent. in the six months ended 30 June 2024 compared to the six months ended 30 June 2023, reaching EUR 0.8 billion. During the six months ended 30 June 2024, new mortgage agreements were signed for EUR 111 million, 15 per cent. more than in the six months ended 30 June 2023.

The consumer financing portfolio grew by 26 per cent. in the six months ended 30 June 2024, reaching almost EUR 337 million. In total, EUR 126 million worth of consumer credit agreements were signed during the six months ended 30 June 2024, 12 per cent. more than for the six months ended 30 June 2023.

The Issuer continues to actively finance energy efficiency projects by participating in the renovation (modernisation) of multi-apartment buildings in Lithuania. In 2019, the Issuer participated in a call of expression of interest organised by the European Investment Bank ("**EIB**") and was selected to establish a fund under a securitisation scheme, which was completely new to the Lithuanian market. The EIB has a mandate from the Lithuanian government to manage the funds and create effective leveraged schemes to finance renovation. By 2050, the Lithuanian government aims to have most of its old multi-apartment buildings renovated, improving their current low energy efficiency.

The Issuer operates as the originator of the securitisation scheme and the servicer (i.e. it grants and administers the modernisation loans and manages investor funds). In particular, the Issuer has a 65 per cent. share of the Lithuanian multi-apartment building modernisation financing market (*Source: data from the Environmental Project Management Agency ("APVA")*) and has been involved in multi-apartment building renovation programmes in co-operation with the EIB for over 12 years. In the last quarter of 2023, a significant milestone was reached with the amount of multi-apartment building renovation financing agreements signed on behalf of the Issuer exceeding EUR 1 billion, and more than 2,800 multi-apartment building modernisation projects have been financed by such agreements. The purpose of these agreements is to increase the energy efficiency of multi-apartment buildings by at least 40 per cent. but the projects generally achieve increases of 60 per cent. or more (60 per cent. being the calculated average of the latest three renovation programmes). The energy efficiency savings are calculated in each investment plan, which is prepared by the building administrator and approved by the APVA. Structurally, each loan agreement is signed with the building administrator, acting on behalf of the homeowners, and loan funds are distributed directly to the contractor on completion of the renovation works. A state subsidy of 30 per cent. of the total project price is transferred directly to the Issuer's loan account. On completion of the works and receipt of the state subsidy, each homeowner receives a loan payment schedule in order to repay principal and interest to the Issuer and the building administrator is appointed to handle debt collection and manage debt collection agencies if required to do so. The Issuer also receives management fees for acting as a financial intermediary (by managing investors' funds, granting and administering modernisation loans).

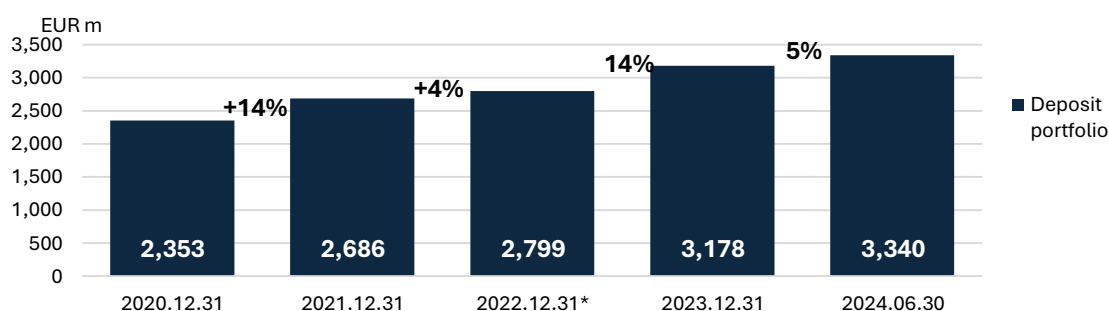
The main operational agreement for this scheme was signed with the EIB in 2020, under which the Issuer successfully launched the first fund in 2022. On 13 February 2024 the Issuer signed an agreement with the EIB to amend the 2020 operational contract for the multi-apartment building renovation fund, committing to set up and manage a second EUR 200 million fund. The second fund is intended to finance the renovation of around 300 multi-apartment buildings in Lithuania, which the Issuer expects will benefit around 11,000 households. The Issuer was the first private financial institution in Lithuania to launch such a fund.

The two latest programmes are being financed by two funds raised through off-balance sheet securitisations under two special purpose vehicles, each of which were established, and are 100 per cent. owned, by the Issuer: UAB "SB modernizavimo fondas" (EUR 200 million) and Pakeitimo vertybiniais popieriais UAB "SB modernizavimo fondas 2" (EUR 275 million). The funds are financed by a consortium of investors: Swedbank AB (approximately EUR 170 million), the EIB (EUR 95 million), the Issuer (approximately EUR 77 million), Nordic Investment Bank (EUR 50 million), Council of Europe Development Bank (EUR 40 million), EBRD (EUR 25 million) and Lithuanian pension funds managed by SB Asset Management (approximately EUR 18 million).

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

Saving and Investing

Deposit portfolio and deposit cost dynamics



*Restated

Source: the Issuer

In response to an increased demand from customers to protect their savings against inflation, the Issuer has been offering its customers some of the highest interest rates on term deposits among the major banks in Lithuania all year round. In the six months ended 30 June 2024, the Issuer's portfolio of customer term deposits grew by 44 per cent. year-on-year to EUR 1.7 billion compared to the six months ended 30 June 2023. The total portfolio of funds held by clients grew by 5 per cent. or EUR 162 million in the six months ended 30 June 2024, reaching EUR 3.3 billion as at 30 June 2024. The split of individual customer to corporate customer deposits stood at EUR 2.0 billion (60 per cent.) and EUR 1.3 billion (40 per cent.) respectively as at 30 June 2024, compared to EUR 1.7 billion (60 per cent.) and EUR 1.2 billion (40 per cent.) respectively as at 30 June 2023. The split of term deposits to demand deposits stood at EUR 1.7 billion and EUR 1.6 billion respectively as at 30 June 2024, compared to EUR 1.2 billion and EUR 1.6 billion respectively as at 30 June 2023.

Lithuanian customers are increasingly focusing on investment activities: the value of customer investments held through the Issuer amounted to EUR 1.9 billion as of 30 June 2024, 10 per cent. higher than at the end of the first half of 2023 (Source: Regulatory report (FINREP) ECB 2024). Debt capital markets services surged, with the Issuer organising EUR 92 million in corporate bond issues for 15 clients in the second quarter of 2024.

Assets under management by SB Asset Management exceeded EUR 1.32 billion at 30 June 2024 and grew by EUR 249 million, compared to 30 June 2023. Most of the increase was driven by the return on investments of the funds under management, which generated a profit of EUR 169 million for clients. Tier II pension funds generated a 9.9 per cent. return in the first half of 2024 and have maintained a very high average annual return rate of 10.1 per cent. in the last five years since the start of the pension reform of 2019.

SB Asset Management launched the third alternative investment fund in its series, SB Alternative Investment Fund III, with initial investments made in June 2024. Unlike previous funds, this open-ended fund allows investors to both contribute and withdraw capital throughout its lifecycle.

The Issuer has started offering its clients convenient access to SB Asset Management funds through its securities trading platform. Clients can now buy and sell fund units without additional fees or minimum investment amounts, streamlining the investment process.

The second-pillar pension funds managed by SB Asset Management, the asset management company of the Group, earned more than EUR 97 million in investment returns for their participants in the six months ended 30 June 2024, after deducting all fees. The client assets in the second-pillar pension funds managed by SB Asset Management exceeded EUR 1 billion as at 30 June 2024. The client assets in the third-pillar pension funds managed by SB Asset Management amounted to EUR 145.0 million as at 30 June 2024. As at 30 June 2024, SB Asset Management was the largest in Lithuania for assets under management in the third-pillar pension funds, with a 42 per cent. market share (Source: The Bank of Lithuania).

Assets, including trading and investment securities, include government bonds. In order to minimise the risks of such investments, investment in securities is subject to the limits set out in procedures approved by the Issuer's Management Board which define investment limits and set out the decision-making process for the purchase of securities.

In the six months ended 30 June 2024, investing clients invested more than EUR 153 million in the corporate bond placements organised by the Issuer. The value of client investments held with the Issuer doubled during the year ended 31 December 2023 to EUR 2 billion as at 31 December 2023 and stood at EUR 1.9 billion as at 30 June 2024.

External economic and geopolitical factors

The Issuer continually monitors geopolitical events, in particular the ongoing Russia-Ukraine war, in order to properly and timely assess and identify potential impacts on the Issuer's operations, the quality of its portfolio and the risks it may pose to its clients. The Issuer has no operations in Russia, Belarus or Ukraine and does not have significant direct exposures in these countries. The ongoing conflict and unrest in the Middle East do not have a material direct impact on the Issuer's activities and the Issuer does not have any exposures in the region. For further information, see "*Risk Factors – The Group is exposed to geopolitical conditions impacting Lithuania*".

To identify any potential risks to its clients, the Issuer applies the procedures set out in its internal regulations, and records Early Warning Indicators. For further information on the Issuer's risk monitoring policies, see the section titled "*Regarding External Environment Factors*" of the 2023 Annual Report (pages 136-137), incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

Regulatory requirements applicable to the Issuer

The Issuer is a subject to the following ratios and prudential requirements:

- **Capital or own fund requirements:** Banks must hold sufficient capital for covering unexpected losses and remaining solvent during a crisis period. Banks must satisfy the following Pillar 1 own funds requirements:
 - a Common Equity Tier 1 capital ratio of 4.5 per cent. This is the ratio between Tier 1 equity capital and risk weighted assets and off-balance sheet liabilities of the bank;
 - a Tier 1 capital ratio of 6 per cent. This is the ratio between Tier 1 capital and risk weighted assets and off-balance sheet liabilities of the bank;
 - a total capital ratio of 8 per cent. This is the ratio between the own funds and risk weighted assets and off-balance sheet liabilities of the bank; and
 - a leverage ratio of 3 per cent. This is the ratio between Tier 1 capital and the total exposure measure of the bank.
- **Supervisory Review and Evaluation Process ("SREP") capital requirements:** This consists of two parts:
 - Pillar 2 requirement ("**P2R**"), which covers risks underestimated or not covered by Pillar 1. P2R is binding and breaches can result in regulatory sanctions. The Issuer is subject to a P2R requirement which have been increased up to 2.05 per cent. from 1 January 2023 from 1.6 per cent. (31 December 2022); and
 - Pillar 2 guidance ("**P2G**"), which indicates to banks the adequate level of capital to be maintained in order to have sufficient capital as a buffer to withstand stressed situations. P2G

is not legally binding, but regulators expect banks to comply with this buffer. The Issuer is subject to a P2G requirement of 1.75 per cent.

- **Additional capital buffer requirements** (in addition to the capital requirements):
 - capital conservation buffer ("**CCoB**") of 2.5 per cent. The purpose of this requirement is to obligate banks to accumulate additional capital for covering unexpected losses and is uniform across all EU banks;
 - institution's special countercyclical capital buffer ("**CCyB**") requirement. The supervisory authorities of Member States may, at their own discretion, set the amount of a specific countercyclical capital buffer for a particular institution or a group of institutions, thereby mitigating the risk of unsustainable growth and securing the banking sector and the economy against a 'credit boom'. A special countercyclical capital buffer requirement of 0 per cent. is applied for positions in Lithuania recently and increased by 1 per cent. from 1 October 2023;
 - other systemically important institutions ("**O-SII**") buffer requirement. The purpose of this requirement is to obligate banks to accumulate additional capital to cover losses arising from the impact of the bank's financial difficulties on the EU market or a particular domestic financial market. It is set on an individual basis – up to 2 per cent. of risk weighted assets. For the Issuer, the O-SII buffer currently is set at 1 per cent.; and
 - the sectoral systemic risk buffer ("**SyRB**") requirement. The purpose of this requirement is to increase the financial system's resilience in the presence of a higher risk of potential housing market overheating in Lithuania. It is introduced by the BoL and set as 2 per cent. to the housing loan portfolios of housing credit issuers.
- **Liquidity requirements**: banks must hold sufficient liquid assets to be able to cover net cash outflows under gravely stressed conditions within 30 days. The value of the LCR must not be below 100 per cent., i.e., a credit institution's reserves of liquid assets must not be lower than net cash outflows over 30 calendar days under gravely stressed conditions. Banks must have sufficient stable funding to meet the funding needs for a one-year period both under regular and stressed conditions. The value of the net stable funding ratio ("**NSFR**") should be no lower than 100 per cent., i.e., the stable funding amount available for the credit institution should be no lower than the required stable funding amount over a one-year period.
- **The large exposure requirement**: exposure to a client or a group of connected clients, i.e., loans granted, also any asset or off-balance-sheet asset share cannot exceed 25 per cent. of the institutions CET1 capital, or EUR 150 million, whichever the higher, provided that the sum of exposure values.

MREL requirements applicable to the Issuer

In February 2024, the Issuer received updated targets which the Issuer is required to comply with from May 2024. These targets are MREL-TREA of 22.67 per cent. and MREL-LRE of 7.09 per cent., subordinated MREL-TREA of 13.50 per cent. and subordinated MREL-LRE of 5.95 per cent.

The combined buffer requirement ("**CBR**") has to be included on top of MREL-TREA and MREL-LRE, subordinated requirements.

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

May 2024

(requirement)

MREL-TREA	22.67 per cent. + CBR
MREL-LRE	7.09 per cent.
MREL-TREA, subordinated.....	13.5 per cent.+ CBR
MREL-LRE, subordinated.....	5.95 per cent.

The CBR applicable to the Issuer as at 30 June 2024 was 4.7 per cent. and consisted of CCoB of 2.5 per cent., O-SII buffer of 1.0 per cent., SyRB of 0.2 per cent. and CCyB of 1 per cent. Components of the CBR may be changed by the decision of institutions that are responsible for setting the buffers.

As at 30 June 2024, the Issuer's MREL-TREA was 29.22 per cent. MREL-TREA, subordinated was 21.15 per cent., MREL-LRE 14.57 per cent., and MREL-LRE, subordinated 10.55 per cent.

Capital requirements applicable to the Issuer

Capital management of the Issuer

The capital of the Issuer and its subsidiaries in the prudential scope of calculation is calculated and allocated for the risk coverage following the capital requirements regulation and directive – CRR/CRD and local legal acts.

For further information on the Issuer's capital management policies, see the section titled "*Capital Management*" in the 2023 Annual Report (page 74), incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

Capital Ratios

Position	30 June 2024	31 December 2023	31 December 2022
CET 1 Ratio (%).....	17.5	18.2	18.1
T1 Capital Ratio (%).....	17.5	18.2	18.1
Total Capital Ratio (%).....	20.0	20.7	19.0

Risk Exposure

Composition of Risk Exposure Amount (REA)

	30 June 2024	31 December 2023	31 December 2022
	<i>(EUR thousands)</i>		
Credit Risk.....	2,227,494	2,098,153	2,122,021
Securitisation positions.....	104,027	44,055	47,521
Market Risk	19,151	23,082	30,230
Credit valuation adjustment.....	63	50	125
Operational Risk.....	273,992	273,992	221,464

Risk Exposure

31 December
30 June 2024 2023 December
2022

(EUR thousands)

	30 June 2024	31 December 2023	December 2022
Total Risk Exposure Amount	2,624,727	2,439,333	2,421,361
Risk-weighted Exposure Amounts for Counterparty Credit and Dilution Risks and Free Deliveries.....	2,331,521	2,142,208	2,169,542
Standardised approach (SA)	2,227,494	2,098,153	2,122,021
Central governments or central banks	3,320	4,476	5,170
Regional governments or local authorities	29	14	21
Public sector entities	2,616	2,966	11,871
Institutions	16,773	23,009	70,316
Corporations	314,336	330,189	482,673
Retail	597,974	553,328	431,813
Secured by mortgages on immovable property	849,952	795,688	768,708
Exposures in default	72,475	70,182	55,190
Items associated with particularly high risk.....	180,922	140,116	150,098
Collective investments undertakings (CIU)	44,497	35,929	62,052
Equity	90,718	82,044	29,959
Other items	53,882	60,212	54,150
Securitisation positions.....	104,027	44,055	47,521
Total risk exposure amount for position, foreign exchange and commodities risks	19,151	23,082	30,230
Total risk exposure amount for operational risk (OpR)	273,992	273,992	221,464
Total risk exposure amount for credit valuation adjustment.....	63	50	125

General Risk Management Principles

The risk management of the Issuer is described in the "Financial Risk Management" section of the 2023 Annual Report (pages 25-74), incorporated by reference into this Prospectus (see "Information Incorporated by Reference").

Shareholding of the Issuer

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

In the table below the information is provided on shareholders of the Issuer as notified to the Issuer on or prior to the date of this Prospectus.

Shareholders of the Issuer, holding more than 5 per cent. of shares and votes of the Issuer as at 30 June 2024

No.	Shareholder	Number of owned shares and votes directly	Percentage owned directly, %	Votes, held by other persons, acting in concert, %	Total, %
1.	Akcinė bendrovė "Invalda INVL" ("Invalda INVL")	130,118,180	19.63	0.3	19.93
2.	Willgrow UAB	59,470,281	8.97	-	8.97
3.	EBRD	48,058,110	7.25	-	7.25
4.	Tesonet Global UAB	35,240,296	5.32	-	5.32
5.	Algirdas Butkus	16,272,319	2.45	2.61	5.06

Certain employees of the Issuer have been granted options to receive shares of the Issuer as part of their remuneration. Execution of outstanding share option rights will not materially affect the structure of shareholders of the Issuer. For further information, see the section titled "*Share-based payment*" in the 2023 Annual Report (page 18), incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

For further information on the authorised capital and shareholding of the Issuer, see the section titled "*Authorized Capital, Shareholders*" in the 2023 Annual Report (pages 138 – 140), incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

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

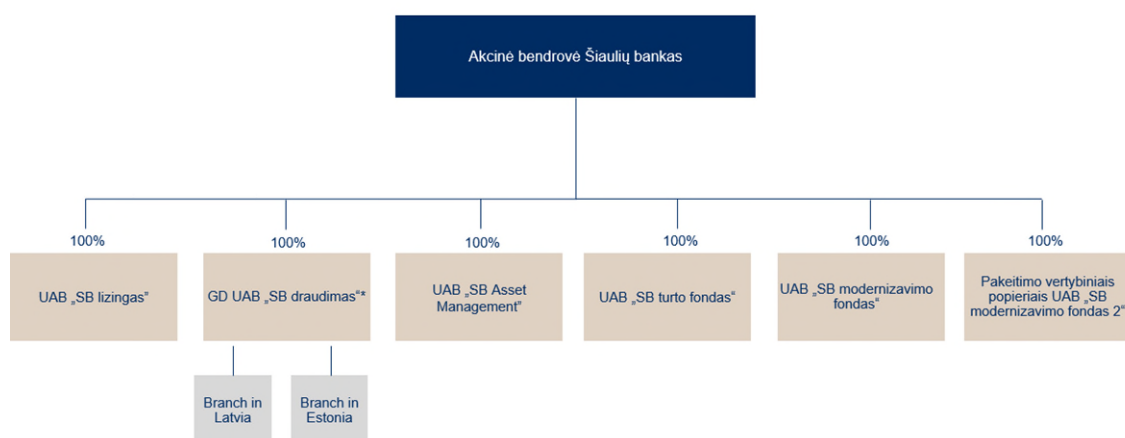
No.	Manager	Position	Number of owned shares and votes directly	Percentage owned directly, %	Number of owned shares and votes non-directly	Controlled companies	Total, %
1.	Darius Šulnis	Member of Supervisory Council	-	-	132,118,180	132,118,180	19.93
2.	Gintaras Kateiva	Member of Supervisory Council	32,550,699	4.89	121,072	-	4.91
3.	Mindaugas Raila	Member of Supervisory Council	-	-	59,470,281	59,470,281	8.97
4.	Tomas Okmanas	Member of Supervisory Council	-	-	35,240,296	35,240,296	5.32
5.	Vytautas Sinius	Chairman of the Management Board, CEO	2,000,819	0.3	-	-	0.3
6.	Donatas Savickas	Member of the Management Board	857,855	0.13	-	-	0.13
7.	Mindaugas Rudys	Member of the Management Board	446,696	0.07	-	-	0.07
8.	Daiva Šorienė	Member of the Management Board	434,337	0.07	-	-	0.07
9.	Algimantas Gaulia	Member of the Management Board	106,833	0.02	-	-	0.02
10.	Tomas Varenbergas	Member of the Management Board	53,103	0.01	-	-	0.01

Certain members of the Management Board and Supervisory Council are also shareholders of the Issuer. It is possible that these shareholders may favour their own interests rather than those of the Issuer or other shareholders.

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

The Corporate organisational structure of the Issuer and its Group

Corporate structure of the Group as at the date of the Prospectus



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

The Issuer is the ultimate holding company of the Group and does not belong to a larger group of companies as it is described in the applicable Lithuanian laws, i.e., the Issuer is not controlled by any persons, as it is indicated in the Law on Companies of the Republic of Lithuania. None of the shareholders of the Issuer has shares entitling them to more than half of the votes in the General Meeting.

The Issuer is not dependent upon subsidiaries within the Group.

Supervisory and Management Bodies

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

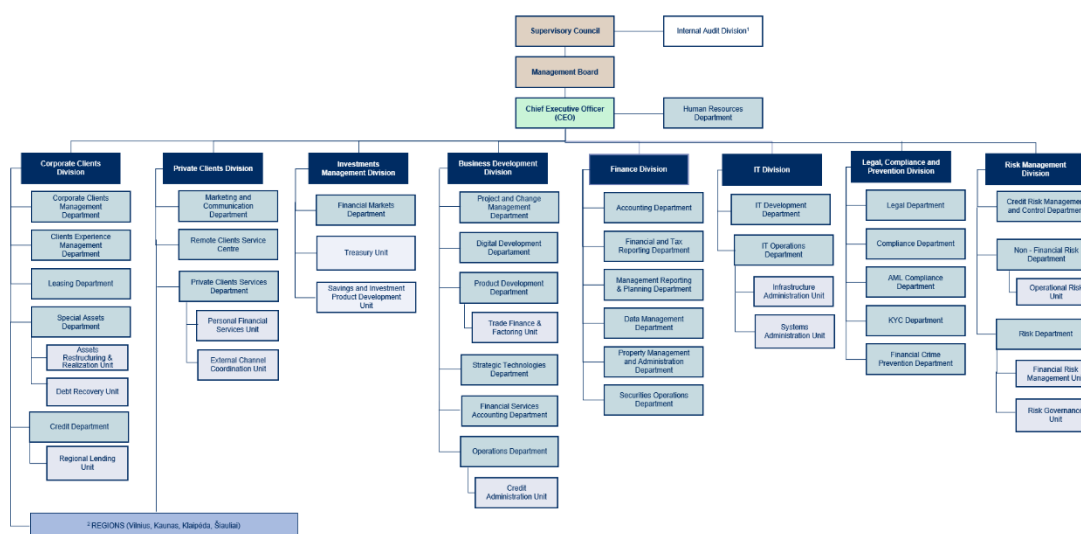
For further information on the Supervisory Council, Management Board and CEO, please refer to "*Management of the Bank*" on pages 141-143 of the 2023 Annual Report and "*Management of the Bank*" on pages 45-46 of the 2024 Interim Report which is incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

Compliance with the Corporate Governance Regime

The Issuer does not follow some of the requirements of the Corporate Governance Code for the Companies Listed on Nasdaq Vilnius to its full extent. However, the Issuer aims and puts efforts to improve its compliance with this Code to better meet the expectations of its investors. Detailed information on the compliance of the Issuer with this corporate governance regime is provided in the annex to the 2023 Annual Report (pages 161 to 181), as incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*"). The statements included therein are valid as at the date of this Prospectus.

Internal Management Structure of the Issuer

Management structure of the Issuer since 12 February 2024



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

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

Changes in organisational structure

The Issuer and the Group constantly strive to work efficiently, respond flexibly to changes and needs in the external environment, to implement the Issuer's strategic directions of activities so that the organisational structure meets business needs as much as possible.

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

For further information on the Issuer's organisational structure, see the section titled "*Organisational Structure*" in the 2023 Annual Report (pages 147-148), incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

Supervisory Council

Members of the Supervisory Council

Name, surname	Position within the Issuer	Beginning of term	End of term
Gintaras Kateiva	Member of the Supervisory Council	29 March 2024	Until 29 March 2028,
Darius Šulnis	Member of the Supervisory Council	29 March 2024	in any case not later than until the

Name, surname	Position within the Issuer	Beginning of term	End of term
Susan Gail Buyske	Member of the Supervisory Council (independent)	29 March 2024	<i>ordinary General Meeting in 2028</i>
Valdas Vitkauskas	Member of the Supervisory Council (independent)	29 March 2024	
Mindaugas Raila	Member of the Supervisory Council	29 March 2024	
Tomas Okmanas	Member of the Supervisory Council (independent)	29 March 2024	
Monika Nachyla	Member of the Supervisory Council (independent)	26 June 2024	

Source: the Issuer

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

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

Each member of the Supervisory Council has one vote. If number of the voices "for" is equal to those "against", the chairperson's vote is decisive. If there is no chairperson or he/she does not participate in the resolution adoption and there are equal votes, the resolution is deemed to be not-adopted.

Gintaras Kateiva (born in 1965) has more than 25 years of experience holding managerial positions. His strengths lie in strategic management and financial planning. In 1989, he graduated from the Vilnius State Pedagogical Institute, where he gained a Pedagogue qualification. From 1993 until 2015, he was the General Manager of UAB "LITAGRA". Gintaras Kateiva currently also serves as a Chairman of the Board of UAB "LITAGRA". Since 2008, he has served as a member of the Supervisory Council of the Issuer.

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

He currently serves as a CEO of Invalda INVL, Chairman of the Board of UAB "INVL Asset Management", Chairman of the Supervisory Council of FERN Group, UAB and member of the Board of UAB "LITAGRA". He has also been a member of the Supervisory Council of the Issuer since 2016.

Susan Gail Buyske (born in 1954) has a Bachelor of Arts degree in Russian language from Middlebury College, USA, a Master of Public Administration degree in international relations (the Woodrow Wilson School, Princeton University (USA)), and a PhD in political science. Susan Gail Buyske currently serves as an independent member

of the Supervisory Council of the Issuer since 2020 and as a Chair of the Board of the America for Bulgaria Foundation. Gail Buyske is a financial sector development consultant and non-executive director with great experience on banks' boards of directors, such as Swedbank AB, OJSC "URSA Bank", JSC "Kazkommertsbank", and others. Prior to consulting, Gail Buyske was successfully working in the field of international banking services at the EBRD for three years and held a senior position at Chase Manhattan Bank, USA. She has also worked as non-executive director and Chair of Risk Committee of First Ukrainian International Bank, Universal bank in Ukraine; and non-executive director of SA Advans SICAR Holding company for microfinance institutions in Africa and Asia.

Valdas Vitkauskas (born in 1968) holds a Master's in Applied Economics, Southern Methodist University, Dallas, TX, USA, and Bachelor of Business Administration from Vytautas Magnus University, Kaunas, Lithuania. He currently serves as an independent member and a Chairman of the Supervisory Council of the Issuer.

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

Mindaugas Raila (born in 1972) studied Business Administration and Management (Owner/President management program) at Harvard Business School, Boston, USA. He currently serves as Chairman of the Board of "ME investicija", UAB (since 2012). Also, he is Founder and Co-owner of "Girteka Logistics", UAB (since 1996). He also serves as a member of the Supervisory Council of the Issuer (since 2023).

Tomas Okmanas (born in 1987) holds a Master's in E-Business management, Mykolas Romeris University, Lithuania and Bachelor of History from Vilnius University, Lithuania. He currently serves as Board Member of "Hostinger", UAB (since 2018); is Founder and Co-owner of "Tesonet" (since 2008); is a member of the Board and CEO of Tesonet global, UAB (company belongs to Tesonet group) (since 2020); is CEO of 360 IT, UAB (belongs to Nord Security group); is CEO of Tesonet Ventures, UAB (company belongs to Tesonet group) (since 2020); is CEO of Hypervisor X, UAB (since 2020); and is a member of the Board of Trustees of VU TSPMI (since 2020). In addition, he is CEO (since 2017) and Board Member (since 2022) of Nord Security Group; member of the Founding Board of DATAQUAKE B.V. (Oxylabs Group). He also serves as an independent member of the Supervisory Council of the Issuer (since 2023).

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

Monika Nachyla (born in 1968) holds a Master of Economics degree in Foreign Trade, with specialisation in International Finance and Insurance, from Warsaw School of Economics, Poland. She also completed post-graduate studies in Psychology, Agriculture and Food Studies. She currently serves as Supervisory Council and Audit Committee member of Orange Polska S.A.; Supervisory Council member of Graal S.A.; Partner and member of the Management Committee of Abris Capital Partners.

Work experience and previous positions: 2018 – 2023, Chair of the Supervisory Council of Velvet Care Sp. z o.o.; 2015 – 2020, BNP Paribas Bank Polska member of the Supervisory Council, member of the Audit and Risk Committees; 2016 – 2017, Euler Hermes S.A. member of the Supervisory Council, member of the Audit Committee; 2015 – 2017, Mykogen Polska S.A. Chair of the Supervisory Council; 2015 – 2017, TFI Allianz Polska S.A. member of the Supervisory Council, member of the Audit Committee; 2015 – 2017 TUiR Allianz

Polska S.A. member of the Supervisory Council, Chair of the Audit Committee; 2011 –2013, BGŻ BNP Paribas S.A. member of the Supervisory Council, member of the Risk and Audit Committees; 2013 – 2015, Bank BGŻ S.A. Vice President Strategy and Development; 2011 – 2013, "1480" Luxury jewellery Entrepreneur - founder and CEO; 2011 – 2013, Bank BGŻ S.A. an independent Supervisory Council member and member of the Audit Committee; 2007 – 2011, Enterprise Investors (Private Equity/ Venture Capital), Warsaw, Poland, Partner; 2000 – 2007, Innova Capital (Private Equity/ Venture Capital), Warsaw, Poland, Vice President Portfolio Management, Vice President Fund Operations and member of the Management Committee; 1996 – 2000 Sanofi, (at present Sanofi-Aventis) Warsaw, Poland, Financial Manager; 1994 – 1995, Salustro Reydel, Paris, France and Warsaw, Senior Consultant / Supervisor; 1991 – 1993, Arthur Andersen, Warsaw, Poland Audit Team / Senior Consultant (Audit and Business Advisory).

Monika Nachyła was elected to the Issuer's Supervisory Council as an independent member on 29 March 2024. This took effect after the receipt of ECB permission on 26 June 2024.

Management Board

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

Members of the Management Board

Name, surname	Position within the Issuer	Beginning of term	End of term
Vytautas Sinius	Chairman of the Management Board, CEO	29 March 2024	
Donatas Savickas	Member of the Management Board, Head of Finance Division, Chief Finance Officer	29 March 2024	
Daiva Šorienė	Member of the Management Board, Head of Sales and Marketing Division	29 March 2024	
Mindaugas Rudys	Member of the Management Board, Head of Business Development Division	29 March 2024	Until 29.03.2028, in any case not later than until the ordinary General Meeting in 2028
Algimantas Gaulia	Member of the Management Board, Head of Risk Management Division, Chief Risk Officer	29 March 2024	
Agnė Dukšienė	Member of the Management Board responsible for AML/CFT compliance, Chief Compliance Officer	29 March 2024	
	Head of Legal, Compliance & Prevention Division		

Name, surname	Position within the Issuer	Beginning of term	End of term
Laura Križinauskienė	Member of the Management Board, Head of Private Clients Division	7 June 2024	
Tomas Varenbergas	Member of the Management Board, Head of Investment Management Division	4 June 2024	

According to the Law on Companies of the Republic of Lithuania and the Articles of Association of the Issuer, the tenure of the Management Board is four years and may last no longer than the ordinary General Meeting convened in the last year of the tenure of the Management Board. There is no limitation on the number of terms of office a member of the Management Board may serve. The Management Board elects its chairperson from among its members. The chairperson manages work of the Management Board, convenes its meetings and performs other functions, provided for in the work regulation of the Management Board.

When voting, each member of the Management Board has one vote. If the number of the voices "for" is equal to those "against", the chairperson's vote is decisive. If there is no chairperson or he/she does not participate in the resolution adoption and there are equal votes, the resolution is deemed as non-adopted.

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

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

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

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

Algimantas Gaulia (born in 1980) graduated in 2002 from the Kaunas University of Technology, where he gained a Bachelor's in Economics, and in 2004, when he gained Master's in Economics (graduated with honours). From 2013 to 2015 he was the Deputy Head of Accounting and Reporting division, and from 2015 to 2021, the Director of Risk Management and Reporting department. Since 2021, he has served as a member of the Management Board and Head of Risk Management division of the Issuer.

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

Laura Križinauskienė (born in 1981) graduated in 2004 -2006, from the Vilnius Gediminas Technical University, where she gained a Bachelor's and Master's in Management and Business Administration. Prior to joining the Issuer, Laura Križinauskienė worked in the financial sector as a Managing Director, Member of the Management Board, Member of the Supervisory Council, and other positions. Laura Križinauskienė has been working at the Issuer since 1 December 2023, following the implementation of the Transaction between the Issuer and Invalda INVL, and is currently the Head of Private Client Division.

Laura Križinauskienė was elected to the Issuer's Management Board as a member on 29 March 2024. This took effect after the receipt of permission from the ECB on 7 June 2024.

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

Tomas Varenbergas was elected as a member of the Issuer's Management Board on 29 March 2024. This took effect after the receipt of permission from the ECB on 4 June 2024.

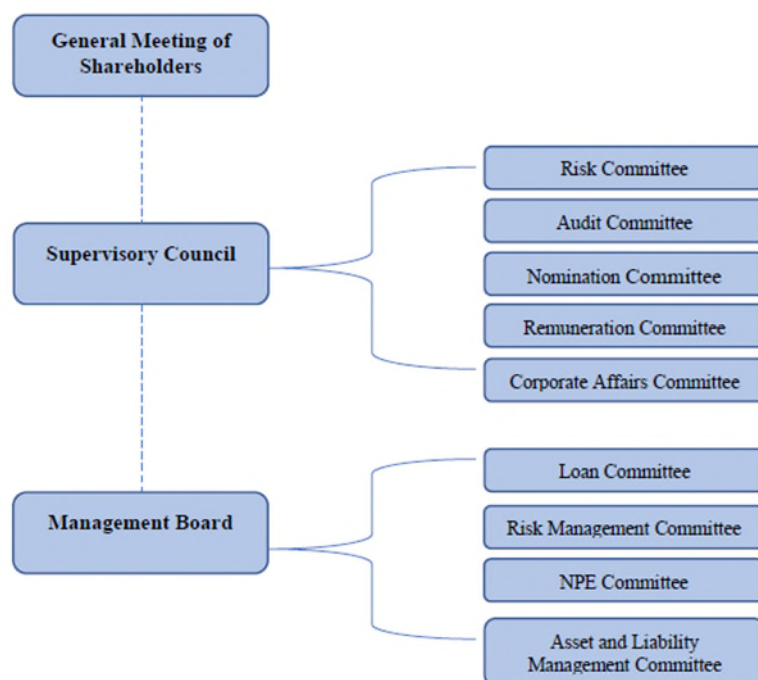
Other decision-making bodies of the Issuer

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

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

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

Committees formed in the Issuer



The roles and purposes of the committees are described below.

Committees under authority of the Supervisory Council

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

The Risk Committee

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

Audit Committee

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

The Nomination Committee

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

The Remuneration Committee

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

Corporate Affairs Committee

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

Committees under authority of the Management Board

The Loan Committee

The main function of the Loan Committee is approval of credit granting, amendment, review or restructuring decisions within its powers and limits set by internal credit granting procedures with a special view to ensuring that the requested loan or proposed amendment is in line with the respective risk appetite limits as set out in the Issuer's risk appetite statement and credit risk management principles and requirements set out in its internal credit risk management procedures.

The Risk Management Committee

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

The Non-Performing exposure ("NPE") Committee

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

Asset and Liability Management Committee

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

For further information on the various committees of the Issuer, see the section titled "*The Committees Formed Within the Bank, Areas of their Activities*" in the 2023 Annual Report (pages 143-144), incorporated by reference into this Prospectus (see "*Information Incorporated by Reference*").

Supervision of the Issuer

Since 1 January 2020, the Issuer is considered significant for the purpose of relevant regulatory enactments and, therefore, is under the direct supervision of the ECB, acting within the Single Supervisory Mechanism. Ongoing supervision of the Issuer being carried out by a dedicated Joint Supervisory Team comprising staff of the ECB and the BoL. The Issuer is subject to SREP assessment that is conducted annually as well as other supervisory

examination activities and exercises according to the program. In addition, certain subsidiaries of the Issuer, namely, SB draudimas and UAB "SB Asset Management", are under the supervision of the BoL as well.

The Issuer currently falls under the direct responsibility of the SRB, subject to the provisions in Article 2 of the SRM Regulation. Ongoing oversight of the Issuer is carried out by a dedicated International Resolution Team comprising staff of the SRB and the BoL.

AML, Combating the Financing of Terrorism Activities and Sanctions Implementation Activities

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

The Issuer conducts enterprise-wide AML/CFT and Sanctions Risk Assessments, taking into account customer risk, country or geographic region risk, product or service risk and product or service channel risk. The assessment is conducted at least annually. The assessment report is presented to the Management Board and the Supervisory Board's Risk Committee. If it is determined that existing measures are insufficient to manage the risks, a risk management/mitigation plan has been developed and presented to the Management Board for approval.

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

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

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

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

MARKET ENVIRONMENT

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

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

Lithuania

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

Despite cyclical macroeconomic challenges and ongoing geopolitical threats, the Lithuanian banking sector achieved record profitability in 2023 while maintaining a high level of loan quality and continuing to increase liquidity reserves. The Issuer understands that all banks licensed by the BoL to operate in Lithuania complied with their published own funds, capital buffer, MREL and liquidity requirements throughout the course of 2023 and the first half of 2024.

The challenges of 2023, including ongoing global and regional geopolitical tensions and economic uncertainty, did not halt lending activity. The overall value of loans granted by Lithuanian banks to non-financial institutions increased by EUR 1.6 billion (6 per cent.) over the year to EUR 27.5 billion (*Source: Bank of Lithuania, Quarterly Banking Sector Overview April 2024*). The slowdown in economic growth and rising interest rates worsened the quality of the loan portfolio only marginally; the ratio of NPLs and advances still remains lower than the eurozone average at 0.6 per cent. at the end of 2023 compared to an eurozone average of 1.9 per cent. in 2023 (*Source: EBA Risk Dashboard*).

Deposits continued to grow in 2023, albeit at a slower pace than in 2022. The outstanding amount of deposits in banks increased by 9.4 per cent. to EUR 50.8 billion last year (excluding the influence of the Revolut group, due to its significant share of non-resident deposits, – by 4.4 per cent. to EUR 39.9 billion). With rising interest rates, deposits were rapidly shifted to term deposits (*Source: Bank of Lithuania, Quarterly Banking Sector Overview, April 2024*).

In response to the ECB's decision to raise interest rates, the government of Lithuania introduced a windfall tax on Lithuanian banks from 16 May 2023. This tax impacted the Lithuanian banking sector's profits, paying an aggregate total solidarity contribution of EUR 250 million (*Source: Bank of Lithuania, Quarterly Banking Sector Overview April 2024*).

Key ratios of the banking sector

As at 1 January 2024 (unaudited data)	Total capital adequacy ratio	Large exposure ratio	Liquidity coverage ratio	Return on Assets (RoA), %	Return on Equity (RoE), %	Loans and advances, mEUR	Deposits , mEUR
*Šiaulių bankas AB	21.11	14.32	211.98	2.03	17.78	2,932	3,178
*Swedbank AB	18.36	10.33	266.29	1.90	28.57	8,566	16,728
*SEB bankas AB...	18.38	17.90	232.73	2.20	26.96	9,604	12,377
*Revolut Bank, UAB	23.25	18.95	623.59	0.07	15.33	1,472	10,952
*Medicinos bankas UAB	20.3	18.48	446.32	0.17	15.72	344	467
**„Luminor Bank" AS Lithuanian branch.....	n.d.	n.d.	n.d.	n.d.	n.d.	5,075	7,214

Source:

*Statistics compiled and published by the Bank of Lithuania (it contains data of financial groups – i.e. regulatory scope of consolidation)

**Information available at the website of Lithuanian bank association at <https://www.lba.lt/lt/statistika-1-1> (Pagrindiniai bankų veiklos rodikliai, 2023 m. IV ketv. I dalis)

The Economy in which the Issuer and its subsidiaries operate (Lithuania)

The turbulent geopolitical landscape and weaker external demand weighed on the performance of Lithuania's small open economy last year. Persisting geopolitical uncertainty, weakness in export markets, tightened financial conditions, and cost inflation ripples interrupted business growth ambitions and cooled down propensity to invest, while stickier than anticipated inflation weakened purchasing power and suppressed consumer appetite. Moreover, after years of strong expansion driven by external factors, negative base effects also came into play last year. All these factors piled up and sent Lithuania's output results into negative territory. In 2023, the country's GDP shrank by 0.3 per cent., as economic activity was held back by sluggish private consumption, weaker private investments, and shrinking exports facing significant base effects (*Source: Issuer data*).

Geopolitical risks continue to have an impact on the Lithuanian economy. After the pandemic-induced fiscal and monetary stimulus, companies and households in developed countries have been facing a radically different economic reality. Decreasing liquidity, tighter credit conditions, persistent costs pressures, suppressed propensity to invest and to consume have not been conducive to growth. Consequently, the crucial Lithuanian export markets, challenged by the aftermath of the rise in energy prices following the outbreak of the Russia-Ukraine war, have gradually been adapting to the environment of high interest rates. As a result, it was a challenging chapter for Lithuania's manufacturing sector, which forms the cornerstone of Lithuania's exports. Sharp declines in production volumes were registered across various industries, including manufacturing of wood and paper, chemicals, furniture, rubber and plastics, textiles, machinery and equipment. These industries were either energy-intensive, strongly affected by the energy crisis, or cyclically sensitive, reacting painfully to the rapid contraction in consumption appetite in Western export markets. Among the most resilient were many branches of the engineering industry and food industry, which proved resistant to business cycles. Despite weaknesses in exports, net exports contributed positively to growth, as import volumes fell faster than exports.

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

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

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

The Lithuanian labour market has been only marginally affected by the weaker economic development and impact of the Russia-Ukraine war (including significant inflows of refugees from Belarus and Ukraine in recent years). The unemployment rate remained at stable levels, and immigrant flows helped to bridge some long-term structural imbalances. As a result, the number of employed persons in the second quarter of 2024 reached 1.472 million – the highest reading since 2007. The average unemployment rate stood at 6.8 per cent. in 2023, which was only slightly higher than before the pandemic (it stood at 6.3 per cent. in 2019). These relatively strong labour market indicators reflect that companies have maintained their capacities and are striving to be prepared to respond to the awaited recovery of export markets (*Source: Issuer data*).

Despite cyclical and geopolitical challenges still tilting the balance of risks to growth to the downside, Lithuania's economy demonstrates resilience and is relatively well-prepared to catch the first waves of the recovering external demand. Given the dominating "soft landing" scenario for Developed Markets, Lithuania's economy is anticipated to rebound as well. Real GDP is expected to increase by 2.1 per cent. in 2024 and gather pace up to 2.9 per cent. in 2025, as borrowing costs subside and investment as well as private consumption drive growth (*Source: Economic Development Scenario for 2024–2027 (June 2024) by the Ministry of Finance of the Republic of Lithuania*). Low levels of public and private debt, along with substantial financial reserves, leave enough room to act countercyclically. While persisting geopolitical uncertainty, higher interest rates and other cyclical macroeconomic factors will continue suppressing private propensity to invest, public investment – especially EU-funded – is projected to remain high, particularly in national defence and energy-related construction projects. Moreover, economic recovery will benefit from a pick-up in private consumption, aided by easing inflation and improved purchasing power of households. Inflationary pressures are set to fade further, with HICP annual inflation slipping sharply to 1.1 per cent. in 2024 and remain well below 3 per cent. in the short-term forecast horizon. Meanwhile, the labour market is expected to remain resilient, with the unemployment rate staying within a corridor of 6.6-7.2 per cent. in 2024-2026 and the growth of earnings inching slightly down from 9.5 per cent. in 2024 to 6.4 per cent. in 2025-2026. (*Source: Economic Development Scenario for 2024–2027 (June 2024) by the Ministry of Finance of the Republic of Lithuania*).

Issuer data sourced from Eurostat, State Data Agency of Lithuania and Economic Development Scenario for 2024–2027 (June 2024) by the Ministry of Finance of the Republic of Lithuania.

TAXATION

The following is a general description of the Issuer's understanding of certain Lithuanian tax considerations relating to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in that country or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based on the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date, even with retroactive effect.

Republic of Lithuania

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

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

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

Withholding Tax, Income Tax

Taxation of interest

Payments to individuals

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

Part of the total amount of interest (including interest on the Notes) received during the calendar year up to the amount of EUR 500 is exempt from personal income tax. The tax exemption will not apply to the interest received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven, or interest received through the investment account.

From 2025, interest income received by a resident individual through an investment account (an account reported to the tax authorities meeting specified requirements of the law) is subject to taxation under specific conditions. Income withdrawn from an investment account is taxed with personal income tax if such income is not used for specific purposes such as purchasing qualifying financial products, transferring to another investment account, or covering related expenses. The investment account regime does not apply to interest income from Notes if the resident individual or his/her related person holds more than 10 per cent. of the shares or voting rights of the Issuer.

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

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

Payments to entities

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

- (i) to a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to 15 per cent. corporate income tax (5 per cent. for small-sized entities or an incentive rate applicable to the Holder) in 2024. Taxable profit will be subject to 16 per cent. corporate income tax (6 per cent. for small-sized entities or an incentive rate applicable to the Holder) as of 2025. Banks and credit unions, including central credit unions and branches of foreign banks in the Republic of Lithuania, shall pay an additional 5 per cent. corporate income tax on taxable profits (subject to special calculation rules) exceeding EUR 2 million. Banks and central credit unions' financial groups established and operating in the Republic of Lithuania, including branches of foreign banks in the Republic of Lithuania, for the period from 16 May 2023 until 31 December 2025 shall pay an additional 60 per cent. temporary solidarity contribution on the net interest income (subject to special calculation rules) exceeding by 50 per cent. the average amount of net interest income during years 2018-2021 for the year 2023 and years 2019-2022 for the years 2024 and 2025 (conditions apply).
- (ii) to a non-resident entity, which is registered or otherwise organised in a state of the European Economic Area or in a state with which the Republic of Lithuania has concluded and brought into effect a double tax treaty and receiving interest not through its permanent establishment registered in the Republic of Lithuania, if any, will not be subject to withholding tax in the Republic of Lithuania.
- (iii) to a non-resident entity other than those listed above will be subject to 10 per cent withholding tax.

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

Taxation on Disposition of Notes

Payments to individuals

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident individual will be subject to progressive tax rates of (i) 15 per cent., in respect of income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by a resident individual during the calendar year does not exceed the sum of 120 Lithuanian gross average salaries, which is determined on the basis of the gross average monthly salary as set forth in the Law on Approval of the State Social Funds Budgets Indicators for the relevant year (in 2024, the threshold amount would be EUR 228,324) and (ii) 20 per cent., which shall be applied to any income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by a resident individual during the calendar year, exceeding the aforementioned threshold.

Part of the capital gains received from the sale of securities (including the Notes) during the calendar year up to the amount of EUR 500 is exempt from personal income tax. The tax exemption will not apply if the sale proceeds are received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven, or through an investment account.

From 2025, capital gains on disposal of the Notes received by a resident individual through an investment account (an account reported to the tax authorities meeting specified requirements of the law) is subject to taxation under specific conditions. Income withdrawn from an investment account is taxed with personal income tax if such income is not used for specific purposes such as purchasing qualifying financial products, transferring to another investment account, or covering related expenses. The investment account regime does not apply to interest income from Notes if the resident individual or his/her related person holds more than 10 per cent. of the shares or voting rights of the Issuer.

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

Payments to entities

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to 15 per cent. corporate income tax (5 per cent. for small-sized entities or an incentive rate applicable to the Holder) in 2024. As of 2025, taxable profit will be subject to 16 per cent. corporate income tax (6 per cent. for small-sized entities or an incentive rate applicable to the Holder). Banks and credit unions, including central credit unions and branches of foreign banks in the Republic of Lithuania shall pay additional 5 per cent. corporate income tax on taxable profits (subject to special calculation rules) exceeding EUR 2 million.

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

Registration and Stamp Duty

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be

required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, in a subscription agreement dated 3 September 2024 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 100 per cent. of their principal amount (less the total fees and certain expenses incurred by the Joint Lead Managers in connection with the management of the issue of the Notes). The Issuer has also agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

Other relationships

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and/or its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

General

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus (in preliminary, proof or final form) or any other offering material relating to the Notes. Persons into whose hands this Prospectus come are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

US

The Notes have not been nor will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States

except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

Each Joint Lead Manager has agreed that neither it, nor any of its affiliates (nor any person acting on its or their behalf) have engaged or will engage in any directed selling efforts with respect to the Notes and it and they have offered and sold the Notes and will offer and sell the Notes only in accordance with Rule 903 of Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used above which are not otherwise defined have the meanings given to them by Regulation S under the Securities Act.

EEA

Prohibition of sales to EEA retail investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

UK

Prohibition of sales to UK retail investors

Each Joint Lead Manager has represented and agreed, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available, any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Lithuania

Each Joint Lead Manager has represented, warranted and agreed, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy any Notes or distribute any draft or definite document in relation to any such offer, invitation or sale in the Republic of Lithuania other than in compliance with the Law on Securities of the Republic of Lithuania, the Prospectus Regulation and any other laws applicable in the Republic of Lithuania governing the issue, offering and sale of Notes.

Other regulatory restrictions

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by the Management Board of the Issuer on 27 and 29 August 2024.

Listing and Admission to Trading

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Market of Euronext Dublin. It is expected that such admission will become effective, and that dealings in the Notes on Euronext Dublin will commence, on or about 5 September 2024. The total expenses related to the admission to trading for the Notes will be approximately €10,740.

Governmental, Legal and Arbitration Proceedings

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), in the 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group.

Significant /Material Adverse Change

There has been no material adverse change in the prospects of the Issuer since 31 December 2023 and there has been no significant change in the financial position or performance of the Group since 30 June 2024.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Notes.

Independent Auditors

The condensed separate interim financial information of the Issuer and condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 and 30 June 2023, prepared in accordance with IAS 34, Interim Financial Reporting, have been reviewed by the Issuer's independent auditor "KPMG Baltics", UAB of Lvivo str. 101, LT 08104 Vilnius, Lithuania. "KPMG Baltics", UAB is the Group's elected independent auditor and is registered Chamber of Auditors of Lithuania to carry on work in Lithuania.

The separate and consolidated financial statements of the Issuer and of the Group for the two years ended 31 December 2023 and 2022, prepared in accordance to IFRS accounting standards, as adopted by EU, have been audited by "KPMG Baltics", UAB of Lvivo str. 101, LT 08104 Vilnius, Lithuania. "KPMG Baltics", UAB is the Group's elected independent auditor and is registered with Chamber of Auditors of Lithuania to carry on work in Lithuania.

Documents on Display

Copies of the following documents (and English translations where the relevant documents are not in English) may be inspected as set out below:

- (a) the constitutional documents of the Issuer;
- (b) the 2023 Annual Report;
- (c) the 2023 Auditor's Report;

- (d) the 2022 Annual Report;
- (e) the 2022 Auditor's Report;
- (f) the 2024 Interim Report;
- (g) the 2023 Interim Report;
- (h) a copy of this Prospectus together with any supplement to this Prospectus;
- (i) the Fiscal Agency Agreement (which includes the form of Global Certificate); and
- (j) the Deed of Covenant.

Documents (a)-(j), may be inspected during normal business hours at the offices of the Issuer and Agent.

Documents (a)-(h) and (j) only, may be inspected on the website of the Issuer at <https://www.sb.lt/en/investors>.

This Prospectus will be published on the website of Euronext Dublin at:

<https://live.euronext.com/en/markets/dublin/bonds/list>.

Yield

On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the yield of the Notes, up to (but excluding) the Reset Date, is 4.860 per cent. per annum. The yield is calculated as at the Issue Date on the basis of the issue price. It is not an indication of future yield.

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Notes is XS2887816564 and the common code for the Notes is 288781656.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

Legal Entity Identifier

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

ISSUER

Akcinė bendrovė Šiaulių bankas

Tilžės gatvė 149,
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JOINT LEAD MANAGERS

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Morgan Stanley Europe SE

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Akcinė bendrovė Šiaulių bankas

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Advokatų kontora Sorainen ir partneriai

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